

**JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF
GOA AND UNION TERRITORIES (MULTI YEAR TARIFF) REGULATIONS,
2018**

INDEX

Chapter 1: Preliminary	4
1. Short Title, Commencement and Extent	4
2. Definitions	4
3. Scope of Regulation and extent of application	12
4. Norms of operation to be ceiling norms	13
Chapter 2: General Principles	13
5. Guiding Principles for MYT Framework	13
6. Values for Base Year	15
7. Segregation of Retail Supply and Distribution Wires Business	15
8. Business Plan	15
9. Multi-Year Tariff Application	19
10. Trajectory for Specific Variables	21
11. Annual Performance Review, Truing-up and tariff determination during the Control Period....	21
12. Uncontrollable and Controllable factors	23
13. Mechanism for pass through of gains or losses on account of uncontrollable factors	25
14. Mechanism for sharing of gains or losses on account of controllable factors	25
15. Determination of Tariff	26
16. Filing Procedure.....	27
17. Tariff Order	29
18. Adherence to Tariff Order	29
19. Annual determination of tariff	30
20. Subsidy Mechanism	30
Chapter 3: Financial Principles	30
21. Financial Principles for Generation Business	30
22. Financial Principles for Transmission and Distribution Business	31

23	Capital Cost	31
24	Additional Capitalisation.....	33
25	Consumer Contribution, Deposit Work, Grant and Capital Subsidy	35
26	Debt to Equity Ratio	35
27	Return on Equity.....	36
28	Interest on Loan.....	37
29	Foreign Exchange Rate Variation	39
30	Depreciation.....	39
31	Interest on Working Capital.....	41
32	Tax on Income.....	41
33	Rebate.....	42
34	Late Payment Surcharge.....	42
35	Income from Other Business.....	42
Chapter 4: Generation		43
36	Applicability	43
37	Components of Tariff.....	43
38	Norms of Operation	44
Chapter 5: Intra-State Transmission.....		44
39	Applicability	44
40	Components of Tariff.....	44
41	Operation and Maintenance (O&M) expenses for Transmission Licensees	45
42	Norms of Working Capital for Transmission Licensee.....	47
43	Non-Tariff Income	47
44	Norms of Operations for Transmission Licensee.....	48
45	Transmission Loss	48
46	Sharing of charges for Intra-State Transmission Network	48
47	Consequential Impact of any Government of India Scheme.....	49
Chapter 6: Distribution Wires Business.....		49
48	Separation of Accounts of Distribution Licensee.....	49
49	Applicability	51
50	Aggregate Revenue Requirement for Distribution Wires Business	51
51	Operation and Maintenance (O&M) expenses for Distribution Wires Business	52
52	Norms of Working Capital for Distribution Wires Business	53
53	Non-Tariff Income	54
54	Determination of Wheeling Charges	55

55	Wheeling Losses.....	55
Chapter 7: Retail Supply of Electricity		55
56	Applicability	55
57	Aggregate Revenue Requirement for Retail Supply Business	55
58	Cost of Power Purchase	57
59	Transmission Charges	57
60	Operation and Maintenance (O&M) expenses for Retail Supply Business	57
61	SLDC Fees & Charges	59
62	Provision for bad and doubtful debts	59
63	Norms of Working Capital for Retail Supply Business	60
64	Non-Tariff Income	60
65	Receipts on account of Cross-Subsidy Surcharge and Additional Surcharge	61
66	Distribution Losses	61
67	Determination of Tariff	62
Chapter 8: Miscellaneous.....		62
68	Saving of Inherent Power of the Commission	62
69	Issue of Orders and Practice Directions	63
70	Power to amend	63
71	Power to remove difficulties.....	63
72	Power of Relaxation	63
73	Interpretation.....	63
74	Repeal	63
Appendix –I: Depreciation Schedule and Useful Life for assets.....		65

Joint Electricity Regulatory Commission
(For State of Goa and UTs)

No. xxx

Date: xxx

In exercise of the powers conferred on it by sub-Section (2) of Section 181 read with Section 36, Section 39, Section 40, Section 41, Section 51, Section 61, Section 62, Section 63, Section 64, Section 65 and Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Joint Electricity Regulatory Commission for the State of Goa and Union Territories, after previous publications, hereby makes the following Regulations, namely:

Chapter 1: Preliminary

1. Short Title, Commencement and Extent

- 1.1. These Regulations shall be called the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018.
- 1.2. These Regulations shall come into force from the date of their publication in the Official Gazette and shall remain in force till March 31, 2022, unless otherwise reviewed/extended.
- 1.3. These Regulations extend to the whole of the State of Goa and the Union Territories of Andaman and Nicobar Islands, Lakshadweep, Dadra & Nagar Haveli, Daman & Diu, Puducherry and Chandigarh.

2. Definitions

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

1. **“Accounting Statements”** shall mean for each financial Year, the balance sheet, the profit and loss statement, the cash flow statement and the report of the statutory auditors together with notes thereto:

Provided that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority:

2. **“Act”** shall mean the Electricity Act, 2003 (36 of 2003), as amended from time to time;
3. **“Aggregate Revenue Requirement”** shall mean the annual revenue requirement comprising of allowable expenses and return on capital pertaining to the Generating Company, Transmission Licensee or Distribution Licensee, for recovery through tariffs, in accordance with these Regulations;
4. **“Allocation Statement”** shall mean for each financial Year, a statement showing the amounts of any revenue, cost, asset, liability, reserve or provision etc. determined by apportionment or allocation between Distribution Wires and Retail Supply business of a Distribution Licensee;
5. **“Allotted Transmission Capacity”** shall mean the power transfer in MW between the specified point(s) of injection and point(s) of drawal allowed to a Long-term Customer or a Medium-term customer on the intra-State transmission system under the normal circumstances and the expression "allotment of transmission capacity" shall be construed accordingly;
6. **“Auxiliary Energy Consumption”** or '**AUX**' in relation to a period in case of a generating station means the quantum of energy consumed by auxiliary equipment of the generating station, such as the equipment being used for the purpose of operating plant and machinery including switchyard of the generating station and the transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station:

Provided that Auxiliary Energy Consumption shall not include energy consumed for supply of power to housing colony and other facilities at the generating station and the power consumed for construction works at the generating station;

7. **“Applicant”** shall mean a Generating Company, Transmission Licensee or Distribution Licensee who has made an application for determination of Aggregate Revenue Requirement and tariff in accordance with the Act and these Regulations and shall include a Generating

Company, Transmission Licensee or Distribution Licensee whose tariff is the subject of determination by the Commission on suo-motu basis;

8. **“Area of Supply”** shall mean the area within which a Distribution Licensee is authorised by its licence to supply electricity;
9. **“Authority”** shall mean Central Electricity Authority referred to in Section 70 of the Act;
10. **“Availability”** in relation to a transmission system for a given period shall mean the time in hours during the period the transmission system is capable of transmitting electricity at its rated voltage expressed in percentage of total hours in the given period;
11. **“Bank Rate”** shall mean the Bank Rate declared by the Reserve Bank of India from time to time;
12. **“Base Year”** shall mean the Year immediately preceding the first Year of the Control Period;
13. **“Bulk Power Transmission Agreement”** shall mean an executed Agreement that contains the terms and conditions under which a Transmission System User is entitled to access an intra-State transmission system of a Transmission Licensee;
14. **“change in law”** shall mean occurrence of any of the following events:
 - a) enactment, bringing into effect or promulgation of any new Indian law: or
 - b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law: or
 - c) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application: or
 - d) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project: or
 - e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for the generating station or the transmission system regulated under these Regulations;
15. **“Central Commission or CERC”** shall mean the Central Electricity Regulatory Commission referred to in of Section 76 of the Act;
16. **“Commission”** shall mean the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (except Delhi) referred to in Section 83 of the Act;
17. **“Control Period”** shall mean the period of three (3) Years from April 1, 2019 to March 31, 2022;

18. **“Cut-off Date”** shall mean 31st March of the Year closing after two (2) Years of the Year of commercial operation of the project, and in case the project is declared under commercial operation in the last quarter of a Year, the Cut-off Date shall be 31st March of the Year closing after three (3) Years of the Year of commercial operation:

Provided that the Cut-off Date may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalisation could not be made within the Cut-off Date for reasons beyond the control of the project developer;

19. **“Consumer”** shall carry the same meaning as in the Act, but shall be restricted to such Consumers within the State;
20. **“Contracted Capacity”** shall mean the capacity in MW contracted by a Transmission System User;
21. **“Day”** shall mean a day starting at 00.00 hours and ending at 24.00 hours;
22. **“Date of Commercial Operation” (COD)** in case of a transmission system shall mean the date declared by the Transmission Licensee from 00:00 hour of which an element of the transmission system is in regular service after successful trial operation for transmitting electricity and communication signal from sending end to receiving end:

Provided that where the transmission line or substation is dedicated for evacuation of power from a particular generating station, the Generating Company and Transmission Licensee shall endeavour to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement:

Provided also that in case a transmission system or an element thereof is prevented from regular service for reasons not attributable to the Transmission Licensee or its supplier or its contractors but is on account of the delay in commissioning of the concerned generating station or in commissioning of the upstream or downstream transmission system, the Transmission Licensee shall approach the Commission through an appropriate application for approval of the Date of Commercial Operation of such transmission system or an element thereof:

Provided further that the Date of Commercial Operation for a Generating Station shall be as defined in the prevalent CERC Tariff Regulations;

23. **“De-capitalisation”** shall mean reduction in Gross Fixed Assets of the project corresponding to the removal of assets as admitted by the Commission;

