TARIFF ORDER

ARR and Tariff Determination
for
FY 2014-15
and
Review for FY 2013-14

Petition No. 125/2014
for
Electricity Department, Government of Puducherry

JOINT ELECTRICITY REGULATORY COMMISSION

for the State of Goa and Union Territories

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April 25’ 2014

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List of Abbreviations

A&G	:	Administration & General Expenses
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
CAGR	:	Compound Annualized Growth rate
Capex	:	Capital Expenditure
CC	:	Current Consumption
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
CGS	:	Central Generating Station
COD	:	Commercial Operation Date
Commission/JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
Ckt. Km	:	Circuit Kilometer
CPSU	:	Central Public Sector Undertaking
D/C	:	Double Circuit
DS	:	Domestic Supply
EA 2003	:	The Electricity Act, 2003
EDP	:	Electricity Department, Puducherry
FC	:	Fixed Charges
FPPCA	:	Fuel & Power Purchase Cost Adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HT	:	High Tension
JERC	:	Joint Electricity Regulatory Commission for the state of Goa and union territories
KVA	:	Kilo Volt Ampere
KWh	:	Kilo Watt Hour
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets

O&M	:	Operation & Maintenance
PGCIL	:	Power Grid Corporation of India Ltd.
PLF	:	Plant Load Factor
PX	:	Power Exchange
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
RE	:	Revised Estimates
REA	:	Regional Energy Accounting
RLDC	:	Regional Load Dispatch Centre
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SLDC	:	State Load Dispatch Centre
SOP	:	Standard of Performance
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
T&D	:	Transmission & Distribution
UI	:	Unscheduled Interchange
VAR	:	Volt Ampere Reactive
VC	:	Variable Charges

Before the

Joint Electricity Regulatory Commission for the State of Goa and Union Territories

Gurgaon

CORAM[1]
S. K. Chaturvedi (Chairman)

Petition No. 125/2014

In the matter of

Petition filed by Electricity Department, Puducherry for approval of Aggregate Revenue Requirement and Tariff for FY 2014-15…..………………………………………….Petition No. 125/2014

And

In the matter of

Electricity Department, Puducherry………………………………………………………………Petitioner

ORDER

Date: April 25' 2014

1. INTRODUCTION

1.1 JERC Formation

In exercise of the powers conferred by Section 83 of the Electricity Act, 2003 the Central Government constituted a two member (including Chairperson) Joint Electricity Regulatory

[1]As per section 93 of the Electricity Act, 2003, no act or proceedings of the Appropriate Commission shall be questioned or shall be invalidated merely on the ground of existence of any vacancy or defect in the constitution of the Appropriate Commission. Therefore, Shri S K Chaturvedi constituted the valid Coram for the public hearing in respect of the determination of tariff for FY 2014-15, due to vacancy in the position of Member.

Commission for all Union Territories except Delhi to be known as "Joint Electricity Regulatory Commission for Union Territories'' with headquarters at Delhi as notified vide notification no. 23/52/2003 – R&R dated May 2' 2005. Later on with the joining of the state of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" as notified on May 30' 2008. The Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Andaman & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry) started functioning with effect from September 2008. Office of the Commission is presently located in the district town of Gurgaon, Haryana.

1.2 JERC Tariff Regulations

The Commission, in exercise of the powers conferred by the Electricity Act, 2003, has notified JERC (Terms and Conditions of Tariff) Regulations, 2009 for determination of tariff (hereinafter referred to as JERC Tariff Regulations).

1.3 Filing of Petition by Electricity Department-Puducherry

The Electricity Department of Government of Puducherry (hereinafter referred to as "ED Puducherry" or "EDP"), a deemed licensee under section 14 of the Electricity Act 2003, is in the business of distribution and retail supply of electricity in Puducherry, Karaikal, Yanam and Mahe regions of the Union Territory of Puducherry.

Electricity Department, Puducherry has filed its petition for determination of Aggregate Revenue Requirement (ARR) & Retail Tariff for distribution and retail sale of electricity for FY 2014-15 under section 61, 62 & 64 of the Electricity Act, 2003. ED-Puducherry filed its petition for ARR and Tariff determination for FY 2014-15 on January 20' 2014.

The Petitioner vide its letter dated November 28' 2013 had prayed before the Commission to allow extension of time beyond November 30' 2013 for filing of the petition for FY 2014-15. The Commission vide its letter dated December 5' 2013 granted extension of time to the Petitioner upto December 31' 2013. However, the petition was not received by the time extension that the Commission had granted to the Petitioner. Therefore, the Commission vide its letter dated January 7' 2014 sent a reminder and mentioned that if no response is received from ED-Puducherry, then the Commission would be constrained to initiate suo-moto proceedings against the utility. The Petitioner vide its letter dated January 8' 2014 prayed for condonation of delay and sought further time extension of 20 days for filing of the petition. The Petitioner cited delay in appointment of consultants as the reason for the delay and prayed for further time extension. The Commission further granted extension of time to the

Petitioner upto January 20’ 2014. Subsequently, the petition was then filed before the Commission on January 20’ 2014.

The Petitioner has cited the following reasons for the delay in the filing of the petition, in its petition.

