

JOINT ELECTRICITY REGULATORY COMMISSION



Tariff Order

**Truing up for FY 2022-23, Annual Performance Review of FY
2023-24, Aggregate Revenue Requirement and
Determination of Transmission Tariff for FY 2024-25**

For

DNH & DD Power Corporation Ltd. – DNHDDPCL

Petition No. 122 of 2024

11th June, 2024

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List of Abbreviations

Abbreviation	Full Form
A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
CERC	Central Electricity Regulatory Commission
Cr	Crores
DNHDDPCL	DNH & DD Power Corporation Limited
FY	Financial Year
GFA	Gross Fixed Assets
HT	High Tension
JERC	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
LT	Low Tension
MYT	Multi Year Tariff
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
MCLR	Marginal Cost of Lending Rate
R&M	Repair and Maintenance
RoE	Return on Equity
SBI MCLR	State Bank of India Marginal Cost of Lending Rate
SLDC	State Load Despatch Centre
STOA	Short Term Open Access
TVS	Technical Validation Session
UT	Union Territory
MTOA	Medium Term Open Access
LTOA	Long Term Open Access

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

CORAM

Sh. Alok Tandon – Chairperson

Smt. Jyoti Prasad, Member (Law)

Petition No. 122/2023

Date: 11th June, 2024

In the matter of

Approval for the True-up of FY 2022-23, Annual Performance Review for FY 2023-24, Aggregate Revenue Requirements (ARR) for FY 2024-25 & Transmission Tariff for FY 2024-25.

And in the matter of

DNH and DD Power Corporation Limited (DNHDDPCL)

Petitioner

ORDER

1. This Order is passed in respect of Petition filed by the DNH and DD Power Corporation Limited (herein after referred to as “The Petitioner” or “DNH and DD Power Corporation Limited” or “The Licensee”) for approval of True-up of FY 2022-23, Annual Performance Review for FY 2023-24, Aggregate Revenue Requirements (ARR) and Transmission Tariff for FY 2024-25 before the Joint Electricity Regulatory Commission (herein after referred to as “The Commission” or “JERC”).
2. The Commission scrutinised the said Petition and generally found it in order. The

Commission admitted the Petition on 15th January, 2024. 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 to determine sufficiency of data and the veracity of the information submitted. Further, suggestions/comments were invited from the public/stakeholders. The Public Hearings were held on 6th February 2024 at 10:00 a.m. at Silvassa & 4:00 p.m. at Daman and on 8th February at 10:00 a.m. at Diu to enable the stakeholders to comment or forward the suggestion, if any, related to the Petition filed by the Petitioner.

3. The Commission, based on the Petitioner's submission, relevant JERC Multi Year Tariff Regulations, 2021, facts of the matter and after proper due diligence has approved the True-up of FY 2022-23, APR of FY 2023-24 and ARR for FY 2024-25 along with the Transmission Tariff for FY 2024-25.
4. Summary is provided as follows:
 - i. The Commission while truing up of the revenue & expenses of FY 2021-22 in Tariff Order dated 30th March, 2023 had determined the standalone gap of Rs 85.49 Crore & cumulative revenue gap of Rs 56.64 Crore.
 - ii. The Commission in this Order has trued up revenue & expenses for FY 2022-23 and has approved Aggregate Revenue Requirement of Rs. 11.88 Crore vis-à-vis actual revenue of Rs. 63.02 Crore, resulting in standalone revenue (surplus) of Rs. 51.14 Crore for FY 2022-23.
 - iii. Further, for FY 2023-24, the Commission has approved revised Aggregate Revenue Requirement of Rs. 82.21 Crore and projected revenue of Rs. 108.18 Crore at existing tariff, which has resulted in standalone revenue (surplus) of Rs. 25.97 Crore.
 - iv. The following table provides ARR, Revenue, Standalone gap/(surplus) for FY 2024-25 and cumulative gap/(surplus) remaining at the end of FY 2024-25:

Table 1 Cumulative Revenue gap/ (Surplus) at end of FY 2024-25 (Rs Crore)

S. No.	Particular	Formula	FY 2022-23	FY 2023-24	FY 2024-25
1	Net revenue Requirement	A	11.88	82.21	61.34
2	Revenue from Power Transmission	B	63.02	108.18	-
3	Gap/(Surplus)	C = B-A	(51.14)	(25.97)	61.34
4	Previous Year gap/(surplus)	D	-	-	(51.14)
5	Cumulative Gap/(Surplus)	E = C+D	(51.14)	(25.97)	(10.19)
4	Interest Rate	F	9.50%	9.50%	9.50%
5	Carrying Cost	G = F*D	-	-	9.72
6	Total Gap/(Surplus) including Carrying Cost	H = G+E	(51.14)	(25.97)	0.48

- v. Considering the Aggregate Revenue Requirement for FY 2024-25 and the transmission capacity, the transmission charges have been approved in “Chapter 5: Transmission Tariff for FY 2024-25” of this Order for longterm/medium-term consumers and short-term open access consumers as shown below:

Table 2 Transmission Tariff for of FY 2024-25

S. No.	Particular	Formula	FY 2024-25
1	Net revenue Requirement (Rs crore)	A	0.48
2	Transmission System Capacity (MW)	B	789
3	Long-term/Medium-term Open Access Transmission Charges (Rs/MW/month)	C = $((A/B)/12)*10^7$	504
4	Short-term Open Access Transmission Charges (Rs/MW/Day)	D = $((A/B)/365)*10^7$	17

- vi. 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 16th June, 2024 and shall remain applicable

till further Orders.

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. The attached documents giving detailed reasons, grounds and conditions are integral part of this Order.

Ordered accordingly.

Sd/-
(Jyoti Prasad)
Member (Law)

Sd/-
(Alok Tandon)
Chairperson

Place: Gurugram, Haryana

Date: 11th June, 2024

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 “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 around 776 MW by March 2023. DNH has also

achieved 100% electrification which further contributes to the increasing demand for power.

1.3 About DNH & DD Power Corporation Limited (DNHDDPCL)

The present transmission system of DNHDDPCL consists of 36.88 circuit kms of 220 kV Double Circuit (D/C) lines & 279.90 kms of 66kV DC lines. Dadra & Nagar Haveli gets power from 400/220 kV Substation of PGCIL Vapi, 400/200 kV Kala Substation of PGCIL (DNH).

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 are 782 MVA.

1.4 Multi Year Tariff Regulations, 2021

DNHDDPCL's tariff determination is governed by 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. The MYT Regulations, 2021 provide a framework for calculating tariffs on a cost-plus basis initially for a period of three years and allow the licensee to recover operational expenses including depreciation, interest on working capital and debt, and return on equity amongst others. The MYT Regulations, 2021 segregate the items impacting tariffs into controllable and uncontrollable factors. Items that are uncontrollable are passed through as an adjustment in tariff to its consumers. Further, the MYT Regulations, 2021 identifies the uncontrollable and controllable parameters related to transmission as follows:

Uncontrollable factors include:

- (a) *Force Majeure events;*
- (b) *Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*

- (c) ;*
- (d) Interstate transmission loss;*
- (e) ;*
- (f) ;*
- (g) ;*
- (h) Inflation;*
- (i) ;*
- (j) Variation in market interest rates for long-term loans;*
- (k) Employee expenses limited to one time payment owing requirements of a pay Commission and terminal liability of employees;*
- (l) Taxes and Statutory levies;*
- (m) Taxes on income;*
- (n) Income from the realization of bad debts written off:*

Controllable factors include:

- (a) Variations in capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*
- (b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalization, as specified in clause (a) above;*
- (c) ;*
- (d) Intrastate transmission loss for transmission licensee,*
- (e) Availability of transmission system;*
- (f) Variations in performance parameters;*
- (g);*
- (h) Variations in labour productivity;*
- (i) Variation in O&M Expenses, except to the extent of inflation;*
- (j) Bad debts written off;*

1.5 Approval of Business Plan and MYT Order for 3rd MYT Control Period

In accordance with the Regulation 8.1 and 17 of the 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 22nd December, 2021. The Commission issued the Business Plan Order for the MYT Control Period (hereinafter referred to as 'Business Plan Order') on 31st March, 2022. Further, the Commission vide Order dated 31st March, 2022 approved the MYT Order 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.

1.6 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 9th March, 2022 stipulate 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 Date 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 entire DNHPDCL encompassing Distribution Business for FY 2021-22 had been carried out as per tariff order dated 30th March, 2023.

1.7 Filing and Admission of the Present Petition

In accordance with the Regulation 9.1 of the MYT Regulations, 2021 the Petitioner filed the Petition for approval of True-up of FY 2022-23, Annual Performance Review (APR) for FY 2023-24, Aggregate Revenue Requirements (ARR) for FY 2024-25 and Transmission Tariff for FY 2024-25 for the Transmission Business left with DNHDDPCL after transferring the Distribution Business to newly formed Distribution Entity namely DNHDDPDCL in line with the guidelines of Transfer Scheme dated 9th March, 2022.

After initial scrutiny/analysis, the present Petition was admitted on 15th January, 2024 and marked as Petition No. 122/2024.

1.8 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 solicited from the Petitioner on key data gaps. 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 1-1 LIST OF INTERACTIONS WITH THE PETITIONER

S. No.	Subject	Date
1	Receipt of Petition by the Commission	19 th December, 2023
2	Admission of the Petition by the Commission	15 th January, 2024
3	1 st Deficiency Note issued by the Commission	24 th January, 2024

S. No.	Subject	Date
4	Reply to the 1st Deficiency Note received by the Commission	14 th February, 2024
5	Technical Validation Session (TVS) with Petitioner at JERC Office	5 th March, 2024

1.9 Notice for Public Hearing

Public notices were published by the Petitioner for inviting suggestions/comments from Stakeholders on the Tariff Petition as given below:

TABLE 1-2 DETAILS OF PUBLIC NOTICES PUBLISHED BY THE PETITIONER

S. No.	Name of Newspaper	Date	Place
1	Silvasa Mirror (English)	20 th January, 2024	Silvassa
2	Nishpaksha Jansansar (Hindi)	20 th January, 2024	Silvassa
3	Janadesh (Gujarati)	20 th January, 2024	Silvassa
4	Ashali Azadi (Hindi)	20 th January, 2024	Daman
5	Vartaman Pravah (Gujarati)	20 th January, 2024	Daman

The Commission also placed the petition on its website (www.jercuts.gov.in) for inviting comments/suggestions of the stakeholders.

The Commission also issued a notice for public hearing in the following newspapers in order to solicit wider participation by the stakeholders:

TABLE 1-3 LIST OF NEWSPAPERS (COMMISSION)

S. No.	Name of Newspaper	1 st Notice Date	2 nd Notice Date	Place
1	Silvasa Mirror (English)	20 th January, 2024	04 th February, 2024	Silvassa
2	Nishpaksha Jansansar (Hindi)	20 th January, 2024	04 th February, 2024	Silvassa
3	Janadesh (Gujarati)	20 th January, 2024	04 th February, 2024	Silvassa
4	Ashali Azadi (Hindi)	20 th January, 2024	04 th February, 2024	Daman
5	Janadesh (Gujarati)	-	04 th February, 2024	Daman
6	Vartaman Pravah (Gujarati)	20 th January, 2024	04 th February, 2024	Daman

The Commission received objections/suggestions from the consumers/consumer and examined the objections/suggestions received from the stakeholders/public and fixed the date for public hearing on 6th February 2024 at 10:00 a.m at Silvassa & 4:00 p.m at Daman and on 8th February at 10:00 a.m. at Diu.

The Commission also published the notice for Public Hearing on the Commission's website www.jercuts.gov.in intimating the date and venues as given in the above table to solicit participation by the public/consumers/stakeholders to give their comments and suggestion in respect of the petition filed for determination of tariff.

1.10 Adherence to the Model Code of Conduct

The Commission has noted that in view of the General Elections 2024, the Model Code of Conduct (MCC) was imposed by the Election Commission of India. The MCC was effective from 16th March, 2024 to 06th June, 2024.

Therefore, in view of enforcement of Model Code of Conduct, the Commission decided to issue the tariff order once the Model Code of Conduct is over.

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 abridged form inviting comments from the public/stakeholders as per the provisions of the MYT Regulations, 2021.

The Public hearing was held on 6th February 2024 at 10:00 a.m. at Silvassa & 4:00 p.m. at Daman and on 8th February at 10:00 a.m. at Diu for the True-up of FY 2022-23, Annual Performance Review (APR) of FY 2023-24 and Aggregate Revenue Requirement (ARR) for FY 2024-25. During the Public Hearing, a few of the stakeholders who had submitted their comments in writing were asked to present 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 appreciates the efforts of various stakeholder's for providing their suggestions/comments/observations towards the Electricity transmission sector. The Commission has noted the concerns of all the stakeholders and has considered them while finalizing the Tariff Order. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

**Issue 1: Capital Expenditure Plan
Stakeholder's Comment**

The stakeholder stated that the Petitioner's Capital Expenditure does not adhere to the criteria for upgrading the 66 kV network in proportion to load growth and fails to justify the N-1 system. A third-party audit would likely reveal that the 66 kV network is operating at full load. The federation requested the Commission to direct DNHPCL to conduct a system study and upgrade the 66 kV network accordingly.

Petitioner's Submission:

It is submitted that the Department is regularly taking up various measures for the upgradation of the 66/11 kV substations. Further, the establishment of 1 no. of new 66/11 kV GIS substation and augmentation of 3 nos. of 66/11 kV substations has been approved by the Hon'ble Commission and the same shall be implemented by the Department.