24. **“Distribution Business”** shall mean the business of operating and maintaining a distribution system for supplying electricity in the Area of Supply of the Distribution Licensee;
25. **“Distribution Wires Business”** shall mean the business of operating and maintaining a distribution system for wheeling of electricity in the Area of Supply of the Distribution Licensee;
26. **“Expected Revenue from Tariff and Charges”** shall mean the revenue estimated to accrue to the Generating Company, Transmission Licensee or Distribution Licensee from the Licensed Business at the prevailing tariffs;
27. **“Electricity Supply Code”** shall mean the Regulations specified by the Commission under Clause (u), Clause (v), Clause (w), Clause (x) and Clause (zp) of sub-section (2) of Section 181 read with Section 50 of the Act;
28. **“Existing Project”** shall mean a project declared under commercial operation prior April 1, 2019;
29. **“Event”** shall mean an unscheduled or unplanned occurrence in the intra-State transmission system including faults, incidents and breakdowns;
30. **“Force Majeure Event”** shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:
 - a) Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred Years;
 - b) Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or
 - c) Industry wide strikes and labour disturbances having a nationwide impact in India;
31. **“Generation Business”** shall mean the business of production of electricity from a Generating Station for the purpose of, (i) giving supply to any premises or enabling a supply to be so given, or (ii) supply of electricity to any Licensee in accordance with the Act and the rules and Regulations made thereunder or, (iii) supply of electricity to any Consumer subject to the Regulations made under sub-section (2) of section 42 of the Act;

32. **“Generation Company”** shall mean any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person, which owns or operates or maintains a generating station, excluding a company generating electricity from renewable sources;
33. **“Generating Station”** shall mean any station for generating electricity, and shall exclude power plants generating from renewable sources;
34. **“Grid”** shall mean the high voltage backbone system of inter-connected transmission lines, sub-stations and generating plants;
35. **“Grid Code”** shall mean Grid Code specified by Central Commission under Clause (h) of sub-section (1) of Section 79 of the Act;
36. **“Gross Station Heat Rate”** or **“GHR”** means the heat energy input in kCal required to generate one kWh of electrical energy at generator terminals of a thermal generating station;
37. **“Integrated Utility”** means the Department of Power in the State of Goa and the Union Territories of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry, in its present form or the successor entities performing more than one of the functions of generation, transmission and distribution after restructuring thereof;
38. **“Licensed Business”** shall mean as defined in Regulation 2 of Joint Electricity Regulatory Commission for Goa & Union Territories (Treatment of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2009 as amended from time to time;
39. **“Licensee”** shall mean any person or persons granted license under Section 14 or exempted under Section 13 of the Act including deemed Licensee and shall also include an Integrated Utility;
40. **“MCLR”** shall mean one (1) Year Marginal Cost of Funds based Lending Rate;
41. **“Mid-term Review”** shall mean a review to be undertaken in accordance with the Regulation 5.2 (b);
42. **“Month”** shall mean a calendar month as per the Gregorian calendar;
43. **“New Project”** shall mean a project declared under commercial operation on or after April 1, 2019;
44. **“Non-Tariff Income”** shall mean income relating to the Licensed Business other than from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of

- a Distribution Licensee, excluding income from wheeling and receipts on account of cross-subsidy surcharge and Additional Surcharge on charges of wheeling;
45. **“Operation and Maintenance expenses”** or **“O&M expenses”** in relation to a Generating Company, Transmission Licensee or Distribution Licensee, the expenditure incurred on operation and maintenance of the system by the Transmission Licensee or Distribution Licensee, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads etc.;
 46. **“Original Project Cost”** means the capital expenditure incurred by the Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, within the original scope of the project up to the Cut-off Date as admitted by the Commission;
 47. **“Other Business”** shall mean as defined in Regulation 2 of Joint Electricity Regulatory Commission for Goa & Union Territories (Treatment of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2009 as amended from time to time;
 48. **“Prudence Check”** shall mean scrutiny of reasonableness of expenditure incurred or proposed to be incurred, financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff;
 49. **“Rated Voltage”** shall mean the manufacturer’s design voltage at which the transmission system is designed to operate or such lower voltage at which the line is charged, for the time being, in consultation with Transmission System Users;
 50. **“Retail Supply Business”** shall mean the business of sale of electricity by a Distribution Licensee to its Consumers in accordance with the terms of its license;
 51. **“State”** shall mean the State of Goa, and includes the Union Territories, except Delhi;
 52. **“State Grid Code”** shall mean the State Grid Code specified by the Commission under Clause (h) of sub-section (1) of Section 86 of the Act;
 53. **“State Load Despatch Centre”** or **“SLDC”** shall mean the State Load Despatch Centre established in the State under sub-section (1) of Section 31 of the Act and includes the sub-SLDC in the State;
 54. **“Transmission Licensee”** shall mean a Licensee authorized to establish or operate transmission lines;

55. **“Transmission System User”** shall mean the Distribution Licensee or Open Access User, as the case may be, who uses the intra-State transmission network for the purpose of selling/procuring electricity;
56. **“Useful life”** in relation to a unit of a transmission system and distribution system from the Date of Commercial Operation shall be as defined in Appendix I to these Regulations.
57. **“Working Day”** shall mean a Day on which banks are open for business;
58. **“Year”** shall mean a financial Year (FY), beginning from 1st April of calendar Year and ending on 31st March of the next calendar Year.
- 2.2 Words and expressions occurring in these Regulations and not defined herein but defined in the Act or Grid Code or State Grid Code shall bear the same meanings as respectively assigned to them in the Act or Grid Code or State Grid Code and the words and expressions used herein but not specifically defined herein or in the Act or Grid Code or State Grid Code shall have the meanings generally assigned to them in the electricity industry.
- 2.3 In the interpretation of these Regulations, unless the context otherwise requires:
- a) Words in the singular or plural term, as the case may be, shall also be deemed to include the plural or the singular term, respectively;
 - b) The terms “include” or “including” shall be deemed to be followed by “without limitation” or “but not limited to” regardless of whether such terms are followed by such phrases or words of like import;
 - c) References herein to the “Regulations” shall be construed as a reference to these Regulations or as may be amended or modified by the Commission from time to time in accordance with the applicable laws in force;
 - d) The headings within the Regulations are inserted for convenience and be read together with the text below for the purpose of interpretation of these Regulations;
 - e) References to the Statutes, Regulations or guidelines shall be construed as including all statutory provisions consolidating, amending or replacing such Statutes, Regulations or guidelines, as the case may be, referred to;
 - f) In case of inconsistency between any provision of these Regulations and any other Regulations or Orders passed by the Commission, the provisions of these Regulations shall prevail.

3. Scope of Regulation and extent of application

3.1 The Commission shall determine tariff within the Multi-Year Tariff framework, for all matters for which the Commission has jurisdiction under the Act, including in the following cases:

a) Supply of electricity by a Generating Company to a Distribution Licensee:

Provided that where the Commission believes that a shortage of supply of electricity exists, it may fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a Generating Company and a Distribution Licensee or between distribution licensees, for a period not exceeding one year to ensure reasonable prices of electricity;

b) Intra-State transmission of electricity;

c) Intra-State Wheeling of electricity;

d) Retail supply of electricity:

Provided that in case of distribution of electricity in the same area by two or more Distribution Licensees, the Commission may, for promoting competition among Distribution Licensees, fix only maximum ceiling of tariff for retail sale of electricity:

Provided further that where the Commission has allowed open access to certain Consumers under sub-section (2) of Section 42 of the Act, such Consumers, notwithstanding the provisions of clause (d) of sub-section (1) of Section 62 of the Act, may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them.

3.2 In accordance with the principles laid out in these Regulations, the Commission shall determine separate Aggregate Revenue Requirement for:

a) Distribution Wires Business; and

b) Retail Supply Business.

3.3 The Distribution Licensee shall file an application containing separate details for determination of Aggregate Revenue Requirement for Distribution Wires Business and Retail Supply Business, in accordance with Clause 43.1 specified in these Regulations.

3.4 The wheeling tariff/charges shall be based on the Aggregate Revenue Requirement determined for the Distribution Wires Business.

- 3.5 The Retail Supply tariff for retail sale of electricity shall be based on the Aggregate Revenue Requirement determined for the Retail Supply Business.
- 3.6 The Commission shall also determine Cross-Subsidy Surcharge in addition to the charges for wheeling under the first proviso to sub-section (2) of Section 42 of the Act, in accordance with the JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.
- 3.7 The Commission shall also determine Additional Surcharge under sub-section (4) of Section 42 of the Act, in accordance with JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.
- 3.8 Notwithstanding anything contained in these Regulations, the Commission shall adopt the tariff, if such tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government pursuant to Section 63 of the Act.

4. Norms of operation to be ceiling norms

- 4.1 For removal of doubts, it is clarified that the norms of operation specified under these Regulations are the ceiling norms and this shall not preclude the Transmission Licensee or the Distribution Licensee, as the case may be, and the beneficiaries from accepting improved norms of operation as determined by the Commission and such improved norms shall be applicable for determination of tariff.