Quote

‘’As per the Terms & Conditions for Determination of Tariff Regulations 2009, PED was required to file the ARR and the Tariff Petition for the Financial Year, 2014-15 by the 30th November, 2013. However there was delay in filing due to reasons as discussed below and an Affidavit for extension has been filed before Hon’ble Commission:

- Hon’ble JERC was in process of issuing MYT Regulations and accordingly PED had prepared tender for appointment of consultants for Business Plan and MYT petitions. However due to deferment of MYT Regulations, the process of appointment/ selection of consultant also got delayed.
- Further to the compilation by PED, the Petition needs Administrative and Finance approval of Government of Puducherry, which would also take considerable time to finalise/ approve the said Petition.’’

Unquote

1.4 Admission of Petition

After initial scrutiny and analysis of the petition, the Commission admitted the petition on ARR & tariff determination for FY 2014-15 on January 20’ 2014 and numbered as petition no. 125/2014. The Petitioner was directed to publish the summary of the ARR petition and the tariff proposal in leading newspapers of the union territory and upload the petition on the website of the Petitioner. The copy of the Commission’s letter dated January 24’ 2014stating the admittance of the petition is enclosed as **Annexure 1** to this order.

1.5 Interaction with the Petitioner

The Commission interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the tariff petition.The Petitioner submitted its replies, in response to the queries raised by the Commission’s office, which have been considered for the computation of the ARR and the resultant tariff thereof, of the Petitioner. The technical validation session was held at the Commission’s office on February 20’ 2014 and February 21’ 2014.The list of correspondence with EDP is tabulated below.

Table 1: List of Correspondence with EDP

S.No.	Date	Subject
1.	31.01.14	Deficiency note on the petition sent by the Commission
2.	18.02.14	Reply to the deficiency note
3.	28.02.14	Queries and additional data sought by the Commission after the technical validation session, sent vide email
4.	06.03.14	Reply to the additional clarifications/data sought by the Commission
5.	20.03.14	Response on the objections received during the public hearing

1.6 Public hearing process

The Commission directed the Petitioner to publish the summary of the ARR and Tariff proposals in the abridged form and manner, as approved by the Commission in accordance with section 64 of the Electricity Act 2003. Accordingly, the public notice was published by the Petitioner for inviting objections/ suggestions on the petition from different stakeholders.Details of public notice are tabulated below.

Table 2: Public notice published by the Petitioner

S.No.	Date	Name of newspaper	Place of circulation
1.	February 2’ 2014	The New Indian Express (English)	Puducherry, Karaikal, Yanam, Mahe
2.	February 2’ 2014	DinaThanthi (Tamil)	Puducherry, Karaikal
3.	February 2’ 2014	Dina Malar (Tamil)	Puducherry, Karaikal
4.	February 1’ 2014	Malai Malar (Tamil)	Puducherry
5.	February 4’ 2014	Kerala Kaumudi (Malayalam)	Mahe
6.	February 4’ 2014	Sakshi (Telugu)	Yanam

Besides, the Petitioner also uploaded the public notice and the petition on its website (www.electricity.puducherry.gov.in).Interested parties / stakeholders were requested to file their objections / suggestions on the petition on or before February 14’ 2014. The copies of public notices are attached as **Annexure 2** to this order.

The Commission published the notice for public hearing regarding approval of Aggregate Revenue Requirement (ARR) & tariff for FY 2014-15 in leading newspapers giving due intimation to stake holders, consumers, objectors and the public at large about the public hearing to be conducted by the Commission as per the below mentioned schedule.

Table 3: Schedule of Public Hearing at Puducherry

S.No.	Date & Time	Venue of Hearing	Subject
1.	March14' 2014 0930 hours onwards for all category of consumers	Hall at Pondicherry Multipurpose Social Service Society (PMSSS) Complex, #81, Laporte Street, Puducherry - 605001	Petition No. 125/2014 of ED-Puducherry Approval of ARR & Determination of Tariff for FY 2014-15

Table 4: Public notice published by the Commission

S.No.	Date	Name of newspaper	Place of circulation
1.	January25' 2014	Dinakaran (Tamil)	Puducherry
2.	January 25' 2014	DinaThanthi (Tamil)	Puducherry

The copies of public notice published by the Commission for intimation of public hearing(s) are attached as **Annexure 3**to this order. The public notices were also published on the website of the Commission (www.jercuts.gov.in). The repeat public notices for due intimation of the public hearing werepublished in the following newspapers, as shown in the table below.

Table 5: Repeat public notice published by the Commission

S. No.	Date	Name of newspaper	Place of circulation
1.	March 12' 2014	Dinakaran (Tamil)	Puducherry
2.	March 12' 2014	DinaThanthi (Tamil)	Puducherry
3.	March 12' 2014	The Hindu (English)	Puducherry

During the public hearing, each objector was provided an opportunity to present his views on the petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given opportunity to express their views. The list of objectors is attached as**Annexure 4** to this order. The issues and concerns expressed by the stakeholders have been examined by the Commission. The major issues discussed during the public hearing(s), the comments/replies of the utility and the views of the Commission thereon, have been summarized in **Chapter 4** of this order.

The list includes the stakeholders:

1. Those who gave their written objections & did not intend to present orally during the public hearing
2. Those who gave their written objections & expressed to present orally also during the public hearing
3. Those who gave their written objections but had not desired to express orally, but later chose to present orally also. They were also given an opportunity to present orally before the Commission during the public hearing;
4. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot
5. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot and also gave written submissions

All these objections/suggestions were responded to by the Licensee in addition to written replies submitted later. Licensee submitted written replies to all written objections/suggestions of the stakeholders.

