

**PETITION FOR APPROVAL OF TRUE-UP OF FY 2019-20 AND  
REVISION OF AGGREGATE REVENUE REQUIREMENT (ARR) FY  
2020-21 & FY 2021-22 AND DETERMINATION OF TARIFF  
FOR FY 2021-22**

**OF**

**ELECTRICITY DEPARTMENT, GOVERNMENT OF PUDUCHERRY**

**SUBMITTED TO**

**THE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION  
GURUGRAM**

**BY**

**ELECTRICITY DEPARTMENT, GOVERNMENT OF PUDUCHERRY**

**DECEMBER 2020**

**BEFORE THE JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA, &  
UNION TERRITORIES, GURUGRAM**

Filing No.....

Case No.....

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**LIST OF ABBREVIATIONS**

Sr. No	Abbreviations	Descriptions
1	A&G	Administrative and General
2	ABT	Availability Based Tariff
3	ACoS	Average Cost of Supply/ Service
4	AMI	Automated Metering Infrastructure
5	AMR	Automatic Meter Reading
6	APR	Annual Performance review
7	ARR	Aggregate Revenue Requirement
8	CAGR	Compound Annual Growth Rate
9	CAPEX	Capital Expenditure
10	CEA	Central Electricity Authority
11	CERC	Central Electricity Regulatory Commission
12	CGS	Central Generating Station
13	CWIP	Capital work in progress
14	DELP	DSM based Efficient Lighting Programme
15	Discom	Distribution Companies
16	DSM	Demand Side Management
17	EA/The Act	The Electricity Act 2003
18	EDP/ PED	Electricity Department, Government of Puducherry
19	EC	Energy Charges
20	EHT	Extra High Tension
21	FC	Fixed Charges
22	FOR	Forum of Regulators
23	FY	Financial Year
24	GFA	Gross Fixed Assets
25	GoI	Government of India
26	HT	High Tension
27	JERC	Joint Electricity Regulatory Commission
28	JICA	Japan International Cooperation Agency
29	JNNSM	Jawaharlal National Solar Mission
30	KSEB	Kerala State Electricity Board
31	KV	Kilo Volt
32	kVA	Kilo Volt Ampere
33	kVAh	Kilo Volt Ampere Hour
34	kW	Kilo Watt
35	kWh	Kilo Watt Hour
36	LT	Low Tension
37	MNRE	Ministry of New and Renewable Energy
38	MOD	Merit Order Despatch
39	MoP	Ministry of Power
40	MOU	Memorandum of Understanding
41	MU	Million Units (Million kWh)

Sr. No	Abbreviations	Descriptions
42	MVA	Mega Volt Ampere
43	MW	Mega Watt
44	MYT	Multi Year Tariff
45	NFA	Net Fixed Assets
46	NLC	Neyveli Lignite Corporation
47	NPCIL	Nuclear Power Corporation of India Limited
48	NTP	National Tariff Policy
49	NTPC	National Thermal Power Corporation
50	O&M	Operation & Maintenance
51	PLR	Prime Lending Rate
52	POC	Point of Connection
53	PPA	Power Purchase Agreement
54	PPCL	Puducherry Power Corporation Limited
55	PV	Photo voltaic
56	R&M	Repair and Maintenance
57	R-APDRP	Restructured Accelerated Power Development and Reforms Programme
58	REC	Renewable Energy Certificate
59	ROE	Return on Equity
60	RPO	Renewable Purchase Obligation
61	Rs	Rupees
62	SBI	State Bank of India
63	SECI	Solar Energy Corporation of India
64	SLDC	State Load Dispatch Centre
65	SWOT	Strength, Weakness, Opportunity and Threats
66	TANGEDCO	Tamil Nadu Generation and Distribution Company
67	T&D	Transmission and Distribution
68	TOD	Time of Day
69	UI Charges	Unscheduled Interchange Charges
70	w.e.f.	With effect from
71	WPI	Wholesale Price Index

## **CHAPTER 1. INTRODUCTION**

1.1.1 The Union Territory of Puducherry comprises of four regions namely Puducherry, Karaikal, Mahe and Yanam, which are not geographically contiguous and is spread over an area of 492 Sq. km with the total population of 12.45 Lakhs as per provisional results of Census 2011. The basic profiles of four regions are as follows:

- Puducherry is the largest among the four regions and consists of 12 scattered areas interspersed with enclaves of Villupuram and Cuddalore Districts of Tamil Nadu.
- Karaikal is about 150 kms South of Puducherry and is bounded by Nagapattinam and Thiruvarur Districts of Tamil Nadu State.
- Mahe lies almost parallel to Puducherry 653 kms away on the west coast near Kannur District of Kerala State.
- Yanam is located about 840 kms north-east of Puducherry and it is located in the East Godhavari District of Andhra Pradesh State.

1.1.2 The Territory of Puducherry was merged with the Indian Union on 1st November 1954 and is administered under the provisions of Government of Union Territories Act, 1963.

### **1.2 Electricity Department of Puducherry**

1.2.1 Puducherry Electricity Department being a deemed distribution licensee as per section 14 of the Electricity Act 2003, performs the functions of transmission and distribution of electric power to the Union Territory. The sole generating station in Puducherry is a 32.5 MW combined cycle gas power plant in Karaikal owned by the Puducherry Power Corporation Limited. The entire power requirement of Puducherry is met from the power allocated from the Central Generating Stations, Tamil Nadu Electricity Board and from the Puducherry Power Corporation Limited

1.2.2 The Union Territory of Puducherry has an extensive network of Power Transmission and Distribution Systems spread along the breath and width of all the four regions of the Union Territory. PED operates a transmission network of 230 kV, 110 kV & 132 kV and distribution network at 33 kV, 22 kV, and 11 kV and at LT levels

### **1.3 Filing under Tariff Regulations**

1.3.1 PED has been filing its ARR and Tariff petitions for the past years with the Hon'ble Commission based on the principles outlined by the Hon'ble Commission vide their Regulations on applicable terms and conditions of Tariff for Distribution Licensees

as notified in 2014 and 2018.

- 1.3.2 The Hon'ble Joint Electricity Regulatory Commission (hereinafter referred to as Hon'ble Commission / JERC) issued the JERC (Multi Year Distribution Tariff) Regulations, 2018 (hereinafter referred to as "MYT Regulations") in exercise of powers conferred by Section 61, 62, 63 and 86 read with Section 181 of Electricity Act 2003 on 10<sup>th</sup> August, 2018. These regulations were made applicable to all distribution licensee in the State of Goa & Union Territories of Andaman & Nicobar Island, Dadra & Nagar Haveli, Daman & Diu, Chandigarh, Lakshadweep and Puducherry. As per clause 2.1 of the JERC (Multi Year Distribution Tariff) Regulations, 2018, the Control Period was defined as a three-year period from FY 2019-20 to FY 2021-22.
- 1.3.3 As per provisions in clause 8.1 of MYT Regulations, PED had filed its Business Plan for three years control period i.e. from FY 2019-20 to FY 2021-22 before the Commission on 31<sup>st</sup> August 2018 for approval.
- 1.3.4 The Hon'ble Commission admitted the business plan petition as Petition No. 261/2018 on 04<sup>th</sup> September, 2018. PED has subsequently submitted clarifications to queries from JERC. The Public hearing session was held on 4<sup>th</sup> October, 2018 at PMSSS Hall, Laporte Street, Puducherry. The order on the business plan petition was issued on 31<sup>st</sup> October, 2018.
- 1.3.5 The petition for Provisional True-up for FY 2017-18, Annual Performance review FY 2018-19 and Annual Revenue Requirement for FY 2019-20 was submitted to Hon'ble Commission on 3<sup>rd</sup> December, 2018. The Hon'ble Commission had issued the Tariff Order for FY 2019-20 on 20<sup>th</sup> May, 2019.
- 1.3.6 True-up for FY 2017-18 and 2018-19 based on actual figures, along with Annual Performance review FY 2019-20 and revised Annual Revenue Requirement for FY 2020-21 was submitted to Hon'ble Commission on 6<sup>th</sup> December, 2020. The Hon'ble Commission had issued the Tariff Order for FY 2020-21 on 18<sup>th</sup> May, 2020.
- 1.3.7 True-up for FY 2019-20 based on actual figures is being submitted in the current petition, along with the revised Annual Revenue Requirement for FY 2020-21 & FY 2021-22.

#### **1.4 Filing of ARR and Tariff Petition**

1.4.1 Under the provisions of Electricity Act, 2003, Licensee is required to submit its ARR and Tariff Petition as per procedures outlined in section 61, 62 and 64 of EA 2003, and the governing regulations of JERC of the relevant years thereof.

1.4.2 The Hon'ble Commission notified in JERC (MYT Distribution Tariff) Regulations, 2018 that

*"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."*

1.4.3 The Commission repealed MYT Regulations, 2014 and states as follows in JERC MYT Regulations 2018:

*"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 (Generation, Transmission and Distribution 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."*

1.4.4 Since, due to current on-going COVID-19 pandemic and the lockdown implemented due to it, the Petitioner was unable to collect & prepare data for FY 2020-21 H1 for Annual Performance Review within stipulated time-frame. The Petitioner had also filed a request with the Hon'ble Commission for extending the deadline for filing the Petition, but the approval for the same was not granted. Thus, the Petitioner requests the Hon'ble Commission to allow it to submit Revised Annual Revenue Requirement for FY 2020-21 instead of Annual Performance Review.

1.4.5 Thus, the Petitioner is submitting the True-up for FY 2019-20 and Revised Annual

Revenue Requirement for FY 2020-21 & FY 2021-22 as per the MYT Regulations, 2018 based on the actual data for FY 2019-20, estimated performance in FY 2020-21 H1 and approved business plan.

1.4.6 The Hon'ble Commission had also observed in the Tariff order dated 18<sup>th</sup> May, 2020 that-

*"3) Ministry of Home Affairs (MHA), Govt. of India has imposed nationwide lockdown with certain exceptions in the entire country from 24th March 2020 onwards to contain Covid-19. The Commission acknowledges that the prevailing situation due to outbreak of Covid-19 has led to complete shutdown of a number of commercial, industrial and Institutional establishments. COVID-19 (Corona Virus) outbreak has posed an unprecedented and unconceivable situation which is causing wide spread concern and economic hardship for communities, businesses and consumers across the country. The delay in issuance of this Order is due to the above uncontrollable factor i.e. nationwide lockdown with effect from March 24, 2020 due to the pandemic COVID 19."*

*4) The Commission also recognises the fact that the lockdown announced in the country will certainly have impact on sales of Industrial and Commercial consumers, thereby impacting the computation of ARR. Even after the lockdown restrictions are lifted in entirety, it is going to take some time before the economic situation stabilises. Therefore, at this point of time it will not be possible to factor the impact of lockdown on sales and components of ARR for FY 2020-21 with desired accuracy and efficacy.*

1.4.7 The Hon'ble Commission further noted in the Tariff order dated 18<sup>th</sup> May, 2020 that –

*"6) The Commission is issuing this Order considering the "Business as Usual" scenario on the basis of the Petition submitted by the Electricity Department, Government of Puducherry after detailed analysis of submissions made by the Petitioner for FY 2020-21 and without factoring the impact of lockdown. The Commission will duly consider the impact of lockdown on sales and ARR of the Petitioner for FY 2020-21 at the time of evaluating APR of FY 2020-21 and thereafter True-up of FY 2020-21."*

1.4.8 PED is now filing this petition for approval of Hon'ble Commission whereby the Tariff Formats as outlined in regulations are enclosed as **Annexure** of this petition. The details are provided in subsequent chapters. The Petitioner also requests the commission to condone the delay in filing the Petition.

## **CHAPTER 2. OVERALL APPROACH FOR PRESENT FILING**

In this petition, Puducherry Electricity Department is filing the True-up for FY 2019-20 and Revised ARR for FY 2020-21 & FY 2021-22.

### **2.1 True-up for FY 2019-20**

2.1.1 As specified in the MYT Regulations 2018, the Hon'ble Commission shall undertake the truing-up exercise for the previous year based on audited accounts. In the current petition, figures of FY 2019-20 are made available for True-up with the details of ARR specified in the relevant chapter of this petition.

### **2.2 Annual Performance Review for FY 2020-21**

2.2.1 As specified in the MYT Regulations 2018, the Hon'ble Commission shall undertake the Annual Performance Review by considering variations between the approved and revised estimates/pre-actual of sale of electricity, income and expenditure for the relevant year.

2.2.2 However, as mentioned earlier, due to current on-going COVID-19 pandemic and the lockdown implemented due to it, the Petitioner was unable to collect & prepare data for FY 2019-20 H1 for Annual Performance Review within stipulated time-frame. The Petitioner had also filed a request with the Hon'ble Commission for extending the deadline for filing the Petition, but the approval for the same was not granted.

2.2.3 Accordingly, PED is filing this Revised Annual Revenue Requirement petition for the year FY 2020-21 based on the approved figures in the Business Plan and the last Tariff Order with modifications in certain components based on the present status.

### **2.3 Revised ARR Petition and Tariff determination for FY 2021-22**

2.3.1 The Joint Electricity Regulatory Commission had notified the JERC (Multi Year Distribution Tariff) Regulations 2018, which came into effect from 10<sup>th</sup> August 2018.

2.3.2 As per Clause 9 of the MYT Regulations, PED is filing the petition for the approval of Revised Annual Revenue Requirement for FY 2021-22 and Tariff determination for FY 2021-22 in line with the MYT Regulations. The projections are based on the norms specified in the Regulations, MYT Business plan approved by the Commission and on the past performance, wherever required and considering expected changes in each element of cost and revenue for the ensuing control period. PED has studied the previous trends and taken cognisance of other internal and external developments

to estimate the likely performance for FY 2021-22.

2.3.3 The subsequent sections of the petition for Revised ARR provides projection for various expenses, the proposed investment plan for the control period and the expected revenue projections with existing tariff based on the tariff notifications in force in the area of supply of PED.

2.3.4 Projections of various cost components required for determination of Aggregate Revenue Requirement for the control period along with the rationale for estimation of such cost is covered in the subsequent section. Further, the philosophy adopted by PED for projecting power purchase cost has also been elucidated in the respective sections.

## **2.4 Norms for Projection**

2.4.1 The Second MYT Control Period as directed by the Hon'ble Commission in the Regulations has commenced from 1<sup>st</sup> April 2019 onwards. PED is filing this petition in line with the norms and principles enumerated by Hon'ble Commission in the MYT Regulations and the business plan order.

2.4.2 For True-up of FY 2019-20, the petition has been prepared in line with the financial statements and actual figures available with the department. The projections for the control period FY 2020-21 and FY 2021-22 have been adopted based on the MYT Order dated 20<sup>th</sup> May, 2019 and the business plan order dated 31<sup>st</sup> October, 2018.

2.4.3 True-Up for FY 2019-20 and revised ARR for FY 2020-21 & FY 2021-22 have been carried out separately and details of the same are presented separately.

**CHAPTER 3. TRUE UP OF FY 2019-20****3.1 Preamble**

3.1.1 This section outlines the performance of Puducherry Electricity Department (PED) for FY 2019-20. PED had filed a petition for revised ARR of FY 2019-20 before the Hon'ble Commission on 3<sup>rd</sup> December, 2018. The Hon'ble Commission after undertaking a thorough analysis had issued the Tariff Order for FY 2019-20 on 20<sup>th</sup> May, 2019. Further, Annual Performance review FY 2019-20 was submitted to Hon'ble Commission on 6<sup>th</sup> December, 2020. The Hon'ble Commission had issued the Tariff Order for FY 2020-21 including Annual Performance review on 18<sup>th</sup> May, 2020.

3.1.2 This chapter summarizes each of the components of True-up for FY 2019-20 and thereby working out the revenue gap for that year.

**3.2 Number of Consumers**

3.2.1 PED submits before the Hon'ble Commission the actual consumer numbers for FY 2019-20 in comparison of the approved numbers below:

**Table 3-1: Details of No. of Consumers for FY 2019-20**

S. No.	Particulars	Approved in MYT order dated 20th May, 2019	Actuals
1	Domestic	346562	348242
2	OHOB	35537	8808
3	Commercial	56351	56760
4	Agriculture	7005	7029
5	Public Lighting	50899	50936
6	LT Industrial & Water Tank	6782	6786
<b>7</b>	<b>Total LT</b>	<b>503136</b>	<b>478560</b>
8	HT 1 Industrial & Commercial	474	430
9	HT 2 Government & Water Tank	68	68
10	HT 3 EHT	7	7
<b>11</b>	<b>Total HT</b>	<b>549</b>	<b>505</b>
<b>12</b>	<b>Total LT and HT</b>	<b>503685</b>	<b>479065</b>

3.2.2 It is requested to Hon'ble Commission to consider the number of consumers as submitted in the above table for FY 2019-20.

**3.3 Energy Sales**

3.3.1 The total sales of PED for FY 2019-20 are **2684.27** MUs. The category wise actual and approved sales for FY 2019-20 are shown in the table below.

**Table 3-2: Sales (MUs) for FY 2019-20**

S. No.	Particulars	Approved in T.O.	Actuals (MUs)
1	Domestic	736.25	767.85
2	OHOB	10.24	3.50
3	Commercial	219.86	202.56
4	Agriculture	60.45	61.18
5	Public Lighting	28.13	24.59
6	LT Industrial & Water Tank	162.78	158.06
7	Temporary Supply - LT&HT	8.53	4.77
8	<b>Total LT</b>	<b>1226.24</b>	<b>1222.51</b>
9	HT 1 Industrial & Commercial	1000.41	980.55
10	HT 2 Government & Water Tank	68.86	69.07
11	HT 3 EHT	428.67	412.14
12	<b>Total HT</b>	<b>1497.94</b>	<b>1461.76</b>
13	<b>Total LT and HT</b>	<b>2724.18</b>	<b>2684.27</b>

3.3.2 Based on the above submission PED requests the Hon'ble Commission to approve the actual sales for FY 2019-20 as stated in the table above.

### 3.4 Distribution Loss & Energy Requirement

3.4.1 The Hon'ble Commission had approved energy loss of **12.50%** in FY 2019-20 tariff order. PED had submitted revised estimate of **12.75%** as the energy loss for FY 2019-20. Energy balance based on revised estimate of sales, power purchase and distribution losses are given in the table below:

**Table 3-3: Distribution Loss and Energy Balance for FY 2019-20 (Rs. Crs)**

S. No.	Particulars	Actuals
A)	<b>Energy Requirement</b>	
1	<b>Total Sales within the UT</b>	<b>2684.27</b>
2	Energy Drawal by TANGEDGO	9.50
3	Sales to Electricity Traders / Power Exchange	0.00
4	Sale to Open access Consumers	0.00
5	<b>Total Sales</b>	<b>2693.77</b>
6	<b>T&amp;D Losses</b>	
a	Loss(%)	12.75%
b	Loss (MU)	392.23
7	<b>Total Energy Requirement</b>	<b>3086.01</b>

S. No.	Particulars	Actuals
B)	<b>Energy Availability</b>	
1	Net Power Purchase (ex Bus)	2967.05
2	Own Generation (PPCL+Renewable)	240.23
3	Power purchase from Common Pool / UI-overdrawal / Traders / Exchange / Others	45.52
4	UI Underdrawal	99.65
5	Open Access Power Purchase at periphery	0.00
6	<b>Net Power Purchased (1+2+3-4+5)</b>	<b>3153.15</b>
7	Transmission Losses	67.14
	Transmission Losses (%)	2.13%
8	<b>Total Energy Availability (4-5-6)</b>	<b>3086.01</b>
9	<b>Deficit/(Surplus)</b>	<b>0.00</b>

3.4.2 It is submitted that despite substantial capitalisation in the current year, R&M expenses were on lower side which are necessary for regular upkeep of the assets. The capitalisation of assets during the year will assist PED in consumer growth as well as for maintaining T&D loss at current level.

3.4.3 PED submits that in comparison with the approved figures, actual T&D losses are higher due to above mentioned reasons and therefore request the Hon'ble Commission to approve the Distribution Loss of **12.75%** for FY 2019-20.

3.4.4 Further, the Transmission/PGCIL Losses of **2.13%** for FY 2019-20 may be approved by the Hon'ble Commission.

### 3.5 Power Purchase Quantum & Cost for FY 2019-20

3.5.1 PED meets its total energy requirement from its allocation from the Central Generating Stations (CGS) and state utilities like TANGEDCO, KSEB and PPCL. PPCL is a generating company within the UT of Puducherry catering to the partial requirement of Karaikal region. KSEB supplies for Mahe region under the UT of Puducherry.

3.5.2 The table below shows the summary of actual Power Purchase from various sources along with their costs for FY 2019-20 including Transmission Charges, UI charges and purchase from traders.