Chapter 2: General Principles

5. Guiding Principles for MYT Framework

- 5.1 The Commission shall determine the tariff for matters covered under clauses (a), (b), (c) and (d) of Regulation 3.1, under a Multi-Year Tariff framework with effect from April 1, 2019:

Provided that the Commission may, either on suo-motu basis or upon application made to it by an Applicant, exempt the determination of tariff of a Generating Company, Transmission Licensee or Distribution Licensee under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption;

- 5.2 The Multi-Year Tariff framework for determination of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Company, Transmission Licensee, Distribution Wires Business and Retail Supply Business shall include the following:

a) Business Plan for the Licensee, for the entire Control Period as submitted to the Commission for approval, prior to the start of the Control Period;

b) A detailed Multi-Year Tariff Application comprising of the year-wise forecast of Aggregate Revenue Requirement for the entire Control Period and determination of expected revenue from existing tariffs for the first Year of the Control Period submitted by the Applicant:

Provided that the performance parameters, whose trajectories have been specified in these Regulations or the Business Plan or the Multi-Year Tariff Order, shall form the basis for projection of these performance parameters in the Aggregate Revenue Requirement for the entire Control Period:

Provided further that a Mid-term Review of the Aggregate Revenue Requirement may be undertaken for the Generating Company, Transmission Licensee and Distribution Licensee on an application that shall be filed by the utilities along with the application for tariff determination for the third Year of the Control Period;

c) Determination of year wise Aggregate Revenue Requirement by the Commission for the entire Control Period and the tariff for the first Year of the Control Period for the Generating Company, Transmission Licensee, Distribution Wires Business and Retail Supply Business;

d) Annual review of performance which shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable and uncontrollable factors;

e) Annual determination of tariff for the Generating Company, Transmission Licensee, Distribution Wires Business and Retail Supply Business, for each financial Year within the Control Period, based on the approved forecast and results of the truing up exercise.

f) Truing up of previous Year's expenses and revenue by the Commission based on audited accounts vis-à-vis the approved forecast and categorisation of variation in performance as those caused by factors within the control of the Applicant (controllable factors) and those caused by factors beyond the control of the Applicant (uncontrollable factors);

g) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors as specified by the Commission in these Regulations;

h) The mechanism for sharing of approved gains or losses on account of controllable factors as specified by the Commission in these Regulations.

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.

6.2 The Commission may revisit the performance targets for the Control Period during the Mid-term review, carried out in accordance with Regulation 5.2 (b).

7. Segregation of Retail Supply and Distribution Wires Business

7.1 The Distribution Licensee shall segregate the accounts of the Licensed Business into Distribution Wires Business and Retail Supply Business. The ARR for Distribution Wires Business shall be used to determine Wheeling Tariff and the ARR for Retail Supply Business to determine Retail Supply tariff.

7.2 For such period until accounts are segregated, the Licensees shall use the Allocation Statement provided in the Regulation 48.1 to apportion costs and revenues to respective business.

8 Business Plan

8.1 The Transmission Licensee and Distribution Licensee shall file for the Commission's approval a Business Plan for the entire Control Period, approved by its authorized signatory by August 15, 2018:

Provided that the Generation Company shall not be required to file a Business Plan for the Control Period.

8.2 The Business Plan shall be filed separately for the Retail Supply and Distribution Wires Business by the Distribution Licensee.

8.3 The Business Plan filed by the Transmission Licensee shall inter-alia contain:

a) Projections for growth of load in the transmission network;

- b) **Capital Investment Plan** for each Year of the Control Period commensurate with load growth, transmission loss reduction trajectory and quality improvement measures proposed in the Business Plan in accordance with Regulation 8.5;
- c) **Capital structure** of each scheme proposed and cost of financing (interest on debt and return on equity), terms of the existing loan agreements, etc.;
- d) **Performance Targets** items such as, transmission loss, availability of transmission system, transformer failure rate, and any other parameters for quality of supply for each year of the Control Period, consistent with the Capital Investment Plan proposed by the Transmission Licensee;
- e) Projections for number of employees during each Year of the Control Period based on proposed recruitments and retirement;
- f) Proposals in respect of income from Other Business for each Year of the Control Period.

8.4 The Business Plan filed by Distribution Licensee shall inter-alia contain;

- a) **Capital Investment Plan** for each Year of the Control Period commensurate with load growth, distribution loss reduction trajectory and quality improvement measures proposed in the Business Plan in accordance with Regulation 8.5;
- b) **Capital Structure** of each scheme proposed and cost of financing (interest on debt and return on equity), terms of the existing loan agreements, etc.;
- c) **Sales Forecast** for each customer category and sub-categories for each Year of the Control Period in accordance with Regulation 8.6;
- d) **Power Procurement Plan** based on the Sales Forecast and distribution loss trajectory for each Year of the Control Period in accordance the Regulation 8.7;
- e) **Targets** for distribution loss for each Year of the Control Period consistent with the Capital Investment Plan proposed by the Licensee;
- f) Projections for number of employees during each Year of the Control Period based on proposed recruitments and retirement;
- g) Proposals in respect of income from Other Business for each Year of the Control Period.

8.5 Capital Investment Plan

- a) The Capital Investment Plan to be submitted as part of Business Plan shall include details of New Projects planned during the Control Period, purpose of investment, capital structure,

implementation schedule, capitalisation schedule, financing plan, cost-benefit analysis, improvement in operational efficiency envisaged in the Control Period owing to proposed investment along with details of ongoing projects that will spill over into the Control Period under review along with justification;

- b) The Capital Investment Plan proposed by the Transmission Licensee shall be in conformity with the plans made by the CEA/CTU and with the Capital Investment Plan of the Distribution Licensee;
- c) During the Annual Performance Review, the Commission shall monitor the progress of the actual capital expenditure incurred by the Licensee vis-à-vis the approved capital expenditure. The Licensees shall submit the actual capital expenditure incurred along with the Annual Performance Review, true-up and determination of tariff filing;
- d) In case, during the Annual Performance Review, the cumulative (up to the current Year starting from first Year of the Control Period) actual capital expenditure incurred is less than 50% of the cumulative approved capital expenditure, the Commission shall true-up the costs incidental to the actual capital expenditure in the current Year and remaining Years of the Control Period;
- e) In case the capital expenditure is required for emergency work which has not been approved in the Capital Investment Plan, the Licensee shall submit an application containing all relevant information along with reasons justifying emergency nature of the proposed work seeking approval of the Commission:

Provided that in case the capital expenditure is required for emergency work or unforeseen situation to mitigate threat to life and property and if prior intimation thereof to the Commission shall cause any irreparable loss or injury, the Licensee may undertake that Capex and submit the details along with adequate justification for post facto approval of the Commission:

Provided further that for the purpose of the Regulation 8.5(d) above, such approved capital expenditure shall be treated as a part of both the actual capital expenditure incurred by the Licensee and approved capital expenditure by the Commission.

8.6 Sales Forecast

- a) The Distribution Licensee shall forecast sales for each customer category and sub-categories, at different voltage levels, for each Year of the Control Period in their Business Plan filings, for the Commission's review and approval;

- b) The forecast shall be based on actual demand of electricity in previous Years, anticipated growth in demand in coming Years, expected growth in the number of Consumers, changes in pattern of consumption, target distribution losses;
- c) The Licensee shall indicate separately the sale of electricity to traders or another Licensee and category wise sales to open access customers.

8.7 Power Procurement Plan

- a) The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its Area of Supply and submit such plan to the Commission for approval as a part of Business Plan:

Provided further that such power procurement plan may include long-term, medium-term and short-term sources of power procurement, in accordance with these Regulations;

- b) The power procurement plan of the Distribution Licensee shall comprise the following:
 - (i) A quantitative forecast of the unrestricted base load and peak load for electricity within its Area of Supply;
 - (ii) An estimate of the quantities of electricity supply from the identified sources of power purchase, including own generation if any;
 - (iii) An estimate of availability of power to meet the base load and peak load requirement:

Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU);

- (iv) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission;
- (v) Measures proposed for energy conservation, energy efficiency, and Demand Side Management;
- (vi) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (i) to (v) above;
- (vii) The sources of power, quantities and cost estimates for such procurement:

Provided that the forecast or estimates for the Control Period shall be prepared for each month over the Control Period:

Provided further that the long-term procurement plan shall be a cost-effective plan based on available information regarding costs of various sources of supply;

- c) The forecast or estimate shall be prepared using forecasting techniques based on past data, sales forecast, overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity sector, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors;
- d) Where the Commission has specified a percentage of the total consumption of electricity in the area of a Distribution Licensee to be purchased from co-generation or renewable sources of energy including solar power, the power procurement plan shall include the plan for procurement from such sources upto the specified level;
- e) The Distribution Licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the transmission system plan;
- f) The Distribution Licensee may, as a result of additional information not previously known or available to it at the time of submission of the procurement plan under Regulation apply for modification in the power procurement plan for the remainder of the Control Period, as part of its Petition for Mid-term review;
- g) The Commission may, as a result of additional information not previously known or available to the Commission at the time of approval of the procurement plan, if it deems appropriate, suo motu or on a Petition filed by the Distribution Licensee, modify the procurement plan of the Distribution Licensee for the remainder of the Control Period, as part of the Mid-term Review.

9 Multi-Year Tariff Application

- 9.1 The Applicant shall submit the forecast of Aggregate Revenue Requirement for each year of the Control Period and tariff proposal for the first Year of the Control Period, in a manner as provided in these Regulations and accompanied by such fee payable, as may be specified by the Commission in the JERC (Conduct of Business Regulations) 2009, as amended from time to time, by November 30, 2018:

Provided that the application shall also be accompanied by the true-up Petition based on the latest available audited accounts and the annual performance review for the current Year based

on the actual performance during the first six Months of the Year and estimates for the subsequent six Months.

- 9.2 The Applicant shall develop the forecast of Aggregate Revenue Requirement using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during each year of the Control Period, including inter-alia detailed category-wise sales and demand projections, power procurement plan, Capital Investment Plan, trajectories of parameters specified in these Regulations and Business Plan, , in accordance with guidelines and formats, as may be prescribed by the Commission from time to time.
- 9.3 The Applicant shall develop the forecast of expected revenue from prevailing tariff and charges based on the following:
- a) In the case of a Generating Company, estimates of quantum of electricity to be generated by each Unit/Station for ensuing financial year within the Control Period;
 - b) In the case of a Transmission Licensee, estimates of transmission capacity allocated to Transmission System Users for ensuing financial Year within the Control Period;
 - c) In the case of a Distribution Licensee, estimates of quantum of electricity to be supplied to Consumers and to be wheeled on behalf of distribution system users for ensuing financial Year within the Control Period;
 - d) Prevailing tariffs as on the date of making the application.
- 9.4 Based on the forecast of Aggregate Revenue Requirement for the first Year of the Control Period and expected revenue from prevailing tariff and charges, the Generating Company, Transmission Licensee and Distribution Licensee for the Distribution Wires Business and Retail Supply Business, shall propose the tariff for first Year of Control Period:
- Provided that the tariff proposed by Distribution Licensee shall be in accordance with Regulation 62.
- 9.5 The Applicant shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.
- 9.6 On receipt of application, the Commission shall either:
- a) issue an Order approving the Aggregate Revenue Requirement for the entire Control Period and the tariff for the first Year of the Control Period; or

- b) reject the application for reasons to be recorded in writing, as the Commission may deem appropriate:

Provided that the Applicant shall be given a reasonable opportunity of being heard before rejecting his application.