1.7 Adherence to Model Code of Conduct

The Commission had noted that in view of the General Elections 2014, the Model Code of Conduct has been imposed since March 5' 2014. In this context, the Principal Secretary, Secretariat of the Election Commission of India, vide its letter no. 437/6/Misc./2014-CC&BE/322 dated February 17' 2014, clarified to the CERC/FOR that the model code of conduct is applicable to the Electricity Regulatory Commissions also as had been done during the last Lok Sabha Elections and that in case any relaxation is required under model code of conduct, CERC/SERC may refer the matter to the Commission.

The FOR (Forum of Regulators) communicated the above mentioned clarification as received from the Election Commission to all SERCs vide its letter no. 15/2(39)/2013-FOR/CERCdated February 24' 2014.

Accordingly, JERC, vide its D.O. No. 21/46/2014-Jerc/1876 dated March 7' 2014 to the Election Commission communicated the following:
Quote:………………*"While Public Hearings have already been held in respect of tariff petitions filed by Goa and three UTs, the Public Hearings are scheduled from second week of March '14 in respect of tariff petitions filed by Electricity Departments of Puducherry (clubbed with the*

petition filed by State Generating Station PPCL), Dadra & Nagar Haveli and Chandigarh. Subsequently, the Commission also is to issue the Tariff Orders for the generator and all the licensees situated in Goa and six Union Territories on or before 31st March 2014.
*…………. As the election schedule has already been announced and Model Code of Conduct has been imposed, I earnestly request the Election Commission for grant of permission to JERC to discharge the statutory functions of holding the Public Hearings and issue of Tariff Orders as mentioned earlier and also as envisaged in the Act.”***Unquote**

Subsequently, the Election Commission of India vide its letter no. 437/GOA-HP/2014/800dated March 18’ 2014, communicated its consent as follows:
Quote:
”*I am directed to refer your DO. No. 21/46/2014-Jerc/1876 Dated 07th March 2014, on the subject cited and to state that the Commission has ‘No Objection’ for holding meetings and for fixing the revised tariff and for taking a final decision thereon. However, before implementing the same, prior concurrence of the Election Commission of India shall be taken.”*
Unquote

In view of above, the Commission conducted the public hearing on March 14’ 2014. The Principal Secretary, Secretariat of the Election Commission of India, vide its letter no. 437/6/1//2014/-CC&BE/235 Dated March 29’ 2014 further clarified to the CERC as follows:
Quote:
”The Commission has no objection to the continuance of the process required for the decision on the power tariff. However, tariff award shall be made only on the completion of poll in the relevant State, i.e. after the poll date/dates in that State’’ **Unquote**

The FOR (Forum of Regulators) communicated the above mentioned clarifications as received from Election Commission to all SERCs vide its letter no. 15/2(39)/2013 – FOR/CERC/36750 dated April 4’ 2014.

The poll date in Puducherry was on **April 24’ 2014**, which is now over. Hence, in view of the consent and instructions received from the Election Commission of India as above, the Commission has finalized the tariff order and issued the current Tariff Order.

2. Summary of the provisional actual performance for FY 2012-13, Review for FY 2013-14 and ARR & tariff determination for FY 2014-15 filed by the Petitioner

2.1 Introduction

In exercise of powers conferred on Joint Electricity Regulatory Commission for the Goa and Union Territories under Section 61read with Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powersenabling it in this behalf, the Joint State Electricity Regulatory Commission for theState of Goa and Union Territories notified the (Terms and Conditions for Determination of Tariff) Regulations, 2009. These regulations came into force from the date of their publication in the official Gazette i.e. February 9' 2010. These Regulations are applicable to the State of Goa and theUnion Territories of Andaman and Nicobar Islands, Chandigarh, Dadra andNagar Haveli, Daman and Diu, Lakshadweep and Puducherry.

Electricity Department, Puducherry has filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2014-15under sections 61, 62 & 64 of the Electricity Act, 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009.

As discussed at Para 1.4 of Chapter 1, after initial scrutiny & analysis of the ARR and Tariff Petition filed by ED-Puducherry for FY 2014-15, the petition was admitted subject to removal of infirmities to the extent possible. The Commission has taken the petition bearing no. 125/2014 on record.

2.2 Summary of the provisional actual performance for FY 2012-13 filed by the Petitioner

The Petitioner has submitted that the revised estimates for FY 2012-13 were submitted in the tariff petition for FY 13-14 and Commission had carried out Review exercise for the year in its tariff order dated April 10' 2013. The Petitioner has submitted the provisional actual for FY 2012-13 in this petition. EDPhas submitted that it will file a separate true-up petition for the FY 2012-13 once the audited accounts for FY 2012-13 become available.

The Petitioner has further submitted that it is in process of third party audit of accounts for FY 2011-12. EDP shall approach the Commission for truing-up of FY 2011-12 & FY 2012-13 at a later date when audited accounts are available. However, at present the provisional actual figures of FY 2012-13 have been made available for ARR & tariff petition exercise.The Petitioner has submitted that it has appointed Consultant for preparation and finalisation of Financial Statements for FY 2012-13 required for truing-up purposes.

The summary of ARR for FY 2012-13 proposed as against the approved figures of the Commission is provided in the table below.