Table 3-4: Power Purchase Quantum &amp; Cost for FY 2019-20

S. No.	Particulars	Approved (FY 2019-20) as per T.O. dated May, 2020			Actuals (FY 2019-20)		
		Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)	Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)
1	NTPC	1250.03	407.41	3.26	1225.55	405.34	3.31
2	NTPL	116.53	64.31	5.52	116.26	74.37	6.40
3	NLC	743.38	266.68	3.59	775.81	311.73	4.02
4	PPCL	222.87	97.16	4.36	240.23	81.26	3.38
5	KAIGA	295.10	104.85	3.55	315.64	116.71	3.70
6	NTPC - MAPS	28.61	7.63	2.67	29.21	10.72	3.67
7	NTECL	130.91	86.48	6.61	120.76	87.03	7.21
8	KKNP	357.67	136.43	3.81	359.08	152.88	4.26
9	NNTPS	56.83	27.68	4.87	24.74	13.87	5.61
10	KSEB				0.00	0.05	
11	Open market	14.24	4.53	3.18	0.00	0.00	
12	OA Power purchase				0.00	0.00	
13	PGCL (POC Charges)		79.97			89.30	
14	SRLDC Charges					0.56	
15	SRPC					0.14	
16	RPO Obligations		12.71		0.00	27.04	
17	UI Charges					8.70	
18	Power purchased expenses for prior period				0.00	96.09	
19	<b>Sub-Total</b>	<b>3216.17</b>	<b>1295.84</b>	<b>4.03</b>	<b>3207.27</b>	<b>1475.79</b>	<b>4.60</b>
20	Adjustments Bills / Debit Notes / Credit Notes for prior period					30.23	
21	Less: Rebate considered by PED while making payment					0.09	
22	<b>Power Purchase Cost (Sub- Total)</b>				<b>3207.27</b>	<b>1505.92</b>	<b>4.70</b>
23	URS Income					0.43	
24	UI/DSM Charges					11.82	
25	RARS Charges					1.26	
26	Sale of Trading Materials					0.01	
27	<b>Sub-total (Additional Income)</b>					<b>13.51</b>	
28	<b>Net Power Purchase Cost</b>					<b>1492.41</b>	

3.5.3 The petitioner has also received **5.48** MUs of physical solar power on account of net metering (not included in above table) in Puducherry.

3.5.4 The above power purchase cost also includes the prior period expenses of **Rs. 96.09 Cr** for FY 2017-18, which were not included in that year due to an inadvertent error.

3.5.5 Accordingly, Hon'ble Commission is requested to approve **Rs. 1492.41 Crs** for FY 2019-20 as power purchase cost incurred during the year, as per the Financial Accounts of FY 2019-20.

### 3.6 Operation & Maintenance Expenses

3.6.1 As per Regulation 51 of JERC MYT Regulations, 2018, the Hon'ble Commission shall stipulate separate trajectory of norms for each component of O&M expenses.

*"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. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the Base Year, prudence check and any other factors considered appropriate by the Commission.

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

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

Where,

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

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

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

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

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

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

EMP<sub>n</sub> – Employee expenses of the Distribution Licensee for the nth Year;

A&G<sub>n</sub> – Administrative and General expenses of the Distribution Licensee for the nth Year;

R&M<sub>n</sub> – Repair and Maintenance expenses of the Distribution Licensee for the nth Year;

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

G<sub>n</sub> is a growth factor for the nth Year. Value of G<sub>n</sub> shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional

*manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:*

*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, 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 actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.*

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

*GFAn-1 – Gross Fixed Asset of the Licensee for the n-1th Year;”*

**3.6.2 Employee Expenses:** PED has computed the O&M (Employee) expense for FY 2019-20 based on the actual employee expenses incurred during the entire year.

**3.6.2.1** The employee cost incurred during the year for FY 2019-20 is Rs. **116.27** Crores.

**Table 3-5: Employee Expenses (Rs. Crs) for FY 2019-20**

Particulars	Approved by Commission (Rs. Crs.)	Actuals (FY 2019-20)
Salary	111.69	131.03
Wages		0.83
Stipend		0.70
Overtime Payment		0.58
Less: Departmental Charges		0.61
Less: Salary Costs Capitalized		16.26
Net amount		116.27
Add : prior period expenses		
<b>Total Employee Expenses for PED</b>	<b>111.69</b>	<b>116.27</b>

**3.6.2.2** PED submits that it has been able to identify the cost of employees involved towards maintenance of other Govt. Departments and has accordingly deducted the cost of Rs. **0.61** Crs from the employee Expenses. Further, an amount of Rs. **16.26** Crs has been capitalized from the employee expenses during the year FY 2019-20.

3.6.2.3 Accordingly, PED requests the Hon'ble Commission to kindly approve the actual net cost of Rs. **116.27** Crs towards employee expenses during the year for FY 2019-20.

3.6.3 **Repairs & Maintenance Expenses:** The repairs and maintenance cost has been claimed as per expenses actually incurred during FY 2019-20.

**Table 3-6: R&M Expenses (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved by Commission (Rs. Crs.)	Actuals
1	R&M Expenses	9.69	5.98

3.6.3.1 As seen from the table above R&M expenses incurred actually for FY 2019-20 were less than the approved level.

3.6.3.2 PED submits that the R&M expense is being met from budgetary provision and therefore is limited to the amount allocated under such budgetary provision only.

3.6.3.3 PED submits that R&M expenses are necessary for maintenance of infrastructure and for ensuring proper Standard of Performance of the utility. PED therefore requests the Hon'ble Commission to approve Rs. **5.98** Crs for FY 2019-20 as R&M expenses.

3.6.4 **Administration & General expenses:** The administrative expense mainly comprise of rents, professional charges, office expenses, etc. The expenses incurred by the petitioner for FY 2019-20 are shown in the table below.

**Table 3-7 A&G Expenses (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved by Commission (Rs. Crs.)	Actuals
1	A & G Expenses	12.4	18.02

3.6.4.1 The Hon'ble Commission is therefore requested to approve the A&G expenses of Rs. **18.02** Crs for FY 2019-20.

3.6.5 **O&M Expenses Summary:** The actual O&M expenses for the year FY 2019-20 are summarised below:

**Table 3-8: O&M Expenses (Rs. Crs) for FY 2019-20**

Summary of O&M Expenses for FY 2019-20		
Particulars	Approved by commission (Rs. Crs.)	Actuals (Rs. Crs)
A&G Costs	12.40	18.02
R&M Expenses	9.69	5.98
Employee Cost	111.69	116.27
<b>Total O&amp;M Expenses for the purpose of sharing of Gains/Losses</b>	<b>133.78</b>	<b>140.27</b>
Add: Additional expenses due to Statutory/ Change in Law payments	-	-
<b>Total O&amp;M Expenses</b>	<b>133.78</b>	<b>140.27</b>

3.6.6 The Hon'ble Commission is requested to approve the O&M Expenses of Rs. **140.27** Crs for FY 2019-20 as shown in the table above. The details of O&M expense for FY 2019-20 are provided in the Formats 13, 15 & 16 of the Tariff Filing Formats.

### 3.7 Capital Work in Progress, GFA and Depreciation

3.7.1 **GFA:** The Opening Balance of GFA for FY 2019-20 comes to around Rs. **864.29** Crs as per the financial statements for FY 2019-20. The following table shows the opening balance, additions and closing balance of GFA for FY 2019-20.

**Table 3-9: GFA (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved by commission (Rs. Crs.)	Actuals
1	Opening value of the assets at the beginning of the year	799.52	799.51
2	Additions during the year	83.25	64.8
3	Value of assets sold/disposed off		
4	<b>Gross Fixed Assets at the end of the year</b>	<b>882.77</b>	<b>864.29</b>

3.7.2 PED submits that GFA addition during FY 2019-20 is Rs. **64.8** Crs. For the purpose of ARR, GFA, ROE, Interest on Loan and Depreciation calculation in this petition, the consumer contribution/grant has not been considered. Accordingly, GFA addition during the year considered and claimed is Rs. **64.8** Crs.

3.7.3 PED hereby requests the Hon'ble Commission to approve the actual Gross Fixed Assets opening and additions as submitted above for FY 2019-20

3.7.4 **Depreciation:** The depreciation rates as specified by CERC have been adopted for calculation of depreciation on different asset categories in accordance with the Regulation 30 of the MYT Regulations, 2018.

3.7.5 Regulation 30 of the MYT Regulations, 2018 stipulates the following:

*“30. Depreciation*

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

*Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets: In the ARR Order, the Commission approved the following asset wise depreciation rate as per the CERC Tariff Regulations, 2014:*

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

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

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

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

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

*Provided that depreciation shall be re-calculated during truing-up for assets 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 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 Distribution 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 value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan.”*

3.7.6 The rates of depreciation for various assets as used are tabulated below:

**Table 3-10: Rate of Depreciation applicable for various assets**

Description of Assets	Rate of Depreciation
Land & Land Rights	0.00%
Buildings	1.80%
Plant & Machinery	3.60%
Transformer	3.60%
Lines & Cables (HT & LT)	3.60%
Vehicles	18.00%
Furniture & Fixtures	6.00%
Office Equipment	6.00%
IT Equipment	6.00%
Testing & Measuring Equipment	6.00%
SCADA P&M	6.00%
SCADA Building	1.80%

3.7.7 The following table shows the depreciation arrived by PED for FY 2019-20 based on the approved depreciation rates specified by the Hon’ble Commission for different asset class. The same is reflecting in the annual audited accounts for respective years.

Table 3-11: Depreciation-Normative (Rs. Crs) for FY 2019-20

Sr. No.	Name of the Assets	Rate of Depreciation	Actual	
			FY 2019-20	
			Assets value at the beginning of the year	Depreciation charges
1	Land and Land rights	0.00%	8.69	0.00
2	Building	1.80%	20.54	0.38
3	Plant & Machinery	3.60%	448.88	16.81
4	Lines and Cables Network	3.60%	280.05	10.49
5	Vehicles	18.00%	2.23	0.42
6	Furniture and Fixtures	6.00%	0.18	0.01
7	Office Equipments	6.00%	1.00	0.06
8	IT Equipments	6.00%	2.36	0.15
9	Testing & Measuring Equipments	6.00%	3.92	0.24
10	SCADA Centre	6.00%	31.65	1.98
11	Others		0.00	0.00
	<b>Total</b>		<b>799.51</b>	<b>30.55</b>

S. No.	Particulars	Approved by Commission	Actuals
1	Opening value of the assets at the beginning of the year	799.52	799.51
2	Additions during the year	83.25	64.78
3	Value of assets sold /disposed off		-
4	<b>Gross Fixed Assets at the end of the year</b>	<b>882.77</b>	<b>864.29</b>
5	<b>Net Depreciation for the year</b>	<b>30.55</b>	<b>30.55</b>
6	<b>Average Depreciation Rate</b>	<b>3.63%</b>	<b>3.67%</b>

3.7.1 Since there are certain assets that have been depreciated to more than 90%, thus further depreciation on them is not sought on normative principles.

3.7.2 The Hon'ble Commission is requested to approve Rs. **30.55** Crs as depreciation for FY 2019-20.

### 3.8 Interest & Finance Charge

3.8.1 As per regulation 28 of MYT Regulations, 2018,  
*"28. Interest on Loan*

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

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

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

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

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

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

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

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

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

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

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

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

*basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.*

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

*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.”*

3.8.2 The Regulation 28 provides for Interest and Finance Charges on Loan. PED has submitted that the majority of capital assets are created out of the equity contribution from Government of Puducherry. Thus, PED has been claiming interest charges based on normative loan calculation. The Interest and Finance Charges arrived is based on normative loan considered to the extent of capitalization during the year. The table below shows the Interest and Finance Charges vis-a-vis approved

by the Hon'ble Commission for FY 2019-20.

**Table 3-12: Interest & Finance Charges (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved	Actuals
1	Opening Normative Loan	123.70	123.70
2	Add: Normative Loan during the Year	58.28	45.34
3	Less: Normative Repayment	30.87	30.55
4	Closing Normative Loan	151.111	138.50
5	Average Normative Loan	137.41	131.10
6	Rate of Interest(@SBAR)	9.55%	9.55%
7	<b>Interest on Normative Loan</b>	<b>13.12</b>	<b>12.52</b>
8	Other Finance Charges		2.70
9	<b>Total Interest and Finance Charges</b>	<b>13.12</b>	<b>15.22</b>

- 3.8.3 It is submitted that PED has considered an addition of Rs. **64.8** Crs in the Gross Fixed Assets for FY 2019-20. 70% of balance asset addition is considered through normative debt. The rate of interest considered is prevailing Prime Lending Rate of the State Bank of India as on 1<sup>st</sup> April of that relevant year.
- 3.8.4 Along with the normative interest calculated and claimed in the table highlighted above, it is submitted that certain financial charges are also incurred by the department which are related to charges claimed by the bank charges, finance charges, L/C., etc. which are claimed along with the interest.
- 3.8.5 The Hon'ble Commission is requested to approve the Interest & Finance Charges at **Rs. 15.22 Crs** for FY 2019-20 as shown in the table above. The details of Interest & Finance charges are provided in Format 10A of the Tariff Filing Formats.

### 3.9 Interest on Working Capital

- 3.9.1 The petitioner has calculated the normative interest on working capital for FY 2019-20 as per JERC MYT Regulations, 2018.
- 3.9.2 PED hereby submits that it has adopted the same methodology adopted by the Hon'ble Commission in the last tariff order for arriving at the working capital requirement.
- 3.9.3 The Interest on Working Capital approved by the Hon'ble Commission and claimed for FY 2019-20 is Rs. **10.30** Cr.

**Table 3-13: Interest on Working Capital (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved	Actuals
1	Two Months Receivable	253.94	287.91
2	O&M Expense - 1 month	11.15	11.69
3	Maintenance Spare @ 40% of R&M Exp - one month	0.32	0.20
4	Less : Amount held as Security Deposit	204.33	202.14
5	<b>Total</b>	<b>38.14</b>	<b>97.66</b>
6	<b>Interest Rate *</b>	<b>10.55%</b>	<b>10.55%</b>
7	<b>Interest on working capital</b>	<b>4.02</b>	<b>10.30</b>

3.9.4 The Interest on Working Capital approved by the Hon'ble Commission for the FY 2019-20 was Rs. **4.02** Cr. On the basis of the revised estimates for FY 2019-20, the interest on working capital comes to Rs. **10.30** Cr.

### 3.10 Security Deposits

3.10.1 Interest on Security Deposits has been calculated in accordance with the MYT Regulations, 2018 based on the average of opening and closing consumer security deposits during the year. The opening security deposit has been derived based on the closing security deposit as approved in the True-up of FY 2018-19. The rate of interest has been considered equivalent to the prevailing RBI Bank rate. The table below provides the calculation of interest on consumer security deposits for the year.

**Table 3-14: Interest on Security Deposit for FY 2019-20**

S. No.	Particulars	Approved	Actuals
1	Opening Security Deposit	193.46	193.46
2	Add: Deposits during the year	21.74	17.36
3	Less: Deposits refunded		
4	Less: Deposits in the form of BG/FDR		
5	Closing Security Deposit	215.20	210.82
6	Bank Rate	6.50%	6.50%
7	<b>Interest on Security Deposit</b>	<b>13.28</b>	<b>13.14</b>
8	<b>Interest on Security Paid to Consumers</b>		<b>5.11</b>

3.10.2 The normative Interest on Security Deposit of Rs. **13.14** Crs payable for FY 2019-20 as showcased in the table above. However, it is submitted that the actual interest paid to the consumers in FY 2019-20 is Rs. **5.11** Crs. and the balance is proposed to be paid in the subsequent years. The Hon'ble Commission is requested to approve the Interest on Security Deposit of Rs. **5.11** Crs actually paid as shown in the table above and balance to be approved on actual payment basis in future.

### 3.11 Provision for Bad Debts

3.11.1 The petitioner is not claiming any provision for bad debts in for the FY 2019-20 i.e. **NIL** and requests the Hon'ble Commission to consider the same. As provision for bad debt is allowable in ARR on the basis of actual written off bad debt.

### 3.12 Return on Equity

3.12.1 As per the MYT Regulations 2018, RoE is allowed @16% on 30% of the capital base or actual equity, whichever is lower. However, assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base.

3.12.2 RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 16% (on post-tax basis) with an opening equity considered equivalent to the closing equity of FY 2018-19 as approved in the True-up.

3.12.3 Further, an equity addition in FY 2019-20 equal to 30% of asset capitalized in FY 2019-20 has been considered.

3.12.4 In line with the MYT regulation and the methodology adopted in the previous tariff order, PED has calculated the Return on Equity as outlined in the following table for FY 2019-20.

**Table 3-15: Return on Equity (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved	Actuals
1	Opening Equity Amount	239.86	239.85
2	Equity Addition during year (30% of Capitalization)	24.98	19.43
3	Closing Equity Amount	264.83	259.29
4	Average Equity Amount	252.34	249.57
5	Average Equity-Wires Business	227.11	224.61
6	Average Equity (Retail Supply Business)	<b>25.23</b>	24.96
7	Return on Equity for Wires Business (%)	15.50%	15.5%
8	Return on Equity for Retail Supply Business (%)	16.00%	0.16
9	<b>Return on Equity for Wires Business</b>	<b>35.2</b>	<b>34.82</b>
10	<b>Return on Equity for Retail Supply Business</b>	<b>4.04</b>	<b>3.99</b>
11	<b>Total Return on Equity</b>	<b>39.24</b>	<b>38.81</b>

3.12.5 In view of above, the Hon'ble Commission is requested to kindly allow the above Return on Equity of **Rs. 38.81 Crs** for FY 2019-20.

### 3.13 Non-Tariff Income

3.13.1 The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, income from trading, reconnection fee, UI sales/ Sales to Exchanges and

miscellaneous income among others. The Non-Tariff Income approved by the Hon'ble Commission in the APR for FY 2019-20 was Rs. **8.96** Crs.

3.13.2 The Non-Tariff Income for FY 2019-20 are as per actuals is Rs. **5.19** Crs. The details of non-tariff income (excluding revenue from UI power and other income) for FY 2019-20 are provided in Format 20 of the Tariff Filing Formats

3.13.3 In view of above, the Hon'ble Commission is requested to kindly allow Non-Tariff Income of **Rs. 5.19 Crs** for FY 2019-20.

### 3.14 Revenue from Sale of Power at Existing Tariff

3.14.1 The Revenue from Tariff for FY 2019-20 was Rs. **1,502.85** Crs. The actual revenue earned from tariffs for FY 2019-20 is shown in the table below:

**Table 3-16: Revenue from Tariff for FY 2019-20**

S. No.	Particulars	Sales (MUs)	Revenue (Rs.Crs)
<b>LT Category</b>			
1	Domestic	771.04	223.38
2	OHOB	0.32	0.09
3	Commercial	202.56	144.15
4	Agriculture	61.18	2.86
5	Public Lighting	24.59	21.59
6	LT Industrial & Water Tank	158.07	96.14
7	Temporary Supply - LT&HT	4.75	4.97
	<b>Total LT</b>	<b>1,222.51</b>	<b>493.18</b>
<b>HT Category</b>			
9	HT 1 Industrial / Commercial	980.55	644.12
10	HT 2 - Government	69.07	59.26
11	HT 3 - EHT	412.14	226.49
12	<b>Total HT</b>	<b>1461.76</b>	<b>929.87</b>
<b>13</b>	<b>Total LT and HT</b>	<b>2684.27</b>	<b>1423.05</b>
14	BPSC Charges LT		33.54
15	BPSC Charges HT		9.12
16	Penal Charges		4.21
17	Incentives		-28.96
18	4% Surcharge		56.61
19	Export to Other Region		2.13
20	Subsidy on Sale of Power		5.60
21	Adjustment		-2.34
22	Less: GST		-0.10
<b>22</b>	<b>Total</b>	<b>2,684.27</b>	<b>1,502.85</b>

3.14.2 In view of above, the Hon'ble Commission is requested to kindly allow Revenue of Rs. **1,502.85** Crs.

### 3.15 Aggregate Revenue Requirement for FY 2019-20

3.15.1 The Aggregate Revenue Requirement for FY 2019-20 as approved by the Hon'ble Commission was **Rs. 1523.61 Crs** against which the ARR for FY 2019-20 on basis of actuals is **Rs. 1727.48 Crs**. The calculation for Aggregate Revenue Requirement on the basis of actuals for FY 2019-20 is shown below:

**Table 3-17: Calculation of ARR (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved by Commission	Claimed in True-up
1	Cost of power purchase	1,295.84	1492.41
2	Employee Costs	111.69	116.27
3	Administration and General Expenses	12.4	18.02
4	R&M expenses	9.69	5.98
5	Depreciation	30.87	30.55
6	Interest & Finance Charges	13.12	15.22
7	Interest on CSD	13.28	5.11
8	Interest on Working Capital	6.44	10.30
9	Return on NFA/ Equity	39.24	38.81
10	Provision for Bad Debt		
<b>11</b>	<b>Total Revenue Requirement</b>	<b>1532.57</b>	<b>1732.67</b>
12	Less: Non- Tariff Income	8.96	5.19
<b>13</b>	<b>Net Aggregate Revenue Requirement</b>	<b>1523.61</b>	<b>1727.48</b>

3.15.2 The Petitioner hereby requests the Commission to approve the ARR of **Rs. 1727.48 Crs** for FY 2019-20 as submitted above.