Commission's Analysis:

The Commission has noted the suggestion of the stakeholders and directs the Petitioner to expedite the work of the schemes approved by the Commission on priority.

**Issue 2: Transmission Losses:
Stakeholder's Comment:**

The Stakeholder submitted that the Petitioner failed to provide the actual transmission losses for FY 2022-23 in their petition. Considering that addressing transmission loss is a key aspect for transmission licensees, the Stakeholder requested the Commission to regard this as a crucial issue.

Petitioners' Submission:

It is submitted that details of voltage wise transmission losses for the FY 2022-23 have been submitted to the Hon'ble Commission. The Petitioner craves for leave to clarify any issues that the Hon'ble Commission may desire.

Commission Analysis:

The Petitioner has submitted its actual transmission losses for FY 2022-23 vide replies to the deficiency notes. The Commission has considered the same.

Issue 3: Power Supply Continuity and Outage**Stakeholder's Comment**

The stakeholder stated that there are major issues for consumers taking power supply at Extra High Voltage connected directly from transmission licensees. Further there is an issue in reliability of power supply and at times, issues of outage of power supply. The stakeholder requests to check the performance of transmission licensee and that the licensee be mandated to maintain details of their performance on their website.

Petitioner's Submission

It is submitted that the Department regularly undertakes repair and maintenance works of its power transmission network. Hence, load shedding is undertaken for repair and maintenance work and the consumers are intimated in advance for the same.

Secondly, the expenses regarding the R & M works is borne by the Department. The R & M expenses related to express feeder are borne by the owner of the express feeder and the said expenses have not been claimed into the Books of Department.

Commission's Analysis

The Commission has noted the suggestion of the stakeholder and directed the Petitioner to upload maintenance schedule on its website regularly.

Issue 4: Power Purchase Expense claimed by DNHPDCL**Stakeholder's comment**

Stakeholder states that the DNHPDCL has claimed power purchase expenses as part of its ARR. However, transmission companies are not allowed to purchase power. Accordingly, Electricity department and DNH PDCL is required to bear any liability arising from various litigations. The same can be verified from transfer scheme document available on website i.e. Schedule C of the Transfer Scheme at Clause 3 (e), 3(f) and 3(g).

Despite this explicit provision, in the tariff petition filed by DNHPDCL, Rs 23.93 crore paid to GMR is claimed in ARR. DNH PDCL cannot recover same once it is committed to them in the Transfer Scheme. It is requested to the Commission to disallow such amount.

Petitioner's Submission

It is submitted that the DNHDDPCL (erstwhile DNHPDCL) was the power distribution utility distributing power in Dadra and Nagar Haveli region till 31st March, 2022. A PPA was signed between DNHDDPCL (erstwhile DNHPDCL) and GMR Warora Energy Limited (GWEL) for providing 200 MW power to DNHDDPCL during the period April-2013 to June-2020 (i.e. PPA Period – 7 years and 3 months). As per the PPA clause of change in law, the GWEL has raised the issue in the matter of Coal Shortage, Change in Taxes and New Coal Distribution Policy. The GWEL levied charges on DNHDDPCL due to the change in law provision of the PPA.

The charges levied by the GWEL on DNHDDPCL due to change in law provision were contested by DNHDDPCL in the Hon'ble APTEL and subsequently in the Hon'ble Supreme Court. On 1st April, 2022 the distribution function of DNHDDPCL was transferred to a new entity i.e. DNHDDPDCL. However, the clause no. 8.3 of The Dadra and Nagar Haveli and Daman and Diu Electricity (Reorganization and Reforms) Transfer Scheme, 2022, states as follows:

“The proceedings mentioned in Schedule C or appeals, reviews, revisions or executions etc. thereof, will continue with the Electricity Department of DNHPDCL, as the case may be.”

Hence, owing to the provision of clause no. 8.3, the litigation regarding the provision of change in law continues with DNHDDPCL. It doesn't say that the claim settlement will not be taken in tariff petition. If the liability will arise, the same will be claimed as a pass through in the tariff petition. We are working under regulatory regime and Department will claim the expenses through the tariff petition and accordingly, the same will be recovered. Further, we are working under Cost Plus Scenario where the cost will be paid by the Department and the same will be claimed in the Tariff Petition. Otherwise the amount will not be recovered through any other mechanism.

In addition, the Hon'ble Supreme Court has issued order in the month of April-2023. As per the order of Hon'ble Supreme Court, change in law has been allowed as per the given order of CERC / APTEL. In accordance with the order, Hon'ble Supreme Court has issued order for payment to GWEL an amount of Rs. 23.93 crores and the same has been paid to GWEL. The order clearly explained that the said cost related to outcome of the litigation will be recovered from the end consumer.

Therefore, the DNHDDPCL has claimed an amount of Rs. 23.93 Crores in its Tariff Petition.

Commission's Analysis

The Commission acknowledges the stakeholder's suggestion. It's important to highlight that the power purchase cost claimed by the Petitioner relates to a previous period when they were involved in power distribution. Consequently, the Commission has addressed this matter in the appropriate section of this order.

Issue 5: Details of actual transmission loss not provided**Stakeholder's Comment**

The stakeholder states that the Petitioner has not provided any details of actual transmission loss in the tariff petition.

Petitioner's Submission

It is submitted that the details of actual transmission losses for the FY 2022-23 have been submitted to the Hon'ble Commission.

Commission's Analysis

The Petitioner has submitted its actual transmission losses for FY 2022-23 vide replies to the deficiency notes, the Commission has considered the same.

Chapter 3: Truing-Up for FY 2022-23

3.1 Background

The Commission had issued the Tariff Order on 30th March, 2023 for truing-up for FY 2021-22, APR of FY 2022-23 and ARR and determination of transmission tariff for FY 2023-24 (hereinafter referred to as the APR order for the purpose of true up of FY 2022-23). As per Regulation 12 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021, the annual performance review and true-up of revenue and expenses of the Petitioner shall be carried out as follows:

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

12.1 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.

12.2 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:

12.3 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 financial and actual operational 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;*
.....”

This chapter deals with the truing-up of revenue and expenses for FY 2022-23 for DNHDDPCL. The Commission has examined and analysed each component of the ARR for FY 2022-23 in the following paragraphs.

3.2 Approach for True up of FY 2022-23

The Petitioner has submitted the audited accounts for FY 2022-23 audited by the statutory auditor (M/s. Satyam SVG & Co). The Commission has carried out the true-up of FY 2022-23 in accordance with the principles laid down in MYT Regulations, 2021.

3.3 Operation & Maintenance (O&M) Expenses

As per Regulation 42 of the MYT Regulations, 2021:

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.*

42.5 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.

.....”

It is worthwhile to mention here that due to privatization of Utilities in Daman & Diu and Dadra & Nagar Haveli, the asset base for DNHDDPCL has been reclassified. Thus, in absence of audited accounts of last three years as per MYT Regulations, 2021, it is imperative and Commission deems it fit to consider the base year value on actual basis in order to carry out truing-up of FY 2022-23.

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

3.3.1 Employee Expenses

Petitioner’s Submission:

The Petitioner has incurred actual Employee Expense to the tune of Rs. 5.63 Crore against the approved expenses of Rs. 6.08 Crore in the APR Order.

Commission’s Analysis:

The employee expenses comprises of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. The Commission had approved employee expenses of Rs. 6.08 Crore in the ARR Order. The Petitioner has submitted actual employee cost for FY 2022-23 as Rs. 5.63 Crore.

It is worthwhile to mention here that the electricity distribution business in the Union Territory of Dadra & Nagar Haveli and Daman & Diu has been privatized. Under this restructuring, the DNHDDPCL has been designated as the transmission licensee, assuming responsibility for all electricity functions including transmission,

state transmission utility (STU), state load dispatch center (SLDC), generation, and planning. This restructuring has led to a reduction in the number of employee for DNHDDPCL. Therefore, it is necessary to recalibrate the employee cost for DNHDDPCL in accordance with Regulation 42.2 and 42.6 of the MYT Tariff Regulations, 2021.

In view of above, in order to allow the O&M expenses for FY 2022-23, the Commission has considered Regulation 42.2 and 42.6 of the MYT Regulations, 2021 which specifies the following:

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

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.

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

.....”

It is to be noted that due to restructuring, the O&M norms shall be determined on case to case basis, thus, as per the Regulations stipulated above, the Commission has considered the actual employee expenses for FY 2022-23 to be allowed in truing-up.

The following table provides the employee expenses approved by the Commission in the APR Order, Petitioner’s submission and now trued-up by the Commission:

TABLE 3-1 EMPLOYEE EXPENSES TRUED-UP BY COMMISSION FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
Employee Expenses	6.08	5.63	5.63

Accordingly, the Commission approves Employee Expenses of Rs. 5.63 Crore for FY 2022-23.

3.3.2 Repair & Maintenance (R&M) Expenses

Petitioner's Submission:

The Petitioner has incurred actual R&M Expense to the tune of Rs. 9.54 Crore against the approved expenses of Rs. 7.84 Crore in the APR Order.

Commission's Analysis:

As per the approach and methodology adopted while allowing employee expenses in earlier section, the Commission has considered Regulation 42.2 and 42.6 of the MYT Regulations, 2021 for allowing R&M expenses which specifies the following:

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

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.

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

.....

Therefore, in lieu of above, the Commission has considered the actual R&M expenses for FY 2022-23 to be allowed in truing-up.

It has been observed that the Petitioner included an amount of Rs. 0.20 Crore for licensee fee within R&M expenses. However, in accordance with the MYT Regulations, 2021, this amount has been categorized under A&G expenses by the Commission. Consequently, the Rs. 0.20 Crore attributed to licensee fee within R&M expenses has been adjusted during the truing-up for FY 2022-23, and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M expenses for FY 2022-23 stand at Rs. 9.34 Crore after deducting this amount from the overall R&M expenses of Rs. 9.54 Crore.

The following table provides the R&M expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-2 R&M EXPENSES TRUED-UP BY COMMISSION FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
R&M Expenses	7.84	9.54	9.34

The Commission approves R&M Expenses of Rs. 9.34 Crore for FY 2022-23.

3.3.3 Administrative and General (A&G) Expenses

Petitioner's Submission:

The Petitioner has incurred actual A&G Expenses to the tune of Rs. 12.23 Crore against the approved expenses of Rs. 2.95 Crore in the APR Order. The Petitioner further submitted that the variation in the A&G expense is mainly due to the incentive expenses incurred by the utility for the past arrear collection as per the policy direction issued by the Government of India under the transfer scheme.

Commission's Analysis:

A&G expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. Similar to the methodology followed for approving the Employee Expenses, the Commission has considered the A&G expenses as per the audited accounts of FY 2022-23.

The Commission observed that the Petitioner has included Provision for on-going CSR projects of Rs. 2.59 Crore, actual CSR expenses of Rs. 0.13 Crore and provision for Bad & Doubtful debts of Rs. 4.91 Crore in the A&G expenses. The Commission is of the view that focus of truing-up is on the operational and financial aspects directly associated with transmission infrastructure and services, while, CSR expenses, being non-operational in nature falls outside this scope and are considered separate from the transmission business. Thus, Commission decided not to burden the consumer on account of expenses as CSR expenses are to be met out of the profit and cannot be a pass through. Hence, the same is being disallowed while carrying out truing-up of A&G expenses.

Furthermore, the Commission has considered an additional sum of Rs. 0.20 Crore into A&G expenses, which has been reallocated from R&M expenses, as detailed in the R&M expenses section. Consequently, the total permissible actual A&G expenses for FY 2022-23 amount to Rs. 4.81 Crore.

Based on the methodology adopted by the Commission in approving the Employee Expenses and R&M Expenses for FY 2022-23 in the previous sections, the following table provides the A&G expenses approved by the Commission in the APR Order, Petitioner's submission and now trued-up by the Commission:

TABLE 3-3 A&G EXPENSES TRUED-UP BY COMMISSION FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
A&G Expenses	2.95	12.23	4.81

The Commission approves A&G Expenses of Rs. 4.81 Crore for FY 2022-23.

3.3.4 Total Operation & Maintenance (O&M) Expenses

The following table provides the O&M Expenses, as approved by the Commission in the APR Order, Petitioner's Submission, and O&M Expenses trued-up by Commission:

TABLE 3-4 TOTAL O&M EXPENSES TRUED-UP BY COMMISSION FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
Employee Expenses	6.08	5.63	5.63
R&M Expenses	7.84	9.54	9.34
A&G Expenses	2.95	12.23	4.81
Total O&M Expenses	16.87	27.40	19.77

3.4 Capital Expenditure and Capitalization

Petitioner's Submission:

The Petitioner has incurred actual capitalization to the tune of Rs. 11.76 Crore during the FY 2022-23, as against Rs. 11.10 Crore approved by the Commission in its APR Order dated 30th March, 2023. Further, Petitioner has submitted that assets amounting to Rs. 264.44 Crores have been disinvested owing to privatization of the distribution business during the FY 2022-23. The capital expenditure & capitalization incurred for FY 2022-23 is shown below:

TABLE 3-5 CAPITAL EXPENDITURE & CAPATILIZATION CLAIMED BY THE PETITIONER FOR FY 2022-23

(RS. CRORE)

Particulars	Approved in APR Order	Actual
Capital Expenditure	11.10	11.76
Capitalisation	11.10	11.76

Commission's Analysis:

The Commission has worked out the opening gross fixed assets for FY 2022-23 to the tune of Rs. 347.87 Crore (Rs. 612.31 Crore – Rs. 264.44 Crore) by considering

overall transfer of an amount to the tune of Rs. 264.44 Crore to DNHDDPDCL from the overall opening GFA of Rs. 612.31. The Commission has considered the audited annual accounts for FY 2022-23, under which overall capitalization is to the tune of Rs. 11.97 Crore which is inclusive of Rs. 0.21 capitalization for solar projects. Thus, the Commission has deducted the same while allowing the capitalization for FY 2022-23.