Table 6: Summary of provisional actual ARR for FY 2012-13filed by the Petitioner (Rs Crores)

Sr. No.	Item of expense	Submitted	Approved	Provisional Actual
1	2	3	4	5
1	Cost of fuel			-
2	Cost of power purchase	1027.40	893.23	988.74
3	Employee costs	60.97	58.4	57.32
4	R&M expenses	17.06	17.06	19.76
5	Administration and General expenses	4.93	4.84	2.56
6	Depreciation	23.39	23.39	21.78
7	Interest on Loan & Finance charges	2.27	11.37	2.27
8	Interest on Working Capital + Interest on CSD	13.65	12.67	9.32
9	Return on NFA /Equity	10.03	9.96	10.03
10	Provision for Bad Debt	-	-	-
11	CGRF Expenses	-	-	-
12	**Total Revenue Requirement**	**1159.70**	**1030.92**	**1,111.76**
13	Less: Non Tariff Income	163.02	51.88	106.89
14	**Net Revenue Requirement**	**996.68**	**979.04**	**1,004.87**
15	Revenue from Retail Sales at Existing Tariff including FPPCA Charges	792.60	799.94	853.00
16	**Net Gap**	**204.00**	**179.10**	**151.87**

The provisional actual energy balance for FY 2012-13 as against the revised approved figures of the Commission, as per order dated April 10’ 2013 is as below.

Table 7: Summary of provisional actual Energy Balance for FY 2012-13 filed by the Petitioner

S. No.	Item	Submitted	Approved	Revised
1	Total Sales within the UT (MUs)	2382.52	2348.49	2,475.00
2	Sales- UI/ Export to Exchange (MUs)	470.89	145.87	347.06
3	Total Sales (MUs)	2853.41	2494.36	2,822.06
4	Loss (%)	13.00%	12.50%	13.09%
5	**Total Energy Requirement (MUs)**	**3209.42**	**2829.86**	**3,194.82**
1	**Energy Availability**			
2	Gross Energy Purchase (MUs)	3358.36	2944.74	3,317.70
3	Transmission Losses (MUs)	148.94	114.88	122.87
4	**Energy Availability at Periphery (MUs)**	**3209.42**	**2829.86**	**3,194.82**

The Petitioner has submitted that it would approach the Commission separately for filing of the true-up petition for FY 2011-12 and FY 2012-13 once the same are finalized by the Statutory Auditors.

2.3 Summary of the Review for FY 2013-14 filed by the Petitioner

EDP had submitted the ARR and Tariff Petition for the FY 2013-14 on 15th January 2013. While submitting the ARR and Tariff Petition for FY 2013-14, EDP had considered 6 months actual data/ information for power purchase and sales for FY 2012-13 for the purpose of projection. The ARR submitted for FY 2013-14 were based on the projection over the previous year i.e. FY 2012-13. The present filing for Review of FY 2013-14 is based on 6 months of provisional actual data/ information i.e. from April 2013 to September 2013. The ARR for next 6 months is estimated accordingly and revised estimates for FY 2013-14 have been prepared and submitted before the Commission for review.

The summary of the proposal is presented below.

Table 8: Summary of the Review of ARR for FY 2013-14 filed by the Petitioner (Rs Crores)

Particulars	Claimed by Petitioner	Approved by Commission	Revised Estimates
Cost of Power Purchase	1049.64	924.91	984.77
Employee Cost	67.60	62.75	69.69
A&G Expenses	5.35	5.27	3.96
R&M Expenses	17.64	17.64	20.15
Depreciation	25.03	25.03	23.65
Advance Against Depreciation	-	-	-
Interest & Finance Charges	2.13	15.13	4.53
Interest on Working Capital + Interest on SD	13.78	12.41	8.39
Provision for Bad Debts	-	NIL	NIL
Return @ 3 % of NFA	10.95	10.88	9.85
Amortization of the regulatory asset proposed for previous years	92.6		
Less: Non-Tariff Income	144.3	2.00	16.50
Aggregate Revenue Requirement	**1140.43**	**1072.02**	**1,108.50**

The ARR approved by the Commission in the tariff order dated April 10' 2013 for FY 2013-14 was Rs 1072.02 Crores. The Petitioner for the Review of FY 2013-14 has requested the Commission to approve the ARR of Rs 1108.50 Crores.

The energy sales for FY 2013-14 are 2450 MU and average cost of supply is Rs 4.52/kWh for FY Review of ARR for FY 2013-14.

The revenue gap for FY 2013-14, now claimed is Rs 19.37 Crores. The comparison with earlier approved figures is presented below.

Table 9: Revenue Gap for FY 2013-14 filed by the Petitioner (Rs Crores)

Particulars	Claimed by Petitioner	Approved by Commission	Revised Estimates
Aggregate Revenue Requirement	1140.00	1072.00	1,108.50
Revenue from Tariff	833.80	851.25	1089.13
Revenue Gap/ (Surplus)	**306.63**	**220.77**	**19.37**

2.4 Summary of the ARR for FY 2014-15 filed by the Petitioner

The Petitioner has submitted the estimates for FY 2014-15 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. EDP has studied the previous trends and taken cognisance of other internal and external developments to estimate the likely performance for FY 2014-15.

The net ARR for FY 2014-15 is **Rs.1,149.87Crores** and the net revenue from sale of power is **Rs. 1,080.67Crores**.

The summary of the proposal is presented below.