### 3.16 Revenue Gap for FY 2019-20

3.16.1 The Revenue Gap approved by the Hon'ble Commission for FY 2019-20 was **Rs. - 85.21 Crs**.

3.16.2 The Revenue Gap as approved by the Hon'ble Commission and as calculated on the basis of actuals, for True up of FY 2019-20 is shown in the table below:

**Table 3-18: Revenue Gap (Rs. Crs) for FY 2019-20**

S. No.	Particulars	Approved	Actuals
1	Aggregate Revenue Requirement	1523.61	1727.48
2	Revenue from Sale of Power	1608.83	1502.85
3	<b>Revenue Gap/ (Surplus)</b>	<b>-85.21</b>	<b>224.63</b>

3.16.1 PED hereby requests Hon'ble Commission to approve the net Revenue Surplus of **Rs. 224.63 Crs** for FY 2019-20.

## CHAPTER 4. REVISED ANNUAL REVENUE REQUIREMENT FOR FY 2020-21

### 4.1 Background to FY 2020-21 Petition

4.1.1 PED had filed a petition for True-up for FY 2017-18 and 2018-19 based on actual figures, along with Annual Performance review FY 2019-20 and revised Annual Revenue Requirement for FY 2020-21, before the Hon'ble Commission on 6<sup>th</sup> December, 2020. The Hon'ble Commission had issued the Tariff Order for FY 2020-21 on 18<sup>th</sup> May, 2020.

4.1.1 Since, due to current on-going COVID-19 pandemic and the lockdown implemented due to it, the Petitioner was unable to collect & prepare data for FY 2020-21 H1 for Annual Performance Review within stipulated time-frame. The Petitioner had also filed a request with the Hon'ble Commission for extending the deadline for filing the Petition, but the approval for the same was not granted. Thus, the Petitioner requests the Hon'ble Commission to allow it to submit Revised Annual Revenue Requirement for FY 2020-21 instead of Annual Performance Review.

4.1.2 This chapter summarizes each of the components of ARR for FY 2020-21 and requests the Hon'ble Commission to revise the Annual Revenue Requirement for FY 2020-21. The Revised Annual Revenue Requirement for FY 2020-21 has been prepared based on the estimated expenditures & revenue from sales for FY 2020-21 based on expected performance of PED due to the impact of COVID-19 lockdown, Business plan order given by the Commission for MYT period 2020-22 and Tariff order dated 18<sup>th</sup> May, 2020 where the Commission approved revised estimates for FY 2020-21, wherever applicable.

4.1.3 Since, there is a significant expected drop in the revenue from sales due to the COVID-19 lockdown & travel restrictions imposed specifically in FY 2019-20 H1, thus, the Petitioner requests the Hon'ble Commission to allow revision in the annual revenue requirement for FY 2020-21 based on it.

### 4.2 Number of Consumers

4.2.1 Based on the methodology followed by the Commission in the Business plan order for MYT 2019-22, the Commission approved the revised estimates for the base year FY 2020-21. The Commission had approved **5.08 lakh** consumers for FY 2020-21. PED is submitting the revised estimates for FY 2020-21 in the current petition for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

**Table 4-1: Details of Number of Consumers for FY 2020-21**

S. No.	Particulars	Approved	FY 2020-21 Revised Estimates
1	Domestic	350508	363093
2	OHOB	35537	8808
3	Commercial	57354	58767
4	Agriculture	7006	7029
5	Public Lighting	50871	51153
6	LT Industrial & Water Tank	6797	6791
7	<b>Total LT</b>	<b>508073</b>	<b>495641</b>
8	HT 1 Industrial & Commercial	428	429
9	HT 2 Government	66	66
10	HT 3 EHT	7	7
11	<b>Total HT</b>	<b>501</b>	<b>502</b>
12	<b>Total LT and HT</b>	<b>508574</b>	<b>496143</b>

4.2.2 It is requested to the Hon'ble Commission to consider the revised number of consumers as submitted in the above table for FY 2020-21.

### 4.3 Energy Sales

4.3.1 The Commission approved sales of **2806.29** MUs in ARR order for FY 2020-21. In the current petition for FY 2020-21, PED has revised the estimated sales as per the in-line with the expected sales performance of PED due to the impact of COVID-19 lockdown. The revised sales for FY 2020-21 are **2586.73** MUs. PED submits the revised sales figure for FY 2020-21.

**Table 4-2: Sales (MUs) for FY2020-21**

S. No.	Particulars	Approved in T.O.	FY 2020-21 Revised Estimates
1	Domestic	761.79	825.60
2	OHOB	10.24	10.92
3	Commercial	227.11	187.16
4	Agriculture	61.04	71.14
5	Public Lighting	28.69	21.95
6	LT Industrial & Water Tank	166.04	174.81
7	Temporary Supply - LT&HT	8.96	5.08
8	<b>Total LT</b>	<b>1263.87</b>	<b>1296.66</b>
9	HT 1 Industrial & Commercial	1029.51	851.30
10	HT 2 Government	71.77	63.17
11	HT 3 EHT	441.14	375.60
12	<b>Total HT</b>	<b>1542.42</b>	<b>1290.07</b>
13	<b>Total LT and HT</b>	<b>2806.29</b>	<b>2586.73</b>

4.3.2 It is requested to Hon'ble Commission to approve the revised sales of **2586.73** MUs for FY 2020-21.

#### 4.4 Distribution Loss & Energy Requirement

4.4.1 The Hon'ble Commission had approved energy loss of **11.75%** in the Business Plan for the second MYT control period FY2019-22 and subsequently in Tariff order dated 18<sup>th</sup> May,2020. PED has considered the loss as approved by the Commission in the Tariff order i.e. **11.75%** FY 2020-21. Energy balance based on revised estimate of sales and power purchase and are given in the table below –

**Table 4-3: Distribution Loss and Energy Balance for FY 2020-21**

S. No.	Particulars	H1-Actuals	H2	FY 2020-21
A)	<b>Energy Requirement</b>			
1	<b>Total Sales within the UT</b>	<b>1245.23</b>	<b>1341.50</b>	<b>2586.73</b>
2	Energy Drawal by TANGEDGO	3.88	4.75	8.63
3	Sales to Electricity Traders / Power Exchange	0.00	0.00	0.00
4	Sale to Open access Consumers	0.00	0.00	0.00
5	<b>Total Sales</b>	<b>1249.11</b>	<b>1346.25</b>	<b>2595.36</b>
6	<b>T&amp;D Losses</b>			
a	Loss(%)	12.49%	11.05%	11.75%
b	Loss (MU)	177.67	166.65	344.32
7	<b>Total Energy Requirement</b>	<b>1426.77</b>	<b>1512.90</b>	<b>2939.68</b>

S. No.	Particulars	H1-Actuals	H2	FY 2020-21
B)	<b>Energy Availability</b>			
1	Net Power Purchase (ex Bus)	1377.47	1450.74	2828.21
2	Own Generation (PPCL+Renewable)	111.28	120.11	231.39
3	Power purchase from Common Pool / UI-overdrawal / Traders / Exchange / Others	17.48	22.76	40.24
4	UI Underdrawal	50.50	49.82	100.33
5	Open Access Power Purchase at periphery	0.00	0.00	0.00
6	<b>Net Power Purchased (1+2+3-4+5)</b>	<b>1455.73</b>	<b>1543.79</b>	<b>2999.52</b>
7	Transmission Losses	28.95	30.89	59.84
	Transmission Losses (%)	1.99%	2.13%	2.12%
8	<b>Total Energy Availability (4-5-6)</b>	<b>1426.77</b>	<b>1512.90</b>	<b>2939.68</b>
9	<b>Deficit/(Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.4.2 PED submits that it has been achieving significant reduction in distribution losses and is having one of the lower T&D losses in India. These efforts shall be continued and will be enhanced. However, the loss reduction is a slow process after reaching at certain level and can happen after deployment of latest technological and advanced infrastructure developments are in place.

4.4.3 PED requests the Hon'ble Commission to approve the above Energy Balance for FY 2020-21.

#### **4.5 Power Purchase Quantum**

4.5.1 PED meets its total energy requirement from its allocation from the Central Generating Stations (CGS) and PPCL. PPCL is a generating company within the UT of Puducherry catering to the partial requirement of Karaikal region of PED. The details of power purchase quantum and cost are provided in Format 4 of the Regulatory Formats.

4.5.2 The estimated power purchase quantum for H1 of FY 2020-21 is **1488.75** MUs and power purchase cost of Rs. **642.28** Crs. However, for the purpose of the estimation of purchase quantum for H2 for FY 2020-21, PED has considered the revised estimates in line with the actual Power Purchase quantum in FY 2019-20. However, the per unit Cost of power purchase for each power source as per the estimated actual power purchase cost in FY 2020-21 H1 has been considered for estimating power purchase cost for FY 2020-21 H2.

4.5.3 PED further submits that the estimated transmission/PGCIL losses for FY 2020-21 are **2.12%**. PED requests the Hon'ble Commission to approve the same.

4.5.4 Accordingly, the revised estimated power purchase quantum for FY 2020-21 is **3059.61** MUs.

#### **4.6 Cost of Power Purchase for FY 2020-21**

4.6.1 **Power Purchase quantum for FY 2020-21:** For the year FY 2020-21, PED has considered the revised estimates of power purchase quantum in line with the estimated actual power purchase quantum in FY 2020-21 H1 & based on the half-yearly power purchase quantum in FY 2019-20 for FY 2020-21 H2. The revised power purchase quantum for FY 2020-21 is **3059.61** MUs.

4.6.1.1 PGCIL losses: PED submits that the estimated transmission/PGCIL losses for FY 2020-21 are **2.12%**. PED requests the Hon'ble Commission to approve the same. For PPCL, the external losses have been considered as nil as they are within the periphery of the licensee area.

4.6.1.2 Transmission Charges: The petitioner has considered the actual transmission charges paid by the Petitioner for H1 FY2020-21 in this Petition and has accordingly calculated the transmission charges for FY 2020-21 as a whole.

**4.6.2 Renewable Purchase Obligations**

4.6.2.1 As per JERC (Procurement of Renewable Energy) Regulations, 2010 clause 1 sub clause (1):

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

4.6.2.2 The RPO requirements as per the JERC (Procurement of Renewable Energy) third Amendment Regulations dated 22nd August 2016 has been considered for FY2020-21.

4.6.2.3 The Petitioner has to purchase a certain percentage of total energy purchase for sale to the consumers in its area from renewable energy sources with specific solar and non-solar RPO content.

4.6.2.4 The cumulative RPO obligation pending as on 1.4.2020 was **649.34** MUs (312.47 MUs Solar & 336.87 MUs Non-Solar). The Total RPO Obligation for FY 2020-21 is **14.10%** (i.e. **6.00%** Solar & **8.10%** Non-Solar) amounting to stand alone obligation of **364.73** MUs for FY 2020-21 ( **155.20** MU Solar & **209.53** MUs Non-Solar).

4.6.2.5 The RPO compliance cost is also included in the Power Purchase cost which was arrived upon as follows:

**Table 4-4: RPO Obligation for FY 2020-21**

<b>RPO Computations for FY 2020-21</b>				
<b>Particulars</b>	<b>Obligation as % of total energy requirement</b>	<b>Obligation for FY20-21</b>	<b>Carried Forward from FY19-20</b>	<b>Total Obligation to be met during FY 2020-21</b>
Sales within the state - MUs		2,586.73	-	
<b>Net Energy Reqt for RPO Compliance purpose - Mus</b>		<b>364.73</b>	<b>649.34</b>	<b>1,014.07</b>
<b>RPO Energy</b>	<b>14.10%</b>	-		
<i>Solar</i>	<i>6.00%</i>	<i>155.20</i>	<i>312.47</i>	<i>467.67</i>
<i>Non-Solar</i>	<i>8.10%</i>	<i>209.53</i>	<i>336.87</i>	<i>546.40</i>

Table 4-5: RPO Compliance Cost for FY 2020-21

FY 2020-21			
RPO Obligation		Physical	REC
Obligation Planned to be met	Solar	5.48	
	Non-Solar	0.00	
Cumulative RPO Obligation left	Solar	462.19	
	Non-Solar	546.40	
Floor Price of REC Certificates (Rs./MWH)			
- Solar		1800	
- Non Solar		1000	
Amount for RPO Compliance (Rs. Cr.)		0	0.00
- Solar		0	0
- Non Solar		0	0
<b>Total (Rs Crores)</b>		<b>0.00</b>	

4.6.2.6 As outlined in the above table, PED envisages to comply with the standalone RPO obligation for FY 2020-21 i.e. **364.73** MUs by buying RECs (**155.20** MU Solar & **209.53** MUs Non-Solar) and **5.48** MUs from Solar Rooftop Net-metering. PED is also envisaging developing renewable (both solar & non-solar) power sources to meet its RPO obligation through physical renewable energy in future.

4.6.3 Estimated Power Purchase Cost Summary for FY 2020-21 is outlined as below:

Table 4-6: Power Purchase Cost for FY 2020-21

S. No.	Particulars	Actuals (FY 2020-21) - H1			Revised Estimates (FY 2020-21) - H2			Revised Estimates (FY 2020-21)		
		Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)	Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)	Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)
1	NTPC	606.62	187.83	3.10	612.77	189.73	3.10	1219.39	377.56	3.10
2	NTPL	71.94	41.51	5.77	58.13	33.54	5.77	130.07	75.05	5.77
3	NLC	261.92	133.42	5.09	387.90	197.60	5.09	649.82	331.02	5.09
4	PPCL	111.28	45.77	4.11	120.11	49.41	4.11	231.39	95.18	4.11
5	KAIGA	159.77	55.41	3.47	157.82	54.74	3.47	317.59	110.15	3.47
6	NTPC - MAPS	15.33	4.03	2.63	14.61	3.84	2.63	29.93	7.87	2.63
7	NTECL	20.50	28.07	13.70	27.60	19.89	7.21	48.10	47.96	9.97
8	KKNP	168.92	71.76	4.25	179.54	76.27	4.25	348.46	148.03	4.25
9	NNTPS	72.48	45.25	6.24	12.37	7.72	6.24	84.85	52.98	6.24
10	KSEB					0.19			0.19	
11	Open market								0.00	
12	OA Power purchase								0.00	
13	PGCL (POC Charges)		29.22			29.22			58.44	
14	SRLDC Charges					0.55			0.55	
15	SRPC					0.14			0.14	
16	RPO Obligations					0.00			0.00	
17	UI Charges					8.70			8.70	
18	<b>Total H1 Power Purchase Cost</b>	<b>1488.75</b>	<b>642.28</b>	<b>4.31</b>	<b>1570.86</b>	<b>671.55</b>	<b>4.28</b>	<b>3059.61</b>	<b>1313.83</b>	<b>4.29</b>
19	URS Income								0.43	
20	UI/DSM Charges								11.82	
21	RARS Charges								1.26	
22	Sale of Trading Materials								0.01	
23	<b>Sub-total (Additional Income)</b>								<b>13.51</b>	
24	<b>Net Power Purchase Cost</b>							<b>3059.61</b>	<b>1300.32</b>	<b>4.25</b>

4.6.4 The Petitioner hereby requests the Commission to approve the revised estimate of power purchase cost of **Rs. 1300.32 Crs** for FY 2020-21 as submitted above.

#### 4.7 Operation & Maintenance Expenses

4.7.1 Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:

- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
- Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's

efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

#### 4.7.2 Employee Expenses:

4.7.2.1 The employee expenses for FY2020-21 were approved by the Hon'ble Commission in the Tariff Order dated 18<sup>th</sup> May, 2020 as **Rs. 112.91 Cr.**

4.7.2.2 Based on the actual employee costs of FY 2019-20 and the estimated performance of the Petitioner in FY 2020-21 H1, the revised estimates for the same are as follows:

**Table 4-7: Employee Expenses for FY 2020-21 (Rs. Crs)**

S. No.	Particulars	Approved by Commission (Rs. Crs.)	FY2020-21 Revised Estimates/Projected
1	Employee Expenses	112.91	116.27

4.7.2.3 Thus, the petitioner requests the Hon'ble commission to kindly allow the above Employee Costs of Rs. **116.27** Crs for FY 2020-21, subject to true-up.

#### 4.7.3 Repairs & Maintenance Expenses:

4.7.3.1 The Repair & Maintenance expenses for FY2020-21 were approved by the Hon'ble Commission in the Tariff Order dated 18<sup>th</sup> May, 2020

4.7.3.2 The petitioner submits that the R&M expense is being met from budgetary provision and therefore is limited to the amount allocated under such budgetary provision only. Also, due to COVID-19 restrictions all the planned R&M activities could not be carried out. Thus, the Petitioner requests the Hon'ble commission to approve the same R&M expense for FY 2020-21 as the actual R&M expense for FY 2019-20.

**Table 4-8: R&M Expenses for FY 2020-21 (Rs. Crs)**

S. No.	Particulars	Approved by Commission (Rs. Crs.)	FY2020-21 Revised Estimates/Projected
1	R&M Expenses	10.7	5.98

4.7.3.3 In view of the above, the Hon'ble Commission is requested to kindly allow the above Repair and Maintenance Expenses of Rs. **5.98** Crs for FY 2020-21, subject to true-up.

#### 4.7.4 Administration & General expenses for FY 2020-21:

4.7.4.1 The Administration & General expenses for FY 2020-21 were approved by the Hon'ble Commission in the Tariff Order dated 18<sup>th</sup> May, 2020.

4.7.4.2 The actual A&G expenses in FY 2020-21 are expected to remain same as the A&G expenses in FY 2019-20.

4.7.4.3 Thus, the Petitioner requests the Hon'ble commission to approve the same A&G expense for FY 2020-21 as the actual A&G expenses for FY 2019-20.

**Table 4-9: A&G Expenses for FY 2020-21 (Rs. Crs)**

S. No.	Particulars	Approved by Commission (Rs. Crs.)	FY2020-21 Revised Estimates/Projected
1	A & G Expenses	12.93	18.02

4.7.5 **O&M Expenses Summary FY 2020-21:** Based on the foregoing paragraphs, the revised O&M expenses for the year FY 2020-21 vis-a-vis the approved level by the Hon'ble Commission is shown in the table below:

**Table 4-10: O&M Expenses for FY 2020-21 (Rs. Crs)**

Summary of O&M Expenses for FY 2020-21		
Particulars	Approved by commission (Rs. Crs.)	Actuals (Rs. Crs)
A&G Costs	12.93	18.02
R&M Expenses	10.70	5.98
Employee Cost	112.91	116.27
<b>Total O&amp;M Expenses</b>	<b>136.54</b>	<b>140.27</b>

4.7.6 The Hon'ble Commission is requested to approve the O&M Expenses of Rs. 140.27 140.27 Crs as shown in the table above. The details of O&M expense for FY 2020-21 are provided in the Formats 13, 15 & 16 of the Tariff Filing Formats.

#### 4.8 Capital Work in Progress, GFA and Depreciation

4.8.1 **GFA:** The Opening Balance of GFA for FY 2020-21 comes to Rs. **864.29** Crs. The Commission, in the last tariff order had allowed Capitalization of Rs. **104.56** Crs.,

4.8.2 Thus, the Petitioner requests the Hon'ble commission to approve the additions to GFA for FY 2020-21 the same as has been approved in the last Tariff order i.e. Rs. **104.56** Crs as provided in the table below:

**Table 4-11: GFA (Rs. Crs) Revised Estimates for FY 2020-21**

S. No.	Particulars	Approved by commission (Rs. Crs.)	Actuals
1	Opening value of the assets at the beginning of the year	882.77	864.29
2	GFA Additions during the year	104.56	104.56
3	Grant Provided by GOI	0.0	
4	Value of assets sold/disposed off	0	
5	<b>Gross Fixed Assets at the end of the year (Net of Grants)</b>	<b>987.33</b>	<b>968.85</b>

Sr. No.	Name of the Assets	Rate of Depreciation	Revised Estimates	
			FY 2020-21	
			Assets value at the beginning of the year	Depreciation charges
1	Land and Land rights	0.00%	1.14	10.53
2	Building	3.34%	2.69	24.89
3	Plant & Machinery	5.28%	58.70	543.96
4	Lines and Cables Network	5.28%	36.63	339.37
5	Vehicles	9.50%	0.29	2.71
6	Furniture and Fixtures	6.33%	0.02	0.22
7	Office Equipments	6.33%	0.13	1.21
8	IT Equipments	15.00%	0.31	2.86
9	Testing & Measuring Equipments	5.28%	0.51	4.75
10	SCADA Centre	6.33%	4.14	38.35
11	Others		-	-
	<b>Total</b>		<b>104.56</b>	<b>968.85</b>

4.8.3 PED hereby requests the Hon'ble Commission to approve the revised estimates for Gross Fixed Assets as submitted above.

4.8.4 **Depreciation:** As per JERC MYT Regulations 2018, the depreciation rates as specified by CERC have been adopted for calculation of depreciation on different asset categories.

4.8.5 As per the GFA and the applicable depreciation rates, PED has calculated the depreciation for the year FY 2020-21 as Rs. **33.66** Crs. The table shows the working of depreciation.

**Table 4-12: Depreciation (Rs. Crs) for FY 2020-21**

S. No.	Particulars	Approved by Commission	Revised Estimates
1	Opening value of the assets at the beginning of the year	882.77	864.29
2	Additions during the year (Net of Grants)	104.56	104.56
3	Value of assets sold /disposed off		-
4	<b>Gross Fixed Assets at the end of the year (Net of Grants)</b>	<b>987.33</b>	<b>968.85</b>
5	<b>Net Depreciation for the year</b>	<b>34.32</b>	<b>33.66</b>
6	<b>Average Depreciation Rate</b>	<b>3.67%</b>	<b>3.67%</b>

4.8.6 PED hereby requests the Commission to approve the revised estimates of

depreciation as submitted above.

#### 4.9 Interest & Finance Charge

4.9.1 The petitioner has estimated the Interest and Finance charges as per the JERC MYT Regulations, 2018 for the year FY 2020-21.