10 Trajectory for Specific Variables

- 10.1 The Commission, while approving the Business Plan and/or Multi-Year tariff Petition, may stipulate a trajectory for certain variables, including but not limited to Auxiliary consumption, Station Heat Rate, O&M expenses etc.:

Provided that the utilities shall adhere to the norms as specified in the Order on Multi-Year tariff petition:

Provided further that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, may seek a review at the time of Mid-term Review of Aggregate Revenue Requirement for the balance Control Period.

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

- 11.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.
- 11.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for annual performance review of 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 by 30th November each Year:

Provided that the Generating Company, Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the audited accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.

- 11.3 The scope of the annual review, truing up and tariff determination shall be a comparison of the performance of the Transmission Licensee or Distribution Licensee with the approved forecast

of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) **True-up:** a comparison of the audited performance of the Applicant for the financial Year for which the true up is being carried out with the approved forecast for such previous financial Year, subject to the prudence check;
- b) **Annual Review:** a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff Order corresponding to the Control period for the current financial year subject to prudence check;
- c) **Tariff determination** for the ensuing Year of the Control Period based on revised forecast of the Aggregate Revenue Requirement for the Year;
- d) Review of compliance with directives issued by the Commission from time to time;
- e) Other relevant details, if any.

- 11.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the Applicant (controllable factors) or to factors beyond the control of the Applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12 below shall be attributed entirely to controllable factors.

- 11.5 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 13 of these Regulations:

Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulation;

- b) Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations;

Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulation;

- c) Carrying cost shall be allowed for a Generating Company, Transmission Licensee or Distribution Licensee on the amount of revenue gap for the period from the date on which

such gap has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed, on the basis of actual rate of loan taken by the Licensee to fund the deficit in revenue:

Provided that Carrying Cost on the amount of revenue gap shall be allowed subject to prudence check and submission of documentary evidence for having incurred the Carrying Cost in the years prior to the year in which the revenue gap is addressed:

Provided also that if no loan has been taken to fund revenue deficit, the Commission shall allow Carrying Cost on simple interest basis at 1 Year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points;

Provided further that in case of revenue surplus, the Commission shall charge the Licensee a Carrying Cost from the date on which such surplus has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed on simple interest basis at 1 Year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points.

- d) Revision of estimates and tariff for the ensuing financial year.

12 Uncontrollable and Controllable factors

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

- a) Force Majeure events;
- b) Change in law, judicial pronouncements and Orders of the Central Government, State Government or Commission;
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;
- d) Transmission loss;

- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;
- f) Variation in fuel cost;
- g) Change in power purchase mix;
- h) Inflation;
- i) Transmission Charges for a Distribution Licensee;
- 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 realisation of bad debts written off:

Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such financial Year:

Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

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

- a) Variations in capitalisation 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 capitalisation, as specified in clause (a) above;
- c) Variations in technical and commercial losses of Distribution Licensee;
- d) Availability of transmission system;

- e) Variations in performance parameters;
 - f) Failure to meet the standards specified in the Joint Electricity Regulatory Commission for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015, as amended from time to time;
 - g) Variations in labour productivity;
 - h) Variation in Operation & Maintenance expenses, except to the extent of inflation;
- 7 Bad debts written off

Provided further that the controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

13 Mechanism for pass through of gains or losses on account of uncontrollable factors

- 13.1 Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations:

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

- 13.2 The Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

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

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

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

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

15 Determination of Tariff

15.1 The proceedings to be held by the Commission for determination of tariff shall be in accordance with the Joint Electricity Regulatory Commission (Conduct of Business) Regulations, 2009, as amended from time to time.

15.2 Notwithstanding anything contained in these Regulations, the Commission shall at all times have the authority, either on suo-motu basis or on a Petition filed by the Generating Company, Transmission Licensee or Distribution Licensee, to determine the tariff, including terms and conditions thereof:

Provided that such determination of tariff may be pursuant to an agreement or arrangement or otherwise whether or not previously approved by the Commission and entered into at any time before or after the applicability of these Regulations.

15.3 Notwithstanding anything contained in these Regulations, the Commission shall adopt the tariff, if such tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government:

Provided that the Applicant shall provide such information as the Commission may require for satisfying itself that the guidelines issued by the Central Government in this regard have been duly followed.

15.4 Determination of Tariff for an existing Generation Station:

a) Where the Commission has, at any time prior to the date of effectiveness of these Regulations, approved a power purchase agreement or arrangement between a Generating Company and a Distribution Licensee or has adopted the tariff contained therein for supply of electricity from an existing generating Unit/Station, the tariff for supply of electricity by the Generating Company to the Distribution Licensee shall be in accordance with tariff mentioned in such power purchase agreement or arrangement for such period as may be so approved or adopted by the Commission;

b) Where, as on the date of effectiveness of these Regulations, the power purchase agreement or arrangement between a Generating Company and a Distribution Licensee for supply of electricity from an existing generating station has not been approved by the Commission or the tariff contained therein has not been adopted by the Commission or where there is no power purchase agreement or arrangement, the supply of electricity by such Generating Company to such Distribution Licensee after the date of effectiveness of these Regulations shall be in accordance with a power purchase agreement approved by the Commission:

Provided that an application for approval of such power purchase agreement or arrangement shall be made by the Distribution Licensee to the Commission within a period of three (3) months from the date of notification of these Regulations:

Provided further that the supply of electricity shall be allowed to continue under the present agreement or arrangement, as the case may be, until such time as the Commission approves of such power purchase agreement and shall be discontinued forthwith if the Commission rejects, for reasons recorded in writing, such power purchase agreement or arrangement.

15.5 Determination of Tariff for an new Generation Station:

- a) The tariff for the supply of electricity by a Generating Company to a Distribution Licensee from a new generating Unit/Station shall be in accordance with tariff as per power purchase agreement approved by the Commission.

15.6 Determination of Tariff for Transmission, Distribution Wires Business and Retail Supply Business:

- a) The Commission shall, based on an application made by the Transmission or Distribution Licensees in accordance with the Regulations 16 determine the tariff for:
 - (i) Transmission of electricity, in accordance with the terms and conditions contained in Chapter 5 of these Regulations;
 - (ii) Distribution Wires Business, in accordance with the terms and conditions contained in Chapter 6 of these Regulations; and
 - (iii) Retail Supply Business, in accordance with the terms and conditions contained in Chapter 7 of these Regulations.

16 Filing Procedure

- 16.1 The Applicant shall provide, as part of its Petition to the Commission, in such form as may be prescribed by the Commission from time to time, full details of its calculation of the Aggregate Revenue Requirement and expected revenue from tariff and charges, and thereafter, shall furnish such further information or particulars or documents as the Commission may reasonably require to assess such calculation:

Provided that the Petition shall be accompanied by, where relevant, tariff and charges revision proposal showing category-wise tariff for recovery of Aggregate Revenue Requirement for the respective Year of the Control Period:

Provided further that the Commission may specify additional/alternative formats for details to be submitted by the Applicant, from time to time, as it may reasonably require for assessing the Aggregate Revenue Requirement and for determining the tariff.

- 16.2 Upon receipt of a complete Petition accompanied by all requisite information, particulars and documents in compliance with all the requirements specified in these Regulations, the Petition shall be deemed to be received and the Commission shall intimate to the Applicant regarding the admittance of Petition.
- 16.3 The Petition shall be supported by affidavit of the person acquainted with the facts stated in the application.
- 16.4 The Applicant shall, within 7 Days after acceptance of the Petition by the Commission, publish a notice of its Petition in at least two English and two Vernacular language daily newspapers having wide circulation in the relevant area:

Provided that the Applicant shall make available a hard copy of the complete Petition to any person, at such locations and at such rates as may be stipulated by the Commission:

Provided also that the Applicant shall also provide on its internet website, in text searchable format or in downloadable spreadsheet format and showing detailed computations, the Petition filed before the Commission along with all regulatory filings, information, particulars and documents in the manner stipulated by the Commission:

Provided also that the web link to such information mentioned shall be easily accessible, archived for downloading and be prominently displayed on the Applicant's internet website:

Provided further that the Applicant may be exempted by the Commission from providing any such information, particulars or documents as are confidential in nature.

- 16.5 The suggestions and objections, if any, on the proposal for determination of tariff, may be filed before the Secretary, Joint Electricity Regulatory Commission, by any person within the timeline specified in the notice so published, with a copy to the Applicant.
- 16.6 The Applicant shall within 7 Days from the date of publication of the notice as aforesaid, submit to the Commission on affidavit the details of the notice published and shall also file copies of the newspapers wherein the notice has been published.
- 16.7 The Applicant shall file its comments on the suggestions and objections, if any, received in response to his application within the time limit specified by the Commission.

17 Tariff Order

17.1 The Commission shall, within one hundred and twenty (120) Days from the date of acceptance of the complete Petition and after considering all suggestions and objections received from the various stakeholders:

- a) issue a Tariff Order; or
- b) reject the application for reasons to be recorded in writing if such application is not in accordance with the provisions of the Act and Regulations made thereunder or the provisions of any other law for the time being in force:

Provided that an Applicant shall be given a reasonable opportunity of being heard before rejecting its application.