Table 10: Summary of ARR for FY 2014-15 filed by the Petitioner (Rs Crores)

Sr. No.	Item of expense	FY 2014-15 (Projection)
1	2	3
1	Cost of fuel	-
2	Cost of power purchase	996.74
3	Employee costs	76.28
4	R&M expenses	20.56
5	Administration and General expenses	4.25
6	Depreciation	26.45
7	Interest on Loan & Finance charges	5.31
8	Interest on Working Capital	-

Sr. No.	Item of expense	FY 2014-15 (Projection)
9	Interest on Security Deposit	10.81
10	Return on NFA /Equity	9.99
11	Provision for Bad Debt	-
12	CGRF Expenses	-
13	**Total Revenue Requirement**	**1,150.37**
14	Less: Non Tariff Income	0.50
15	Less: Revenue from Sale of Power - UI Pool	-
16	Less: Revenue from Sale of Power-Exchanges	-
17	**Net Revenue Requirement (13-14-15-16)**	**1,149.87**
18	Revenue from Retail Sales at Existing Tariff including FPPCA Charges	1,080.67
19	Revenue from FPA Charges	-
20	**Net Gap (17-18-19)**	**69.20**
21	**Energy sales (MU)**	**2,525**
22	**Average Cost of Supply (Rs/kWh)**	**4.55**

The revenue from existing tariff also includes the 10% surcharge approved by the Commission in the Tariff order of FY 2013-14 and a separate account for surcharge and regulatory assets is maintained, hence an additional amount of Rs. 108.00 Crores would be recovered from revenue.

2.5 Summary of the Treatment of Regulatory Assets/Tariff Proposal for FY 2014-15

The Commission increased the tariff for FY 2013-14 and bridged the gap for the year and also approved an additional surcharge of 10% over the revenue from tariff. The Commission also suggested the Petitioner to request the government to avail a one- time support of Rs. 360.28 Crores. The Petitioner has submitted that the decision on the same is being considered by the Government of Puducherry.

The cumulative gap calculation over the years is shown below.

Table 11: Cumulative Gap calculation over the years filed by the Petitioner (Rs Crores)

Particulars	FY 2012-13 (approved)	FY 2012-13 (actuals)	FY 13-14 (Approved)	Fy 13-14 (revised-actuals)	FY 14-15 (Projections)
Net ARR	979.04	1,004.87	1,072.82	1,108.50	1,149.87
Less: Revenue at Existing Tariffs	799.94	853.00	851.00	1,049.13	1,080.67
Revenue Gap for the year	**179.10**	**151.87**	**221.82**	**59.37**	**69.20**
Add: Past Gap approved by JERC					
Gap for FY 2009-10			59.54	59.54	207.98
Gap for FY 2010-11			96.19	96.19	
Gap for FY 2011-12			346.01	346.01	
Gap for FY 2012-13			179.10	151.87	
Gap for FY 2013-14			-	-	
Total Gap for Previous years			**680.84**	**653.61**	**207.98**
Total Cumulative Gap			**902.66**	**712.98**	**277.18**
Less: Revenue Addi from Revised Tariffs			225.67	-	-
Less: Revenue from Surcharge			107.39	105.00	108.00
Less Revenue from FFPCA				40.00	-
Net Cumulative Gap			**569.60**	**567.98**	**169.18**
Less: Request of JERC to approach State Govt for addressing Gap			360.28	360.00	
Balance Regulatory Amount			**209.32**	**207.98**	**169.18**

The Petitioner has submitted before the Commission that in view of the tariff increases of 16.08% in FY 12-13 and 26.48% in FY 2013-14 with 10% additional surcharge from FY 13-14, and also in view of not giving a tariff shock to the consumers every year, the Petitioner has considered not proposing a tariff hike and the same shall be taken up during True-up petition on actual values of expenses.

The Petitioner requests the Commission to approve the net revenue gap and treat the gap as regulatory asset.

2.6 Prayer to the Commission

The Petitioner has prayed before the Commission:

i. Condone the delay in submission of the Aggregate Revenue Requirement (ARR) petition.
ii. Admit this petition for approval of Aggregate Revenue Requirement (ARR), and Expected Revenue from Charges.
iii. Review the provisional actual performance of FY 2012-13, and approve the Aggregate Revenue Requirement (ARR), and gap for FY 2012-13, subject to final approval on the basis of true-up based on audited accounts.
iv. Provisionally approve the consolidated gap up to end of FY 2013-14 based on the revised estimates and projections, subject to final approval on the basis of true-up based on audited accounts.
v. Approve the Aggregate Revenue Requirement (ARR), Expected Revenue from Charges (ERC) and the gap for FY 2014-15.
vi. To consider the IT and ITES consumers under High Tension I (a) and High Tension I (b) categories, considering the petitions and requests made in the public hearing by the above said consumers for transferring them from High Tension I (c) commercial to High Tension I (a) and High Tension (1b) industries.
vii. Grant approval for continuing the Schedule of tariff (considering the prayer under clause 9.1.6), charges for services and schedule of charges along with the surcharge as approved in the tariff order for FY 2013-14 in the year FY 2014-15 also.
viii. To approve and recover the FPPCA charges as per regulations during the FY 2014-15.
ix. Grant approval for the revenue gap for FY 12-13, FY 13-14 and FY 14-15 and treat them as regulatory assets.
x. 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.
xi. 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 has further submitted 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.

3. Approach of the Order

3.1 Introduction

The Petitioner has submitted the ARR & tariff petition for FY 2014-15 comprising of the provisional actual performancefor FY 2012-13, revised estimates for FY 2013-14 and projections for FY 2014-15.The Petitioner has submitted the provisional actual figures of FY 2012-13 and has stated that it would approach the Commission separately for the true-up of FY 2011-12 & FY 2012-13 once the audited accounts become available.

The Annual Performance Review for FY 2013-14 has been filed on the basis of the actual performance during the 1st half of the year and the revised estimates for the second half of the year. Further, the Petitioner has submitted the estimates for FY 2014-15 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. EDP has studied the previous trends and taken cognisance of other internal and external developments to estimate the likely performance for FY 2014-15.