TABLE 3-6 APPROVED CAPITALISATION FOR FY 2022-23 (Rs. CRORE)

Particulars	Petitioner's Submission	Trued-up by Commission
Opening GFA	612.32	347.87
Addition to GFA	11.76	11.76
Deletion to GFA	264.44	-
Closing GFA	359.64	359.64

Accordingly, the Commission allows overall capitalization for truing-up of FY 2022-23 to the tune of Rs. 11.76 Crore.

3.5 Depreciation

Petitioner's Submission:

The Petitioner has submitted that the depreciation has been worked out after applying the depreciation rates, as per the MYT Regulations, 2021. For computation of depreciation, Petitioner has considered the opening balance of the GFA for FY 2022-23 as per the audited annual accounts and subsequently added the assets capitalized during FY 2022-23. The same has been tabled below:

TABLE 3-7 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Opening GFA	349.62	612.32
Addition during the year	11.10	11.76
Disinvestment during the year	0.00	-264.44
Closing GFA	360.72	359.64
Average GFA	355.17	485.98
Depreciation during the year	18.45	10.70

Further, Petitioner requested to approve the actual depreciation of Rs. 10.70 Crores.

Commission's Analysis:

As per Regulation 31 of the MYT Regulations, 2021:

“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) percent 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.

.....

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

Accordingly, the Commission has considered and applied the depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2022-23. The Commission, after examination of the class wise fixed asset addition in the books of accounts, has arrived at the depreciation values as follows:

TABLE 3-8 DEPRECIATION APPROVED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-Up by Commission
Opening GFA	349.62	612.32	347.87
GFA value of land		13.65	13.65
Addition during the Year	11.10	11.76	11.76
Disposal during the year	-	264.44	-
Closing GFA	360.72	359.64	359.64
Average GFA	355.17	485.98	353.76
Depreciation Rate (%)	5.20%	2.20%	3.15%
Depreciation	18.45	10.70	10.70

Accordingly, the Commission approves depreciation of Rs. 10.70 Crore for the truing-up of FY 2022-23.

3.6 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered the opening loan balance for FY 2022-23 as approved by the Commission in its Tariff Order dated 30th March, 2023. The normative loan addition in FY 2022-23 has been computed as 70% of the capitalization for FY 2022-23. The repayment of loans has been considered equal to the depreciation during FY 2022-23.

Further, the Petitioner has considered the rate of interest of 8.00 % (Using State Bank of India Prime Lending Rate (SBI PLR) as on 1st April, 2022 plus 100 basis points). Accordingly, the interest and finance charges submitted by the Petitioner as shown in the table below:

TABLE 3-9 INTEREST AND FINANCE CHARGES CLAIMED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening Loan	23.29	23.29
Loan for additional Capex (70:30 debt equity)	7.77	8.23
Loan Repayment	18.45	10.70
Closing Loan	12.61	20.82
Interest cost on Avg. Loans	1.44	1.77

Commission's Analysis:

The Commission has approved the closing balance of normative loan of Rs. 102.19 Crore in its truing-up Order for FY 2021-22, as due to transfer scheme, normative loan of Rs. 86.04 Crore is being transferred to the DNHDDPDCL during FY 2022-23, thus, in lieu of above, the Commission has worked out the opening normative loan for DNHDDPCL to the tune of Rs. 16.15 Crore (Rs. 102.19 Crore – Rs. 86.04 Crore). Addition to loan during the year is considered at 70% of net value of assets added during the year and repayment is considered equal to the depreciation for the year.

As per Regulation 29.4 of the MYT Regulations, 2021, in case there is no actual loan portfolio for the licensee, the rate of interest shall be equal to the SBI MCLR as on 1st April of the relevant financial year plus 100 basis points. The relevant excerpt of the aforesaid regulation is stipulated as under:

“29 Interest on Loan

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.

...”

As there is no actual loan borrowed by the Petitioner, thus, in line with the fourth proviso of Regulation 29.4 of the MYT Regulations, 2021, the Commission has considered the rate of interest of 8.00% (Using SBI MCLR as on 1st April, 2022 plus 100 basis points).

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 3-10 INTEREST APPROVED BY THE COMMISSION FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner’s Submission	Trued-Up by Commission
Opening Normative Loan	23.29	23.29	16.15
Addition of Load due to Capitalization	7.77	8.23	8.23
Repayment of Loan	18.45	10.70	10.70
Closing Normative Loan	12.61	20.82	13.69
Average	17.95	22.06	14.92
Rate of Interest (%)	8.00%	8.00%	8.00%
Interest Expenses	1.44	1.77	1.19

Accordingly, the Commission approves Interest on Loans of Rs. 1.19 Crore for the truing-up of FY 2022-23.

3.7 Return on Equity

Petitioner's Submission:

The Petitioner has considered the Opening Balance of Equity for FY 2022-23 as approved in Tariff Order dated 30th March, 2023. The normative equity addition during FY 2022-23 has been computed as 30% of the new capitalization as per Regulation 28.1 of the MYT Regulations, 2021. Hence, a normative equity on the assets is considered and claimed the RoE of 15.50% for FY 2022-23 as per Regulation 30 (2) of the MYT Regulations, 2021. Accordingly, the RoE for the FY 2022-23 is computed as below:

TABLE 3-11 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Actual
Opening Equity	69.28	69.28
Equity Addition	3.33	3.53
Closing Equity	72.61	72.81
Average Equity	70.94	71.04
Rate of Return (%)	15.50%	15.50%
Return on Capital Base	14.79	11.01

Additionally, the Petitioner has sought approval for an Additional Return on Equity for FY 2016-17 to FY 2020-21, aligning with Regulation 27 of the MYT Regulation 2014 (applicable from FY 2016-17). The relevant provision of the said Regulation stipulates that the Return on Equity should be calculated on 30% of the capital base or actual equity, whichever is lower. Notably, a 16% post-tax return on equity is to be considered, irrespective of whether the Distribution Licensee has claimed return on equity in the Aggregate Revenue Requirement (ARR) Petition. The relevant excerpt of the aforesaid Regulation is as follows:

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

Provided that.....

The return on the equity invested in working capital shall be allowed from the date of start of commercial operation. 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 has emphasized that they have considered the Opening Gross Fixed Assets as of 1st April, 2016 to be Rs. 385.27 Crore, leading to an equity requirement of Rs. 115.58 Crore (30% of the capital base/Gross Fixed Assets) as per the regulation against the Commission’s Opening Equity (as of 1st April, 2016) as Rs. 80.00 Crore, based on the value of equity share capital instead of equity. The Petitioner contends that the actual opening equity, as per the Audited Annual Accounts of FY 2016-17, was Rs. 600.45 Crore, exceeding the normative equity of Rs. 115.60 Crore as on 1st April, 2016. This discrepancy has led to a lower allowance of return on equity by Rs. 5.70 Crore for the four MYT years, amounting to a total financial implication of Rs. 28.19 Crore.

Furthermore, the Petitioner has filed an appeal before the Hon’ble APTEL against the lower Return on Equity allowance in deviation from the specific provision of MYT Regulation, 2014 in the true-up tariff order of FY2019-20. In this appeal, a claim of Rs. 22.65 Crore has been made for the less allowance of return on equity for the fiscal years 2016-17 to 2019-20.

The Petitioner emphasizes that the Regulation explicitly states that Return on Equity should be allowed regardless of whether the Distribution Licensee has claimed it in the ARR Petition. Therefore, the DNHDDPCL is seeking a lower allowance of Return on Equity as additional ROE for FY 2016-17 to FY 2020-21. The lesser allowance of Return on Equity is also ongoing in the true-up petition for FY 2021-22 filed as per MYT Regulation 2018, which allows the utility to claim ROE on 30% of the capital base or actual equity, whichever is lower. Despite this, errors of less equity allowance from previous fiscal years have persisted into FY 2020-21

under the new MYT Regulation 2018. Consequently, the DNHDDPCL is claiming additional ROE for FY 2021-22.

TABLE 3-12 ADDITIONAL ROE FOR FY 2021-22 (RS. CRORE)

Particulars	FY 21-22
Return on Equity claimed in the true up Petition of FY 2020-21	25.60
Return on Equity approved for FY 2020-21 in Tariff Order	20.06
Differential ROE claimed	5.54

The Petitioner requested the Commission to approve the additional RoE amounting to Rs 5.54 crore for the FY 2021-22.

Commission's Analysis:

The Commission has approved the closing balance of normative equity of Rs. 148.59 Crore in its truing-up Order for FY 2021-22, as due to transfer scheme, normative equity of Rs. 79.33 Crore is being transferred to the DNHDDPDCL during FY 2022-23, thus, in lieu of above, the Commission has worked out the opening normative equity for DNHDDPCL to the tune of Rs. 69.26 Crore (Rs. 148.59 Crore – Rs. 79.33 Crore). As per Regulation 28 of the MYT Tariff Regulations, 2021, return on equity shall be allowed for the assets put to use for the transmission licensee in accordance with prevailing CERC Tariff Regulations, thus, addition to equity during the year is considered at 30% of net value of assets added during the year.

The relevant excerpt of the aforesaid regulation is stipulated as under:

“28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system.”

Further, the Regulation 30 (2) of the CERC (Terms and Conditions of Tariff) Regulations, 2019, states that:

“(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station ...”

Furthermore, as per first proviso of the Regulation 31 of the CERC Tariff Regulations, 2019, the base rate of equity shall be grossed with the effective tax rate of the respective financial year based on actual tax paid. The relevant excerpt of the aforesaid regulation is stipulated as under:

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.

Accordingly, the Commission has worked out the effective tax rate for the purpose of allowing pre-tax rate of return on equity for transmission business to the tune of 18.65%. The following table provides the Return on Equity approved by the Commission in the APR Order, Petitioner’s submission and now trued-up by the Commission:

TABLE 3-13 RETURN ON EQUITY APPROVED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner’s Submission	Trued-Up by Commission
Opening Equity	69.28	69.28	69.26
Equity Addition	3.33	3.53	3.53

Particulars	Approved in APR Order	Petitioner's Submission	Trued-Up by Commission
Closing Equity	72.61	72.81	72.79
Average Equity	70.95	71.05	71.02
Rate of Return	15.50%	15.50%	15.50%
Effective Tax Rate	25.63%	-	16.88%
Rate of Return after tax	20.84%	-	18.65%
Total Return on Equity	14.79	11.01	13.24

Accordingly, the Commission approves return on equity for FY 2022-23 to the tune of Rs. 13.24 Crore.

3.8 Interest on Working Capital

Petitioner's Submission:

The Petitioner has submitted the computation of interest on working capital based on the principles outlined in the MYT Regulations, 2021, by considering the below parameters:

- a) Receivables equivalent to 45 days of annual fixed cost.
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses.
- c) Operation and maintenance expenses, including security expenses for one month.

The Petitioner has considered rate of interest on working capital as 9.00% (SBI Base Rate plus 200 basis points).

TABLE 3-14 INTEREST ON WORKING CAPITAL CLAIMED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission
Receivables equivalent to 45 days of Annual Fixed Cost	6.06	8.69
Maintenance spares @15% of operation and maintenance expenses	2.53	4.11

Particulars	Approved in APR Order	Petitioner's Submission
Operation and maintenance expense for one month	1.41	2.28
Total Working Capital	10.00	15.08
Interest on Working Capital	0.90	1.36

Commission's Analysis:

The Commission has computed the working capital requirement as specified in Regulation 43 MYT Regulations, 2021.

Regulation 43.1 of the MYT Regulations, 2021, states the following with regard to interest on working capital calculation:

"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 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 that are applicable for FY 2022-23 specifies:

"34. Interest on Working Capital: (1) The working capital shall cover:

.....

(c) Hydro generating station including pumped storage hydro-electric generating station and transmission system including communication system:

i. Receivables equivalent to 45 days of annual fixed cost;

ii. Maintenance spares @ 15% of operation and maintenance including security expenses and

iii. Operation and maintenance expense, including security expenses, for one month."

Regulation 32 of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021, states the following with regard to interest rate to be considered on working capital calculation:

“32. Interest on Working Capital

32.1 The norms for working capital for Transmission Licensee shall be as specified in Chapter 5 of these Regulations.

32.2 The norms for working capital for Distribution Wires Business and Retail Supply Business shall be as specified in Chapter 6 and Chapter 7 of these Regulations.

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.”

Accordingly, the Commission has computed the working capital requirement for the Petitioner for FY 2022-23. The interest on working capital has been computed considering the interest rate as SBI MCLR on 1st April, 2022 i.e. 7.00% plus 200 basis points which comes out to 9.00%.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon calculated is detailed in the table below:

TABLE 3-15 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up By Commission
Receivables equivalent to 45 days of Annual Fixed Cost	6.06	8.69	5.67
Maintenance spares @15% of operation and maintenance expenses	2.53	4.11	2.97
Operation and maintenance expense for one month	1.41	2.28	1.65
Total Working Capital	10.00	15.08	10.29
Interest rate	9.00%	9.00%	9.00%
Interest on Working Capital	0.90	1.36	0.93

Accordingly, the Commission approves the interest on working capital of Rs. 0.93 Crore for FY 2022-23.