4.9.2 PED has submitted that the majority of capital assets are created out of the equity contribution from Government of Puducherry and the actual borrowing of loan is only to the extent of the R-APDRP schemes. The table below shows the Interest and Finance Charges vis-a-vis approved by the Hon'ble Commission. The Interest and Finance Charges as per the revised estimates for FY 2020-21 is Rs. **14.01** Crs. The summary of Interest and Finance Charges as claimed by the petitioner and as approved by the Commission for FY 2020-21 along with revised estimates is tabulated below:

**Table 4-13: Interest & Finance Charges (Rs. Crs) for FY 2020-21**

S. No.	Particulars	Approved	Revised Estimates
1	Opening Normative Loan	151.11	138.50
2	Add: Normative Loan during the Year	73.19	73.19
3	Less: Normative Repayment	34.32	33.66
4	Closing Normative Loan	189.98	178.03
5	Average Normative Loan	170.54	158.26
6	Rate of Interest(@SBAR)	8.85%	0.09
7	<b>Interest on Normative Loan</b>	<b>15.09</b>	<b>14.01</b>
8	Other Finance Charges		0.00
9	<b>Total Interest and Finance Charges</b>	<b>15.09</b>	<b>14.01</b>

4.9.3 It is submitted that PED has considered an addition of Rs. **104.56** Crs in the Gross Fixed Assets for FY 2020-21, which are considered to be funded through normative debt to the tune of 70%. The rate of interest considered is prevailing Prime Lending Rate of the State Bank of India as on 1<sup>st</sup> April of that relevant year.

4.9.4 Along with the normative interest calculated and claimed in the table highlighted above, it is submitted that certain financial charges are also incurred by the department which are related to charges claimed by the bank charges, finance charges, etc. which are claimed along with the interest in Table above.

4.9.5 The Hon'ble Commission is requested to approve the Interest & Finance Charges at Rs. **14.01** Crs as shown in the table for FY 2020-21. The details of Interest & Finance charges are provided in Format 10A of the Tariff Filing Formats.

#### 4.10 Interest on Working Capital

4.10.1 The petitioner has estimated the interest on working capital for FY 2020-21 as per JERC MYT Regulations, 2018.

4.10.2 PED hereby submits that it has adopted the same methodology adopted by the Hon'ble Commission in the last tariff order for arriving at the working capital requirement.

4.10.3 The Interest on Working Capital approved by the Hon'ble Commission for the FY 2020-21 was Rs. **6.40** Cr. On the basis of the revised estimates for FY 2020-21, the interest on working capital comes to Rs. **5.06** Cr.

**Table 4-14: Interest on Working Capital for FY 2020-21 (Rs. Crs)**

S. No.	Particulars	Approved	Actuals
1	Two Months Receivable	275.53	256.00
2	O&M Expense - 1 month	11.38	11.69
3	Maintenance Spare @ 40% of R&M Exp - one month	0.36	0.20
4	Less : Amount held as Security Deposit	-226.61	-219.94
5	<b>Total</b>	<b>60.66</b>	<b>47.95</b>
6	<b>Interest Rate *</b>	10.55%	10.55%
7	<b>Interest on working capital</b>	<b>6.40</b>	<b>5.06</b>

4.10.4 The Hon'ble Commission is requested to approve the Interest on Working Capital of Rs. **5.06** Crs as shown in the table above.

#### 4.11 Security Deposits

4.11.1 The prevailing Bank rate is considered as notified by Reserve Bank of India with effect from 1<sup>st</sup>April of the relevant financial year for estimating the normative interest on Security Deposits for FY 2020-21.

**Table 4-15: Interest on Security Deposit for FY 2020-21 (Rs. Crs)**

S. No.	Particulars	Approved	Revised Estimates
1	Opening Security Deposit	215.20	210.82
2	Add: Deposits during the year	22.83	18.23
3	Closing Security Deposit	238.03	229.05
4	Bank Rate	5.40%	5.40%
5	<b>Interest on Security Deposit</b>	<b>12.24</b>	<b>11.88</b>
6	<b>Interest on Security Paid to Consumers</b>		<b>5.11</b>

4.11.2 The Hon'ble Commission is requested to approve the Interest on Security Deposit of Rs. **5.11** Crs as shown in the table above which is expected to be paid during the year.

#### 4.12 Provision for bad debts

4.12.1 PED is not claiming any provision for bad & doubtful debts in the ARR of FY 2020-21 for pass through in tariff to consumers and may consider during true-up of the FY 2020-21 as per audited financial statements.

4.12.2 The Hon'ble Commission is requested to kindly approve the same.

#### 4.13 Return on Equity

4.13.1 The MYT Regulations 2018 provides for entitlement for Return on Equity. As per the regulations, RoE is allowed @16% on 30% of the capital base or actual equity, whichever is lower. However, assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base.

4.13.2 In line with the methodology adopted by the Hon'ble Commission in previous tariff orders, the capital base for closing of the FY 2019-20 as per the last chapter is considered. Further, an equity addition in FY 2020-21 equal to 30% of estimated assets to be capitalized in FY 2020-21 has been considered.

4.13.3 In line with the MYT regulation and the methodology adopted in the previous tariff order, PED has calculated the Return on Equity as outlined in the following table for FY 2020-21.

**Table 4-16: Return on Equity (Rs. Cr) for FY 2020-21**

S. No.	Particulars	Approved	Revised Estimates
1	Opening Equity Amount	264.83	259.29
2	Equity Addition during year (30% of Capitalization)	31.37	31.37
3	Closing Equity Amount	296.2	290.65
4	Average Equity Amount	280.52	274.97
5	Average Equity-Wires Business	252.46	247.5
6	Average Equity (Retail Supply Business)	28.05	27.50
7	Return on Equity for Wires Business (%)	15.50%	15.50%
8	Return on Equity for Retail Supply Business (%)	16.00%	16.00%
9	<b>Return on Equity for Wires Business</b>	<b>39.13</b>	<b>38.36</b>
10	<b>Return on Equity for Retail Supply Business</b>	<b>4.49</b>	<b>4.40</b>
11	<b>Total Return on Equity</b>	<b>43.62</b>	<b>42.76</b>

4.13.4 In view of above, the Hon'ble Commission is requested to kindly allow the above Return on Equity of Rs. **42.76** Crs.

#### 4.14 Non-Tariff Income

4.14.1 The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, income from trading, reconnection fee, UI sales/ Sales to Exchanges and

miscellaneous income among others. The Non-Tariff Income approved by the Hon'ble Commission in the ARR for FY 2020-21 was Rs. **8.96** Crs.

4.14.2 The Non-Tariff Income for FY 2020-21 was estimated considering the non-tariff income for FY 2019-20 and is considered to remain same for FY 2020-21.

4.14.3 In view of above, the Hon'ble Commission is requested to kindly allow Non-Tariff Income of Rs. **5.19** Crs.

#### **4.15 Revenue from Sale of Power at Existing Tariff**

4.15.1 The Revenue from Tariff for FY 2020-21 approved by the Hon'ble Commission was Rs. **1654.92** Crs. The Revenue from Tariff for FY 2020-21 as per revised estimates comes to Rs. **1,525.07** Crs. The summary of Revenue from Tariff as claimed by PED in the ARR for FY 2020-21, as approved by the Commission and as per revised estimates for FY 2020-21, is tabulated below:

**Table 4-17: Revenue from Tariff for 2020-21**

S. No.	Particulars	Sales (MUs)	Revenue (Rs.Crs)
<b>LT Category</b>			
1	Domestic	825.60	268.82
2	OHOB	10.92	1.09
3	Commercial	187.16	135.63
4	Agriculture	71.14	3.31
5	Public Lighting	21.95	21.68
6	LT Industrial & Water Tank	174.81	108.26
7	Temporary Supply - LT&HT	5.08	4.95
	<b>Total LT</b>	<b>1,296.66</b>	<b>543.74</b>
<b>HT Category</b>			
9	HT 1 Industrial / Commercial	851.30	605.07
10	HT 2 - Government	63.17	56.25
11	HT 3 - EHT	375.60	236.70
12	<b>Total HT</b>	<b>1290.07</b>	<b>898.03</b>
<b>13</b>	<b>Total LT and HT</b>	<b>2586.73</b>	<b>1441.77</b>
14	BPSC Charges LT		33.54
15	BPSC Charges HT		9.12
16	Penal Charges		4.21
17	Incentives		-28.96
18	4% Surcharge		57.67
19	Export to Other Region		2.13
20	Subsidy on Sale of Power		5.60
21	Adjustment		
22	Less: GST		
<b>22</b>	<b>Total</b>	<b>2,586.73</b>	<b>1,525.07</b>

4.15.2 In view of above, the Hon'ble Commission is requested to kindly allow Revenue of Rs. **1,525.07** Crs (including Regulatory Surcharge of 4%) for FY 2020-21.

#### **4.16 Aggregate Revenue Requirement for FY 2020-21**

4.16.1 The Aggregate Revenue Requirement for FY 2020-21 approved by the Hon'ble Commission in the Tariff order for FY 2020-21 was Rs. **1,535.99** Cr. The calculation for Aggregate Revenue Requirement on the basis of revised estimates for FY 2020-21 is shown below:

**Table 4-18: Calculation of ARR (Rs. Crs) for FY 2020-21**

S. No.	Particulars	Approved by Commission	Revised Estimates
1	Cost of power purchase	1,413.96	1,300.32
2	Employee Costs	112.91	116.27
3	Administration and General Expenses	12.93	18.02
4	R&M expenses	10.70	5.98
5	Depreciation	34.32	33.66
6	Interest & Finance Charges	15.09	14.01
7	Interest on Working Capital	6.40	5.06
8	Interest on CSD	12.24	5.11
9	Return on NFA/ Equity	43.62	42.76
10	Provision for Bad Debt	0.00	0.00
11	<b>Total Revenue Requirement</b>	<b>1,662.17</b>	<b>1,541.18</b>
12	Less: Non- Tariff Income	8.96	5.19
13	<b>Net Aggregate Revenue Requirement</b>	<b>1,653.21</b>	<b>1,535.99</b>

**Table 4-19: Segregation of Wheeling and Supply Business FY 2020-21**

Segregation of ARR for FY 2020-21						
Sr. No.	Item of expense	Wheeling Business	Retail Supply Business	Wheeling Business	Retail Supply Business	Total
		%	%	FY 2020-21		
1	2	3	4	5	6	7
1	Cost of fuel					
2	Cost of power purchase	0%	100%	-	1,300.32	1,300.32
3	Employee costs	40%	60%	46.51	69.76	116.27
4	R&M expenses	90%	10%	5.39	0.60	5.98
5	Administration and General expenses	50%	50%	9.01	9.01	18.02
6	Depreciation	90%	10%	30.29	3.37	33.66
7	Interest & Financial charges	90%	10%	12.61	1.40	14.01
8	Interest on Working Capital	10%	90%	0.51	4.55	5.06
9	Return on NFA/Equity	90%	10%			42.76
10	Provision for Bad Debt	0%	100%	-	-	
11	Interest on Consumer Security Deposit	10%	90%	0.51	4.60	5.11
12	<b>Total Revenue Requirement</b>			<b>104.82</b>	<b>1,393.61</b>	<b>1,541.18</b>
13	Less: Non Tariff Income	10%	90%	0.52	4.67	5.19
14	<b>Net Revenue Requirement (12-13)</b>			<b>104.30</b>	<b>1,388.94</b>	<b>1,535.99</b>

4.16.2 PED hereby requests the Hon'ble Commission to approve the revised ARR of Rs. **1,535.99** Crs for FY 2020-21 as submitted above.

#### 4.17 Revenue Gap for FY 2020-21

4.17.1 The Revenue Gap as claimed by PED, approved by the Hon'ble Commission for FY 2020-21 and as calculated on the basis of revised estimates is shown in the table below:

**Table 4-20: Revenue Gap (Rs. Crs) for FY 2020-21**

<b>S. No.</b>	<b>Particulars</b>	<b>Approved</b>	<b>Revised Estimates</b>
1	Aggregate Revenue Requirement	1653.21	1535.99
2	Revenue from Sale of Power	1654.92	1525.07
3	<b>Revenue Gap/ (Surplus)</b>	<b>-1.71</b>	<b>10.92</b>

4.17.2 In view of above, the Hon'ble Commission is requested to kindly allow the revenue gap/(surplus)of FY 2020-21 as Rs. **10.92** Cr.

## **CHAPTER 5. ANNUAL REVENUE REQUIREMENT FOR FY 2021-22**

### **5.1 Preamble**

- 5.1.1 The Joint Electricity Regulatory Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations, 2018. As per the same, the tariff for the distribution business of electricity is determined by the Hon'ble Commission under the (Multi Year Distribution Tariff) Regulations, 2018 framework.
- 5.1.2 As per JERC MYT Regulations, 2018, MYT petition for a licensee shall be on the basis of the business plan approved by the Hon'ble Commission.
- 5.1.3 The JERC MYT Regulations, 2018 directs the Distribution license to submit their Multi-Year Business Plan for the Control Period FY 2019-20 to FY 2021-22, which Electricity Department, Puducherry had submitted in August, 2018 which was in line with the MYT Regulations and the Commission approved at same vide order dated 31<sup>st</sup> October 2018.
- 5.1.4 Based on the MYT regulations and the Business plan order dated 31<sup>st</sup> October 2018, this ARR petition is being filed by the petitioner for FY 2021-22. This chapter provides the details of the expenditure estimates of PED which are the components of the ARR for FY 2021-22 which are proposed to be approved by the Hon'ble Commission. Accordingly, the revenue from the existing tariff with the Revenue gap / (surplus) is determined so as to propose the tariff design / proposal for recovery from the consumers during FY 2021-22.

### **5.2 Principles for determination of ARR for FY 2021-22**

- 5.2.1 This Chapter summarises the Aggregate Revenue Requirement (ARR) for FY 2021-22. The projections have been made based on the figures and norms approved by the Hon'ble Commission in its Business plan order.
- 5.2.2 PED would like to submit that the Business Plan was prepared keeping in mind the growth plan for the MYT Control Period after considering the strengths and weaknesses of the department and evaluating its business environment.
- 5.2.3 However, as mentioned above and in the MYT Business Plan, there are number of internal and external factors which affect the planning of the department and thus, it makes this a very dynamic document and which calls for regular reviews of the

plan with a view to introduce any corrections commensurate to the actual implementation of the schemes and other factors.

5.2.4 The Annual Revenue Requirement for the MYT Control Period is projected based on the methodology followed by the Commission in the Business plan order dated 31.10.2018 and the figures approved by the Commission in the same have been considered for determining ARR for FY 2021-22.

### 5.3 Sales for the Control Period

5.3.1 Based on the projections and analysis of the past sales and number of consumers, sales and number of consumers proposed by PED is mentioned below:

**Table 5-1: Sales approved for FY 2021-22 (in MUs)**

S. No.	Sales (MU)	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	Domestic	830.3	819.74
2	OHOB	10.74	10.92
3	Commercial	258.57	202.56
4	Agriculture	58.23	71.14
5	Street lighting	24.48	21.95
6	LT Industries + Water tank	185.61	174.81
7	Temp LT	12.44	10.00
8	HT-I	908.16	980.00
9	HT-II	144.08	69.07
10	HT-III	327.16	412.14
11	<b>Total</b>	<b>2,759.77</b>	<b>2,772.33</b>

**Table 5-2: Number of Consumers approved for FY 2021-22**

S. No.	Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	Domestic	368596	371829
2	OHOB	35537	8808
3	Commercial	58847	59980
4	Agriculture	7071	7029
5	Public Lighting	51368	51224
6	LT Industrial & Water Tank	6898	6791
7	<b>Total LT</b>	<b>528317</b>	<b>505661</b>
8	HT 1 Industrial & Commercial	496	429
9	HT 2 Others	76	66
10	HT 3 EHT	7	7
11	<b>Total HT</b>	<b>579</b>	<b>502</b>
12	<b>Total LT and HT</b>	<b>528896</b>	<b>506163</b>

#### 5.4 Distribution Loss

PED is taking utmost efforts to reduce the distribution losses, during recent years. These efforts shall be continued and will be enhanced. However, the loss reduction is a slow process and as the loss levels come down further reduction in loss becomes difficult to a large extent. The loss reduction trajectory approved by the Hon'ble Commission in the business plan order is mentioned below and the same has been considered for projecting Energy requirement at the periphery.

**Table 5-3: Distribution loss for FY 2021-22**

	Approved	Revised Estimates
<b>FY 2021-22</b>	11.00%	11.00%

#### 5.5 Energy Balance

5.5.1 While calculating energy balance of PED, the UI sale has not been projected for the control period. Only the sales to its own consumers and the estimated Distribution Loss envisaged during the MYT Control period is considered to determine the power requirement to meet the demand of own consumers.

5.5.2 Based on the approved Sales and distribution loss trajectory during MYT Control period, the Energy requirement approved by the Commission is shown in the following table:

**Table 5-4: Energy Requirement & Energy Balance proposed for FY 2021-22**

S. No.	Particulars	Revised Estimates
A)	<b>Energy Requirement</b>	
1	<b>Total Sales within the UT</b>	2772.33
2	Energy Drawal by TANGEDGO	0.00
3	Sales to Electricity Traders / Power Exchange	0.00
4	Sale to Open access Consumers	0.00
5	<b>Total Sales</b>	<b>2772.33</b>
6	<b>T&amp;D Losses</b>	
a	Loss(%)	11.00%
b	Loss (MU)	342.65
7	<b>Total Energy Requirement</b>	<b>3114.98</b>

S. No.	Particulars	Revised Estimates
B)	<b>Energy Availability</b>	
1	Net Power Purchase (ex Bus)	2937.29
2	Own Generation (PPCL+Renewable)	240.23
3	Power purchase from Common Pool / UI-overdrawal / Traders / Exchange / Others	0.00
4	UI Underdrawal	0.00
5	Open Access Power Purchase at periphery	0.00
6	<b>Net Power Purchased (1+2+3-4+5)</b>	3177.52
7	Transmission Losses	62.54
	Transmission Losses (%)	2.13%
8	<b>Total Energy Availability (4-5-6)</b>	3114.98
9	<b>Deficit/(Surplus)</b>	0.00

5.5.3 PED request the Hon`ble Commission to approve the Energy Balance for FY 2021-22 as submitted in this petition.

## 5.6 Power Purchase Quantum

5.6.1 PED meets its total energy requirement from its allocation from the Central Generating Stations (CGS) and PPCL. PPCL is a generating company within the UT of Puducherry catering to the partial requirement of Karaikal region of PED.

5.6.2 PED further submits that the approved transmission/PGCIL loss for FY 2021-22 is **2.92%**. PED requests the Hon`ble Commission to approve the revised estimate of **2.13%** as per the above Energy Balance submitted.

5.6.3 PED submits that the energy requirement as per the above Energy balance is **3114.98** MUs. Thus, PED requests the Hon`ble Commission to approve the same.

## 5.7 Cost of Power Purchase for FY 2021-22

5.7.1 PED has projected the net power purchase quantum for FY 2021-22, as per the Energy Balance above as **3114.98** MUs.

5.7.1.1 PGCIL losses: PED submits that the estimated transmission/PGCIL losses for FY 2021-22 are **2.13%**. PED, as approved by the Hon`ble Commission. Losses for PPCL have been considered as nil as they are within the periphery of the licensee area.

5.7.1.2 Transmission Charges: The petitioner has considered the actual transmission charges to be paid by the Petitioner for FY 2019-20 as submitted in this True-up Petition and has accordingly considered the same transmission charges for revised estimates for FY 2021-22, subject to true-up.

**5.7.2 Renewable Purchase Obligation and Cost for FY 2021-22:**

- 5.7.2.1 As per Joint Electricity Regulatory Commission for State of Goa & Union Territories (Procurement of Renewable Energy) Regulations, 2010 and as amended on 19th February 2013, quantum of Renewable Purchase Obligations has been specified for each year whereby each distribution licensee needs to purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of all the consumers in its area during a year.
- 5.7.2.2 PED submits that it is obliged to comply with the Renewable Purchase Obligation and therefore has projected the RPO cost for FY 2021-22. The cumulative RPO obligation expected to be as on 1.4.2021 is **1,008.59** MUs ( **462.19** MUs Solar & **546.40** MUs Non-Solar). The Total RPO Obligation for FY 2021-22 is **17%** (i.e. **8.00%** Solar & **9%** Non-Solar) amounting to stand alone obligation of **471.30** MUs for FY 2021-22 ( **221.79** MU Solar & **249.51** MUs Non-Solar).
- 5.7.2.3 The PED submits that request has already been made to NTPC to allocate 100 MW Wind Power and signing of the PPA is in process for the same. Similarly, PPA has also been signed for MNRE / SECI for allocation of 100 MW and 50 MW of Solar Power and 140.64 MW of Wind Power. Further, the Petitioner plans to procure 100 MW solar & ~140 MW wind power by the last quarter of FY 2021-22 with the tariff as follows:

Agency	RE Category	Purchase Capacity (MW)	Name of the Developer	Price (INR/kWh)	Date of signing of PPA	Remarks
SECI	Solar	50	M/s ACME Solar Holdings Ltd.	2.51	24.10.19	Likely to available in FY 2021-22
SECI	Solar	100	M/s Sitac Kabini Renewable Ltd.	2.84	05.02.19	Likely to available by last quarter of FY 2021-22
SECI	Wind	140.64	M/s CLP India (P) Ltd.	2.91	21.05.20	Likely to available by last quarter of FY 2021-22
NTPC	Wind	100	Proposed at Phalodi, Jaisalmer district, Rajasthan	2.67	To be signed	Likely to available by last quarter of FY 2021-22

- 5.7.3 Since, the average power cost of the above power sources would be around Rs. 2.8/KWh, thus, these would reduce the power purchase cost of the Petitioner along with meeting the required RPO requirement in subsequent years.