3.2 Approach forprovisional actual performance for FY 2012-13 and Review for FY 2013-14

The Petitioner has submitted the provisional actual figures of FY 2012-13 in the present petition and has prayed before the Commission to provisionally approve the ARR and revenue gap for FY 2012-13 based on actual subject to final adjustment at the time of true-up based on the audited accounts.

Review for FY 2013-14 has been filed on the basis of the actual available data of the first half of the year and revised estimates for the second half of the year.

The True-up and Review of the respective years is to be carried out as per the provisions ofregulation 8 of JERC Tariff Regulations, 2009, which is as under:

Quote

''*The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments/ changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review'.*

After audited accounts of a year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as per the audited accounts. This exercise with reference to audited accounts shall be called 'Truing Up'.
The Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

The revenue gap of the ensuing year shall be adjusted as a result of review and truing up exercises.

While approving such expenses/revenues to be adjusted in the future years as arising out of the Review and / or Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenues. Carrying costs shall be limited to the interest rate approved for working capital borrowings.

For any revision in approvals, the licensee would be required to satisfy the Commission that the revision is necessary due to conditions beyond its control.

In case additional supply is required to be made to any particular category, the licensee may, any time during the year make an application to the Commission for its approval. The application will demonstrate the need for such change of consumer mix and additional supply of power and also indicate the manner in which the licensee proposes to meet the cost for such change of consumer mix and additional supply of power.

The Commission may consider granting approval to such proposals provided the cost of additional supply is ordinarily met by the beneficiary category.''
Unquote

The Commission has made note of the submissions of the Petitioner.**The Commission has observed that the provisional actual data for FY 2012-13 is not supported even by unaudited accounts. In the absence of unaudited accounts, the Commission is not in a position to provisionally approve the ARR & revenue gap for FY 2012-13 based on actual. The Commission, therefore, has kept the figures of income & expenditure and other constituents of the ARR unchanged i.e. at the same level as approved last time during the Review of FY 2012-13 as per the tariff order dated April 10' 2013.**

The Commission for the purposes of this order has kept the ARR & revenue gap for FY 2012-13 unchanged i.e. at the same level as approved during the last tariff order for FY 2013-14 dated

April 10’ 2013. The same would be re-visited once the true-up petition is filed before the Commission along with the audited accounts.

In line with the above mentioned regulation, the Commission has reviewed the variations between approvals and revised estimates of sale of electricity, income and expenditure for FY 2013-14 submitted by the Petitioner and permitted necessary adjustments/ changes in cases where variations are for reasonable and justifiable reasons.

The detailed analysis & treatment of each component is provided in Chapter 5 and Chapter 6of this Order.

3.3 Approach for Determination of ARR & Tariff for FY 2014-15

In the determination of ARR & tariff for FY 2014-15, various provisions of the JERC’s Tariff Regulations 2009 pertaining to business of the integrated utility are relevant and the Commission has been guided by the principles contained in Section 61 of the Act among other things to examine the sales forecast, power purchase quantum and other income & expenditure.

The Commission, while determining the tariff isguided by the principles contained in Section 61 of the Act, namely-

a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

b) The generation, transmission, distribution and supply of electricity are conducted on commercial principles;

c) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

d) Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

e) The principles rewarding efficiency in performance;

f) Multi-year tariff principles;

g) That the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;

h) The promotion of co-generation and generation of electricity from renewable sources of energy;

i) The National Electricity Policy and tariff policy;

The Commission has also kept in mind the JERC (Procurement of Renewable Energy Regulations) 2010 for meeting the RPO requirements of the utility.

The Commission has considered the figures of income & expenditure as approved by the Commission in the previous tariff order(s) of the utility, actual data for H1 of FY 2013-14 and revised estimates of FY 2013-14 to form the basis of projection for income and expenditure for FY 2014-15. Further, the Commission has relied on the audited figures of FY 2009-10, audited figures of FY 2010-11, unaudited figures of FY 2011-12 and actual available figures of FY 2013-14 provided by the Petitioner and validated by the Commission during the technical validation session for the purpose of analysis of the ARR for FY 2014-15. The detailed analysis &treatment of each component is provided in Chapter - Aggregate Revenue Requirement for FY 2014-15 of this order.

The tariff for various categories is so determined that it is in compliance of the various provisions of the Electricity Act 2003, Tariff Policy, National Electricity Policy and various regulations of the Commission.

4. Summary of Objections received, EDP's Responses and Commission's views

4.1.1 Stakeholders' Objections/ Comments

The issues raised by the public during the public hearing are as below.

1. Shri.R. Viswanathan has submitted the following:

   i. Levying of fuel surcharge is not acceptable.
   ii. No transparency in the level of consumption of energy sales of the various consumer categories
   iii. Due diligence of actual load of consumer over and above sanctioned load should be carried out.
   iv. Service Connection application processing should be made transparent and accountability should be ensured.
   v. Officials/Staff responsible for power theft should be dealt with disciplinary action.
   vi. Disconnection for arrears has been mainly done for the domestic category and not carried out for influential consumers/local bodies/ government services.
   vii. Arrears of HT consumers should be recovered through RR Act.

2. Shri BalaBalasubramanian has submitted the following:

   i. Conducting the public hearing is against the Election Commissions Model Code of Conduct.
   ii. Action should be taken promptly against electricity pilferage.
   iii. No tariff hike should be imposed on any consumer category.
   iv. Industrial and commercial establishments are facing hardships in their business and any increase in tariff will make them to move away from Puducherry.
   v. Companies threatening department officials against theft of energy should be dealt with severity.
   vi. No LED bulbs should be given to the domestic consumer after the enforcement of Code of Conduct.