3.9 Income Tax

Petitioner's Submission:

The Petitioner has claimed the Income tax on actual basis as specified under JERC (Multi Year Distribution Tariff) Regulations, 2021.

TABLE 3-16 INCOME TAX CLAIMED BY PETITIONER FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Income Tax	0.00	17.26

Commission's Analysis:

The Commission has considered the effective tax rate based on actual tax paid during FY 2022-23 for allowing return on equity in line to the per first provision of the Regulation 31 of the CERC Tariff Regulations, 2019, the base rate of equity shall be grossed with the effective tax rate of the respective financial year based on actual tax paid. The relevant excerpt of the aforesaid regulation is stipulated as under:

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.

Accordingly, since the Commission has considered the grossing up of RoE with effective tax rate, the income tax is not allowed separately for truing-up of FY 2022-23.

3.10 Non-Tariff Income

Petitioner's Submission:

The Petitioner has submitted Rs. 8.73 Crore towards Non-Tariff Income for FY 2022-23 as against the approved Rs. 3.29 Crore by the Commission in its Tariff Order dated 30th March 2023. The details are shown in the table below:

TABLE 3-17 NON-TARIFF INCOME CLAIMED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission
Non-Tariff Income	3.29	8.73
Tender Fees		0.01
Provision written back		1.47
Sale of Scrap		1.24
Miscellaneous Income		5.54
Lease Income		0.06
Supervision Charges		0.41

The Petitioner further submitted that in line to regulation 54.2 of the MYT Tariff Regulations, 2021, it has deducted an amount of Rs. 26.86 Crore on account of interest and delayed payment charges from the total other income of Rs. 35.18 Crore as per Note – 21 of the audited annual account for FY 2022-23.

Commission's Analysis:

The Regulation 44 of the 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;*
-*
- 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.”

It has been observed that the Petitioner has excluded the interest income of Rs 26.85 Crore from the Non-Tariff Income (NTI). The Commission has asked the

Petitioner to provide the detailed breakup and also provide the justification on the same. The Petitioner verbally responded that the interest income of Rs 26.85 Crore is earned on the investment made out of return on equity and no other income source of the department. However, no documentary evidence has been provided by the Petitioner. The Commission analysed petitioner's balance sheet and observed that the interest received is derived from in bank balance and deposits. Therefore, the Commission, in absence of any documentary evidences has decided to consider the interest income of Rs. 26.85 Crore as part of NTI in accordance with clause 44.2 the MYT Regulations, 2021.

Furthermore, the Commission observed that the Petitioner accounted for reversal of provision of Rs. 1.47 Crore under Non-tariff income. However, based on past practices, the Commission does not approve provisions under expenses, and thus, this provision was not considered under non-tariff income either. Consequently, the Commission approved a Non-tariff Income of Rs. 34.12 Crore.

TABLE 3-18 NON-TARIFF INCOME APPROVED FOR FY 2022-23 (RS. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-Up By Commission
Non-Tariff Income	3.29	8.73	34.12

3.11 Transmission System Availability

Petitioner's Submission:

The Petitioner has submitted its transmission system availability of 99.37% for FY 2022-23.

Commission's Analysis:

As per MYT Regulations, 2021, incentive on achieving the higher transmission system availability shall be in accordance with the CERC Tariff regulations, 2019.

The Commission has considered the certificates submitted by the Petitioner certifying the transmission system availability duly verified by the SLDC for FY 2022-23 to the tune of 99.37% against the target of 98%. The Commission has computed the incentive on achieving higher transmission system availability for FY 2022-23 in accordance with the CERC Tariff Regulations, 2019, as Rs. 0.17 Crore. Accordingly, the Commission has approved incentive for higher transmission system availability of Rs. 0.17 Crore for the true-up of FY 2022-23.

3.12 Aggregate Revenue Requirement for the FY 2022-23

Petitioner's Submission:

The Petitioner has summarized the ARR for FY 2022-23 in comparison with values approved by the Commission in the last tariff order.

TABLE 3-19 AGGREGATE REVENUE REQUIREMENT CLAIMED FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
O&M Expense	16.87	27.40
Depreciation	18.45	10.70
Interest cost on long-term capital Loans	1.44	1.77
Interest on Working Capital Loans	0.90	1.36
Return on Equity	14.79	11.01
Additional ROE for previous year		5.54
Income Tax	0.00	17.26
Total	52.45	75.03
Less: Non-Tariff Income	3.29	8.73
Net ARR	49.16	66.30

Petitioner requested to approve the ARR submitted herein above.

Commission's Analysis:

The Commission has reviewed the performance of the Petitioner under Regulation 12 of the MYT Regulations, 2021, for FY 2022-23. The Commission has computed the gains/(losses) for FY 2022-23 based on the truing up for each of the components discussed in the above paragraphs. The Commission based on the Aggregate

Revenue Requirement (ARR) approved in the APR, the actuals claimed in truing up and as approved by the Commission in truing up, has computed the Gains/(Losses) in accordance with the MYT Regulations, 2021 as given in the Table below:

TABLE 3-20 AGGREGATE REVENUE REQUIREMENT TRUED-UP BY COMMISSION FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
O&M Expense	16.87	27.40	19.77
Depreciation	18.45	10.70	10.70
Interest cost on long-term capital Loans	1.44	1.77	1.19
Interest on Working Capital Loans	0.90	1.36	0.93
Return on Equity	14.79	11.01	13.24
Additional ROE for previous year	-	5.54	-
Income Tax	0.00	17.26	-
Incentive for achieving higher transmission availability (99.37%)			0.17
Total	52.45	75.04	46.00
Less: Non-Tariff Income	3.29	8.73	34.12
Net ARR	49.16	66.31	11.88

The Commission approves net Revenue Requirement of Rs. 11.88 Crore in the true-up of FY 2022-23.

3.13 Revenue for FY 2022-23

Petitioner's Submission:

The Petitioner has submitted an actual revenue to the tune of Rs. 63.02 Crore for FY 2022-23, against Rs. 62.94 Crore approved by the Commission vide its Tariff Order dated 30th March, 2023.

TABLE 3-21 REVENUE FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Revenue from transmission of power	62.94	63.02

Commission's Analysis:

The Commission has observed that the revenue recovered by the Petitioner in FY 2022-23 as per the audited annual accounts was to the tune of Rs. 63.02 Crore excluding the non-tariff income. Accordingly, the Commission approves revenue from approved tariff for FY 2022-23 of Rs. 63.02 Crore.

3.14 Revenue Gap/(Surplus) for FY 2022-23

Petitioner's Submission:

The Petitioner has submitted the Aggregate Revenue Requirement for FY 2022-23 to the tune of Rs. 66.30 Crore, against the approved total Aggregate Revenue Requirement of Rs. 49.16 Crore for FY 2022-23. Petitioner has compared the revised Aggregate Revenue Requirement against the revised income under various heads including revenue with existing tariff of Rs. 63.02 Crore. Accordingly, total revenue gap of DNHDDPCL for FY 2022-23 is computed at Rs. 3.29 Crore as depicted in the table below:

TABLE 3-22 REVENUE GAP/(SURPLUS) FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual
Aggregate Revenue Requirement	49.16	66.30
Revenue from transmission of power	62.94	63.02
Revenue Gap/(Surplus)	13.78	3.29
Previous year's Gap/(Surplus) carried over	-	-
Holding Cost	-	0.13
Net Revenue Gap/ (Surplus)	13.78	3.42

Commissions Analysis:

Based on the component-wise approved in aforesaid paragraphs of this Chapter, the Commission has approved overall Net ARR for FY 2022-23 as per table below:

TABLE 3-23 REVENUE GAP/(SURPLUS) APPROVED BY COMMISSION FOR FY 2022-23 (Rs. CRORE)

Particulars	Approved in APR Order	Actual	Trued-up by Commission
Aggregate Revenue Requirement	49.16	66.30	11.88
Revenue from transmission of power	62.94	63.02	63.02

Particulars	Approved in APR Order	Actual	Trued-up by Commission
Revenue Gap/(Surplus)	(13.78)	3.29	(51.14)
Previous year's Gap/(Surplus) carried over	-	-	-
Holding Cost	-	0.13	
Net Revenue Gap/ (Surplus)	(13.78)	3.42	(51.14)

The Commission has considered the trued-up Revenue (Surplus) of Rs. 51.14 Crore of FY 2022-23 while determining the transmission tariff for FY 2024-25 in chapter 5.

Chapter 4: Annual Performance Review for FY 2023-24

4.1 Background

The Commission had issued the Order on determination of transmission tariff for FY 2023-24 on 30th March, 2023 (hereinafter referred to as the “ARR Order” for the purpose of APR of FY 2023-24). The Annual Performance Review for FY 2023-24 is to be carried out as per the provisions of the MYT Regulations, 2021. Regulation 12.1 of the MYT Regulations, 2021 states as follows:

“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.”

Further Regulation 41.2 of the MYT Regulations, 2021 states as follows:

“41.2 The annual Transmission Charges of the Transmission licensee shall be determined by the Commission on the basis of application for determination of Aggregate Revenue Requirement made by Transmission licensee...”

As per Regulation 41.3 of the MYT Regulations, 2021:

“The Aggregate Revenue Requirement for a Transmission Licensee shall comprise of the following components:

- a) Return on Equity;*
- b) Depreciation;*
- c) Interest and Finance Charges on Loan Capital;*
- d) Interest on Working Capital and deposits from Transmission System Users;*
- e) Operation and maintenance expenses;*
- f) Income Tax*

Less:

g) Income from Open Access Charges, 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;

h) Non-Tariff Income;

i) Income from Other Business...”

The Commission has accordingly carried out the Annual Performance Review for FY 2023-24 as per the provisions of MYT Regulations, 2021.

4.2 Approach for Review of FY 2023-24

The review of the ARR has been done by assessing various cost elements like capital expenditure, O&M expense, Interest on long term loans, depreciation & interest on working capital. The components of ARR have been approved based on the prudence check of the actual information provided by the Petitioner & the principles laid down in MYT Regulations, 2021.

4.3 Operation & Maintenance (O&M) Expenses

As per Regulation 42 of the MYT Regulations, 2021:

“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,

$$R\&M_n = K \times GFA_{n-1} \times (1 + WPI_{inflation})$$

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

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

‘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;

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

WPIinflation – 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 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 – employee expenses, R&M expenses and A&G expenses have been discussed separately as follows.

4.3.1 Employee Expenses

Petitioner's Submission:

The Petitioner has submitted that the O&M expense is being estimated on the basis of the actual expenditure as being incurred in new restructured scenario in the current financial year. The Petitioner has submitted revised estimates for employee expenses at Rs. 5.94 Crore against Rs. 6.55 Crore as approved by the Commission in its Tariff Order dated 30th March, 2023.

Further, the Petitioner submitted that the employee expenses have been estimated based on the present employee strength of the utility which is 53.

TABLE 4-1 EMPLOYEE EXPENSES CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Employee Cost	6.55	5.94

Commission's Analysis:

The employee expenses comprises of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. The Commission had approved employee expenses of Rs. 6.55 Crore in the ARR Order. The Petitioner has submitted revised estimates for FY 2023-24 as Rs. 5.94 Crore. In order to compute the O&M expenses for FY 2023-24, the Commission has considered Regulation 6 of the MYT Regulations, 2021 which specifies 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.....”

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. However, in absence of actual audited accounts for past three years due its restructuring, the Commission finds it deem fit to consider the employee cost as projected by the Petitioner considering it as a new entity. Therefore, the Commission allows the employee cost for APR purpose for FY 2023-24 as projected by Petitioner.

The following table provides the employee expenses approved by the Commission in the ARR Order, Petitioner’s submission and now approved by the Commission:

TABLE 4-2 EMPLOYEE EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner’s Submission	Approved by Commission
Employee Expenses	6.55	5.94	5.94

Accordingly, the Commission approves employee expenses of Rs. 5.94 Crore for the APR of FY 2023-24.

4.3.2 Repair and Maintenance (R&M) Expenses

Petitioner’s Submission:

The Petitioner has submitted revised estimates for R&M expenses at Rs. 11.93 Crore against Rs. 8.09 Crore as approved by the Commission in its Tariff Order dated 30th March, 2023, based on the actual expenses incurred during the first six months have been considered to estimate the costs for the remaining six months.

Commission's Analysis:

In order to compute the O&M expenses for FY 2023-24, the Commission has considered Regulation 6 of the MYT Regulations, 2021 which specifies 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....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. However, in absence of actual audited accounts for past three years due its restructuring, the Commission finds it deem fit to consider the employee cost as projected by the Petitioner considering it as a new entity. Therefore, the Commission allows the R&M expenses for APR purpose for FY 2023-24 as projected by Petitioner.

It has been observed that the Petitioner included an amount of Rs. 0.25 Crore for licensee fee within R&M expenses. However, in accordance with the MYT Regulations, 2021, this amount has been categorized under A&G expenses by the Commission. Consequently, the Rs. 0.25 Crore attributed to licensee fee within R&M expenses has been adjusted during the APR for FY 2023-24, and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M

expenses for FY 2023-24 stand at Rs. 11.68 Crore after deducting this amount from the overall R&M expenses of Rs. 11.93 Crore.

The following table provides the R&M expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-3 R&M EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
R&M Expenses	8.09	11.93	11.68

Accordingly, the Commission approves R&M expenses of Rs. 11.68 Crore for the APR of FY 2023-24.