17.2 The tariffs so published shall be in force from the date specified in the said Order and shall, unless amended or revoked, continue to be in force for such period as may be stipulated therein.

17.3 The Applicant shall publish the tariff approved by the Commission in at least two English and two vernacular language daily newspapers having wide circulation in the State of location of Generating Company or Transmission Licensee or Area of Supply of Distribution Licensee, as the case may be, display the approved tariff schedule on its internet website, and make available for sale a booklet containing such tariff to any person upon payment of reasonable reproduction charges.

18 Adherence to Tariff Order

18.1 No tariff or part of any tariff may ordinarily be amended more frequently than once in a Year.

18.2 If any Generating Company or Licensee recovers a price or charge exceeding the tariff determined by the Commission under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be payable to the person who has paid such price or charge, along with interest equivalent to the Bank Rate prevailing during the relevant period, without prejudice to any other liability to which such Generating Company or Licensee may be subject:

Provided that such interest payable to any party shall not be allowed to be recovered through the Aggregate Revenue Requirement of the Licensee:

Provided further that the Licensee shall maintain separate details of such interest paid or payable by it, and shall submit them to the Commission along with its Petition.

19 Annual determination of tariff

- 19.1 The Commission shall determine the tariff of a Generating Company, Transmission Licensee and Distribution Licensee covered under a Multi-Year Tariff framework for each Year during the Control Period, at the commencement of such Year, having regard to the following:
- a) The approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges of the Generating Company, Transmission Licensee and Distribution Licensee for such financial Year, including modifications approved at the time of Mid-term Review, if any; and
 - b) Approved gains and losses, including the incentive available, to be passed through in tariffs, following the truing up of previous Year.

20 Subsidy Mechanism

- 20.1 If the Government requires to grant any subsidy to any Consumer or class of Consumers in the tariff determined by the Commission, the Government shall, notwithstanding any direction which may be given under Section 108 of the Act, pay in advance the amount to compensate the Distribution Licensee/person affected by the grant of subsidy, as a condition for the Licensee or any other person concerned to implement the subsidy provided for by the Government, in the manner specified in these Regulations:

Provided that no such direction of the Government shall be operative if the payment is not made in accordance with the provisions contained in these Regulations, and the tariff fixed by the Commission shall be applicable from the date of issue of orders by the Commission in this regard.

Chapter 3: Financial Principles

21 Financial Principles for Generation Business

- 21.1 The Capital Cost for a Generating Company shall be determined by the Commission, guided by the relevant provisions of the prevalent CERC Tariff Regulations governing generation of electricity, subject to prudence check. The Capital Cost so determined shall form the basis of determination of tariff for Existing Projects and New Projects.
- 21.2 The norms for Additional Capitalisation and Renovation and Modernisation for a Generating Company shall be in accordance with the prevalent CERC Tariff Regulations, governing generation of electricity.

- 21.3 The financial principles including principles governing Debt to Equity Ratio, Return on Equity, Interest on Loan, Foreign Exchange Risk Variation, Interest on Working Capital, treatment of Tax on Income, norms for working capital etc. for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations, governing generation of electricity.

22 Financial Principles for Transmission and Distribution Business

- 22.1 The financial principles specified below in this Chapter of the Regulations shall be applicable to the Transmission and Distribution Licensee.

23 Capital Cost

- 23.1 Capital cost for a capital investment Project shall include:

- (a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check;
- (b) capitalised initial spares subject to the ceiling rates specified in this Regulation;
- (c) expenses incurred by the Licensee on obtaining right of way, as admitted by the Commission after prudence check;
- (d) additional capitalisation determined under Regulation 24;
- (e) any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the Date of Commercial Operation, as admitted by the Commission after prudence check:

Provided that any gain or loss on account of foreign exchange rate variation pertaining to the loan amount availed up to the Date of Commercial Operation shall be adjusted only against the debt component of the capital cost:

Provided further that the capital cost of the assets forming part of the Project but not put to use or not in use, shall be excluded from the capital cost:

Provided also that the Licensee shall submit documentary evidence in support of its claim of assets being put to use.

- 23.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan including the choice and manner of funding, interest during

construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff.

- 23.3 The approved capital cost shall be considered for determination of tariff and if sufficient justification is provided for any escalation in the capital cost, the same may be considered by the Commission subject to prudence check:

Provided that in case the actual capital cost is lower than the approved capital cost, then the actual capital cost shall be considered for determination of tariff of the Licensee.

- 23.4 The actual capital expenditure on Date of Commercial Operation for the original scope of work based on audited accounts of the Transmission Licensee and Distribution Licensee, limited to original cost may be considered subject to prudence check by the Commission.

- 23.5 Where the Bulk Power Transmission Agreement provides for a ceiling of capital cost, the capital cost to be considered shall not exceed such ceiling.

- 23.6 The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost upto Cut-off Date, subject to following ceiling norms:

a) Transmission Line & Distribution Line	1.0%
b) Transmission Sub-station & Distribution Sub-station (Green Field)	4.0%
c) Transmission Sub-station (Brown Field)	6.0%
d) Series Compensation devices and HVDC Station	4.0%
e) Gas Insulated Sub-station (GIS)	5.0%
f) Communication System	3.5%

- 23.7 Any expenditure on replacement, renovation and modernization or extension of life of old fixed assets, as applicable to the Transmission Licensee and Distribution Licensee, shall be considered after writing off the net value of such replaced assets from the original capital cost and will be calculated as follows:

$$\text{Net Value of Replaced Assets} = \text{OCFA} - \text{AD} - \text{CC}$$

Where;

OCFA: Original capital cost of Replaced Assets

AD: Accumulated depreciation pertaining to the Replaced Assets

CC: Total Consumer Contribution pertaining to the Replaced Assets:

Provided further that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative

loan and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

24 Additional Capitalisation

24.1 The capital expenditure, actually incurred or projected to be incurred, in respect of New Project or an Existing Project, on the following counts within the original scope of work, after the Date of Commercial Operation and up to the Cut-off Date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities recognized to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23.6;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and
- (v) Change in law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.

24.2 The capital expenditure incurred or projected to be incurred in respect of the New Project on the following counts within the original scope of work after the Cut-off Date may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Any liability for works executed prior to the Cut-off Date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments, etc.

24.3 The capital expenditure, in respect of Existing Project, incurred or projected to be incurred on the following counts after the Cut-off Date, may be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Any expenses to be incurred on account of need for higher security and safety of the capital asset as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;
- (iv) Any liability for works executed prior to the Cut-off Date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;
- (v) Any liability for works admitted by the Commission after the Cut-off Date to the extent of discharge of such liabilities by actual payments;
- (vi) Any additional capital expenditure which has become necessary for efficient operation of transmission system. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level; and
- (vii) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:

Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets, etc., bought after the Cut-off Date shall not be considered for additional capitalization for determination of tariff:

Provided further that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under (O&M) expenses, same expenditure cannot be claimed under this Regulation.

24.4 Impact of additional capitalization on tariff, as the case may be, shall be considered during truing up of each financial Year of the Control Period.

25 Consumer Contribution, Deposit Work, Grant and Capital Subsidy

25.1 The works carried out by the Transmission Licensee and Distribution Licensee after obtaining a part or all of the funds from the users shall be classified as Deposit Works;

25.2 Capital works undertaken by the Transmission Licensee and Distribution Licensee utilising grants received from the State and Central Governments, including funds under various schemes shall be classified under category of Grants;

25.3 The works carried out with any other grant of similar nature or such amount received without any obligation to return the same and with no interest costs attached to such subvention shall also be classified as works performed through Consumer Contribution, Deposit Work, Grant and Capital Subsidy.

25.4 The expenses on such capital expenditure shall be treated as follows:

- a) normative O&M expenses as specified in these Regulations shall be allowed;
- b) the debt to equity ratio, shall be considered in accordance with Regulation 26, after deducting the amount of financial support provided through Consumer contribution, deposit work, capital subsidy or grant;
- c) depreciation to the extent of works performed through Consumer Contribution, Deposit Work, Grant and Capital Subsidy shall not be allowed , as specified in Regulation 30;
- d) provisions related to return on equity, as specified in Regulation 27, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant;
- e) provisions related to interest on loan capital, as specified in Regulation 28, shall not be applicable to the extent of financial support provided through consumer contribution, deposit work, capital subsidy or grant.

26 Debt to Equity Ratio

26.1 In case of Existing Projects, debt to equity ratio allowed by the Commission for determination of tariff for the period ending March 31, 2018 shall be considered:

Provided that in case of retirement or replacement or De-capitalisation of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity

component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or De-capitalisation of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

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

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

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

Provided also that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

Provided further that the premium, if any, raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

- 26.3 Any expenditure incurred or projected to be incurred on or after April 1, 2019, as may be admitted by the Commission, as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension, shall be serviced in the manner specified in this Regulation.

27 Return on Equity

- 27.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 26 on the assets put to use for the Transmission Licensee and shall be allowed in accordance with the the prevalent CERC Tariff Regulations for transmission system.

- 27.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.
- 27.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 16 per cent per annum.
- 27.4 The return on equity shall be computed on average of equity capital at the beginning and end of Year.

28 Interest on Loan

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

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

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

- 28.2 The normative loan outstanding as on April 1, 2019, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2018, from the gross normative loan.
- 28.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Appendix I.
- 28.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:
- Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest:
- Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

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

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

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

- 28.6 For new loans proposed for each financial Year of the Control Period, interest rate shall be considered as lower of (i) 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 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.

- 28.7 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or Distribution Licensee.

- 28.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

- 28.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case to case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

- 28.10 The Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the

costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the equally between the beneficiaries and the Transmission Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.

28.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the financial Year in which the Petition is filed:

Provided that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.

29 Foreign Exchange Rate Variation

29.1 The Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system or distribution system, in part or in full at its discretion.

29.2 The Licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant Year as expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt.