5.7.3.1 Accordingly, the RPO plan and Cost to fulfill RPO obligation is as under:

Table 5-5: RPO Obligation for FY 2021-22

RPO Computations for FY 2021-22				
Particulars	Obligation as % of total energy requirement	Obligation for FY21-22	Carried Forward from FY20-21	Total Obligation to be met during FY 2021-22
Sales within the state - MUs		2,772.33		
<b>Net Energy Req't for RPO Compliance purpose - Mus</b>		<b>471.30</b>	<b>1,008.59</b>	<b>1,479.89</b>
<b>RPO Energy</b>	<b>17.00%</b>	-		
<i>Solar</i>	<i>8.00%</i>	<i>221.79</i>	<i>462.19</i>	<i>683.98</i>
<i>Non-Solar</i>	<i>9.00%</i>	<i>249.51</i>	<i>546.40</i>	<i>795.91</i>

Table 5-6: RPO Cost for FY 2021-22

FY 2021-22			
RPO Obligation		Physical	REC
Obligation Planned to be met	Solar	118.26	
	Non-Solar	184.45	
Cumulative RPO Obligation left	Solar	565.72	
	Non-Solar	611.46	
Floor Price of REC Certificates (Rs./MWH)			
- Solar		1800	
- Non Solar		1000	
Amount for RPO Compliance (Rs. Cr.)		83.45	0.00
- Solar		30.31	
- Non Solar		53.14	
<b>Total (Rs Crores)</b>		<b>83.45</b>	

5.7.3.2 As outlined in the above table, PED envisages to comply with the standalone RPO obligation for FY 2021-22. The estimated cost towards RPO compliance is Rs. **83.45 Crs** for FY 2021-22.

5.7.3.3 PED requests Hon`ble Commission to kindly approve the above-mentioned Renewable energy quantum and renewable energy cost of physical power and RECs to meet the outstanding RPO obligation.

5.7.4 The total power purchase quantum and cost for FY 2021-22 is as under:

Table 5-7: Power Procurement Cost for FY 2021-22

S. No.	Particulars	Revised Estimates (FY 2021-22)		
		Purchase (MUs)	Cost (Rs. Cr.)	Rate (Rs./unit)
1	NTPC	1175.62	364.01	3.10
2	NTPL	130.96	75.56	5.77
3	NLC	538.96	274.55	5.09
4	PPCL	240.23	98.81	4.11
5	KAIGA	315.64	109.47	3.47
6	NTPC - MAPS	29.21	10.72	3.67
7	NTECL	60.38	43.51	7.21
8	KKNP	359.08	152.54	4.25
9	NNTPS	24.74	15.45	6.24
10	KSEB		0.05	
11	Solar Generation			
12	Open market			
13	OA Power purchase			
14	PGCL (POC Charges)		89.30	
15	SRLDC Charges		0.56	
16	SRPC		0.14	
17	RPO Obligations	302.71	<b>83.45</b>	2.76
18	UI Charges		8.70	
<b>22</b>	<b>Sub- Total</b>	<b>3177.52</b>	<b>1326.83</b>	<b>4.18</b>
23	Less: Rebate considered by PED while making payment		0.093	
<b>24</b>	<b>Power Purchase Cost (Sub- Total)</b>		<b>1326.73</b>	
25	URS Income		0.43	
26	UI/DSM Charges		11.82	
27	RARS Charges		1.26	
28	Sale of Trading Materials		0.01	
<b>29</b>	<b>Sub-total (Additional Income)</b>		<b>13.51</b>	
<b>30</b>	<b>Net Power Purchase Cost</b>		<b>1313.22</b>	

5.7.5 With respect to the above submission, PED requests the Hon'ble Commission to approve the total quantum and cost of power purchase for FY 2021-22 as summarized above.

## 5.8 Operation and Maintenance

5.8.1 Regulation 51 and Regulation 60 of JERC for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018 provides for O&M Expense for a distribution licensee for Distribution wire business and Retail supply respectively. The relevant regulation is re-produced hereunder:

*“The Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business*

*plan filed by the transmission Licensee, estimates of the actuals for the Base Year, prudence check and any other factors considered appropriate by the Commission.*

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

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

*Where,*

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

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

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

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

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

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

*EMP<sub>n</sub> – Employee expenses of the Distribution Licensee for the nth Year;*

*A&G<sub>n</sub> – Administrative and General expenses of the Distribution Licensee for the nth Year;*

*R&M<sub>n</sub> – Repair and Maintenance expenses of the Distribution Licensee for the nth Year;*

*GF<sub>An-1</sub> – Gross Fixed Asset of the transmission Licensee for the n-1th Year;*

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

*G<sub>n</sub> is a growth factor for the nth Year. Value of G<sub>n</sub> shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, and 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 a case to case basis."*

#### **5.8.1 Employee Expenses:**

- 5.8.1.1 The employee expenses for FY2021-22 were approved by the Hon'ble Commission in the Tariff Order dated 20<sup>th</sup> May, 2019 (ARR for the 2<sup>nd</sup> MYT Control Period FY2019-20- FY2021-22).

5.8.1.2 However, based on the actual employee costs of FY 2019-20 and the estimated performance of the Petitioner in FY 2020-21 H1, the revised estimates for the same are as follows:

**Table 5-8: Employee Expenses for FY 2021-22 (Rs. Crs)**

S. No.	Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	Employee Expenses	117.49	117.49

5.8.1.3 Thus, the petitioner requests the Hon'ble commission to kindly allow the above Employee Costs of Rs. **117.49** Crs for FY 2021-22, subject to true-up.

### 5.8.2 Repairs& Maintenance Expenses:

5.8.2.1 The Repair & Maintenance expenses for FY2021-22 were approved by the Hon'ble Commission in the Tariff Order dated 20<sup>th</sup> May, 2019 (ARR for the 2<sup>nd</sup> MYT Control Period FY2019-20- FY2021-22).

**Table 5-9: R&M Expenses for FY 2021-22 (Rs. Crs)**

S. No.	Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	R&M Expenses	14.15	14.15

### 5.8.3 Administration & General expenses for FY 2021-22:

5.8.3.1 The Administration & General expenses for FY2021-22 were approved by the Hon'ble Commission in the Tariff Order dated 20<sup>th</sup> May, 2019 (ARR for the 2<sup>nd</sup> MYT Control Period FY2019-20- FY2021-22).

**Table 5-10: A&G Expenses for FY 2021-22 (Rs. Crs)**

S. No.	Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	A & G Expenses	13.95	13.95

**O&M Expenses Summary FY 2021-22:** Based on the foregoing paragraphs, the revised O&M expenses for the year FY 2021-22 vis-a-vis the approved level by the Hon'ble Commission is shown in the table below:

**Table 5-11: O&M Expenses for FY 2021-22 (Rs. Crs)**

Summary of O&M Expenses for FY 2021-22		
Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates (Rs. Crs)
A&G Costs	13.95	13.95
R&M Expenses	14.15	14.15
Employee Cost	117.49	117.49
<b>Total O&amp;M Expenses</b>	<b>145.59</b>	<b>145.59</b>

5.8.4 The Hon'ble Commission is requested to approve the O&M Expenses of Rs. **145.59** Crs as shown in the table above. The details of O&M expense for FY 2021-22 are provided in the Formats 13, 15 & 16 of the Tariff Filing Formats.

## 5.9 Gross Fixed Assets and Depreciation

5.9.1 The MYT Regulations, 2018 specifies the following provisions for projection of Depreciation.

### **30 Depreciation**

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

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

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

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

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

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

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

*Provided that depreciation shall be re-calculated during truing-up for assets 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 up to a particular Year exceeds the cumulative depreciation up to 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 up to that Year.*

*30.9 The Distribution 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 value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan*

5.9.2 As stated in the above Regulation, PED has arrived at fixed assets balance after reduction of accumulated depreciation as on 1<sup>st</sup> April 2019. The same block is carried forward for existing assets and depreciation is charged as per new depreciation rate specified in the MYT regulations 2018. Further, the assets which are newly commissioned or capitalised, for which depreciation is calculated at new rate mentioned in the Regulations.

5.9.3 Total depreciation is calculated asset block wise on the total GFA. However, since depreciation on assets created through grants, electricity duty fund or subsidies are not allowed as per regulations. Hence Depreciation for the GFA excluding grant and electricity duty fund arrived in the proportion of total GFA and GFA excluding grant and electricity duty fund.

5.9.4 Based on the methodology given in MYT Regulations, depreciation for the control period is calculated:

Table 5-12: GFA and Depreciation for FY 2021-22

S. No.	Particulars	Approved as per T.O. dt 20.05.2019 (Rs. Crs.)	Revised Estimates
1	Opening value of the assets at the beginning of the year	976.24	968.85
2	Additions during the year	315.66	100.0
3	Value of assets sold/disposed off		
4	<b>Gross Fixed Assets at the end of the year</b>	<b>1291.90</b>	<b>1068.85</b>

S. No.	Particulars	Approved by Commission	Revised Estimates
1	Opening value of the assets at the beginning of the year	976.24	968.85
2	Additions during the year	315.66	100.00
3	Value of assets sold /disposed off	0.00	0.00
4	<b>Gross Fixed Assets at the end of the year</b>	<b>1291.90</b>	<b>1068.85</b>
5	<b>Net Depreciation for the year</b>	<b>41.65</b>	<b>33.08</b>
6	<b>Average Depreciation Rate</b>	<b>3.67%</b>	<b>3.25%</b>

5.9.5 In view of the above, the Hon`ble commission is requested to allow the depreciation charges as provided above for the control period.

## 5.10 Interest on Loan

5.10.1 The debt-equity ratio for determination of tariff shall be considered as per JERC MYT Regulation, 2018

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

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

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

*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 utilized 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.”*

5.10.2 The rate of interest on normative loan shall be considered as per Regulation 28.4 of MYT Regulations.

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

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

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

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

5.10.3 The Interest on loan for the Control Period based on MYT regulations, 2018 is tabulated below.

**Table 5-13: Interest on Loan for FY 2021-22**

S. No.	Particulars	Approved	Revised Estimates
1	Opening Normative Loan	240.84	178.03
2	Add: Normative Loan during the Year	293.86	70.00
3	Less: Normative Repayment	24.89	37.41
4	Closing Normative Loan	509.81	210.61
5	Average Normative Loan	375.33	194.32
6	Rate of Interest(@SBAR)	9.23%	0.08
<b>7</b>	<b>Interest on Normative Loan</b>	<b>34.65</b>	<b>15.55</b>
8	Other Finance Charges		
<b>9</b>	<b>Total Interest and Finance Charges</b>	<b>34.65</b>	<b>15.55</b>

5.10.4 Other finance charges incurred by the Petitioner shall be claimed based on actuals during true-up for the respective years.

5.10.5 The Hon'ble Commission is requested to approve the Interest & Finance Charges proposed for FY 2021-22 and as provided in Format 10A of the Tariff Filing Formats.

## 5.11 Interest on Working Capital

5.11.1 Regulation 52 and 63 specify norms for working capital for Distribution wire business and Retail supply business respectively.

*"52 (63). The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires (Retail Supply) Business for the Financial Year, computed as follows:*

*(a) O&M Expenses for one (1) month; plus*

*(b) Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus*

*(c) Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff;*

*Less*

*(d) Amount, 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."*

5.11.2 The interest on working capital considered is the MCLR plus 200 basis points for SBI on the 1<sup>st</sup> November, 2018.

**Table 5-14: Interest on working capital for FY 2020-21**

S. No.	Particulars	Approved	Actuals
1	Two Months Receivable	269.51	260.48
2	O&M Expense - 1 month	12.13	12.13
3	Maintenance Spare @ 40% of R&M Exp - one month	0.47	0.47
4	Less : Amount held as Security Deposit	-244.3	-238.62
5	<b>Total</b>	<b>37.81</b>	34.45
6	<b>Interest Rate *</b>	10.15%	0.11
7	<b>Interest on working capital</b>	<b>3.84</b>	<b>3.63</b>

5.11.3 The Hon'ble Commission is requested to approve the Interest on working capital proposed for FY 2021-22 as per the above table.

## 5.12 Provision for Bad Debts

5.12.1 Regulation 62 provides provision for Bad debts

*"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."*

5.12.2 Since the amount is to be claimed at the time-up of true-up limited to 1% of the receivables, the same is not claimed in the MYT Petition and may be claimed at the time of true-up in case such cost has been incurred.

## 5.13 Interest on Security Deposits

5.13.1 Regulation 28.11 gives provision for Interest on Security deposit.

*"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.”*

5.13.2 Interest on security deposits based on MYT Regulations is tabulated below

**Table 5-15: Interest on Security Deposit for FY 2021-22**

<b>S. No.</b>	<b>Particulars</b>	<b>Approved</b>	<b>Revised Estimates</b>
1	Opening Security Deposit	231.74	229.05
2	Add: Deposits during the year	25.11	19.14
3	Less: Deposits refunded		
4	Less: Deposits in the form of BG/FDR		
5	Closing Security Deposit	256.86	248.19
6	Bank Rate	6.25%	4.65%
<b>7</b>	<b>Interest on Security Deposit</b>	<b>15.27</b>	<b>11.10</b>
<b>8</b>	<b>Interest on Security Paid to Consumers</b>		<b>5.11</b>

5.13.3 PED submits that deposit during the year is considered by taking FY 2019-20 as base and an escalation of 5% has been considered every year to arrive at security deposit addition for following years.

5.13.4 The Hon'ble Commission is requested to approve the Interest on Security Deposit as proposed in the MYT Petition.

## **5.14 Return on Equity**

5.14.1 The debt-equity ratio for determination of tariff shall be considered as per Regulation 26 of MYT Regulations

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

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

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

*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 utilized 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.”*

5.14.2 Regulation 27 specifies the return on equity that shall be allowed for Distribution wire and Retail Supply business.

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

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

*27.4 The return on equity shall be computed on average of equity capital at the beginning and end of Year.”*

5.14.3 In line with the regulation and the methodology proposed in the MYT Regulations, 2018, PED has calculated the Return on Equity as outlined in the following table for

MYT Control Period.

**Table 5-16: Return on Equity (Rs. Cr.) for FY 2021-22**

S. No.	Particulars	Approved	Revised Estimates
1	Opening Equity Amount	258.42	290.65
2	Equity Addition during year (30% of Capitalization)	4.5	30.00
3	Closing Equity Amount	262.92	320.65
4	Average Equity Amount	260.67	305.65
5	Average Equity-Wires Business	234.6	275.09
6	Average Equity (Retail Supply Business)	26.07	30.57
7	Return on Equity for Wires Business (%)	15.50%	15.50%
8	Return on Equity for Retail Supply Business (%)	16.00%	16.00%
9	<b>Return on Equity for Wires Business</b>	<b>36.36</b>	<b>42.64</b>
10	<b>Return on Equity for Retail Supply Business</b>	<b>4.17</b>	<b>4.89</b>
11	<b>Total Return on Equity</b>	<b>40.54</b>	<b>47.53</b>

5.14.4 PED submits that the RoE claimed during each year of the control period is calculated on an average basis. In view of above, the Hon'ble Commission is requested to kindly allow the above Return on Equity as submitted in the petition for FY 2021-22

### 5.15 Non-Tariff Income

5.15.1 The amount received by the licensee on account of non-tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such licensee. The non-tariff Income comprises of Testing charges, Service connection charges, Cancellation charges, Meter charges, income from trading of materials, reconnection fee, and miscellaneous income among others. The Non-tariff income has been estimated by considering non-tariff income of FY 2019-20 as base and projected to be same for FY2021-22, subject to final true-up.

5.15.2 PED requests the Hon'ble commission to approve the non-tariff income of **Rs. 5.19 Cr** for FY 2021-22

### 5.16 Revenue from Sale of Power at Existing Tariff

5.16.1 As per the business plan order, the retail tariff proposal was to be submitted only for the first year of the control period i.e. FY 2019-20 whereas ARR calculations are to be submitted for the full control period FY 2019-20 to FY 2021-22.

5.16.2 The Revenue from existing Tariff for FY 2021-22 has been calculated as under:

**Table 5-17: Revenue from Sale of Power for FY 2021-22**

S. No.	Particulars	Sales (MUs)	Revenue (Rs.Crs)
<b>LT Category</b>			
1	Domestic	819.74	267.51
2	OHOB	10.92	1.09
3	Commercial	202.56	146.22
4	Agriculture	71.14	3.31
5	Public Lighting	21.95	21.69
6	LT Industrial	139.41	83.99
7	Water Tank	35.40	24.28
8	Temporary Supply-LT&HT	10.00	9.75
	<b>Total LT</b>	<b>1,311.12</b>	<b>557.83</b>
<b>HT Category</b>			
9	HT 1 Industrial / Commercial	980.00	680.29
10	HT 2	69.07	60.29
11	HT 3 - EHT	412.14	257.06
12	<b>Total HT</b>	<b>1461.21</b>	<b>997.65</b>
<b>13</b>	<b>Total LT and HT</b>	<b>2,772.33</b>	<b>1,555.48</b>
14	Less Incentive to consumers (Net of penal charges)		
15	4% Surcharge		62.22
<b>17</b>	<b>Total</b>	<b>2,772.33</b>	<b>1,617.70</b>

5.16.3 PED hereby submits that the revenue mentioned above does not consist of FPPCA charges or Regulatory Surcharge. In view of above, the Hon'ble Commission is requested to kindly allow Revenue at existing tariff (without surcharge) as proposed for the MYT Control Period.

### 5.17 ARR for FY 2021-22

5.17.1 Based on the parameters discussed above, the projection of Annual Revenue Requirement (ARR) of PED for FY 2021-22 is as follows:

**Table 5-18: ARR (Rs. Crs) for FY 2021-22**

S. No.	Particulars	Approved by Commission	Revised Estimates
1	Cost of power purchase	1,341.87	1313.22
2	Employee Costs	117.49	117.49
3	Administration and General Expenses	13.95	13.95
4	R&M expenses	14.15	14.15
5	Depreciation	41.65	37.41
6	Interest & Finance Charges	32.83	15.55
7	Interest on Working Capital	3.84	3.63
8	Interest on CSD	15.27	5.11
9	Return on NFA/ Equity	40.53	47.53
10	Provision for Bad Debt	0	0.00
11	<b>Total Revenue Requirement</b>	<b>1,621.57</b>	<b>1568.04</b>
12	Less: Non- Tariff Income	4.51	5.19
13	<b>Net Aggregate Revenue Requirement</b>	<b>1,617.06</b>	<b>1562.85</b>

5.17.2 The Annual Revenue Requirement for the control period is based on Business plan order dated 31<sup>st</sup> October, 2018. PED requests the Hon`ble Commission to approve the said ARR for FY 2021-22.

### 5.18 Revenue Gap for FY 2021-22

5.18.1 As per the business plan order, the retail tariff proposal is to be submitted only for the first year of the control period i.e. FY 2019-20 whereas ARR calculations are to be submitted for the full control period FY 2019-20 to FY 2021-22. Hence, the revenue gap @ existing tariff has been calculated for FY 2021-22 is shown in the table below:

**Table 5-19: Revenue Gap for FY 2021-22**

S. No.	Particulars	Projected
1	Aggregate Revenue Requirement	1562.85
2	Revenue from Sale of Power	1617.70
3	<b>Revenue Gap/ (Surplus)</b>	<b>-54.85</b>

5.18.2 In view of above, the Hon`ble Commission is requested to kindly allow the Revenue gap/(surplus) of Rs. **-54.85** Crs during FY 2021-22 at existing tariff, considering 4% regulatory surcharge for FY2021-22. The gap/(Surplus) would further get revised based on the regulatory surcharge approved by the commission.

## CHAPTER 6. REGULATORY ASSETS AND TOTAL REVENUE GAP

### 6.1 Preamble

- 6.1.1 PED in determining the ARR and retail supply tariff for FY 2021-22 and has been guided by the provisions of the Electricity Act 2003, National Tariff Policy, MYT Regulations 2018 and any other applicable law, enactments, Orders, etc. as amended from time to time.
- 6.1.2 PED submits that this section covers the treatment of regulatory assets as approved by the Hon'ble Commission and the total revenue gap expected by FY 2021-22.
- 6.1.3 This section overall provides a detailed overview of each and every claim considered in calculation of total revenue gap of PED.