4.3.3 Administrative & General (A&G) Expenses

Petitioner's Submission:

The Petitioner has submitted revised estimates for A&G expenses at Rs. 12.90 Crore against Rs. 3.13 Crore as approved by the Commission in its Tariff Order dated 30th March, 2023, based on the actual expenses incurred during the first six months have been considered to estimate the costs for the remaining six months.

Commission's Analysis:

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

Similar to the methodology followed while estimating the Employee Expenses and R&M expenses, the Commission has considered the A&G expenses for FY 2023-24 as projected by Petitioner for the APR purpose.

The Commission observed that the Petitioner has included Provision for on-going CSR projects of Rs. 2.73 Crore, actual CSR expenses of Rs. 0.13 Crore and provision for Bad & Doubtful debts of Rs. 5.18 Crore in the A&G expenses. The Commission is

of the view that focus of truing-up is on the operational and financial aspects directly associated with transmission infrastructure and services, while, CSR expenses, being non-operational in nature falls outside this scope and are considered separate from the transmission business. Thus, Commission decided not to burden the consumer on account of expenses which are non-operational in nature, hence, the same is being disallowed while carrying out APR of A&G expenses.

Furthermore, the Commission has incorporated an additional sum of Rs. 0.25 Crore into A&G expenses, which has been reallocated from R&M expenses, as detailed in the R&M expenses section. Consequently, the total permissible actual A&G expenses for FY 2023-24 amount to Rs. 5.11 Crore.

The following table provides the A&G expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 4-4 A&G EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
A&G Expenses	3.13	12.90	5.11

Accordingly, the Commission approves A&G expenses of Rs. 5.11 Crore for the APR of FY 2023-24.

4.3.4 Total Operation and Maintenance (O&M) Expenses

The following table provides the O&M expenses approved by the Commission in the ARR Order, Petitioner's submission and O&M expenses now approved by the Commission:

TABLE 4-5 O&M EXPENSES APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Employee Expenses	6.55	5.94	5.94
A&G Expenses	3.13	12.90	5.11

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
R&M Expenses	8.09	11.93	11.68
Total O&M Expenses	17.77	30.77	22.72

Accordingly, the Commission approves O&M expenses of Rs. 22.72 Crore for the APR of FY 2023-24.

4.4 Capital Expenditure and Capitalization

Petitioner's Submission:

The Petitioner has submitted that the capital expenditure and capitalization has been considered as per the ongoing works in the UT and based on the estimated expenditure to be incurred during the FY 2023-24. The details of the capital expenditure schemes proposed to be implemented and put to use during FY 2023-24 are provided in the table below:

TABLE 4-6 CAPITAL EXPENDITURE SCHEME PROPOSED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

S. No.	Name of the Scheme	FY 2023-24
1	Strengthening of 66 KV breaker and protection relay	1.88
2	Augmentation of 20 MVA power transformer at Wagdehra S/s	4.29
3	Procurement of oil dry out system (ODUS)	2.00
4	Augmentation of power transformer at Kharpada S/s	1.70
5	Other miscellaneous works	1.13
6	Total	11.00

The Capital expenditure and capitalization for FY 2023-24 claimed by the Petitioner is summarized below:

TABLE 4-7 CAPITAL EXPENDITURE & CAPITALISATION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Capital Expenditure	-	11.00
Capitalisation	8.50	11.00

Commission's Analysis:

The Petitioner has claimed capitalization of INR 11.00 Crore for FY 2023-24. In this regard, Commission vide Letter dated 23rd January, 2024 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 2nd February, 2024 submitted that the capital expenditure claimed for the FY 2023-24 is for miscellaneous schemes and the same shall be revisited and submitted at the time of truing up for the FY 2023-24.

Considering the actual capitalization for FY 2022-23, the Commission find it appropriate to allow estimated capital expenditure and capitalization for FY 2023-24 to the tune of Rs. 11.00 Crore respectively with the condition the same shall be subject to truing-up.

TABLE 4-8 APPROVED CAPITALISATION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Capital Expenditure	8.50	11.00	11.00
Strengthening of 66 kV breaker and protection relay	-	1.88	1.88
Augmentation of 20 MVA power transformer at Wagdehra S/s	-	4.29	4.29
Procurement of oil dryout system (ODUS)	-	2.00	2.00
Augmentation of power transformer at Khardpada S/s	-	1.70	1.70
Other miscellaneous works		1.13	1.13
Capitalization	8.50	11.00	11.00

Accordingly, the Commission approved Capital Expenditure and Capitalization for FY 2023-24 as claimed by the petitioner.

4.5 Gross Fixed Assets

Petitioner's Submission:

The Petitioner has submitted that it has considered the closing GFA of FY 2022-23 as Opening GFA of Rs. 359.64 Crore in FY 2023-24, while, based on the revised estimated capitalization, assets amounting to Rs. 11.00 Crore have been estimated to be capitalized during FY 2023-24. A summary of the Opening and Closing GFA and capitalization for FY 2023-24 has been summarized in Table below:

TABLE 4-9 OPENING AND CLOSING GFA FOR FY 2023-24 (Rs. CRORE)

Particulars	Opening GFA	Additions during the year	Closing GFA
FY 2023-24	359.64	11.00	370.64

Commission's Analysis:

The Commission has considered the opening GFA for FY 2023-24 same as the closing GFA approved in truing-up of FY 2022-23 and addition during the year is being considered based on the approved capitalization for FY 2023-24 subject to prudence check of the actual capitalization during FY 2023-24 at the time of truing up.

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

TABLE 4-10 GROSS FIXED ASSETS APPROVED BY COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Opening GFA	360.72	359.63	359.64
Addition during the Year	8.50	11.00	11.00
Closing GFA	369.22	370.63	370.64

Accordingly, the Commission approves GFA of Rs. 370.64 Crore for FY 2023-24.

4.6 Depreciation

Petitioner's Submission:

The Petitioner has submitted that it 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 4-11 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Opening GFA	360.72	359.64
Addition during the year	8.50	11.00
Closing GFA	369.22	370.64
Average GFA	364.97	365.14
Depreciation during the year	18.97	18.65

Commission's Analysis:

Regulation 31 of the 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 4-12 DEPRECIATION APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	Depreciation
Plant and Machinery	5.28%	272.22	11.00	-	283.22	277.72	14.66
Buildings	3.34%	29.96	-	-	29.96	29.96	1.00
Furniture & Fixtures	6.33%	1.93	-	-	1.93	1.93	0.12
Computers & Others	6.33%	39.45	-	-	39.45	39.45	2.50
Land	0.00%	13.65	-	-	13.65	13.65	0.00
Software – Intangible Assets	15.00%	2.42	-	-	2.42	2.42	0.36
Total		359.64	11.00	-	370.64	365.14	18.65

Accordingly, the Commission approved depreciation of Rs. 18.65 Crore for the APR of FY 2023-24.

4.7 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered normative debt-equity ratio of 70:30 as per the MYT Regulations, 2021. Further, the Petitioner has considered interest rate of 9.50% 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 4-13 INTEREST AND FINANCE CHARGES CLAIMED FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Opening Loan	12.61	20.83
Loan for additional Capex (70:30 debt equity)	5.95	7.70
Loan Repayment	18.56	18.65
Closing Loan	0.00	9.88
Interest cost on Avg. Loans	0.50	1.46

Commission's Analysis:

The Regulation 29 of the 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 1st April, 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 Rs. 11.00 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 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, 2023 plus 100 basis points (9.50%) has been considered for FY 2023-24.

The closing loan balance in Truing-Up 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 Rs. 7.70 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 4-14 INTEREST APPROVED BY THE COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by the Commission
Opening Normative Loan	12.61	20.83	13.69
Add: Normative Loan during the year	5.95	7.70	7.70
Less: Normative Repayment equal to Depreciation	18.56	18.65	18.65
Closing Normative Loan	0.00	9.88	2.74
Average Normative Loan	6.30	15.36	8.21
Rate of Interest (%)	8.00%	9.50%	9.50%
Interest on Loan	0.50	1.46	0.78

Accordingly, the Commission approves Interest on Loans of Rs. 0.78 Crore for the APR of FY 2023-24.

4.8 Interest on Working Capital

Petitioner's Submission:

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

- “a) Receivables equivalent to 45 days of annual fixed cost;
- b) Maintenance spares @15% of operation and maintenance expenses including security expenses;
- c) Operation and maintenance expenses including security expenses for one month.”

The Petitioner has considered rate of interest on working capital as 10.50% for FY 2023-24.

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2023-24:

TABLE 4-15 INTEREST ON WORKING CAPITAL CLAIMED FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Receivables equivalent to 45 days of Annual Fixed Cost	6.56	8.39
Maintenance spares @15% of operation and maintenance expenses	2.67	4.62
Operation and maintenance expense for one month	1.48	2.56
Total Working Capital	10.71	15.68
Interest on Working Capital	0.96	1.65

Commission's Analysis:

The Regulation 43 of the 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 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 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, 2023 (8.50%) plus 200 basis points which comes out to be 10.50%.

The following table provides the Interest on Working Capital Approved by the Commission for each year of the control period.

TABLE 4-16 INTEREST ON WORKING CAPITAL APPROVED BY COMMISSION FOR FY 2023-24 (Rs. Crore)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved By Commission
Receivables equivalent to 45 days of Annual Fixed Cost	6.56	8.39	7.25
Maintenance spares @15% of operation and maintenance expenses	2.67	4.62	3.41
Operation and maintenance expense for one month	1.48	2.56	1.89
Total Working Capital Requirement	10.71	15.68	12.55
<i>Rate of Interest (%)</i>	<i>9.00%</i>	<i>10.50%</i>	<i>10.50%</i>
Interest on Working Capital	0.96	1.65	1.32

Accordingly, the Commission approves Interest on Working Capital of Rs. 1.32 Crore for the APR of FY 2023-24.

4.9 Return on Equity

Petitioner's Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the 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 4-17 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Opening Equity	72.61	72.81
Additions on account of new capitalisation	2.55	3.30
Closing Equity	75.16	76.11
Average Equity	73.88	74.46
Rate of Return (%)	15.50%	15.50%
Effective Rate of Corporate Tax (%)	25.63%	25.63%
Effective Return on Equity (%)	20.84%	20.84%
Return on Equity	15.40	15.52

Commission's Analysis:

As per the MYT Regulations, 2021, the return on equity for transmission business shall be in governed by CERC Regulations, the relevant excerpt of the aforesaid MYT Regulation, 2021 is stipulated as under:

"28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system."

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 truing-up 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., Rs. 11.00 Crore, which works out to be Rs. 3.30 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 4-18 RETURN ON EQUITY APPROVED FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by the Commission
Opening Equity	72.61	72.81	72.79
Equity Addition	2.55	3.30	3.30
Closing Equity	75.16	76.11	76.09
Average Equity	73.88	74.46	74.44
Return on Equity (%)	15.50%	15.50%	15.50%
Effective rate of Corporate Tax (%)	25.63%	25.63%	25.63%
Effective return on Equity (%)	20.84%	20.84%	20.84%
Total Return on Equity	15.40	15.52	15.51

The Commission accordingly, approves the return on Equity of Rs. 15.51 Crore for the APR of FY 2023-24.

4.10 Power Cost Expense

Petitioner's Submission:

The Petitioner has submitted that it has to incur an expenditure of past arrear payment on account of change in law to GWEL in compliance to the Supreme Court Order. Petitioner has further submitted a brief of the issue in the aforesaid matter under which Petitioner stated that a PPA was executed between Petitioner (formerly DNHPDCL) and GMR Warora Energy Limited (GWEL) for the supply of 200 MW power from April 2013 to June 2020 (PPA Period – 7 years 3 months). GWEL, citing the Change in Law clause of the PPA, raised concerns regarding Coal Shortage and the New Coal Distribution Policy.

Consequently, a common order by CERC in May 2019 allowed compensation for coal shortage due to changes in the New Coal Distribution Policy. However, GWEL's claim of Rs. 124.06 Crores is contested by DNHDDPCL, arguing for a compensation of Rs. 23.93 Crores. However, APTEL affirmed CERC's decision, leading to an appeal to the Supreme Court. The SC granted interim stay against APTEL's order, contingent on DNHDDPCL depositing half of the amount. DNHDDPCL complied,

depositing Rs. 23.93 Crores with the SC in March 2021. In April 2023, the SC ordered the amount to be paid to GWEL in line with the change in law compensation.

To reflect this in the ARR of the Petitioner in FY 2023-24, Petitioner has requested to allow Rs. 23.93 Crores as a pass-through.

Commission's Analysis:

In accordance with Clause 3 of Schedule C of the Transfer Scheme, it explicitly outlines provisions stating that unless expressly indicated by the Hon'ble Administrator, the liabilities and contingent liabilities of the Electricity Department/DNHPDCL will not be transferred to the company. This encompasses unpaid arrears or disputed power purchase bills from previous periods with due dates preceding the transfer date. Therefore, in alignment with the aforementioned clause, the past liabilities of power purchase from the previous period will be retained by the former company, and such liabilities will be factored into its Aggregate Revenue Requirement (ARR).

The Commission has considered the amount asserted by the Petitioner for payment in response to the change in law, as mandated by the Supreme Court Order. Consequently, in consideration of the aforementioned, the Commission has considered to incorporate the same into the Aggregate Revenue Requirement (ARR) for the fiscal year 2023-24, following a thorough prudence check.

4.11 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 0.70 Crore for FY 2023-24 considering supervision charges, tender fees, lease income etc. The Petitioner also submitted, one-time income like provisions of written back which has not been considered to estimate the non-tariff income for FY 2023-24.