3. Shri R Gopal has submitted the following:

   i. Department should not levy surcharge component on the electricity bills
   ii. By collection of arrears the Department can have more revenue and the tariff hike may not be required.
   iii. Details of consumer having huge payments due to the Department should be brought out in the public domain.

4. Shri Balasundar has submitted the following:

i. Whether the arrears to be collected have been taken into account in the ARR petition
ii. Whether the subsidy given to OHOB/ agricultural sector is being compensated by the Government properly
iii. The actual T&D Loss should be furnished.
iv. Whether meters are being provided to OHOB and agricultural consumers.
v. Whether all the defective/ stuck up meters are being replaced by the Department

5. Shri KaliaMurugan has submitted the following:

i. R&M expense of 20.56 Crores is shown in petition however no material seems to be available in the O&M section.
ii. JE Boomiyanpet- O&M post is vacant for long time and the street lights in the area are not glowing properly.
iii. When there is an arrear department the Department disconnects immediately but after making payment they take 3 days to reconnect the service.
iv. Fuse-off call centre should be opened in Villiannur O&M.
v. Bill collection centre needs to be opened at Villiannur
vi. Arrears in each O&M area should be maintained and displayed. Disconnection should commence from the highest defaulting parties.
vii. Stuck up meters should be replaced immediately and theft of energy at consumers should be checked
viii. When Bill Collection staff goes on strike the due date on the bills should be extended accordingly.
ix. If the street light is not glowing on account of want of materials whether the department can provide discount in CC bills to the extent of material value given by the consumers to restore street lights.

6. Shri D.J Vengadessane has submitted the following:

i. Basis for calculation of FPPCA is not clear.
ii. Service connection application should be made simple so that even illiterate people can fill the same.
iii. New service connections are issued the first bill very late.
iv. Misuse of power by OHOB consumers is uncontrolled.
v. No control of theft of energy by direct hooking.
vi. If theft/misuse is controlled there won't be any necessity for increase in tariff

7. Shri M. Subramanian(IT & ITES Industry Representative) has submitted the following:

i. Thanked the Department for considering the IT & ITES consumers under HT I(a) and HT I(b) industry category instead of HT Commercial in the Petition.

ii. Requested the Commission to accept the recommendation made by the Department.

8. Shri R. Ramasubramanian(Hotel Association of Pondicherry Representative) has submitted the following:

    i. Hotel business should be treated under Industrial category and the tariff should be fixed accordingly.

9. Shri L.P Ravi (Chamber of Commerce) has submitted the following:

    i. MYT Tariff should be implemented soon.
    ii. Department should convene public meeting at least once in a month to resolve local issues.
    iii. Electricity tariff should not be increased further to sustain the existing business.
    iv. VAT collection should not be made on power tariff.
    v. The intending consumers should not be asked to make the payment for installing transformers.
    vi. Delay in effecting service connection leads to project cost escalation and facility should be made for online service application.
    vii. T&D losses should be controlled and arrears should be collected.

10. ShriP Ragupathy has submitted the following:

    i. DELP scheme cost is Rs 22.78 Crores but the repayment is more than 46 Crores.
    ii. Who is the Manufacturer of LED bulbs distributed under DELP scheme? Whether they are any reputed manufacturer.

11. ShriV.Perumal has submitted the following:

    i. DSM management not being implemented for OHOB consumers and poor consumers are deprived of LED bulb scheme and only rich consumers are being considered for the scheme.
    ii. The public hearing should not be conducted during the period of Code of Conduct.
    iii. No tariff hike for next year.
    iv. If AT&C losses are reduced there is no ground for tariff hike.
    v. Action should be taken against people responsible for the theft of energy

12. ShriS.A. Swamy has submitted the following:

    i. Slum Clearance Board is constructing house to replace hut. No hut in town area. OHOB connections should be reviewed.
    ii. OHOB consumers actually use more energy than their entitlement and the Department is incurring heavy loss.
    iii. Arrears are not collected from local bodies/ government services.

iv. Most of the towers are drawing domestic power supply causing misuse of tariff and loss to the electricity department.
v. LED bulbs are not good for eyes. Clarifications should be furnished.
vi. Street Lights are not glowing properly. Chain snatchings are happening due to this.

13. Shri V Sundarhas submitted the following:

i. The LED bulb distribution has already commenced and the necessity to discuss about the DSM Efficient Lighting Program Petition.
ii. Why the consumer should be provided LED bulbs at the subsidized rate. Where is the necessity and who asked for it.
iii. Why the department has not bridged the FY 2014-15 gap in the FY 2014-15 itself and why is it being deferred to FY 2015-16.

14. Shri R Shanmugumhas submitted the following:

i. OHOB consumers are being provided power supply at subsidized rate. Rationale for subsidy should be provided.
ii. The Government can subsidize the OHOB consumers and to that extent the cross subsidy can be reduced.
iii. The department purchases power at higher cost and sells at lower cost increasing the loss. So retail power tariff should positively reflect the actual cost of power purchase.
iv. The Secretary Power should also attend public hearing to know the public views.

15. ShriG. Shaktivelhas submitted the following:

i. Periodic open house discussion should be undertaken by the department.
ii. Vigilance awareness is not being conducted periodically.
iii. Proper public announcement should be made before making special disconnection drive to avoid inconvenience to the consumers.
iv. The actual losses should be made public.
v. A dedicated phone number should be made available for public grievance redressal.