29.3 To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant Year shall be allowed subject to prudence check by the Commission.

30 Depreciation

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

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

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

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

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

- 30.4 In case of existing assets, the balance depreciable value as on April 1, 2019, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2018, from the gross depreciable value of the assets.
- 30.5 The depreciation shall be chargeable from 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 will 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.
- 30.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.
- 30.7 The depreciation for a Distribution Licensee shall be shall be calculated annually, based on the Straight Line Method, over the Useful Life of the asset at rates specified in Appendix I of the Regulations.
- 30.8 In addition to allowable depreciation, the Distribution Licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder:
- AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these Regulations:
- Provided that advance against depreciation shall be permitted only if the cumulative repayment upto a particular Year exceeds the cumulative depreciation upto that Year:
- Provided further that advance against depreciation in a Year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that Year.
- 30.9 The Licensee shall provide the list of assets added during each Year of Control Period and list of assets completing 90% of depreciation in the Year along with Petition for annual performance review, true-up and tariff determination for ensuing Year.
- 30.10 The remaining depreciable for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of entire loan.

31 Interest on Working Capital

- 31.1 The norms for Working Capital for Transmission Licensee shall be as specified in the Chapter 5 of these Regulations.
- 31.2 The norms for Working Capital for Distribution Wires Business and Retail Supply Business shall be as specified in the Chapter 6 and Chapter 7 of these Regulations.
- 31.3 The interest on Working Capital shall be 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.
- 31.4 The rate of interest on Working Capital shall be equal 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 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.

32 Tax on Income

- 32.1 The treatment of Tax on Income for a Transmission Licensee shall be in accordance with the prevalent CERC Tariff Regulations.
- 32.2 The Commission in its MYT Order shall provisionally approve Income Tax payable for each Year of the Control Period, if any, based on the actual income tax paid, including cess and surcharge on the same, if any, as per latest audited accounts available for the Distribution Licensee, subject to prudence check.
- 32.3 Variation between Income Tax actually paid, including cess and surcharge on the same, if any, and approved, if any, on the income stream of the Licensed business of the Distribution Licensees shall be reimbursed to/recovered from the Distribution Licensees, based on the documentary evidence submitted at the time of truing up of each Year of the Control Period, subject to prudence check.
- 32.4 Under-recovery or over-recovery of any amount from the Consumers on account of such tax having been passed on to them shall be adjusted every Year on the basis of income-tax assessment under the Income-Tax Act, 1961, as certified by the statutory auditors. The Distribution Licensee, may include this variation in its truing up Petition:

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

33 Rebate

- 33.1 The rebate to be provided by a Generating Company or Transmission Licensee to a Distribution Licensee for early payment of bills shall be in accordance with the prevalent CERC Tariff Regulations.
- 33.2 Such rebate earned by the Distribution Licensee shall be considered under Non-Tariff Income for the Distribution Licensee.
- 33.3 Any rebate provided by the Generating Company or Transmission Licensee to the beneficiaries shall not be allowed as an expense for the Generating Company or Transmission Licensee, as the case may be.

34 Late Payment Surcharge

- 34.1 In case the payment of bills of transmission charges by the Beneficiary is delayed beyond a period as specified in the prevalent CERC Tariff Regulations, a late payment surcharge shall be levied on the billed amount in accordance with the prevalent CERC Tariff Regulations.
- 34.2 The delayed payment charge and interest on delayed payment earned by the Transmission Licensee or the Distribution Licensee shall not be considered under its Non-Tariff Income.
- 34.3 The delayed payment charge paid or payable by the Distribution Licensee to the Generating Company or the Transmission Licensee shall not be allowed as an expense for such Distribution Licensee.

35 Income from Other Business

- 35.1 Where the Transmission Licensee or Distribution Licensee is engaged in any Other Business, the income from such business will be calculated in accordance with the Joint Electricity Regulatory Commission for Goa & Union Territories (Treatment of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2009 as amended from time to time and shall be deducted from the Aggregate Revenue Requirement of the Licensee:

Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the transmission or distribution business and the Other Business and prepare Accounting Statements in accordance with Joint Electricity Regulatory Commission for Goa & Union Territories (Treatment of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2009 as amended from time to time and submit to the Commission along with its application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Licensee on account of such Other Business.

Chapter 4: Generation

36 Applicability

- 36.1 The Regulations contained in this Chapter shall apply for determination of tariff for supply of electricity to Distribution Licensee from a Generating Station located in the State.
- 36.2 The Commission shall be guided by the terms and conditions contained in this Chapter in determining the tariff for supply of electricity by a Generating Company to a Distribution Licensee in the following cases:
- (a) where such tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of effectiveness of these Regulations; or
 - (b) where such tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of effectiveness of these Regulations and either the Commission has not previously approved such agreement/arrangement or the agreement/arrangement envisages that the tariff shall be based on the Tariff Regulations notified by the Commission; or
 - (c) where the Distribution Licensee is engaged in the business of generation of electricity, in determining the transfer price at which electricity is supplied by the Generation Business of the Distribution Licensee to its Retail Supply Business.
- 36.3 Notwithstanding anything contained in this Chapter 4, the Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

37 Components of Tariff

- 37.1 The Aggregate Revenue Requirement for a Generation Licensee shall comprise of the following components:
- a) Return on Equity;
 - b) Interest and finance charges on Loan;
 - c) Depreciation;
 - d) Interest on Working Capital;

- e) Operation and maintenance expenses;
- f) Income tax.

37.2 The treatment of each of the above components shall be in accordance with the prevalent CERC Tariff Regulations governing generation of electricity.

37.3 The recovery of Aggregate Revenue Requirement and fuel cost for a Generation shall be in accordance with the prevalent CERC Tariff Regulations governing generation of electricity

38 Norms of Operation

38.1 The norms of operation for a Generation Station including Normative annual plant availability factor (NAPAF), Normative Annual Plant Load Factor (NAPLF), Gross Station heat Rate, Auxiliary Consumption etc. shall be in accordance with the prevalent CERC Tariff Regulations governing generation of electricity.

Chapter 5: Intra-State Transmission

39 Applicability

39.1 The Regulations contained in this Chapter shall apply for determination of tariff for access and use of the intra-State transmission system in the States:

Provided that the Commission may deviate from the norms contained in this Part or stipulate alternative norms for particular cases, where it so deems appropriate, having regard to the circumstances of the case:

Provided further that the reasons for such deviation shall be recorded in writing.

40 Components of Tariff

40.1 The Annual Transmission Charges for each financial Year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial Year of the Control Period, as reduced by the amount of Non-Tariff Income, income from Other Business and short-term transmission charges of the previous Year in accordance with JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as approved by the Commission:

Provided that in case of competitively awarded transmission system projects in pursuance of Section 63 of the Act and in accordance with guidelines for competitive bidding for transmission,

the annual transmission charges shall be as per the annual Transmission Service Charges (TSC) quoted by such competitively awarded transmission projects.

40.2 The annual transmission charges of the Transmission Licensee shall be determined by the Commission on the basis of an application for determination of Aggregate Revenue Requirement made by the Transmission Licensee in accordance with Chapter 2 of these Regulations.

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

- g) Return on Equity;
- h) Interest and finance charges on Loan;
- i) Depreciation;
- j) Interest and Finance Charges on Loan Capital;
- k) Interest on Working Capital and deposits from Transmission System Users;
- l) Operation and maintenance expenses;
- m) Income Tax

Less:

- n) Income from Open Access Charges, in accordance with JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017;
- o) Non-Tariff Income;
- p) Income from Other Business, to the extent specified in these Regulations:

Provided that Return on Equity, Interest on Loan, Depreciation , Interest on Working Capital and deposits from Transmission System Users and Income Tax for Transmission Licensees shall be allowed in accordance with the provisions specified in Chapter 3 of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case-to-case basis, subject to prudence check.

41 Operation and Maintenance (O&M) expenses for Transmission Licensees

41.1 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.

41.2 The transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi-Year Tariff Petition. The O&M expenses for the base Year will 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.

- 41.3 The O&M expenses for the n^{th} 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,

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

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

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

‘K’ is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the MYT 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;

$CPI_{\text{inflation}}$ – is the increase in Consumer Price Index (CPI) for immediately preceding three Years before the base Year;

$WPI_{\text{inflation}}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three Years before the base Year;

EMP_n – Employee expenses of the Transmission Licensee for the n^{th} Year;

$A\&G_n$ – Administrative and General expenses of the Transmission Licensee for the n^{th} Year;

$R\&M_n$ – Repair and Maintenance expenses of the Transmission Licensee for the n^{th} Year;

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

X_n is an efficiency factor for n^{th} Year. Value of X_n shall be determined by the Commission in the MYT 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 n^{th} Year. Value of G_n shall be determined by the Commission in the MYT 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.

41.4 Terminal Liabilities of employees of Licensee including pension expenses etc. shall be approved as per actual 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.

41.5 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 will consider the actual values on the factors – $CPI_{inflation}$ and $WPI_{inflation}$ during the true up exercise for the Year for which true up is being carried out and true up the O&M expenses for that Year, only to the extent of Inflation.

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

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

Note: The term “New Transmission Licensee” shall mean the Transmission Licensee(s) for which transmission license is granted by the Commission after the date of effectiveness of these Regulations, and whose transmission project assets are commissioned after March 31, 2018.

42 Norms of Working Capital for Transmission Licensee

42.1 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.

43 Non-Tariff Income

43.1 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.

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

- a) Income from rent on land or buildings;
- b) Income from sale of scrap;
- c) Income from statutory investments;
- d) Interest on advances to suppliers/contractors;

- e) Rental from staff quarters;
- f) Rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Income from advertisements, etc.;
- i) 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.