Commission's Analysis:

The Regulation 44 of the 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 approves the NTI as claimed by the Petitioner, 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 2023-24:

TABLE 4-19 NON-TARIFF INCOME APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Non-Tariff Income	0.26	0.70	0.70

Accordingly, the Commission approves the Non-Tariff Income of Rs. 0.70 Crore for the APR of FY 2023-24.

4.12 Aggregate Revenue Requirement for the FY 2023-24

Petitioner's Submission:

Based on the expenses as detailed above, the Petitioner submitted the net revenue requirement for FY 2023-24 as shown in the following table:

TABLE 4-20 AGGREGATE REVENUE REQUIREMENT CLAIMED FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
O&M Expense	17.77	30.77
Depreciation	18.97	18.65
Interest cost on long-term capital Loans	0.50	1.46
Interest on Working Capital Loans	0.96	1.65
Return on Equity	15.40	15.52
Power Cost Expense	-	23.93
Total	53.60	91.97
Less: Non-Tariff Income	0.26	0.70
Aggregate Revenue Requirement	53.34	91.27

Particulars	Approved in Tariff Order	Petitioner's Submission
Add: Cumulative Gap	56.64	56.64
Net Revenue Requirement	109.98	147.91

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 4-21 AGGREGATE REVENUE REQUIREMENT APPROVED BY COMMISSION FOR FY 2023-24 (Rs. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
O&M Expense	17.77	30.77	22.72
Depreciation	18.97	18.65	18.65
Interest cost on long-term capital Loans	0.50	1.46	0.78
Interest on Working Capital Loans	0.96	1.65	1.32
Return on Equity	15.40	15.52	15.51
Power Cost Expense	-	23.93	23.93
Total	53.60	91.97	82.91
<i>Less: Non-Tariff Income</i>	<i>0.26</i>	<i>0.70</i>	<i>0.70</i>
Aggregate Revenue Requirement	53.34	91.27	82.21
Add: Cumulative Gap	56.64	56.64	-
Net Revenue Requirement	109.98	147.91	82.21

The Commission approves net ARR of Rs. 82.21 Crore for FY 2023-24 on standalone basis.

4.13 Revenue from Existing Tariff

Petitioner's Submission:

The Petitioner has submitted that it has estimated the revenue for FY 2023-24 based on the six month actual revenue at the exiting tariff and the estimated revenue for the remaining six months.

TABLE 4-22 REVENUE AT EXISTING TARIFF FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Revenue from transmission of power	109.98	108.18

Commission's Analysis:

The Commission has considered the revenue from transmission business as submitted by the Petitioner for the APR of FY 2023-24.

TABLE 4-23 REVENUE APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Revenue from Transmission of power	109.98	108.18	108.18

4.14 Revenue Gap/(Surplus) for FY 2023-24**Petitioner's Submission:**

The Petitioner has submitted the total revenue gap at the end of FY 2023-24 by taking into account the revenue gap arrived at after truing up of FY 2022-23 of Rs. 45.37 Crore.

TABLE 4-24 REVENUE GAP/(SURPLUS) FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission
Annual Revenue Requirement	109.98	147.91
Revenue from transmission of power	109.98	108.18
Revenue Gap/(Surplus)	(0.00)	39.73
Previous year's Gap/(Surplus) carried over	-	3.42
Holding Cost	-	2.21
Net Revenue Gap/(Surplus)	0.00	45.37

Commissions Analysis:

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above in this chapter and revenue approved as shown above, the standalone

gap/(surplus) for FY 2023-24 is approved by the Commission as provided in the following table:

TABLE 4-25 REVENUE GAP/(SURPLUS) APPROVED BY COMMISSION FOR FY 2023-24 (RS. CRORE)

Particulars	Approved in Tariff Order	Petitioner's Submission	Approved by Commission
Aggregate Revenue Requirement	109.98	147.91	82.21
Revenue from transmission of power	109.98	108.18	108.18
Revenue Gap/(Surplus)	0.00	39.73	(25.97)

As per Regulation 12.5 of the MYT Regulations, 2021, the gap/(surplus) of the trued-up year only shall be carried forward in the tariff for the year for which tariff is to be determined. The relevant excerpt of the aforesaid regulation is stipulated as under:

“12.5 Upon completion of the exercise, the Commission shall pass an order recording:

a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 14 of these Regulations:”

Thus, in accordance with above clause, the Commission has not considered the gap/(surplus) for the APR of FY 2023-24 to be carried forward in the ARR of FY 2024-25.

Chapter 5: Aggregate Revenue Requirement for FY 2024-25

5.1 Background

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 the MYT Regulations, 2021).

5.2 Approach for ARR of FY 2024-25

The Commission has computed individual elements constituting the Aggregate Revenue Requirement for FY 2024-25 in line with the principles laid down in JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021.

5.3 Operation & Maintenance (O&M) Expenses

The Operation & Maintenance Expenses comprises of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance Expenses (R&M). Regulation 42 of the 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,

$$R\&M_n = K \times GFA_{n-1} \times (1 + WPI_{inflation})$$

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

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

‘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;

WPI_{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 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 – Employee expenses, R&M expenses and A&G expenses have been discussed separately as follows.

5.3.1 Employee Expenses

Petitioner's Submission:

The Petitioner has projected the employee cost for FY 2024-25 as per principles laid in MYT regulations, 2021, based on the average increase in the consumer price index (CPI) of 6.11% for immediately preceding three years. Total employee cost for the FY 2024-25 is provided in the table below:

TABLE 5-1 EMPLOYEE EXPENSES PROJECTED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Employee Cost	6.30

Commission's Analysis:

The employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses. In order to compute the O&M expenses for FY 2024-25, the Commission has considered Regulation 6 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 which specifies 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....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. However, in absence of actual audited accounts for past three years due its restructuring, the Commission finds it deem fit to consider the employee cost as projected by the Petitioner considering it as a new entity. Therefore, the Commission allows the employee cost for ARR purpose for FY 2024-25 as projected by Petitioner.

The following table provides the employee expenses as Petitioner's submission and now approved by the Commission:

TABLE 5-2 EMPLOYEE EXPENSES APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Employee Expenses	6.30	6.30

Accordingly, the Commission approves employee expenses of Rs. 6.30 Crore for the ARR of FY 2024-25.

5.3.2 Repairs & Maintenance Expenses

Petitioner's Submission:

The Petitioner has projected R&M expenses of Rs. 12.60 Crore in line to the principles laid in MYT Regulations, 2021, considering the WPI inflation as 3.15%. Total repair & maintenance cost of the Petitioner is summarized in the table below:

TABLE 5-3 REPAIRS & MAINTENANCE EXPENSES PROJECTED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Repair & Maintenance Expenses	12.60

Commission's Analysis:

In order to compute the O&M expenses for FY 2023-24, the Commission has considered Regulation 6 of the MYT Regulations, 2021 which specifies 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....."

Regulation 6 provides that the Commission may change the values for Base Year considering the actual figures from audited accounts. However, in absence of actual audited accounts for past three years due its restructuring, the Commission finds it deem fit to consider the employee cost as projected by the Petitioner considering it as a new entity. Therefore, the Commission allows the R&M expenses for ARR purpose for FY 2024-25 as projected by Petitioner.

It has been observed that the Petitioner included an amount of Rs. 0.26 Crore for licensee fee within R&M expenses. However, in accordance with the MYT Regulations, 2021, this amount has been categorized under A&G expenses by the Commission. Consequently, the Rs. 0.26 Crore attributed to licensee fee within R&M expenses has been adjusted during the ARR for FY 2024-25, and will now be accounted for under A&G expenses. Following this adjustment, the allowable R&M

expenses for FY 2024-25 stand at Rs. 12.34 Crore after deducting this amount from the overall R&M expenses of Rs. 12.60 Crore.

The following table provides the R&M expenses as Petitioner's submission and now approved by the Commission:

TABLE 5-4 R&M EXPENSES APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
R&M Expenses	12.60	12.34

Accordingly, the Commission approves R&M expenses of Rs. 12.34 Crore for the ARR of FY 2024-25.

5.3.3 Administration & General Expenses

Petitioner's Submission:

The Petitioner has computed A&G expense as per the principles laid in MYT Regulations, 2021, considering CPI inflation as 6.33%. The A&G expense projected for the FY 2024-25 is provided in the table below:

TABLE 5-5 ADMINISTRATION & GENERAL EXPENSES PROJECTED BY THE PETITIONER FOR FY 2024-25

(RS. CRORE)

Particulars	Petitioner's Submission
Administrative & General Expenses	13.69

Commission's Analysis:

A&G expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

Similar to the methodology followed while estimating the Employee Expenses and R&M expenses, the Commission has considered the A&G expenses for FY 2024-25 as projected by Petitioner for the ARR purpose.

The Commission observed that the Petitioner has projected Provision for on-going CSR projects of Rs. 2.90 Crore, actual CSR expenses of Rs. 0.14 Crore and provision for Bad & Doubtful debts of Rs. 5.50 Crore in the A&G expenses. The Commission is of the view that focus of truing-up is on the operational and financial aspects directly associated with transmission infrastructure and services, while, CSR expenses, being non-operational in nature falls outside this scope and are considered separate from the transmission business. Thus, Commission decided not to burden the consumer on account of expenses which are non-operational in nature, hence, the same is being disallowed while carrying out ARR of A&G expenses.

Furthermore, the Commission has incorporated an additional sum of Rs. 0.26 Crore into A&G expenses, which has been reallocated from R&M expenses, as detailed in the R&M expenses section. Consequently, the total permissible actual A&G expenses for FY 2024-25 amount to Rs. 5.42 Crore.

The following table provides the A&G expenses approved by the Commission in the ARR Order, Petitioner's submission and now approved by the Commission:

TABLE 5-6 A&G EXPENSES APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Administrative & General Expenses	13.69	5.42

Accordingly, the Commission approves A&G expenses of Rs. 5.42 Crore for the ARR of FY 2024-25.

5.3.4 Total Operation and Maintenance (O&M) Expenses

The following table provides the O&M expenses as per Petitioner's submission and approved by the Commission:

TABLE 5-7 O&M EXPENSES APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Employee Expenses	6.30	6.30
A&G Expenses	13.69	5.42
R&M Expenses	12.60	12.34
Total O&M Expenses	32.59	24.06

Accordingly, the Commission approves O&M expenses of Rs. 24.06 Crore for the ARR of FY 2024-25.

5.4 Capital Expenditure and Capitalization

Petitioner's Submission

The Petitioner has projected Rs. 28 Crore capital expenditure to be incurred during FY 2024-25. The scheme wise details for the capital expenditure are provided in the table below:

TABLE 5-8 CAPITAL EXPENDITURE PROPOSED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

S. No	Name of the Scheme	FY 2024-25
1	Building of Dadra Sub-Station	7.74
2	Augmentation of Transformer at Silli S/s	3.06
3	Strengthening of Transformer at Wagdhara S/s	3.00
4	Wagchippa to Dadra Multi-Circuit Line	5.00
5	Strengthening of Transformer at Kala S/s	3.00
6	Khardpada to Wagdhara to Dadra 66 KV Line	6.20
Total		28.00

The Petitioner has projected capitalization of Rs. 28 Crore for FY 2024-25 as summarized in table below:

TABLE 5-9 CAPITAL EXPENDITURE & CAPITALISATION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Capital Expenditure	28.00
Capitalisation	28.00

Commission's Analysis:

The Commission observed that the Petitioner has projected CAPEX and Capitalization of Rs. 28 Crore for FY 2024-25 as detailed above and furnished the project/work-wise justification for the same.

The Commission has provisionally approved the CAPEX and Capitalization for FY 2024-25 as projected by the Petitioner in order to strengthen the sub-transmission system to provide reliable quality supply. The Commission, accordingly, approves the Capital Expenditure and Capitalization to the tune of Rs. 28 Crore for FY 2024-25 subject to true up of FY 2024-25.

TABLE 5-10 APPROVED CAPITALISATION FOR FY 2024-25 (Rs. CRORE)

Particulars	Claimed by Petitioner	Approved by Commission
Capital Expenditure	28.00	28.00
Capitalisation	28.00	28.00

Accordingly, the Commission approves the Capitalization of Rs. 28.00 Crore for the ARR of FY 2024-25.

5.5 Gross Fixed Assets**Petitioner's Submission:**

The Petitioner has submitted the summary of the Opening and Closing GFA and capitalization for FY 2024-25 as per table below:

TABLE 5-11 OPENING AND CLOSING GFA FOR FY 2024-25 (Rs. CRORE)

Particulars	Opening GFA	Additions during the year	Closing GFA
FY 2024-25 (Projected)	370.64	28.00	398.64

Commission's Analysis:

The Commission has considered the opening GFA for FY 2024-25 same as the closing GFA approved in APR of FY 2023-24 and addition during the year has been considered based on the approved capitalization for FY 2024-25 subject to prudence check of the actual capitalization during FY 2024-25 at the time of truing up.

The table below provides the details of capitalization and GFA approved by the Commission for the FY 2024-25:

TABLE 5-12 GROSS FIXED ASSETS APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Opening GFA	370.64	370.64
Addition during the Year	28.00	28.00
Closing GFA	398.64	398.64

Accordingly, the Commission approves GFA of Rs. 398.64 Crore for FY 2024-25.