### 6.2 Treatment of Regulatory Assets and Net Gap:

#### 6.2.1 Regulatory Asset

- 6.2.1.1 In a general term, Regulatory assets include previously-incurred losses that are in the nature of deferred expenditure and that can be recovered from consumers in future if allowed by regulatory authorities.
- 6.2.1.2 As per the Guidance Note on Accounting for Rate Regulated Activities, issued by ICAI, a Regulatory Asset is defined as follows:

*“A regulatory asset is an entity’s right to recover fixed or determinable amounts of money towards incurred costs as a result of the actual or expected actions of its regulator under the applicable regulatory framework”*
- 6.2.1.3 The National Tariff Policy has also prescribed guidelines for allowing the facility of regulatory assets to be recovered with carrying cost. In cases where regulatory asset is proposed to be adopted, it should be ensured that the return on equity should not become unreasonably low in any year so that the capability of the licensee to borrow is not adversely affected.
- 6.2.1.4 It is submitted that a distribution business is a regulated business whereby the business activities creates a gap between operational and accounting situations that would not have arisen in the absence of such regulation. With cost-of-service regulation, there is a direct link between the costs that an entity is expected to incur and its expected revenue as the rates is set to allow the entity to recover its expected costs. However, there could be a significant time lag between incurrence

of costs by the entity and their recovery through tariffs. Recovery of certain costs may be provided for by regulation either before or after the costs are incurred. Also, the need for creation of regulatory assets can be due to any or all of the following reasons:

- such as infrequent revision of tariffs,
- variation in the actual and estimated values of major expenditure along with their reasons and treatment;
- gap between the total validated expenditure and total estimated revenue;
- difference between the cost estimated and approved by the appropriate authority;
- effect of prescribed and achieved milestones for loss reduction and sharing of efficiencies and losses;

### 6.3 Cumulative Revenue Gap/(Surplus) till FY 2021-22

6.3.1 In the tariff order dated 18<sup>th</sup> May 2020, the Hon'ble Commission approved a consolidated revenue gap of **Rs. 146.96 Crs** till FY 2018-19 based on trued up costs till FY 2018-19.

6.3.2 In this section, PED submits the standalone revenue gap/(surplus) for FY 2019-20 based on actual costs and standalone gap/(surplus) based on revised estimates for FY 2020-21 and projected gap without Regulatory surcharge for the FY 2021-22.

6.3.3 As discussed in Chapter 4, section 4.17 Revenue Gap for FY 2020-21, the cumulative Gap up to FY 2020-21 comes as under:

S.No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Opening Gap/(Surplus)	97.57	146.96	396.35
2	Add: Gap/(Surplus)	39.99	224.63	10.92
3	Less: Additional Revenue on account of tariff increase			
4	Closing Gap/(Surplus)	137.55	371.59	407.28
5	Average gap/(Surplus)	117.56	259.28	401.81
6	Percentage of carrying cost	8.00%	9.55%	8.85%
7	Carrying cost	9.4	24.76	35.56
8	Final closing Gap/(Surplus)	146.96	396.35	442.84

6.3.4 From the above table, it can be seen that the cumulative gap including Revenue from Regulatory surcharge till FY 2019-20 is Rs. **396.35 Crs.** and even the additional revenue form regulatory surcharge @ 4% is not providing full recovery of the Regulatory Assets and is piling up huge losses.

6.3.5 Now, considering the Cumulative Gap upto FY2018-19 and stand-alone Gap of each year for FY 2019-20, FY 2020-21 the Cumulative Gap at existing tariff including 4% Regulatory Surcharge for FY 2021-22 comes out to be as under:

Cummulative Gap- Based on Actuals (Existing Tariff)					
S.No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
1	Opening Gap/(Surplus)	97.57	146.96	396.35	442.84
2	Add: Gap/(Surplus)	39.99	224.63	10.92	-54.85
3	Less: Additional Revenue on account of tariff increase				
4	Closing Gap/(Surplus)	137.55	371.59	407.28	387.99
5	Average gap/(Surplus)	117.56	259.28	401.81	415.41
6	Percentage of carrying cost	8.00%	9.55%	8.85%	
7	Carrying cost	9.4	24.76	35.56	
8	Final closing Gap/(Surplus)	146.96	396.35	442.84	387.99

6.3.6 From above, it can be seen that stand-alone Gap/(Surplus) for FY 2020-21 is Rs. **10.92** Crs. However, Cumulative Gap upto FY2020-21 in form of Regulatory asset is Rs. **442.84** Crs. Accordingly, PED proposes that, in order to recover the cumulative Gap and reduce Regulatory Assets, the Regulatory Surcharge currently applicable should be continued for FY 2021-22. Hence, PED proposes a rate of Regulatory Surcharge @ 4% which is currently applicable to all categories of consumers. With Regulatory Surcharge @ 4%, the net Gap will come down to Rs. **387.99** Cr by FY 2021-22.

6.3.7 It is to mention that the above calculations include the carrying cost on Revenue gap as calculated by the Commission in the tariff order dated 18<sup>th</sup> May, 2020, for FY2019-20 and FY 2020-21 only.

6.3.8 Further, the Petitioner plans to procure 100 MW solar & ~140 MW wind power by the last quarter of FY 2021-22 with the tariff as follows:

Agency	RE Category	Purchase Capacity (MW)	Name of the Developer	Price (INR/kWh)	Date of signing of PPA
SECI	Solar	50	M/s ACME Solar Holdings Ltd.	2.51	24.10.19
SECI	Solar	100	M/s Sitac Kabini Renewable Ltd.	2.84	05.02.19
SECI	Wind	140.64	M/s CLP India (P) Ltd.	2.91	21.05.20
NTPC	Wind	100	Proposed at Phalodi, Jaisalmer district, Rajasthan	2.67	To be signed

6.3.9 Since, the average power cost of the above power sources would be around Rs. 2.8/KWh, thus, these would reduce the power purchase cost of the Petitioner along with meeting the required RPO requirement in subsequent years. Therefore, the Petitioner would be able to liquidate the regulatory assets at a much faster rate at the existing/proposed Tariff.

6.3.10 Accordingly, the petitioner, PED requests the Hon'ble Commission to allow the recovery of revenue gap to be recovered by way of creation of regulatory assets instead of recovering through tariff hike in FY 2021-22 and with a Regulatory Surcharge of 4% which is currently applicable on all consumer categories.

6.3.11 The petitioner requests the Hon'ble Commission to allow Regulatory Surcharge of 4% to be levied on Retail supply tariff and approve the cumulative revenue gap for FY2021-22 as Rs. **387.99** Cr.

## CHAPTER 7. TARIFF FOR RETAIL SALE OF ELECTRICITY FOR FY 2021-22

### 7.1 Preamble

7.1.1 This section elucidates the retail tariff and proposed amendments in the retail tariff schedule to be applicable for FY 2021-22. PED prays the Hon'ble Commission to approve the retail tariff for FY 2021-22 as proposed for different categories of consumers, applicable from 1<sup>st</sup> April, 2021.

### 7.2 Tariff Design Principles

7.2.1 Over the years, Hon'ble Commission has been guided by the Electricity Act, 2003 and the National Tariff Policy while determining retail tariffs across the Union Territory, Puducherry. Hon'ble Commission has always laid emphasis on adoption of factors that encourages economy, efficiency, effective performance and improved conditions of supply. On these lines Hon'ble Commission, in this order too, may apply similar principles keeping in view the ground realities.

### 7.3 Philosophy of Tariff Design

7.3.1 PED submits that considering the total proposed cumulative Revenue Gap of Rs. **442.84** Crs till FY 2020-21, the Hon'ble Commission may kindly create a regulatory asset to recover the revenue gap during the three years of the next MYT Control period.

7.3.2 The petitioner, in the current petition is proposing few changes in the Tariff schedule for FY 2021-22 in line with the Hon'ble Commission's directives in the Tariff Order dated 18<sup>th</sup> May, 2020. Further, the Petitioner is requesting the Hon'ble Commission to allow recovery of the revenue gap via additional surcharge of 4 % for FY 2021-22.

7.3.3 PED requests the commission to approve the tariff schedule as proposed for FY 2021-22 . The rates are mentioned below:

Table 7-1: Summary of Existing and Proposed Tariff Rates for MYT Control Period (FY 2021-22)

S. No.	Category of Consumers	Existing Tariff Rate		Proposed Tariff Rate	
		Fixed Charge	Energy Charge	Fixed Charge	Energy Charge
<b>1</b>	<b>LIFELINE SERVICES</b>				
	0-50 units per month		1.00 INR /kWh		1.00 INR /kWh
<b>2</b>	<b>DOMESTIC PURPOSES</b>				
a	0-100 units per month	INR 40.00/connection/ month	1.50 INR /kWh	INR 40.00/connection/ month	1.50 INR /kWh
b	101-200 units per month	INR 45.00/connection/ month	2.55 INR /kWh	INR 60.00/connection/ month	2.55 INR /kWh
c	201-300 units per month	INR 45.00/connection/ month	4.50 INR /kWh	INR 60.00/connection/ month	4.50 INR /kWh
d	Above 300 units per month	INR 45.00/connection/ month	5.90 INR /kWh	INR 60.00/connection/ month	5.90 INR /kWh
<b>3</b>	<b>COMMERCIAL</b>				
<b>I</b>	<b>LT Commercial</b>				
a	0-100 units per month	INR 130.00/connection/ month	5.60 INR /kWh	INR 120.00/kVA/ month	5.60 INR /kWh
b	101-250 units per month		6.65 INR /kWh		6.65 INR /kWh
c	Above 250 units per month		7.40 INR /kWh		7.40 INR /kWh
<b>II</b>	<b>HT Commercial (For contract demand up to 5000 kVA)*</b>	420.00 INR /kVA/month	5.65 INR /kWh	420.00 INR /kVA/month	5.65 INR /kVAh
	<b>AGRICULTURE SERVICES</b>				
<b>I</b>	<b>Agriculture</b>				
a	Small Farmers	INR 11.00/HP/month		INR 11.00/HP/month	
b	Other Farmers	INR 50.00/HP/month		INR 50.00/HP/month	
<b>II</b>	<b>Cottage Industries /Poultry Farms/ Horticulture/Pisciculture</b>				
a	0-100 units per month	INR 40.00/connection/ month	1.50 INR /kWh	INR 40.00/connection/ month	1.50 INR /kWh
b	101-200 units per month	INR 45.00/connection/ month	2.55 INR /kWh	INR 60.00/connection/ month	2.55 INR /kWh
c	201-300 units per month	INR 45.00/connection/ month	4.50 INR /kWh	INR 60.00/connection/ month	4.50 INR /kWh
d	Above 300 units per month	INR 45.00/connection/ month	5.90 INR /kWh	INR 60.00/connection/ month	5.90 INR /kWh
	<b>PUBLIC LIGHTING</b>				
a	Public Lighting	INR 110.00/pole/ month	6.80 INR /kWh	INR 110.00/pole/ month	6.80 INR /kWh
<b>6</b>	<b>INDUSTRIES</b>				
a	LT Industries	INR 130.00 /connection/ month	5.95 INR /kWh	INR 120.00/kVA/ month	5.55 INR /kWh
b	HT Industries (For Supply at 11 kV, 22 kV or 33 kV)*	INR 420.00 /kVA/month	5.50 INR /kWh	INR 420.00 /kVA/month	5.50 INR /kVAh
c	EHT Industries (For Supply at 110 kV or 132 kV)*	INR 480.00 /kVA/month	5.20 INR /kWh	INR 480.00 /kVA/month	5.20 INR /kVAh
<b>7</b>	<b>LT Water Tanks</b>	INR 150.00/connection/ month	6.85 INR /kWh	INR 130.00/connection/ month	6.35 INR /kWh
<b>8</b>	<b>HT Others*</b>	INR 480.00/kVA/month	6.60 INR /kWh	INR 480.00/kVA/month	6.60 INR /kVAh
	<b>TEMPORARY SUPPLY</b>	Tariff for Temporary Connection shall be Fixed/ Demand charges (if any) plus energy charges (for relevant slab, if any) under corresponding permanent supply category plus 50% of both. For multi activity pursuit, applicable Tariff for temporary connection shall be with reference to that of non-domestic category for permanent supply.			

\* The KVAh based tariff for HT/EHT consumers have been proposed to be implemented in the Tariff petition for FY 2021-22

[A Regulatory Surcharge of 4.00% is proposed to all the consumer categories as a percentage of the total Energy and Demand charges payable by the consumer towards recovery of past accumulated deficit.]

**CHAPTER 8. SEGREGATION OF WHEELING AND RETAIL SUPPLY BUSINESS****8.1 Allocation Policy**

8.1.1 PED submits the bifurcation of all expenses between the functions of wheeling business (wire business) and retail supply business based on the allocation matrix as per Regulation 48 of MYT Regulations 2018. The summary of the allocation statement and the segregation of ARR into wheeling and retail supply business is given in the table below:

**Table 8-1: Allocation Statement Wheeling and Retail Supply for FY 2021-22**

<b>Wheeling Charges Calculation</b>						
<b>Segregation of ARR for FY 2021-22</b>						
<b>Sr. No.</b>	<b>Item of expense</b>	<b>Wheeling Business</b>	<b>Retail Supply Business</b>	<b>Wheeling Business</b>	<b>Retail Supply Business</b>	<b>Total</b>
		<b>%</b>	<b>%</b>	<b>FY 2021-22</b>		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1	Cost of power purchase	0%	100%	-	1,313.22	1,313.22
2	Employee costs	40%	60%	47.00	70.49	117.49
3	R&M expenses	90%	10%	12.74	1.42	14.15
4	Administration and General expenses	50%	50%	6.98	6.98	13.95
5	Depreciation	90%	10%	33.67	3.74	37.41
6	Interest & Financial charges	90%	10%	13.99	1.55	15.55
7	Interest on Working Capital	10%	90%	0.36	3.27	3.63
8	Return on NFA /Equity	90%	10%	42.78	4.75	47.53
9	Provision for Bad Debt	0%	100%	-	-	-
10	Interest on Consumer Security Deposit	10%	90%	0.51	4.60	5.11
<b>11</b>	<b>Total Revenue Requirement</b>			<b>158.02</b>	<b>1,410.02</b>	<b>1,568.04</b>
12	Less: Non Tariff Income	10%	90%	0.52	4.67	5.19
<b>13</b>	<b>Net Revenue Requirement (11-12)</b>			<b>157.50</b>	<b>1,405.35</b>	<b>1,562.85</b>

8.1.2 The Hon'ble Commission is requested to approve the segregation of ARR into wheeling & retail supply business for FY 2021-22 as per above table.

## CHAPTER 9. DETERMINATION OF OPEN ACCESS CHARGES

### 9.1 Approach for computation of open access charges

9.1.1 PED submits that as per Regulation 67.2 and 67.3 of MYT Regulations, 2018, category wise cost of supply needs to be computed for facilitating determination of tariff and for gradual reduction of cross subsidy. Cost of supply study also facilitates determination of cross subsidy surcharge. However, the cost of supply methodology suggested by APTEL is based on voltage wise segregation.

9.1.2 Accordingly, PED has computed open access charges considering the following wheeling losses for HT & EHT and allocation % for wheeling cost between HT & LT as approved in Tariff Order FY 2020-21.

9.1.3 Wheeling Loss at EHT Level and HT level are considered as - 1.5% and 5.44% respectively (balance losses attributable to LT Level)

### 9.2 Computation of Wheeling Charge and losses

9.2.1 Based on above mentioned and the projections for Sales and Wheeling ARR for FY 2021-22, the wheeling charges for HT/EHT & LT are determined.

9.2.2 In line with methodology, adopted by Hon'ble Commission in tariff order for FY 2020-21 to determine wheeling charges and losses, PED has calculated wheeling charges for LT and HT/EHT level. As per segregated ARR, out of total wheeling cost, O&M cost and other cost has been separated, O&M cost is allocated between LT, HT and EHT level based on number of consumers, whereas other cost allocated between LT, HT and EHT level as per assets allocation ratio. Parameters assumed for allocation of wheeling cost at LT, HT and EHT level as given below: -

**Table 9-1: Parameters assumed for voltage-wise allocation of Wheeling Cost**

Parameters assumed for voltage wise allocation of Wheeling Cost				
Category	Consumers	Asset Allocation (%)	Sales (MU)	Cumulative Voltage wise Losses (%)
Low Tension (LT) Level	469754	50.00%	1222.51	17.82%
High Tension (HT)	493	40.00%	1049.62	5.44%
Extra High Tension(EHT) Level	7	10.00%	412.14	1.50%
<b>Total</b>	<b>470254</b>	<b>100%</b>	<b>2684</b>	<b>11.0%</b>

9.2.3 Based on above assumption of parameters, the wheeling charge at LT and HT/EHT

level has been determined as shown below.

Wheeling Charges for FY 2021-22						
Category	O&M	Others	Total	Total re-distributed cost (based on Input energy)	Sales (MU)	Wheeling Charges (Rs/kWh)
Low Tension (LT) Level	66.64	45.40	112.03	137.35	1222.51	1.12
High Tension (HT)	0.07	36.32	36.39	18.89	1049.62	0.18
Extra High Tension(EHT) Level	0.00	9.08	9.08	1.26	412.14	0.03
Total	<b>66.71</b>	<b>90.80</b>	<b>157.50</b>	<b>157.50</b>	<b>2,684.27</b>	

9.2.4 PED requests the Hon'ble Commission to approve wheeling charges for different categories as determined in above table.

### 9.3 Additional Surcharge

9.3.1 The Hon'ble Commission has notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017. The Regulation 4.5 (1) of the said Regulations states the following:

*“An Open Access Consumer, receiving supply of electricity from a person other than the Distribution Licensee of his area of supply, shall pay to the Distribution Licensee an additional surcharge in addition to wheeling charges and cross-subsidy surcharge, to meet the fixed cost of such Distribution Licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act:*

*Provided that such additional surcharge shall not be levied in case Open Access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.”*

*Regulation 4.5 (2) of the said Regulations stipulates:*

*This additional surcharge shall become applicable only if the obligation of the Licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs by the Licensee consequent to such a contract. However, the fixed costs related to network assets would be recovered through wheeling charges”*

9.3.2 Further, Regulation 5.2 (1) (b) states the following:

*“The quantum of drawal of electricity by a partial Open Access Consumer from the Distribution Licensee during any Time Block of a Day should not exceed the*

*“Admissible Drawl of Electricity by the Open Access Consumer” which is the difference of Contract Demand and maximum quantum of Open Access for which approval has been granted by the Nodal Agency.*

[Illustration: If an Open Access Consumer with a Contract Demand of 10 MW has been given an approval for a maximum Open Access quantum of 6MW for a period of 3 Months, the Admissible Drawl of Electricity from the Distribution Licensee during any Time Block shall be 4 MW for any Day during a period of 3 Months.]”

9.3.3 In line with the above Regulations, PED has determined additional surcharge as per the table below:

**Table 9-2: Additional Surcharges for FY 2021-22**

<b>Additional Surcharges for FY 2021-22</b>	
<b>Particulars</b>	<b>FY 2021-22</b>
Total Power Purchase cost	1,313.22
Fixed Cost component in Power Purchase Cost (excluding Transmission Charges)	277.48
Energy Sales (MU)	2,684.27
<b>Additional Surcharge (Rs/kWh)</b>	<b>1.03</b>

9.3.4 PED requests the Hon’ble Commission to approve additional surcharge of Rs. **1.03** /kWh as determined in above table.

#### **9.4 Computation of Cross Subsidy Surcharge for FY 2021-22**

9.4.1 The National Electricity Policy as stipulated by the Central Government provides that –Under sub – section (2) of Section 42 of the Act, a surcharge is to be levied by the respective State Commissions on consumers switching to alternate supplies under open access. This is to compensate the host distribution licensee serving such consumers who are permitted Open Access under Section 42 (2), for loss of cross subsidy element built into the tariff of such consumers. An additional surcharge may also be levied under sub – section (4) of section 42 of the said Act for meeting the fixed cost of the distribution licensee arising out of obligation to supply in cases where consumers are allowed open access.

9.4.2 The Government of India has notified the National Tariff Policy, 2016 on 28th January 2016. The Cross-subsidy surcharge is based on the following formula given in the Tariff Policy, 2016 which is as follows:

$$S = T - [C / (1 - L/100) + D + R]$$

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Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is per unit cost of carrying regulatory assets.

9.4.3 However, calculation of Cross subsidy surcharge is calculated in this chapter as per methodology adopted by Hon'ble Commission in last tariff order for FY 2019-20

9.4.4 Voltage wise losses for EHT and HT are considered at 1.50% and 5.44% respectively. In order to maintain the Intra-State T&D losses at 11% for FY 2021-22 as approved in Business Plan order for MYT control period FY 2019-20 to 2021-22, cumulative losses at LT level is considered **17.82%**.

Voltage wise energy sales based on Sales is approved by Hon'ble Commission for FY 2021-22 in business Plan order, accordingly level wise calculation of energy input considering above voltage wise losses is arrived at as under:

**Table 9-3: Energy Input at each voltage level (MU)**

<b>Energy Input at each voltage level (MU)</b>			
<b>Category</b>	<b>Energy Sales (MU)</b>	<b>Cumulative Losses (%)</b>	<b>Energy Input (MU)</b>
Low Tension (LT) Level	1222.51	17.82%	1,487.62
High Tension (HT)	1049.62	5.44%	1,110.00
Extra High Tension(EHT) Level	412.14	1.50%	418.41
<b>Total</b>	<b>2684.27</b>	<b>11.00%</b>	<b>3,016.03</b>

9.4.5 Overall ARR arrived for FY 2021-22 is divided into variable and fixed ARR with variable ARR comprising of variable component of the power purchase cost and fixed ARR comprising of all the other costs.

9.4.6 The fixed component comprising of fixed cost of power purchase, O&M etc. is further allocated to each voltage category as per the following principles:

- The fixed cost of power purchase is assigned to each voltage level on the basis of energy input at respective voltage levels.
- The O&M expenses are allocated to each voltage level on the basis of the

number of consumers. The resultant cost allocated to EHT, HT and LT levels is then further allocated between EHT, HT and LT level on the basis of input energy, as the EHT and HT network is utilized by both EHT and HT consumers and HT network is utilized by both HT and LT network consumers.