44 Norms of Operations for Transmission Licensee

- 44.1 The norms of operations for a Transmission Licensee shall be applicable as specified in the prevalent CERC Tariff Regulations:

Provided that 50 percent of incentive earned by the Transmission Licensee for exceeding the norms of operations shall be shared between the beneficiaries in the ratio of their average allotted transmission capacity for the Year.

45 Transmission Loss

- 45.1 The energy losses in the transmission system of the Transmission Licensee, as determined by the State Load Despatch Centre, shall be borne by the Transmission System Users in proportion to their usage of the intra-State transmission system.

46 Sharing of charges for Intra-State Transmission Network

- 46.1 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 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 n^{th} 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 n^{th} 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 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).

- 46.2 The Short-term Open Access Consumers shall pay transmission charges on Rs/MW/day basis determined in accordance with JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017.
- 46.3 75% of charges collected from the Short-term Open Access Consumers shall be adjusted towards reduction in the charges payable by the Long-term and Medium-term Open Access Consumers. The remaining 25% of the charges collected from Short-term Open Access users shall be retained by the Transmission Licensee.

47 Consequential Impact of any Government of India Scheme

- 47.1 The consequential impact of any Government of India scheme for waiver/reduction of transmission charges, incentives, and losses for any entity/ies, on the transmission charges payable by the other entities, shall be addressed through separate Orders to be issued by the Commission from time to time.

Chapter 6: Distribution Wires Business

48 Separation of Accounts of Distribution Licensee

- 48.1 Every Distribution Licensee shall maintain separate accounting records for the Distribution Wires Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the tariff separately for:
- a) Distribution Wires Business;

b) Retail Supply of electricity:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the following Allocation Statement:

Table 1: Allocation Statement for segregation of Distribution Wires Business and Retail Supply Business

Particulars	Wires Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Employee Expenses	40%	60%
Administration & General Expenses	50%	50%
Repair & Maintenance Expenses	90%	10%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital and on consumer security deposits	10%	90%
Bad Debts Written off	0%	100%
Income Tax	90%	10%
Non-Tariff Income	10%	90%
Income from Other Business	50%	50%

Provided further that the above Allocation Statement shall be applied for all or any of the heads of expenditure and revenue, where actual accounting separation has not been done between the Distribution Wires Business and Retail Supply Business:

49 Applicability

49.1 The Regulations contained in this Chapter shall apply to the determination of tariff payable for usage of distribution wires of a Distribution Licensee by a distribution system user.

50 Aggregate Revenue Requirement for Distribution Wires Business

50.1 The Wheeling Charges for Distribution Wires Business of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement, which shall comprise of the following:

- a) Return on Equity;
- b) Interest and finance charges on Loan;
- c) Depreciation;
- d) Interest on Working Capital and deposits from distribution system users;
- e) Operation and maintenance expenses;
- f) Income Tax;

Less:

- g) Non-Tariff Income;
- h) Income from Other Business, to the extent specified in these Regulations:

Provided that Return on Equity, Interest on Loan Capital, Depreciation, Interest on Working Capital, Interest on deposits from Consumers and distribution system users, and Income Tax for Distribution Wires Business shall be allowed in accordance with the provisions specified in Chapter 3 of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case-to-case basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

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

- 51.1 The Operation and Maintenance expenses for the Distribution Wires Business shall be computed in accordance with this Regulation.
- 51.2 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.
- 51.3 The Distribution Licensee shall submit the required O&M expenses for the Control Period as a part of Multi-Year Tariff Petition. The O&M expenses for the base Year will 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.
- 51.4 The O&M expenses for the n^{th} Year of the Control Period shall be approved based on the formula given below:

$$\text{O\&M}_n = (\text{R\&M}_n + \text{EMP}_n + \text{A\&G}_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$\text{R\&M}_n = K \times \text{GFA}_{n-1} \times (\text{WPI}_{\text{inflation}})$$

$$\text{EMP}_n = (\text{EMP}_{n-1}) \times (1 + G_n) \times (\text{CPI}_{\text{inflation}})$$

$$\text{A\&G}_n = (\text{A\&G}_{n-1}) \times (\text{CPI}_{\text{inflation}})$$

‘K’ is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the MYT 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;

$\text{CPI}_{\text{inflation}}$ – is the increase in Consumer Price Index (CPI) for immediately preceding three Years before the base Year;

$\text{WPI}_{\text{inflation}}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three Years before the base Year;

EMP_n – Employee expenses of the Distribution Licensee for the n^{th} Year;

A\&G_n – Administrative and General expenses of the Distribution Licensee for the n^{th} Year;

$R\&M_n$ – Repair and Maintenance expenses of the Distribution Licensee for the n^{th} Year;

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

X_n is an efficiency factor for n^{th} Year. Value of X_n shall be determined by the Commission in the MYT 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 n^{th} Year. Value of G_n shall be determined by the Commission in the MYT 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:

Provided that in case the Distribution Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, the O&M Expenses shall be determined on case to case basis.

- 51.5 Terminal Liabilities of employees of Licensee including pension expenses etc. shall be approved as per actual 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.
- 51.6 For the purpose of estimation, the same value of factors – $CPI_{\text{inflation}}$ and $WPI_{\text{inflation}}$ shall be used for all Years of the Control Period. However, the Commission will consider the actual values on the factors – $CPI_{\text{inflation}}$ and $WPI_{\text{inflation}}$ 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.

52 Norms of Working Capital for Distribution Wires Business

- 52.1 The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:
- a) Operation and maintenance expenses for one (1) month; plus
 - b) Maintenance spares at 40% of R&M expenses for one (1) month; plus
 - c) Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution Wires at the prevailing tariffs;

Less

- d) Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from distribution system users except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the Working Capital requirement shall be re-calculated on the basis of the values of components of Working Capital approved by the Commission in the truing up.

53 Non-Tariff Income

- 53.1 The amount of Non-Tariff Income relating to the Distribution Wires Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the wheeling charges of Distribution Wires Business of the Distribution Licensee:

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

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

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from statutory investments;
- d) Income from interest on contingency reserve investment;
- e) Interest on advances to suppliers/contractors;
- f) Rental from staff quarters;
- g) Rental from contractors;
- h) Income from hire charges from contactors and others;
- i) Income from advertisements, etc.;
- j) Miscellaneous receipts;
- k) Interest on advances to suppliers;
- l) Excess found on physical verification;
- m) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- n) Prior period income, etc.:

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

54 Determination of Wheeling Charges

54.1 The Commission shall specify the Wheeling Charge of Distribution Wires Business of the Distribution Licensee in its Order passed under sub-section (3) of Section 64 of the Act:

Provided that the Wheeling Charges payable by a distribution system user, other than the retail Consumers getting electricity supply from the same Distribution Licensee, may comprise any combination of fixed/demand charges, and variable charges, as may be stipulated by the Commission in such Order:

Provided further that the revenue from Wheeling Charges paid by the distribution system users under the above proviso shall be used to reduce the Aggregate Revenue Requirement of the Wires Business to be recovered from the retail Consumers of the concerned Distribution Licensee, in accordance with the Regulations in Chapter 7.

55 Wheeling Losses

55.1 The Distribution Licensee shall be allowed to recover, in kind, the approved level of wheeling losses arising from the operation of the distribution system, as stipulated in the respective Tariff Order.

Chapter 7: Retail Supply of Electricity

56 Applicability

56.1 These Regulations shall apply to determination of tariff for Retail Supply of electricity by a Distribution Licensee to its Consumers.

57 Aggregate Revenue Requirement for Retail Supply Business

57.1 The Tariff for Retail Supply of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Retail Supply Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components:

- a) Cost of own power generation and power purchase expenses from other sources;
- b) Inter-State Transmission Charges;
- c) Intra-State Transmission Charges;
- d) SLDC Fees and Charges;

- e) Balance Aggregate Revenue Requirement for Distribution Wires Business, as determined under Chapter 6 of these Regulations, after deducting income from Wheeling Charges payable by distribution system users other than the retail Consumers getting electricity supply from the same Distribution Licensee;
- f) Provision for Bad and doubtful debts;
- g) Return on Equity Capital;
- h) Operation and Maintenance expenses;
- i) Depreciation;
- j) Interest and finance charges on Loan Capital;
- k) Interest on Working Capital;
- l) Interest on consumer security deposits;
- m) Income Tax;

Less

- n) Non-Tariff income;
- o) Income from Other Business, to the extent specified in these Regulations;
- p) Receipts on account of Cross-Subsidy Surcharge;
- q) Receipts on account of Additional Surcharge:

Provided that Depreciation, Interest on Loan Capital, Interest on Working Capital, Interest on consumer security deposits, Contribution to Contingency Reserves, Return on Equity, and Income Tax for Retail Supply Business shall be allowed in accordance with the provisions specified in Chapter 3 of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of truing up based on audited accounts, on a case-to-case basis, subject to prudence check:

Provided also that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc. or penalty imposed by Commission on Licensee for non-compliance with Renewable Purchase Obligations in accordance with Joint Electricity Regulatory Commission for State of Goa & Union Territories (Procurement of Renewable Energy) Regulations, 2010, as amended from time to time shall not be allowed to be recovered through the Aggregate Revenue Requirement:

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

57.2 The tariff for Retail Supply by the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of tariff filed by the Distribution Licensee in accordance with Chapter 2 of these Regulations:

Provided that the Aggregate Revenue Requirement of the Distribution Licensee shall be allocated or apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the Table 1 in Regulation 48, till the accounts for Distribution Wires Business and Retail Supply Business are not separated:

Provided further that the tariff for Retail Supply may comprise any combination of fixed/demand charges, energy charges, and any other charges, for the purpose of recovery from the Consumers, as may be stipulated by the Commission:

Provided also that the Commission may determine the area-wise tariff for Distribution Licensee based on the performance parameters as may be stipulated by the Commission.

58 Cost of Power Purchase

58.1 The Distribution Licensee shall be allowed to recover the cost of power generated by the Generation Business or purchased from approved sources for supply to Consumers based on the power procurement plan of the Distribution Licensee, approved by the Commission.