5.6 Depreciation**Petitioner's Submission:**

The Petitioner has submitted that it 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 2024-25. Accordingly, the depreciation for the FY 2024-25 has been submitted as below:

TABLE 5-13 DEPRECIATION CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Opening GFA	370.64
Addition during the year	28.00
Closing GFA	398.64
Average GFA	384.64

Particulars	Petitioner's Submission
Depreciation during the year	19.68

Commission's Analysis:

Regulation 31 of the 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 2024-25 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 2024-25:

TABLE 5-14 DEPRECIATION APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average GFA	Depreciation
Plant and Machinery	5.28%	283.22	28.00	-	311.22	297.22	15.69
Buildings	3.34%	29.96	-	-	29.96	29.96	1.00
Furniture & Fixtures	6.33%	1.93	-	-	1.93	1.93	0.12
Computers & Others	6.33%	39.45	-	-	39.45	39.45	2.50
Land	0.00%	13.65	-	-	13.65	13.65	-
Software – Intangible Assets	15.00%	2.42	-	-	2.42	2.42	0.36
Total		370.64	28.00	-	398.63	384.63	19.68

Accordingly, the Commission approved depreciation of Rs. 19.68 Crore for the ARR of FY 2024-25.

5.7 Interest and Finance Charges

Petitioner's Submission:

The Petitioner has considered normative debt-equity ratio of 70:30 as per the MYT Regulations, 2021. Further, the Petitioner has considered interest rate of 9.50% 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 2024-25.

TABLE 5-15 INTEREST AND FINANCE CHARGES CLAIMED FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Opening Loan	9.88
Loan for additional Capex (70:30 debt equity)	19.60
Loan Repayment	19.68
Closing Loan	9.80
Interest cost on Avg. Loans	0.94

Commission's Analysis:

The Regulation 29 of the 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 Rs. 28.00 Crore for FY 2024-25.

Since, the Petitioner has no actual loans, the rate of interest will be in accordance with the Regulation 29 of the 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, 2023 plus 100 basis points (9.50%) has been considered for FY 2024-25.

The closing loan balance in APR of FY 2023-24 has been considered as the opening loan balance for FY 2024-25. The normative loan addition for FY 2024-25 has been considered as 70% of the capitalization for FY 2024-25, which works out to be Rs. 19.60 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 2024 25:

TABLE 5-16 INTEREST APPROVED BY THE COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by the Commission
Opening Normative Loan	9.88	2.74
Add: Normative Loan during the year	19.60	19.60
Less: Normative Repayment equal to Depreciation	19.68	19.68
Closing Normative Loan	9.80	2.66
Average Normative Loan	9.84	2.70
Rate of Interest (%)	9.50%	9.50%
Interest on Loan	0.93	0.26

Accordingly, the Commission approves Interest on Loans of Rs. 0.26 Crore for the ARR of FY 2024-25.

5.8 Interest on Working Capital

Petitioner's Submission:

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

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

The Petitioner has considered rate of interest on working capital as 10.50% for FY 2024-25.

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2024-25:

TABLE 5-17 INTEREST ON WORKING CAPITAL CLAIMED FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Receivables equivalent to 45 days of Annual Fixed Cost	8.98
Maintenance spares @15% of operation and maintenance expenses	4.89
Operation and maintenance expense for one month	2.72
Total Working Capital	16.59
Interest on Working Capital	1.74

Commission's Analysis:

The Regulation 43 of the 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 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 MYT Regulation, 2021, the Commission has computed the Working Capital for the FY 2024-25. The interest rate has been considered as 1-year SBI MCLR as on 1st April, 2023 (8.50%) plus 200 basis points which comes out to 10.50%.

The following table provides the Interest on Working Capital Approved by the Commission for FY 2024-25.

TABLE 5-18 INTEREST ON WORKING CAPITAL APPROVED FOR FY 2024-25 (Rs. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Receivables equivalent to 45 days of Annual Fixed Cost	8.98	7.66
Maintenance spares @15% of operation and maintenance expenses	4.89	3.61
Operation and maintenance expense for one month	2.72	2.00
Total Working Capital	16.59	13.27
Rate of Interest (%)	10.50%	10.50%
Interest on Working Capital	1.74	1.39

Accordingly, the Commission approves Interest on Working Capitals of Rs. 1.39 Crore for the ARR of FY 2024-25.

5.9 Return on Equity

Petitioner's Submission:

The Petitioner has computed the Return on Equity (RoE) in accordance with the MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2024-25 is considered equivalent to the closing equity for FY 2023-24. The Petitioner has considered a rate of pre-return on equity as per Regulations 31 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 2024-25:

TABLE 5-19 RETURN ON EQUITY CLAIMED BY THE PETITIONER FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
Opening Equity	76.11
Additions on account of new capitalisation	8.40
Closing Equity	84.51
Average Equity	80.31
Rate of Return (%)	15.50%
Effective Rate of Corporate Tax (%)	25.63%
Effective Return on Equity (%)	20.84%
Return on Equity	16.74

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 2024-25 has been considered equal to the closing equity approved in APR of FY 2023-24.

The normative equity addition during FY 2024-25 has been considered as 30% of the capitalization for FY 2024-25 i.e., Rs. 28 Crore, which works out to be Rs. 8.40 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 2024-25:

TABLE 5-20 RETURN ON EQUITY APPROVED FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Opening Equity	76.11	76.09
Additions on account of new capitalisation	8.40	8.40
Closing Equity	84.51	84.49
Average Equity	80.31	80.29
Rate of Return (%)	15.50%	15.50%
Effective Rate of Corporate Tax (%)	25.63%	25.63%
Effective Return on Equity (%)	20.84%	20.84%
Return on Equity	16.74	16.73

Accordingly, the Commission approves return on equity of Rs. 16.73 Crore for the ARR of FY 2024-25.

5.10 Non-Tariff Income

Petitioner's Submission:

The Petitioner has proposed the Non-Tariff income of Rs. 0.78 Crore for FY 2024-25 considering supervision charges, tender fees, miscellaneous charges from consumers along with other income which includes interest on Staff loans & advances, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

Commission's Analysis:

The Regulation 44 of the 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.*
- 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 approves the claim of the Petitioner, 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 2024-25:

TABLE 5-21 NON-TARIFF INCOME APPROVED BY COMMISSION FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
Non-Tariff Income	0.78	0.78

Accordingly, the Commission approves the Non-Tariff Income of Rs. 0.78 Crore for the ARR of FY 2024-25.

5.11 Aggregate Revenue Requirement for the FY 2024-25

Petitioner's Submission:

Based on the expenses as detailed above, the Petitioner submitted the net revenue requirement for FY 2024-25 as shown in the following table:

TABLE 5-22 AGGREGATE REVENUE REQUIREMENT CLAIMED FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission
O&M Expense	32.59
Depreciation	19.68
Interest cost on long-term capital Loans	0.94
Interest on Working Capital Loans	1.74
Return on Equity	16.74
Total	71.68
Less: Non-Tariff Income	0.78

Particulars	Petitioner's Submission
Aggregate Revenue Requirement	70.90

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 2024-25 is approved by the Commission as provided in the following table:

TABLE 5-23 AGGREGATE REVENUE REQUIREMENT APPROVED BY COMMISSION FOR FY 2024-25 (Rs. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
O&M Expense	32.59	24.06
Depreciation	19.68	19.68
Interest cost on long-term capital Loans	0.94	0.26
Interest on Working Capital Loans	1.74	1.39
Return on Equity	16.74	16.73
Total ARR	71.68	62.12
Less: Non-Tariff Income	0.78	0.78
Net ARR	70.90	61.34

The Commission approves net ARR of Rs. 61.34 Crore for FY 2024-25 on standalone basis.

5.12 Coverage of Revenue Gap

Petitioner's Submission:

The ARR for DNHDDPCL for FY 2022-23, FY 2023-24 and FY 2024-25 along with the revenue and the resulting revenue gap/(surplus) have been summarized below:

TABLE 5-24 REVENUE GAP FOR FY 2024-25 (Rs. CRORE)

Particulars	FY 2022-23 Actual	FY 2023-24 RE	FY 2024-25 Projected
Total ARR	66.30	147.91	70.90
Revenue @ Existing Tariff	63.02	108.18	0.00
Total Revenue	63.02	108.18	0.00
Revenue Gap/(Surplus) (3-1)	3.29	39.73	70.90
Previous years Gap/ (Surplus) carried over	-	3.42	45.37

Particulars	FY 2022-23 Actual	FY 2023-24 RE	FY 2024-25 Projected
Total Gap/(Surplus) (4+5)	3.29	43.15	116.27
Holding Cost	0.13	2.21	8.89
Net Gap/(Surplus) (6+7)	3.42	45.37	125.17

Commission's Analysis:

The cumulative revenue (Surplus) of Rs. 51.14 Crore at the end of FY 2022-23 has been amortised by the Commission in FY 2024-25. The total ARR approved by the Commission for FY 2024-25 including cumulative gap till FY 2022-23 is as follows:

TABLE 5-25 ARR APPROVED FOR FY 2024-25 (RS. CRORE)

Particulars	Petitioner's Submission	Approved by Commission
ARR	70.90	61.34
Revenue @ Existing Tariff	0.00	-
Total Revenue	0.00	-
Revenue Gap/(Surplus)	70.90	61.34
Previous years Gap/(Surplus) carried over	45.37	(51.14)
Total Gap/(Surplus) (4+5)	116.27	10.19
Holding Cost	8.89	9.72
Net Gap/(Surplus) (6+7)	125.17	0.48

The Commission approves net ARR of Rs 0.48 Crore for FY 2024-25 after adjusting cumulative surplus of FY 2022-23.

Chapter 6: Transmission Tariff for FY 2024-25

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 14 no. 66/11 kV sub-stations is 797 MVA. The approved contracted transmission capacity of the system is as under:

TABLE 6-1 TRANSMISSION CAPACITY OF THE TRANSMISSION SYSTEM

Tariff Determination	FY 2023-24	FY 2024-25
Transmission Capacity (MW)	789.03	789.03

6.2 Normative Availability

Regulation 45.1 of 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 DNDDDPCL on Monthly Basis to the Commission starting from the month of April 2024.

6.3 Transmission Loss

The Commission sought the details regarding the energy audit conducted by the Petitioner for FY 2022-23. The Petitioner has submitted the energy audit report for FY 2022-23. Based on the Energy Audit Report submitted for FY 2022-23, the Commission observed that the Substation Level Energy Accounting has been 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 the energy audit.

6.4 Tariff Determination

The Petitioner has submitted the tariff based upon the projected capacity of the transmission capacity as follows:

TABLE 6-2 TRANSMISSION CAPACITY OF THE TRANSMISSION SYSTEM

Tariff Determination	FY 2024-25
Aggregate revenue requirement (Rs Crore)	125.17
Transmission Capacity (MW)	789.03
Long/Medium Term Transmission Charges (Rs./MW/Month)	132,193.63
Short Term Open Access Transmission Charges (Rs./MW/Day)	4,406.45

Commission's Analysis:

The Regulation 47 of the 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:

$$ATC_n = (\text{Transmission ARR} / 12) \times (CC_n / SCC)$$

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).

4.7.2 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 2024-25 has considered the Transmission Capacity of 789.03 MW during FY 2024-25, 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 2024-25 is as follows:

TABLE 6-3 TRANSMISSION TARIFF APPROVED BY COMMISSION FOR FY 2024-25

Tariff Determination	Petitioner's Submission	Approved by Commission
Aggregate revenue requirement (Rs Crore) (A)	125.17	0.48
Transmission Capacity (MW) (B)	789.03	789.03
Energy Required at Periphery (C)	9,953.68	9,953.68
Long/Medium Term Transmission Charges (Rs./MW/Month) (D)	132,193.63	504

Tariff Determination	Petitioner's Submission	Approved by Commission
Short Term Open Access Transmission Charges (Rs./MW/Day) (E)	4,406.45	17
Transmission Charges (Rs./kWh) (F=A/C*10)	0.13	0.00

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.

Chapter 7: Directives

Directive 1: Capital Expenditure:

Originally Issued in Tariff Order dated 31st July 2012
Commission's direction in Tariff Order Dated 30th March 2023 <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>
Petitioner's submission in present Tariff Petition: The DNHDDPCL would like to submit that the required details shall be submitted to the Hon'ble Commission on a quarterly basis.
Commission's Directive in present Tariff Order: The Commission directs the Petitioner for timely submission of quarterly progress report to the Commission.

Directive 2: Details of Income Tax Assessment Order

Originally Issued in Tariff Order dated 31st March 2022
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.
Petitioner's submission in present Tariff Petition: The DNHDDPCL would like to submit that the relevant Income Tax Assessment Order are being enclosed as Annexure III.
Commission's directive in present Tariff Order: The Commission noted the reply of the Petitioner hence dropped this directive.

Directive 3: Energy Audit & Overall transmission system losses for residual transmission entity

Originally Issued in Tariff Order dated 30th March 2023
Commission's directive in Tariff Order dated 30th March 2023:

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.

Petitioner's submission in present Tariff Petition:

The DNHDDPCL would like to submit that it will carry out the energy audit shortly.

Commission's directive in present Tariff Order:

The Commission has taken the record of the Energy Audit Report submitted by the Petitioner for FY 2022-23 and directs the Petitioner to timely submission of energy audit report along with filing of Tariff Petition hereafter.

Directive 4: Transmission System Availability for Residual Transmission Entity

Originally Issued in Tariff Order dated 30th March 2023

Commission's directive in Tariff Order dated 30th March 2023:

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.

Petitioner's submission in present Tariff Petition:

The DNHDDPCL would like to submit that the Transmission System Availability for Residual Transmission Entity is being enclosed as Annexure IV.

Commission's directive in present Tariff Order:

The Commission noted the reply of the Petitioner hence dropped this directive.