- The remaining fixed costs are allocated on the basis of voltage wise asset allocation assumed earlier and further allocated to respective voltage levels on the basis of input energy.

**Table 9-4: Parameters used for allocation of fixed costs**

Parameters used for allocation of fixed costs			
Category	Energy Input (MU)	Voltage wise Asset Allocation (%)	Number of Consumers
Low Tension (LT) Level	1,487.62	50.00%	4,69,754
High Tension (HT)	1,110.00	40.00%	493
Extra High Tension(EHT) Level	418.41	10.00%	7
<b>Total</b>	<b>3,016.03</b>	<b>100.00%</b>	<b>4,70,254</b>

9.4.7 The Variable component of the Power purchase cost is allocated on the basis of energy input.

9.4.8 The Voltage wise cost of supply (VCoS) is then calculated on the basis of energy sales of respective categories. Accordingly, the VCoS is determined as shown in the table below:

**Table 9-5: Voltage wise Cost of Supply**

Voltage Wise Cost of Supply									
Category	Allocated					Allocated Variable Cost (Rs Cr) @Input Energy	Total Cost (Rs Cr)	Energy Sales (MU)	VCoS. Rs/kwh
	Power Purchase FC @ Input Energy	O&M FC @ No. of Consumer	O&M FC further @ Input	Other FC @ Asset allocation	Other FC further @ Input energy				
Low Tension (LT) Level	136.9	145.44	145.52	54.62	53.88	510.9	847	1,223	6.93
High Tension (HT)	102.1	0.15	0.066	43.69	40.20	381.2	524	1,050	4.99
Extra High Tension(EHT) Level	38.5	0.00	0.000	10.92	15.15	143.7	197	412	4.79
<b>Total</b>	<b>277</b>	<b>146</b>	<b>146</b>	<b>109.23</b>	<b>109.23</b>	<b>1,036</b>	<b>1,568</b>	<b>2,684</b>	<b>5.84</b>

9.4.9 As per above VCoS calculated and applicable level wise ABR level, following is the Cross-subsidy surcharge for FY 2021-22

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**Table 9-6: Cross Subsidy Surcharge**

<b>Cross-Subsidy Surcharge</b>			
<b>Category</b>	<b>VCoS (Rs/kWh)</b>	<b>ABR (Rs/kWh)</b>	<b>Cross-Subsidy (Rs/kWh)</b>
Low Tension (LT) Level	6.93	4.45	(2.48)
High Tension (HT)	4.99	7.34	2.35
Extra High Tension(EHT) Level	4.79	6.49	1.70

9.4.10 Based on the above computations, PED requests the Hon'ble Commission to approve the cross-subsidy surcharge of Rs. **2.35** /kWh for HT and Rs. **1.70** /kWh for EHT consumers in FY 2021-22.

## CHAPTER 10. COMPLIANCE OF THE DIRECTIVES OF HON'BLE COMMISSION

### 10.1 Preamble

10.1.1 This section lists the directives issued by the Hon'ble Commission in the previous tariff order and the status of their compliances.

### 10.2 Status of Compliance

Table 10-1: Status of Compliance of directives

S. No.	Directives/ Commission's Response	Status and Action Taken Report
1.	<p><b><u>Directive No. 10.1.1 Accounting of Consumers Security Deposit under Appropriate Head of Accounts</u></b></p> <p>The Commission observes that the Petitioner is still not able to tender complete payments to the Consumers, in accordance with the amounts allowed in the Tariff Order the Petitioner should be able to make the requisite payments on a regular basis. The Commission therefore directs the Petitioner to pay the full interest on consumer deposit to the eligible consumers and update the status to the Commission within three months of issuance of this Order.</p>	<p>An amount of Rs.10.10 Crores is required to adjust the Interest on Security Deposits to LT and HT consumers. Due to paucity of funds an amount of Rs. 1.89 Crores has been allocated in the current year budget (FY 2020-21) and the same will be adjusted to LT consumers immediately and action is being taken to seek additional fund provision to adjust the interest on Security Deposit for the HT consumers.</p>
2.	<p><b><u>Directive No. 10.1.2 Energy Audit and T&amp;D Losses</u></b></p> <p>The Commission has taken a serious view of the fact that the Petitioner has been unable to submit the Energy Audit Report along with the Tariff Petition for FY 2020-21. Since most of the central schemes were planned to be capitalized by FY 2019-20 as per the approved capital expenditure plan, the Commission directs the Petitioner to complete the energy</p>	<p>Out of existing 3083 DTs 1236 nos. had already been metered. As on date during FY 2020-21, 528 Nos. had already been metered and it is also proposed to provide metering arrangement for the balance DTRs including the replacement of defective DTR meters for which works under progress. Upon completion of DTR metering, the Energy Audit will be taken up and completed by March 2021.</p>

S. No.	Directives/ Commission’s Response	Status and Action Taken Report									
	audit of all distribution transformers and submit the same within 3 months of the issuance of Tariff Order.										
3.	<p><b><u>Directive No. 10.1.3</u></b>  <b><u>Employee Cost/Man Power Study</u></b>                      The Commission directs the Petitioner to submit the action plan for manpower study along with the detailed proposal indicating date of awarding of the study, implementation schedule, and date of completion of the study and requisite manpower required at each level by 30th September 2020.</p>	<p>The GOI has initiated for privatisation of all UT Discoms, this will be taken up at later stage.</p>									
4.	<p><b><u>Directive No. 10.1.4</u></b>  <b><u>Connected Load/ Contract Demand-based Fixed charges for LT Industrial and Commercial categories</u></b>                      The Commission takes note of the efforts by the Petitioner in this regard. The Commission directs the Petitioner to submit a report on the progress of the same within 1 month of issue of this Order, which should include the details of the work allotted to M/s NIC, the work completed, and the pending work with timelines for the completion schedule to enable the billing based on connected load / and contracted demand.</p>	<p>(a) The Department has programmed to file ARR petition for the year 2021-22 with the provision for levy of Demand based fixed charges to LT Consumers( only for Industrial &amp; Commercial above 30 KW).</p> <p>(b) The works carried out by M/s. NIC and the present status of the works are given below:</p> <table border="1" data-bbox="1144 1018 2148 1378"> <thead> <tr> <th data-bbox="1144 1018 1272 1059">Phase</th> <th data-bbox="1272 1018 1809 1059">Tasks</th> <th data-bbox="1809 1018 2148 1059">Status of NIC</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 1059 1272 1177">I</td> <td data-bbox="1272 1059 1809 1177">Legacy data conversion, Management Information System ( MIS) of collections of all regions.</td> <td data-bbox="1809 1059 2148 1177">Completed</td> </tr> <tr> <td data-bbox="1144 1177 1272 1378">II</td> <td data-bbox="1272 1177 1809 1378">LT Counter and online Collections, (CC-Consumption charges, Part Bill, Other Receipt) a) bill process – after payment (arrear)</td> <td data-bbox="1809 1177 2148 1378">Completed  Completed, under testing Go live by Dec’20 Completed</td> </tr> </tbody> </table>	Phase	Tasks	Status of NIC	I	Legacy data conversion, Management Information System ( MIS) of collections of all regions.	Completed	II	LT Counter and online Collections, (CC-Consumption charges, Part Bill, Other Receipt) a) bill process – after payment (arrear)	Completed  Completed, under testing Go live by Dec’20 Completed
Phase	Tasks	Status of NIC									
I	Legacy data conversion, Management Information System ( MIS) of collections of all regions.	Completed									
II	LT Counter and online Collections, (CC-Consumption charges, Part Bill, Other Receipt) a) bill process – after payment (arrear)	Completed  Completed, under testing Go live by Dec’20 Completed									

S. No.	Directives/ Commission's Response	Status and Action Taken Report	
			b) After stub entry.
		III	Software for HT Counter and online Collections a) bill process – after payment (arrear) b) after stub entry.
		IV	Meter Reading App a) Bill Printing (using LASER Printer)  b) sync data with legacy
			Completed a) Software is ready, printer to be purchased. The Requirement of Printer and other peripherals have been finalized with NIC. Expenditure sanction of the Government has been sought for an amount of Rs. 36.82 Lakhs.  b)Completed
			New Application Name change Extension/ Reduction of Load

S. No.	Directives/ Commission's Response	Status and Action Taken Report		
			Disconnection/Reconnection Administration Modules Dashboard/MIS/Reports etc.	Completed Completed Completed
5.	<p><b><u>Directive No. 10.1.5</u></b>  <b><u>Proposal of the Energy Charges for the Agriculture category</u></b>                      The Commission takes note of the efforts of the Petitioner in this regard and directs the Petitioner to provide 100% metering to all agricultural consumers as the Commission would be introducing energy charges with effect from FY 2021-22. Further, submit a quarterly progress report in this regard.</p>	<p>Already 721 Nos. of Agricultural services has been metered. During the first and second quarter 50 Nos. of Agricultural services are newly metered. Estimates has been prepared for 4508 services to provide metering and all the Agriculture service will be metered by March 2020-21.</p> <p>Energy charges shall be claimed for Agriculture services after completion of 100 % metering.</p>		
6.	<p><b><u>Directive No.10.1.6</u></b>  <b><u>Determination of Voltage-wise Wheeling charges and Category-wise /Voltage-wise Cost of Supply</u></b>                      The Commission has taken a serious view of the fact that the Petitioner has been unable to submit the Voltage wise Asset</p>	<p>Fixing up Energy meter in all the 110 KV, 22 KV , 11 KV feeders have already been completed and action is being taken to compute voltage wise cost of supply, will be worked out and furnished at 110 KV level while filing Tariff Petition for FY 2020-21.</p>		

S. No.	Directives/ Commission's Response	Status and Action Taken Report
	<p>Register or the Energy Audit Report. In light of the same, the Commission in this Tariff Order has again determined the voltage wise wheeling charges based on certain assumptions. The Commission directs the Petitioner to submit all the requisite information for determination of voltage wise wheeling charges within 3 months of the issuance of this Order.</p>	<p>EHV loss have been worked at the sub-station level for all the four regions of Puducherry</p> <p>By the end of FY 2020-21 all the DTRs will be metered and the voltage wise cost of supply will be worked out 22 KV &amp; 11 KV as well as for LT category</p> <p>This Department is maintaining year wise Transmission and Distribution Asset Registers separately.</p> <p>However the 22 KV &amp; 11 KV infrastructure assets will be segregated from the Distribution asset and the report will be submitted at the time of Tariff petition for FY 2021-22.</p>
7.	<p><b><u>Directive. No.10.1.7</u></b>  <b><u>New Bill Format</u></b></p> <p>The Commission takes note of the efforts by the Petitioner in this regard. The Commission directs the Petitioner to submit a report on the progress of the same within 1 month of issue of this Order, which should include the details of the work allotted to M/s NIC, the work completed, and the pending work with timelines for the completion schedule.</p>	<p>The software for new bill format has been developed and it is under trail. The Trail operation will be completed by Dec'2020 and the new bill format will go live during Jan'2021.</p>
8.	<p><b><u>Directive No. 10.1.8</u></b>  <b><u>Time of Day (TOD) Tariff for HT/EHT consumers</u></b></p> <p>The Commission takes note of the efforts by the Petitioner in this regard. The Department directs the Petitioner to submit</p>	<p>Out of existing 473 Nos. of HT/EHT consumers, 414 nos. of consumers have been provided with TOD enabled Energy meters. For balance 59 Nos. of consumer metering, action will be taken to provide TOD enabled meters by January 2021.</p>

S. No.	Directives/ Commission's Response	Status and Action Taken Report
	a report on the progress of the same within 1 month of issue of this Order.	
9.	<p><b><u>Directive No. 10.1.9</u></b>  <b><u>The Capital Expenditure and Capitalisation</u></b>                      The Commission directs the Petitioner to ensure implementation of all proposed schemes, as approved by the Commission for the 2nd Control Period, in a timely manner. The Commission also directs the Petitioner to provide quarterly updates with regard to the capital expenditure and capitalisation achieved as per Regulation 8.5 (f) of the MYT Regulations, 2018.</p>	<p>Majority of the works proposed under the second control period of MYT pertain to the Transmission Schemes contemplated under JICA projects. Apart from that works under Distribution system improvement, reliable communication to all substations and replacement of outdoor equipments have also been proposed.</p> <p>The Capitalisation for year 2017-18 is Rs. 14.10 Crores                      The Capitalisation for year 2018-19 is Rs. 109.20 Crores                      The Capitalisation for year 2019-20 is Rs. 64.77 Crores (Un Audited)</p>
10.	<p><b><u>Directive No. 10.1.10</u></b>  <b><u>Compliance Towards Renewable Purchase Obligation</u></b>                      The Commission takes note of the Petitioner's Submission. The Petitioner is directed to fulfil the standalone RPO targets set by the Commission for the FY 2020-21, as the Commission has allowed expenses for the same as part of the power procurement cost approved for the FY 2020-21.</p>	<p>In order to meet the RPO, the Electricity Department Puducherry has already signed a Power Sale Agreement (PSA) with M/s. SECI towards purchase of 240.64 (100+140.64 )MW of wind power and 50 MW of Solar Power from ISTS connected RE power projects of MNRE. Based on the availability of Renewable Energy from these plants, the RPO will be met partially.</p>
11	<p><b><u>Directive No. 10.1.11</u></b>  <b><u>Utilising of Provision of FPPCA formula</u></b>                      The Commission observed that the Petitioner has not implemented FPPCA mechanism. The Petitioner is not recovering/refunding any revenue pertaining to FPPCA</p>	<p>The third and fourth quarter FPPCA for FY 2019-20 have also been worked out as 18 paise/unit and 63 paise/unit respectively and the same will be taken up during the True up petition for FY 2019-20. For FY 20-21 the calculation of FPPCA was delayed due to COVID -19 and the same has been included in the Revised ARR for FY 2020-21.</p>

S. No.	Directives/ Commission's Response	Status and Action Taken Report
	<p>from/to consumers. This may affect their cash flow. Therefore, the Commission directs the petitioner to make use of the FPPCA formula for any adjustments on account of fuel and power purchase cost variation on quarterly basis from FY 2019-20 onwards and submit the supporting bills/documents for the FPPCA calculations on quarterly basis to the Commission for evaluation and assessment.</p>	
	<p><b><u>New Directives</u></b></p>	
<p>1.</p>	<p><b><u>10.2.1. kVAh based tariff</u></b>                      The Commission targets to implement kVAh tariff for its high voltage consumers beginning from the next tariff cycle of FY 2021-22.                      The Commission thus directs the Petitioner to ensure that proper infrastructure and capabilities are in place to roll-out kVAh based tariff for its HT/EHT consumers from the next tariff cycle.</p>	<p>The KVAh based tariff for HT/EHT consumers have been proposed to be implemented in the Tariff petition for FY 2021-22</p>
<p>2.</p>	<p><b><u>10.2.2. Category-wise per kW/kVA data</u></b>                      The Commission directs the Petitioner to start capturing the connected load / contracted demand data for all the categories and submit the same to the Commission in the next tariff petition.</p>	<p>The Same will be captured in the Data base on completion of New billing software, in which the above provision has been given and the new billing software will Go Live by January 2021.</p>
<p>3.</p>	<p><b><u>10.2.3. Quarterly status reports</u></b>                      It has been observed that quarterly status reports for metering &amp; billing, RPO compliance, FPPCA, SOPs, Capex and</p>	<p>The Directive of the Commission will be complied. The Compliance report on Directives have been sent on 12-10-2020 and updated on 13-11-2020.</p>

<b>S. No.</b>	<b>Directives/ Commission's Response</b>	<b>Status and Action Taken Report</b>
	Capitalisation, and CGRF are not being submitted to the Commission in a regular and timely manner. The Commission directs the Petitioner to submit aforementioned reports regularly along with the supporting documents	
4.	<b><u>10.2.4. Cottage Industry Sales</u></b> The Commission observes that there has been no sales in the Cottage Industry category since the past 2-3 years, therefore, the Commission directs the Petitioner to remove this category from the Tariff Schedule in the next tariff filing.	Complied. The Category of Cottage Industry has been included in the Domestic category of consumers.

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## **CHAPTER 11. PROPOSED TARIFF SCHEDULE FOR FY 2021-22**

### **11.1 Tariff Schedule for FY 2021-22**

11.1.1 PED requests the commission to approve the following proposed tariff schedule and base rates for FY 2021-22.

11.1.2 The tariff indicated in this tariff schedule is the tariff rate proposed to be payable by the consumers of Union Territory of Puducherry.

11.1.3 A Regulatory Surcharge of 4.00% shall be applicable to all the consumer categories as a percentage of the total Energy and Demand charges payable by the consumer towards recovery of past accumulated deficit subject to approval from Hon'ble Commission.

11.1.4 These tariffs are exclusive of electricity duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time.

11.1.5 Unless otherwise agreed to, these tariffs for power supply are applicable to single point of supply.

11.1.6 The power supplied to a consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff. If energy supplied for a specific purpose under a particular tariff is used for a different purpose, not contemplated in the contract for supply and / or for which higher tariff is applicable, it will be deemed as unauthorized use of electricity and shall be dealt with for assessment under the provisions of section 126 of the Electricity Act, 2003 & Supply Code Regulation notified by JERC. Provided that,

- a) If a portion of the domestic premises limited to only one room is used for running small household business having connection under domestic category, such connection shall be billed under domestic category provided that the total monthly consumption of the consumer (including consumption for above mentioned small household business) does not exceed 150 kWh.
- b) If either more than one room or only one room having monthly consumption exceeding 150 kWh for consecutive three months is detected in the domestic premises being used for mixed purposes having domestic connection, such connection shall further be billed under commercial category until a separate

connection of appropriate tariff is taken for that portion used for non-domestic purpose.

#### **11.1.7 Power Factor Charges for HT and EHT**

The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded up to two figures.

- a) The monthly average power factor of the supply shall be maintained by the consumer not less than 90% (lagging). If the monthly average power factor of a consumer falls below 90% (90% lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 1% in power factor up to 70%(lagging).
- b) In case the monthly average power factor of the consumer is more than 95% (95% lagging), a power factor incentive @ 1% on demand and energy charges shall be given for each increase of 1% in power factor above 95% (lagging).
- c) If the average power factor falls below 70% (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.
- d) The power factor shall be rounded off to nearest whole number in percentage. For example, 94.4% shall be treated as 94% and 94.6% shall be treated as 95%.

11.1.8 If the consumer fails to pay the energy bill presented to him by the due date, the Department shall have the right to disconnect the supply as per the Act & Supply Code Regulations notified by JERC.

11.1.9 Fixed charges, wherever applicable, will be charged on pro-rata basis from the date of release of connection. Fixed charges, wherever applicable, will be double as and when bi-monthly billing is carried out, similarly slabs of energy consumption will also be considered accordingly in case of bi-monthly billing.

11.1.10 The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 85% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulation. If such over-drawl is more than 20% of the contract demand then the connections shall be disconnected immediately.

**Explanation:** Assuming the contract demand as 100 KVA, maximum demand at 120 KVA and total energy consumption as 12000 kWh, then the consumption corresponding to the contract demand will be 10000 kWh ( $12000 \times 100 / 120$ ) and consumption corresponding to the excess demand will be 2000 kWh. This excess demand of 20 KVA and excess consumption of 2000 kWh will be billed at twice the respective normal rate. Such connections drawing more than 120 kVA, shall be disconnected immediately.

11.1.11 Unless specifically stated to the contrary, the figures of energy charges relate to Rs per unit (kWh) charge for energy consumed during the month.

11.1.12 **Delayed payment surcharge** shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. In case of delay less than a month, the surcharge will be levied at 2% per month on proportionate basis considering a month consists of 30 days. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paise shall be ignored and amount of 50 paise or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.

11.1.13 **Advance Payment Rebate:** If payment is made in advance well before commencement of consumption period for which bill is prepared, a rebate @ 1% per month shall be given on the amount (excluding security deposit) which remains with the licensee at the end of the month. Such rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

11.1.14 **Prompt Payment Rebate:** If payment is made at least 7 days in advance of the due date of payment a rebate for prompt payment @ 0.25 % of the bill amount shall be given. Those consumers having arrears shall not be entitled for such rebate.

Provided that in case the payment is made by cheque, the prompt payment discount will be applicable only if the payment by cheque is made 3 days prior to date of availing the prompt payment discount i.e. before 10 days from the due date of payment.

11.1.15 **Time of Day (ToD) Tariff**

- i. Under the Time of Day (ToD) Tariff, electricity consumption and maximum demand in respect of HT/EHT consumers for different periods of the day, i.e.

normal period, peak load period and off-peak load period, shall be recorded by installing a ToD meter.

- ii. The maximum demand and consumption recorded in different periods shall be billed at the following rates on the tariff applicable to the consumer.

**Table 11-1: ToD charges**

Time of use	Demand charges	Energy charges
Normal period (6:00 a.m. to 6:00 p.m.)	Normal rate	Normal rate of Energy charges
Evening Peak load period (6:00 p.m. to 10:00 p.m.)	Normal rate	120% of normal rate of Energy charges
Off-peak load period (10:00 p.m. to 6:00 a.m.)	Normal rate	90% of normal rate of Energy charges

- iii. Applicability and Terms and Conditions of TOD tariff:

1. The Commission directs the Petitioner to introduce the TOD tariff as mentioned above urgently including installation of the Smart Meters to capture ToD consumption.