58.2 The Distribution Licensee shall recover the incremental cost on account of Fuel and Power Purchase Cost Adjustment (FPPCA) in accordance with the formula and related terms and conditions as may be prescribed by the Commission in its Orders from time to time. The Commission shall also specify the categories of Consumers for recovery of the FPPCA charge.

59 Transmission Charges

59.1 The Distribution Licensee shall be allowed to recover transmission charges payable for access to and use of the intra-State transmission system in accordance with the tariff approved by the Commission under Chapter 5 of these Regulations.

60 Operation and Maintenance (O&M) expenses for Retail Supply Business

60.1 The Operation and Maintenance expenses for the Retail Supply Business shall be computed in accordance with this Regulation.

60.2 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.

60.3 The Licensee shall submit the required O&M expenses for the Control Period as a part of Multi-Year Tariff Petition. The O&M expenses for the base Year will 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.

60.4 The O&M expenses for the n^{th} Year of the Control Period shall be approved based on the formula given below:

$$\text{O\&M}_n = (\text{R\&M}_n + \text{EMP}_n + \text{A\&G}_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$\text{R\&M}_n = K \times \text{GFA}_{n-1} \times (\text{WPI}_{\text{inflation}})$$

$$\text{EMP}_n = (\text{EMP}_{n-1}) \times (1 + G_n) \times (\text{CPI}_{\text{inflation}})$$

$$\text{A\&G}_n = (\text{A\&G}_{n-1}) \times (\text{CPI}_{\text{inflation}})$$

‘K’ is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the MYT 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;

$\text{CPI}_{\text{inflation}}$ – is the increase in Consumer Price Index (CPI) for immediately preceding three Years before the base Year;

$\text{WPI}_{\text{inflation}}$ – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three Years before the base Year;

EMP_n – Employee expenses of the Distribution Licensee for the n^{th} Year;

A\&G_n – Administrative and General expenses of the Distribution Licensee for the n^{th} Year;

R\&M_n – Repair and Maintenance expenses of the Distribution Licensee for the n^{th} Year;

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

X_n is an efficiency factor for n^{th} Year. Value of X_n shall be determined by the Commission in the MYT 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 n^{th} Year. Value of G_n shall be determined by the Commission in the MYT 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:

Provided that in case the Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, the O&M Expenses shall be determined on case to case basis.

- 60.5 Terminal Liabilities of employees of Licensee including pension expenses etc. shall be approved as per actual 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.
- 60.6 For the purpose of estimation, the same value of factors – $CPI_{\text{inflation}}$ and $WPI_{\text{inflation}}$ shall be used for all Years of the Control Period. However, the Commission will consider the actual values on the factors – $CPI_{\text{inflation}}$ and $WPI_{\text{inflation}}$ 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.

61 SLDC Fees & Charges

- 61.1 The Distribution Licensee shall be allowed to recover SLDC Fees and Charges payable to SLDC in accordance with the tariff approved by the Commission.

62 Provision for bad and doubtful debts

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

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

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

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

63 Norms of Working Capital for Retail Supply Business

63.1 The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:

- a) Operation and maintenance expenses for one (1) month; plus
- b) Maintenance spares at 40% of R&M expenses for one (1) month; plus
- c) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariffs;

Less

- d) Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from Consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the Working Capital requirement shall be re-calculated on the basis of the values of components of Working Capital approved by the Commission in the truing up.

64 Non-Tariff Income

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

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

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

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from statutory investments;
- d) Interest on advances to suppliers/contractors;
- e) Rental from staff quarters;
- f) Rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Income from advertisements, etc.;
- i) Meter/metering equipment/service line rentals;
- j) Service charges;
- k) Customer charges;

- l) Recovery for theft and pilferage of energy;
- m) Rebate availed on account of timely payment of bills;
- n) Miscellaneous receipts;
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- p) Prior period income, etc.:

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

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff.

65 Receipts on account of Cross-Subsidy Surcharge and Additional Surcharge

- 65.1 The Cross-Subsidy Surcharge received by the Distribution Licensee in accordance with the JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time, at the rate approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for Retail Supply of electricity by such Distribution Licensee, at the time of truing up.
- 65.2 The Additional surcharge received by the Distribution Licensee in accordance with the JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time, at the rate approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for Retail Supply of electricity by such Distribution Licensee, at the time of truing up.

66 Distribution Losses

- 66.1 The Distribution Licensee shall recover the approved level of distribution losses arising from the Retail Supply of electricity.
- 66.2 The Commission may stipulate a trajectory for Distribution Losses for the Control Period in accordance with these Regulations, as part of the Order on the MYT Petition to be filed by the Distribution Licensee under Chapter 2 of these Regulations.

66.3 Any variation between the actual level of distribution losses and the approved level shall be dealt with, as part of the Truing up exercise in accordance with Regulation 14.

67 Determination of Tariff

67.1 The Commission may categorize Consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

67.2 The Commission shall endeavour to determine cost of supply for each category/ sub-category of Consumers.

67.3 The Commission shall endeavour to reduce gradually the cross-subsidy between Consumer categories with respect to the cost of supply in accordance with the provisions of the Act.

67.4 The tariff proposal by Licensee and the tariff determination by the Commission shall be based on the following principles:

(d) The tariff for all categories shall be two part, consisting of fixed and variable charges.

(e) The fixed charges in tariff shall progressively reflect actual fixed cost incurred by Distribution Licensee;

(f) The overall Retail Supply tariff for different Consumer categories shall progressively reflect the cost of supply for different categories of Consumers;

(g) The tariffs for residential Consumers shall be set considering the affordability of tariffs for various class of Consumers;

(h) The tariffs shall be set in such a manner that it may not present a tariff shock to any category of Consumers.

Chapter 8: Miscellaneous

68 Saving of Inherent Power of the Commission

63.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission.

63.2 Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

63.3 Nothing in these Regulations shall, expressly or by implication, bar the Commission to deal with any matter or exercise any power under the Acts for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

69 Issue of Orders and Practice Directions

64.1 Subject to the provision of the Act and these Regulations, the Commission may, from time to time, issue Orders and Practice directions with regard to the implementation of these Regulations and procedure to be followed on various matters.

70 Power to amend

65.1 The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

71 Power to remove difficulties

71.1 If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

72 Power of Relaxation

72.1 The Commission, for reasons to be recorded in writing, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

73 Interpretation

73.1 If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

74 Repeal

74.1 The Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations, 2014 and JERC (Terms and Conditions for Determination

of Tariff) Regulations, 2009 shall stand repealed from the date of coming into force of these Regulations and any reference to these Regulations in any of the Regulations, standards, codes or procedures of the Joint Electricity Regulatory Commission shall be deemed to be replaced by the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018.

- 74.2 Notwithstanding such repeal, anything done or purported to have been done under the repealed Regulations so far as it is not inconsistent with these Regulations shall be deemed to have been done or purported to have been done under these Regulations.
- 74.3 These Regulations are in addition to and not in derogation of the other Regulations / Codes issued by the Commission.

Appendix –I: Depreciation Schedule and Useful Life for assets

(a) Generation and Transmission Assets

The Useful Life and Depreciation Rates for generation and transmission assets shall be as specified in the prevalent CERC Tariff Regulations.

(b) Distribution Assets

S. No	Asset Class	Useful Life (Years)	Rate (%)
1	Land owned under full title	Infinity	0
2	Land held under lease		
(A)	For investment in land	Period of lease or the period remaining unexpired on the assignment of the lease	0
(B)	For cost of clearing site	Period of lease remaining unexpired at the date of clearing the site	0
3	Assets purchased new		
(A)	Buildings and civil engineering works of a permanent character, not mentioned above:		
(i)	Offices and showrooms	50	1.80
(ii)	Temporary erection such as wooden structures	5	18.00
(iii)	Roads other than kutcha roads	50	1.80
(iv)	Others	50	1.80
(B)	Transformers, transformer (kiosk) substation equipment & other fixed apparatus (including plant foundations)		
(i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	25	3.60
(ii)	Others	25	3.60
(C)	Switchgear, including cable connections	25	3.60
(D)	Lightning arrestors:		

S. No	Asset Class	Useful Life (Years)	Rate (%)
(i)	Station type	25	3.60
(ii)	Pole type	15	6.00
(iii)	Synchronous condenser	35	2.57
(E)	Batteries	5	18.00
(F)	Underground cable including joint boxes and disconnected boxes	35	2.57
(G)	Cable duct system	50	1.80
(H)	Overhead lines including supports:		
(i)	Lines on fabricated steel operating at nominal voltages higher than 66 kV	35	2.57
(ii)	Lines on steel supports operating at nominal voltages higher than 11 kV but not exceeding 66 kV	25	3.60
(iii)	Lines on steel or reinforced concrete supports	25	3.60
(iv)	Lines on treated wood supports	25	3.60
(I)	Meters		
	Electro Mechanical	15	6.00
	Electronic	10	9.00
(J)	Self propelled vehicles	5	18.00
(K)	Air conditioning plants:		
(i)	Static	15	6.00
(ii)	Portable	5	18.00
(L)			
(i)	Office furniture and fittings	15	6.00
(ii)	Office equipments	15	6.00
(iii)	Internal wirings including fittings and apparatus	15	6.00
(iv)	Street Light fittings	15	6.00

S. No	Asset Class	Useful Life (Years)	Rate (%)
(M)	Apparatus let on hire:		
(i)	Other than motors	5	18.00
(ii)	Motors	15	6.00
(N)	Communication equipment		
(i)	Radio and higher frequency carrier systems	15	6.00
(ii)	Telephone lines and telephones	15	6.00
(O)	Assets purchased in second hand and assets not otherwise provided for in the schedule	such reasonable period as the Commission determines in each case having regard to the nature, age and conditions of assets at the time of its acquisition by the owner	