Directive 5: Opening Balance Sheet for Residual Transmission Entity as on 1st April, 2022

Originally Issued in Tariff Order dated 30th March 2023

Commission's directive in Tariff Order dated 30th March 2023:

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.

Petitioner's submission in present Tariff Petition:

The DNHDDPCL would like to submit that the Opening Balance Sheet for Residual Transmission Entity has already been submitted to the Hon'ble Commission.

Commission's directive in present Tariff Order:

The Commission noted the reply of the Petitioner hence dropped this directive.

Directive 6: Separate Accounting of Solar Plants

Originally Issued in the Tariff Order dated 30th March, 2023

Commission's Directive in the Tariff Order dated 30th March, 2023:

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

Petitioner's Response in the present Tariff Petition:

The DNHDDPCL would like to submit that the utility is in the process of preparation of separate accounts of Solar Plant for the FY 2022-23.

Commission's Directions in this Tariff order:

The Commission directs the Petitioner for maintaining & timely submission of separate account for solar plant within 90 days of issuance of this Order.

Directive 7: Reconciliation of Actual Interest on Security Deposit Paid

Originally Issued in the Tariff Order dated 30th March, 2023

Commission's Directive in the Tariff Order dated 30th March, 2023:

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.

Petitioner's Response in the present Tariff Petition:

The DNHDDPCL would like to submit that the utility will submit the reconciliation of actual interest on security deposit paid shortly to the Hon'ble Commission.

Commission's Directions in this Tariff order:

The Commission directs the Petitioner for submission of details for actual interest on security deposit paid within 90 days of issuance of this Order.

New Directive: Creation of SLDC

The Commission directs the Petitioner for segregation of SLDC from its present business on priority. Further, a detailed report shall be furnished within 60 days from the issuance of this tariff order and a separate tariff petition should be filed from next true up of FY 2023-24.

Annexures

Annexure 1: List of persons attended Public Hearing

The following is the list of the participants who have attended the Public Hearing on 6th & 8th February, 2024.

TABLE 1 LIST OF PARTICIPANTS IN PUBLIC HEARING

Sr. No.	Location	Name of Stakeholder	Name of Area
1.	DNH	Ashok	Galonda
2.	DNH	Dhiru m.	Silli Ranpada
3.	DNH	Ishant Sharma	Silvassa
4.	DNH	Vasant G.	Velugam
5.	DNH	Shankar	Dapada
6.	DNH	Dival	Dapada
7.	DNH	Musla Goud	Dapada
8.	DNH	Jamkiya Goud	Dapada
9.	DNH	Praful B Patel	Dadra and Nagar Haveli
10.	DNH	Sumanbhai	Dadra and Nagar Haveli
11.	DNH	Sunil Ojha	Dadra and Nagar Haveli
12.	DNH	Adv. Deepak Kurada	Dadra and Nagar Haveli
13.	DNH	Adv. Sunil Vantur	Kilvani Gram Panchayat Silli
14.	DNH	Adv. Vinay Bhoya	Dudhani
15.	DNH	Ishwar Zadesha	Luhari Kharadpada
16.	DNH	Adv. Shailesh	Kharadpada
17.	DNH	Pravin Dinkar	Galonda Panchayat
18.	DNH	Sankar Kanhat	Galonda Panchayat
19.	DNH	Rajendrabhai Patel	Athal
20.	DNH	Laxman	Bonta Khoripada
21.	DNH	Suresh	Silli
22.	DNH	Pankaj Vartha	Silli
23.	DNH	Jayanti	Dapada
24.	DNH	Amarbhai	Kharadpada
25.	DNH	Representative	Rudana
26.	DNH	Kalish	Rudana
27.	DNH	Satish Patel	Vaghchhipa
28.	DNH	Manish Patel	Silvassa
29.	DNH	Dipak Patel	Kharadpada Panchayat
30.	DNH	Maheshbhai	Naroli Panchayat
31.	DNH	Pankaj	Silli Talavpada
32.	DNH	Suresh vartha	Silli Talavpada
33.	DNH	Kishanbhai	Rakholi Patelpada
34.	DNH	Nitesh Naik	Naroli, Nani vashat
35.	DNH	Chandrika Rajesh Vaghat	Dadra and Nagar Haveli

Sr. No.	Location	Name of Stakeholder	Name of Area
36.	DNH	Usha Radiya	Faladi
37.	DNH	M.N. Bhanvar	Haladpada
38.	DNH	Rajli	Faladi
39.	DNH	Kipan	Kharadpada
40.	DNH	Jayesh	Masat
41.	DNH	Rajesh Guda	Dadra and Nagar Haveli
42.	DNH	Jagdish	Samarvani
43.	DNH	Majibhai	Athola
44.	DNH	Ganpatbhai Dhudga	Velugam, Navarpada
45.	DNH	Trimbakbhai Bobat	Karchond, Bobapada
46.	DNH	Vasat	Silvassa
47.	DNH	Mahesh	Dudhani
48.	DNH	Rajesh	Velugam
49.	DNH	Datu	Velugam
50.	DNH	Prabhat	Surangi
51.	DNH	Pramod Sanghvi	Pipariya
52.	DNH	Ashok	Dadra and Nagar Haveli
53.	DNH	Ashik Mishal	Dadra and Nagar Haveli
54.	DNH	Representative	Dadra and Nagar Haveli
55.	DNH	Ishwar Goud	Dadra and Nagar Haveli
56.	DNH	Anil	Dadra and Nagar Haveli
57.	DNH	Arvind Chaudhary	Galonda
58.	DNH	Raju Goud	Vasuna
59.	DNH	Asit	Silli
60.	DNH	Rajesh S	Silvassa
61.	DNH	Representative	Ranpada
62.	DNH	Ramubhai	Galonda Panchayat
63.	DNH	Nileshbhai Bhagat	Silli Talavpada
64.	DNH	Pravin Kurkutya	Kherdi Panchayat
65.	DNH	Dhansukh	Silli Talavpada
66.	DNH	Jivan Tumbda	Galonda
67.	DNH	Pooja Kuvre	Rudana
68.	DNH	Jairam Kuvre	Rudana
69.	DNH	Vinay Kuvre	Rudana
70.	DNH	Lakhuraman	Falandi
71.	DNH	Radha	Falandi
72.	DNH	Nasima	Galonda
73.	DNH	Vrmila	Galonda
74.	DNH	Bhadli Rupji Bhanwar	Falandi
75.	DNH	Meena Kharpadi	Falandi
76.	DNH	Manish Patel	Athal
77.	DNH	Parikshit Patel	Athal
78.	DNH	Haresh Jabar	Rudana
79.	DNH	Kiran Babu	Kharadpada Panchayat
80.	DNH	Ashok Shankar Voghrodiya	Kharadpada Panchayat

Sr. No.	Location	Name of Stakeholder	Name of Area
81.	DNH	Dipak Sarkar	Kharadpada Panchayat
82.	DNH	Sanjay A. Dodiya	Kharadpada Panchayat
83.	DNH	Prabhu Toliya	Athal-Silvassa
84.	DNH	Ajay	Pati-Dapada Panchayat
85.	DNH	Haresh Khurpai	Kharadpada Panchayat
86.	DNH	Vishal	Kilvani
87.	DNH	Subhash	Kilvani
88.	DNH	Luku	Kilvani
89.	DNH	Pramila	Kilvani
90.	DNH	Kanchan	Kilvani
91.	DNH	Vinod	Silvassa
92.	DNH	Vinay	Bhurkud
93.	DNH	R.N. Purohit	Silvassa
94.	DNH	Sanjay Jha	Dadra and Nagar Haveli
95.	DNH	A.K. Shivhare	Dadra and Nagar Haveli
96.	DNH	Ganeshbhai	Sili Ranpada
97.	DNH	Sanjeev Kapoor	Dadra and Nagar Haveli
98.	DNH	J.K. Vanur	Dadra and Nagar Haveli
99.	DNH	Sanjay Patel	Dadra and Nagar Haveli
100.	DNH	Anjuben Rathod	Falandi
101.	DNH	Shailesh Patel	Athal
102.	DNH	Parvesh	Sili Ranpada
103.	DNH	Vijaybhai	Pati Dapada
104.	Diu	Ratanben Kanji	Dholawadi, Diu
105.	Diu	Solanki Maniben Bhimji	Ghoghla
106.	Diu	Primiben Jenti	Dholawadi, Diu
107.	Diu	Rakinben Kanji	Dholawadi, Diu
108.	Diu	Ramiben Ramesh	Dholawadi, Diu
109.	Diu	Lakhiben Jiva	Motiwadi, Vanakbara
110.	Diu	Amreet Jiva	Motiwadi, Vanakbara
111.	Diu	Sonuben Kanji	Motiwadi, Vanakbara
112.	Diu	Parsottam Karsan	Dagachi
113.	Diu	Subhash Keshav	Malala
114.	Diu	Lalji Premji	Malala
115.	Diu	Navin	Malala
116.	Diu	Shamjibhai Lakham	Vanakbara
117.	Diu	Mohan Kapadia	Ghoghla
118.	Diu	Nanji Parmar	Vanakbara
119.	Diu	Shantilal vaja	Malala
120.	Diu	Kishore Kumar	Patelwadi
121.	Diu	Shantilal Der	Diu
122.	Diu	Hansaben Harmeet	Ghoghla
123.	Diu	Rahul Rathod	Diu
124.	Diu	Shamji Lokmane	Ghoghla
125.	Diu	Raja Bhagwan	Vanakbara

Sr. No.	Location	Name of Stakeholder	Name of Area
126.	Diu	Hemlata Pramesh	Ghoghla diu
127.	Diu	Harsit Pramesh	Ghoghla Diu
128.	Diu	Arvindbhai	Ghoghla
129.	Diu	Minaxiben Ramesh	Vanakbara
130.	Diu	Dhaniben Pravin	Vanakbara
131.	Diu	Lakhiben Kasan	Vanakbara
132.	Diu	Rajiben Babu	Vanakbara
133.	Diu	Jiviben Kanji	Vanakbara
134.	Diu	Ujiben Kanji	Vanakbara
135.	Diu	Lalitaben Shamji	Vanakbara
136.	Diu	Hasmukhbhai Somwar	Ghoghla, Diu
137.	Diu	Pankaj Panchal	Ghoghla Diu
138.	Daman	Vivek Darji	Nani Daman
139.	Daman	Manish Tandel	Nani Daman
140.	Daman	Banty Kishor	Daman
141.	Daman	Keyur Ronveliya	Daman
142.	Daman	Devabhai Dhodi	Kachigam
143.	Daman	Govindbhai Patel	Kachigam
144.	Daman	Chiman Patel	Bhimpor
145.	Daman	Soma Halpati	Naila pardi
146.	Daman	Suman	Masat chowk
147.	Daman	Lilaben Rai	Khariwad
148.	Daman	Nurshimu	Khariwad
149.	Daman	Bina	Khariwad
150.	Daman	Chandubhai Patel	Daman
151.	Daman	Gulabbhai Patel	Daman
152.	Daman	Mukesh Keshav Patel	Patlara
153.	Daman	Satish Patel	Daman
154.	Daman	Bhavin Dave	Silvassa
155.	Daman	Sunil Patel	Dabhel
156.	Daman	Sanjay Raman	Moti Daman
157.	Daman	Shailesh Patel	Dabhel
158.	Daman	Patel Umesh	Daman
159.	Daman	Patel Kiran	Kachigam
160.	Daman	Sanjay Dalal	Daman
161.	Daman	Kirit Mitra	Varkund, Nani Daman
162.	Daman	Kalpesh Patel	Daman
163.	Daman	Satyendra Kumar	Daman
164.	Daman	Harish	Daman
165.	Daman	S. Mukherjee	Daman
166.	Daman	Fakirbhai Patel	Daman
167.	Daman	Ishwar MP	Bhimpore
168.	Daman	Zakir	Devka
169.	Daman	Vinay Tandel	Nani Daman
170.	Daman	Yogesh Dandekar	Daman

Sr. No.	Location	Name of Stakeholder	Name of Area
171.	Daman	Leelaben	Daman
172.	Daman	Vimal Patel	Patlara
173.	Daman	Ajay Dhodi	Zari
174.	Daman	Ravi Shah & Sanjeet Singh	Daman
175.	Daman	Shantanubhai Varli	Pariyari , Moti Daman
176.	Daman	Ramanbhai Patel	Bhimpore
177.	Daman	Sureshbhai Patel	Bhimpore
178.	Daman	Anilbhai Halpati	Varkund
179.	Daman	Rameshbhai Kamli	Varkund
180.	Daman	Subhash Patel	Dalwada
181.	Daman	Keshubhai Patel	Daman
182.	Daman	Yashwant Damania	Varkund
183.	Daman	Chetan Halpati	Daman
184.	Daman	Dhodi	Daman
185.	Daman	Dinesh Dhoda	Daman
186.	Daman	Pravin Dhodi	Magarwada
187.	Daman	Dhirubhai Dhodi	Daman
188.	Daman	Vinod Patel	Dalwada
189.	Daman	Bhikhubhai	Daman
190.	Daman	Vikram Singh Chauhan	Daman
191.	Daman	Jignesh Patel	Dabhel
192.	Daman	Zakir Khan	Gachiwad
193.	Daman	Sayna Khan	Gachiwad
194.	Daman	Dharmesh	Bheslore
195.	Daman	Shyam Shama	Daman
196.	Daman	Umed Shama	Daman
197.	Daman	Nirmal Maroo	Daman
198.	Daman	Patel Mayank	Dabhel
199.	Daman	Bhikhubhai	Daman