2. The facility of aforesaid TOD tariff shall not be available to the HT/EHT consumers having captive power plants and/or availing supply from other sources through wheeling of power

3. The HT/EHT industrial consumers who have installed standby generating plants shall also be eligible for the aforesaid TOD tariff

4. In the event of applicability of the TOD tariff to a consumer, all other terms and conditions of the applicable tariff shall continue to apply

## 11.2 Low Tension Supply

**LT supply limit for all categories:** For single phase connection, the connected load shall not exceed 5 kW, and for 3 phase connection, the connected load shall not exceed 100 kVA

### Domestic Purposes

#### 11.2.1 Domestic Purposes (A2)

1. This tariff is applicable to services for lights, fans, air-conditioning, heating and other small domestic appliances etc. used for:
  - a) Genuine domestic purposes including common services for stair-case, lifts, water tanks in the purely domestic apartments.
  - b) Supply to actual places of public worship such as temples, mosques, churches etc.
  - c) Ashrams and Mutts, non-commercial orphanage homes and old people homes run by religious and charitable institutions, social welfare and voluntary organizations.

- d) Youth hostels, Harijan hostels, Rehabilitation Centres, Anganwadies and Balwadies run by Social Welfare Department.
- e) All Government Schools along with related facilities
- f) For own residences where one room is set apart for the purpose of consultation by doctors, lawyers, engineers, architects and auditors.
- g) To handloom in residence of handloom weavers (regardless of the fact whether outside labour is employed or not) and to handloom in sheds erected.
- h) To the residences where supply from a house is extended to tailoring shops, job typing, document writing, laundry pressing, and small caterers set up in the verandah of the house with small lighting load only (one tube light only).

2. The charges for domestic service are as indicated in the table below:

**Table 11-2: Existing and Proposed Charges for Domestic Category**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)
0-100 units per month	Rs.40/ connection/month	1.50	Rs.40/ connection/month	1.50
101-200 units per month	Rs.45/ connection/month	2.55	Rs.60/ connection/month	2.55
201-300 units per month	Rs.45/ connection/month	4.50	Rs.60/ connection/month	4.50
Above 300 units per Month	Rs.45/ connection/month	5.90	Rs.60/ connection/month	5.90

3. The method of billing of charges shall be as explained below (specifically for FY 2021-22).

- a) Say units billed in a month are 80 units. Then the fixed charges will be Rs. 40/month and energy charges Rs. 120 (80 units X Rs 1.50/unit).
- b) In case the units billed are 275, then the fixed charges will be Rs. 60/month and energy charges will be Rs 742.50 (100 units X 1.50 + 100 units X 2.55 + 75 units X 4.50).

#### 11.2.2 LIFELINE SERVICES (A3)

- 1. OHOB connections have been converted into metered connections hence, from 1st April, 2020 they have been charged as per metered tariff upto 50 units at INR 1.00/ kWh and No Fixed Charges. If the consumption exceeds 50 units then Domestic tariff shall be applicable.

2. The charges for hut services (OBOH) are as indicated in table below:

**Table 11-3: Existing and Proposed Charges for Hut Category**

Description	Existing Charges	Proposed Charges
Hut Services/ OHOB	Energy Charges- 1.00 INR /kWh	Energy Charges- 1.00 INR /kWh

### 11.2.3 LT COMMERCIAL (A1)

1. This tariff is for lights and combined installation of lights and fans, mixed loads of lights and power, heating and air-conditioning applicable to:

- Non-domestic and non-industrial consumers, trade and commercial premises.
- Educational institutions excluding Government schools, hostels, public libraries.
- Hospitals, Private clinics, Nursing Homes, Diagnostic Centre's, X-ray Units etc.
- IT related development centres and service centres.
- Common services for stair-case, lifts, water tanks etc. in the purely commercial /combination of commercial and domestic.

2. The charges are as indicated in the table below.

**Table 11-4: Existing and Proposed Charges for LT Commercial Category**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)
0-100 units per month	Rs.130/ connection/month	5.60	INR 120.00/kVA/ month	5.5
101-250 units per month		6.65		6.5
Above 250 units per month		7.40		7.40

### AGRICULTURE SERVICES (D)

**Agriculture/ Cottage Industries etc.**

#### 11.2.4 Agriculture (D1)

For supply to bonafide agricultural services with a connected load of not less than 3 HP per service.

**Table 11-5: Existing and Proposed Charges for Agriculture Category**

Description	Existing Fixed Charges	Proposed Fixed Charges
Small Farmers	Rs. 11.00 per HP per month	Rs. 11.00 per HP per month
Other Farmers	Rs. 50.00 per HP per Month	Rs. 50.00 per HP per Month

**Note:**

- a. *Electricity will be supplied under the tariff category "Small farmers" to those consumers whose families are solely dependent on the income derived from their agricultural land holding, which should not exceed two and half acres of wet land or five acres of dry land. A certificate to this effect from Revenue authority shall be produced. "Small farmer means a person whose total holding, whether as owner, tenant or mortgaged with possession or partly in one capacity and partly in another, does not exceed two-and-a half acres of wet lands or five acres of dry land. In computing the extent of land held by a person who holds wet and dry lands, two acres of dry land shall be taken as equivalent to one acre of wet land.*
- b. *The above concession will be withdrawn if resale of energy or unauthorized load / extension or use for other purpose is detected by the Department.*
- c. *Agricultural power loads below 3 HP will be charged under Tariff Category A1. A bonafide farmer may use his motor in the Agricultural Service for allied agricultural purposes such as sugarcane crushing, thrashing etc. with the prior approval of concerned Executive Engineer (Operation & Maintenance), Electricity Department.*
- d. *Power supply to Farm Houses shall be metered separately and charged under domestic tariff (A2).*

**Payment of Tariff Charges by Agriculture Consumers**

- a. The Tariff shall be collected in three equal installments payable in April, August and December in each year. The installments shall be payable before the 15th of the respective months.
- b. For new service, the first installment shall be proportionate to the number of whole months remaining till the month in which the first installment is due. Fraction of a month shall be reckoned as a whole month

**11.2.5 Cottage Industries /Poultry Farms/ Horticulture/Pisciculture (D2)**

It is applicable to bonafide cottage industries, horticultural nurseries including plant tissue culture media, bonafide poultry farms and pisciculture.

The charges are as indicated in the table below:

**Table 11-6: Existing and Proposed Charges for Cottage Industry**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)
0-100 units per month	Rs.40/ connection/month	1.50	Rs.40/ connection/month	1.50
101-200 units per month	Rs.45/ connection/month	2.55	Rs.60/ connection/month	2.55
201-300 units per month	Rs.45/ connection/month	4.50	Rs.60/ connection/month	4.50
Above 300 units per Month	Rs.45/ connection/month	5.90	Rs.60/ connection/month	5.90

**Note:**

1. *Cottage industries*

*The following conditions should be satisfied in order that an industry may be classified as a bona fide cottage industry:*

- a) It should be conducted entirely within the home; the home being deemed to be permanent residence of the proprietor.*
- b) The industry shall not cause any residence to constitute a factory within the meaning of the Factories Act, 1948.*
- c) Not more than two persons outside the immediate family of the proprietor shall be employed in the factory.*
- d) It should be certified by the Director of Industries that the industry for which power is used is a cottage industry.*
- e) The produce is not purely utilized mainly for the domestic consumption of the proprietor but should also be available for sale to the public.*

2. *Poultry farms*

*The following conditions should be satisfied in order that the service may be classified as a bona fide poultry farm.*

- a) The capacity of the farm shall be a minimum of 100 birds and maximum of 5,000 birds (both layer and broiler birds).*
- b) The application of the beneficiary seeking such concession shall be verified and recommended by the Animal Husbandry Department.*

3. *Horticultural/ Pisciculture*

*The applications of the beneficiary seeking such concession shall be verified and recommended by the Director, Agriculture Department. For Pisciculture, applications*

*of the beneficiary seeking such concession shall be verified and recommended by the Director, Fisheries Department.*

### 11.2.6 Public Lighting

- a. The tariff for public lighting will be as follows:

**Table 11-7: Existing and Proposed Charges for Public Lighting**

Consumption Range	Existing Charges		Proposed Charges	
	FC	EC (Rs/ kWh)	FC	EC (Rs/ kWh)
Public Lighting	Rs.110/pole/month	6.80	Rs.110/pole/month	6.80

- b. This tariff will also apply to public lighting in markets, bus stands, traffic signals, high mast lights on public ways, public parks, public lighting in notified industrial estates.

### 11.2.7 LT Industries

- a. Applicable to low tension industrial consumers including lighting in the industrial services
- b. Applicable to Hotels, restaurants, boarding and lodging homes

#### LT Water tanks:

Water Tanks including lighting in premises maintained by State Government Departments/ Undertakings and local bodies.

- c. The charges are as indicated in the table below.

**Table 11-8: Existing and Proposed Charges for LT Industrial**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)	FC (Rs/ Connection/ Month)	EC (Rs/ kWh)
LT Industrial	Rs.130/ connection/month	5.95	INR 120.00/kVA/ month	5.55
LT Water tanks	Rs.150/ connection/month	6.85	INR 130.00/kVA/ month	6.35

## 11.3 High Tension Supply

### 11.3.1 High Tension – I

**High Tension Industries (For Supply at 11 kV, 22 kV or 33 kV)**

- The supply voltage for HT consumer's up to 5000 kVA will be 33 kV, 22 kV or 11 kV as the case may be. Applicable to industrial establishments, IT and ITES based Companies registered under Factories Act/ Companies Act with contracted maximum demand up to 5000 kVA. New High-Tension consumers who want to avail a contract demand above 5000 kVA or existing High-Tension consumers who want to enhance their demand beyond total contract demand of 5000 kVA should avail power at 110 kV or 132 kV as the case may be.

#### High Tension Commercial

- For Commercial Establishments including Laboratories, Hotels, Marriage Halls, Cinema Theatres, Private educational Institutions, Private Hospitals, shopping Malls, Telephone exchanges, broadcasting companies with contracted maximum demand up to 5000 kVA. New High-Tension consumers who want to avail a contract demand above 5000 kVA or existing High-Tension consumers who want to enhance their demand beyond total contract demand of 5000 kVA should avail power at 110 kV or 132 kV as the case may be.

11.3.2 The demand and the energy charges are as indicated in the table below:

**Table 11-9: Existing and Proposed Charges for High Tension I Category**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ kVA/ Month)	EC (Rs/ kWh)	FC (Rs/ kVA/ Month)	EC (Rs/ kVAh)
HT I Industries	Rs.400/ kVA/ month	5.35	Rs.400/ kVA/ month	5.35
HT I Commercial	Rs.400/ kVA/ month	5.5	Rs.400/ kVA/ month	5.5

#### 11.3.3 High Tension – II (HT Others)

- Applicable to State and Central Government establishments of non-industrial and non-commercial nature.
- The fixed/demand charges and energy charges are as indicated in the table below.

**Table 11-10: Existing and Proposed Charges for High Tension II Category**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ kVA/ Month)	EC (Rs/ kWh)	FC (Rs/ kVA/ Month)	EC (Rs/ kVAh)
HT II	Rs.480/kVA/month	6.60	Rs.480/kVA/month	6.60

**11.3.4 High Tension – III**

- a. Applicable to all types of industries supplied at 110 kV or 132 kV as the case may be
- b. The demand and energy charges are as indicated in the table below:

**Table 11-11: Existing and Proposed Charges for High Tension III Category**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ kVA/ Month)	EC (Rs/ kWh)	FC (Rs/ kVA/ Month)	EC (Rs/ kVAh)
HT III	Rs.480/kVA/month	5.20	Rs.480/kVA/month	5.20

**Supply Voltage for all HT categories**

The supply voltage for HT consumer’s up to 5000kVA will be 33 kV, 22 kV or 11 kV as the case may be. New High-Tension consumers who want to avail a contract demand above 5000 KVA or existing High-Tension consumers who want to enhance their demand beyond total contract demand of 5000 kVA should avail power at 110 KV or 132 KV as the case may be.

**11.4 Temporary Supply**

- a. The tariff applicable and minimum charges for the temporary supply of energy will be as follows:

**Table 11-12: Existing and Proposed Charges for Temporary Supply**

Description	Existing Charges		Proposed Charges	
	Minimum charge	Tariff applicable for entire consumption (Rs. /kWh)	Minimum charge	Tariff applicable for entire consumption (Rs. /kWh)
Lights or combined installation of lights and fans, motive power, heating and others	Tariff for Temporary Connection shall be Fixed/ Demand charges (if any) plus energy charges (for relevant slab, if any) under corresponding permanent supply category plus 50% of both. For multi activity pursuit, applicable Tariff for temporary connection shall be with		Tariff for Temporary Connection shall be Fixed/ Demand charges (if any) plus energy charges (for relevant slab, if any) under corresponding permanent supply category plus 50% of both. For multi activity pursuit, applicable Tariff for temporary connection shall be with	

	reference to that of non-domestic category for permanent supply.	reference to that of non-domestic category for permanent supply.
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**NOTE:**

- a) *The rate for Special illumination shall apply to weddings, garden-parties and other Private/Government functions when the illumination is obtained through bulbs fastened in other surfaces of wall of buildings, on trees and poles inside the compound and in pandal etc., outside the main building.*
- b) *In cases where such Special illumination is done in the existing regular services the energy utilized for such illumination shall be metered separately and the consumption will be charged under Special illumination charge as levied under temporary supply.*
- c) *Wherever such Special illumination is done unauthorized, a penal charge of Rs. 500 for service shall be levied in addition to the existing tariff of the installation.*
- d) *Other conditions for connection of line and service connection charges, dismantling, security deposit etc. will be as per the latest Supply Code Regulations notified by JERC.*

**11.5 Hoardings and Sign boards**

Electricity for lighting external advertisements, external hoardings and displays at departments stores, malls , multiplexes, theatres, clubs, hotels, bus shelters, Railway Stations shall be separately metered and charged at the tariff applicable for “Advertisements and Hoardings” category, except such displays which are for the purpose of indicating / displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises. The connection for “Advertisements and Hoardings” category would be covered under the permanent supply of connection under commercial category.

**Table 11-13: Existing and Proposed Charges for Hoardings and Sign boards**

Consumption Range	Existing Charges		Proposed Charges	
	FC (Rs/ kVA/ Month)	EC (Rs/ kWh)	FC (Rs/ kVA/ Month)	EC (Rs/ kWh)
Hoardings/signboards	140.00 INR/kVA/month or part thereof	8	140.00 INR/kVA/month or part thereof	8

**CHAPTER 12. PROPOSED SCHEDULE OF SERVICES AND CHARGES****12.1 Charges for service connections**

12.1.1 The following table shows the charges for service connections

**Table 12-1: Proposed Service Connection Charges**

	Particulars	Category	Existing Charges (Rs.)	Proposed Charges [Rs]
(A)	New LT/ HT overhead service lines	(I) One hut one Bulb	Nil	Nil
		(ii) Other single-phase Services	250	250
		(iii) Three phase Services	500	500
		(iv) L. T C.T operated Meter services	3000	3000
		(v) H.T Services	10000	10000
(B)	New LT underground service lines	(i) Single Phase services -	500	500
		(ii) Three phase Services	1000	1000
(C)	Rating / re-rating of services	(i) Single phase Services	125	125
		(ii) Three phase Services	250	250
		(iii) L.T C.T operated Meter service	1500	1500
		(iv) H.T Service	2500	2500

**Note:** The above charges under (A) & (B) will be applicable for addition or alteration or reduction of connected load and enhancement or reduction of CMD or alteration of internal Electrical installations.

**12.2 Testing of installation**

12.2.1 Testing for servicing a new installation (or of an extension or alteration) - For the first test No Charge. Subsequent testing warranted due to absence of contractor or his representative (or) due to defects in wiring of consumer's premises or at the request of the consumer or at occasions that warrant testing of installations for the second time for reasons attributable to the consumers

**Table 12-2: Proposed Testing of Installation Charges**

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Domestic lighting / Commercial lighting / Agriculture Services	200	200
(ii) Other LT Services	900	900
(iii) HT/EHT Services	7500	7500

### 12.3 Testing of meters & metering arrangements

#### 12.3.1 For testing of meter at the instance of the consumer

**Table 12-3: Proposed Testing of Metering Charges**

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Single phase direct meter	150	150
(ii) Three phase direct meter up to 50 A	200	200
(iii) L.T C. T coil test	800	800
(iv) H.T Tri-vector Meter (0.5 class accuracy or CT operated LT meters.	1500	1500
(v) H.T Tri-vector Meter (0.2 class accuracy)	2000	2000
(vi) H.T Metering Cubicle	3500	3500

### 12.4 Testing of HT/EHT consumer protective equipment

**Table 12-4: Proposed Testing of HT/EHT Consumer Equipment Charges**

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
Testing charges for protective relays (Earth fault, line fault etc.)	4500	4500
Testing charges for one set of current transformers.	4500	4500
Testing charges for one set of potential transformers.	4500	4500
Testing charges for one set of EHT Current transformer	4500	6000
Testing charges for one set of EHT Potential transformer /CVT	4500	6000
Testing charges for one set of HT circuit breaker	4500	4500
Testing charges for one set of EHT circuit breaker	4500	6000
Testing charges for measurement of earth resistance.	3000	3000
Testing charges for Transformer oils	500	500

### 12.5 Disconnection / Re-connection charges

**Table 12-5: Proposed Disconnection/Reconnection Charges**

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Disconnection of L.T. service on request	100	100
(ii) Disconnection of HT service on request	500	500
(iii) Reconnection of L.T Service (on all occasions).	100	100
(iv) Reconnection of HT Service (on all occasions).	1000	1000

## 12.6 Title transfer of services

Table 12-6: Proposed Disconnection/Reconnection Charges

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Domestic	250	250
(ii) Commercial lighting installation	500	500
(iii) All other LT installation	1000	1000
(iv) HT/EHT Services	2000	2000

## 12.7 Furnishing of certified copies

Table 12-7: Proposed Certified Copies Charges

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Issue of duplicate Monthly bills for a month.	10	10
(ii) Contractor's completion-cum-test report	10	10
(iii) Ledger extract	20.00 / calendar year or part thereof.	20.00 / calendar year or part thereof.
(iv) Agreement	50	50
(v) Estimate	50	50

## 12.8 Charges for Replacement of Burnt Meters

- LT Single Phase meters -Rs.700
- LT Three Phase meters - Rs.1300
- Three Phase LT meters with CTs - Rs.3000
- HT Meter 0.5s class of accuracy - Rs. 6500
- HT Meter 0.2s class of accuracy - Rs.30000
- HT Metering Cubicle (CT/PT Unit) - Rs.70,000

## 12.9 Fuse renewal charges

Table 12-8: Proposed Fuse Renewable Charges

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) Domestic	-NIL	-NIL
(ii) Commercial	50	50
(iii) L.T Industrial	50	50
(iv) High Tension/Extra High-Tension installation	250	250

## 12.10 Shifting of meter board at consumer's request

Table 12-9: Proposed Shifting of meter board Charges

Particulars	Existing Charges (Rs.)	Proposed Charges (Rs.)
(i) LT single phase supply	125	125
(ii) LT Three phase supply	250	250

## CHAPTER 13. PRAYER TO THE HON'BLE COMMISSION

### 13.1 Prayer to the Hon'ble Commission

13.1.1 The Electricity Department, Government of Puducherry (PED) respectfully prays to the Hon'ble Commission to:

- 1) Condone the delay in filing/submission of petition due to administrative reasons.
- 2) Admit the petition seeking True Up for FY 2019-20, Annual Performance Review for FY 2020-21 and Aggregate Revenue Requirement (ARR) FY 2021-22 and Determination of Tariff for FY 2021-22
- 3) Approve the total recovery of True Up for FY 2019-20, Annual Performance Review for FY 2020-21 and Aggregate Revenue Requirement (ARR) FY 2021-22 and Determination of Tariff for FY 2021-22
- 4) Review the actual performance of FY 2019-20 and approve the Aggregate Revenue Requirement (ARR) and gap for FY 2019-20 based on the actual figures.
- 5) Review and approve the revised estimates for Aggregate Revenue Requirement (ARR) and gap for FY 2020-21.
- 6) Approve the Aggregate Revenue Requirement (ARR) for FY 2021-22, Revenue from Charges and the gap along with the estimated carrying cost for FY 2019-20 till FY 2021-22.
- 7) Approve the consolidated gap till FY 2021-22 as regulatory assets as proposed in the petition and allow the gap to be recovered during the control period through levy of Regulatory surcharge.
- 8) To allow recovery of balance regulatory asset approved earlier up to FY 2019-20 during the MYT control period.
- 9) To approve the proposed Tariff schedule applicable from 1<sup>st</sup> April, 2021.
- 10) Grant approval for levy of 4 % Regulatory Surcharge to all the consumer categories.
- 11) Grant Approval for Wheeling charges, Additional Surcharges and Open access charges for FY 2021-22

- 12) Grant approval for the schedule of tariff, charges for services and schedule of charges along with the surcharge as made in the petition for FY 2021-22.
- 13) Grant approval for change of applicable Tariff Category for Hotels, restaurants, boarding and lodging homes from LT Commercial to LT Industrial.
- 14) Grant any other relief as the Hon'ble Commission may consider appropriate. The petitioner craves leave of the Hon'ble Commission to allow further submission, addition and alteration to this petition as may be necessary from time to time.
- 15) To pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

The petitioner declares that the subject matter of the petition has not been raised by the petitioner before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any order in relation thereto.