16. ShriM. Narayanswamyhas submitted the following:

i. Any penalties levied by Ombudsman/CGRF should be paid by the individuals concerned and not from the Government.
ii. Issues raised through the RTI act are not being replied properly by the Department

17. ShrimatiR. Tamilselvi has submitted the following:

i. Department is providing only temporary power supply to the connections sought for advertisements/hoardings.
ii. Requested the Commission to fix separate tariff category for advertisement/hoardings as the temporary supply tariff is very high

18. Shri P. Vaa. Munusamy has submitted the following:

i. The Department has provided power supply to 52 domestic huts in his land area.
ii. Requested the Department to disconnect all the services as they are not real owners of the property and he has not given consent for the power connection being used by them.

19. Shri. L. Kamalesh Kumar has submitted the following:

i. Mobile phone towers are being given power supply by the Department sans proper approval. Such towers are emitting high radiations and they are not complying with TRAI regulations.
ii. If the planning authority raises objections to the erection of towers whether the department disconnects the power supply.
iii. Most of the Steel industries are stealing energy and proper energy audit should be undertaken by the Department to know the actual loss.

20. Shri A. Vengatesan has submitted the following:

i. Grievance regarding bill revision

21. ShrimatiK. Vanitha has submitted the following:

i. Delay in shifting of HT line shifting works.

Petitioner's submission:

The Petitioner has submitted the following in its written reply before the Commission, on the issues raised during the public hearing.

Quote

1. The Department submits that the 10% surcharge levied during the FY 2014-15 as per the Tariff Order of the Honb'le Commission for the FY 2013-14.
2. Misuse of power by OHOB consumers will be regulated by constituting a special inspection team.
3. Periodic inspection is made by Anti Power Theft Squad (APTS) for all power intensive HT/LT consumers and action is being taken against misuse/theft of energy.

4. Special disconnection drive is being conducted by the department after making prior announcement in the public media to recover dues. Even the Govt. departments/ local bodies are being pursued to make payment.
5. Legal action is being initiated against defunct default consumers.
6. The request of the Hotel Association to extend them industrial tariff based on G.O issued by the Government of Puducherry during 1992, treating the Hotel Business as Industry, could not be accepted by the Department for the following reasons.
    a. The Government of Puducherry has not considered their request even during several tariff revisions made before the enactment of Electricity Act 2003.
    b. All over India, such Hotel Business is being categorized as commercial category only.
7. The request of the Advertisement/ Hoarding agents to extend them permanent supply under commercial category of consumers may be examined by the Hon'ble Commission and appropriate tariff may be fixed at the highest commercial category.
8. The distribution of LED bulbs under DELP scheme has been commenced after obtaining in principle approval from Hon'ble Commission. The economics and quality of the bulbs being distributed is under the scrutiny of the Hon'ble Commission.

Unquote

Commission's views:

The Commission has noted objections of the stakeholders and the submission of the Petitioner.

The Commission observes that a large part of the objections were related to the local issues of Puducherry instead of issues related to the Petitions listed. **The Commission directs the Department to convene periodic public grievance meeting once every month to redress consumer related local issues.**

The Commission reiterates that its earlier directive on the collection of arrears should be duly adhered to. The Petitioner must submit quarterly progress reports on the status of the collection of the arrears alongwith an action plan for liquidating the arrears.

The Commission had issued a directive on the metering of the unmetered categories and also a directive on the replacement of the non-functional meters in the last tariff order. The Petitioner has not fully complied with the directive and detailed discussion is in the chapter on Directives. The Commission reiterates its earlier directives and wants the Petitioner to fully comply with it.

The billing and collection efficiency should be further improved. The Commission had given a directive in this regard to the Petitioner. Billing and collection should be improved through various channels and process of speedy implementation of the R-APDRP should be carried out so that related activities can improve.

The Commission underscores that redressal of consumers' complaints and grievances is an important function and responsibility of the distribution licensee, therefore EDP must pay due attention to it. The Commission has put in place an appropriate mechanism for redressal of consumer grievances. Consumer Grievance Redressal Forum (CGRF) is functioning at various levels. Besides that, a full-time Ombudsman is also functional at the JERC office. EDP need to give due publicity to the said Forum and its redressal mechanism so that general public is made aware of the same. EDP should work towards the goal of greater consumer satisfaction, adopt a pro-active approach and settle consumers' complaints in a professional, time bound manner and should make themselves available whenever need be.

As regards the poor quality of supply, the Commission has noted the grievances of the stakeholders. The Commission has notified the JERC (Standards of Performance) Regulation, 2009, wherein the Guaranteed and overall standard of performance to assure quality of supply as enshrined. The Petitioner is bound to adhere to the Regulations prescribed and impart the stipulated performance standards.

The Commission in this regard directs the Petitioner to submit the information regarding the Standards of Performance achieved for FY 2013-14 within one month from the issuance of this order. Further, the licensee should ensure timely submission of the information as per the requirements laid down in the JERC (Standards of Performance) Regulation, 2009.

Further, the Commission directs EDP to create awareness amongst the consumers on the standards of performance notified by the Commission and to make arrangements to publish the Standard of Performance/Salient features of Supply Code and Distribution Code in all leading newspapers and in the vernacular, in simple language which is understandable to a general consumer.

As regards the high line losses, the Commission has noted the grievances of the stakeholders.**The Commission in this regard directs the Petitioner to conduct DT wise energy audit and anti-theft drive in the high loss level area and submit the quarterly report to the Commission.**

The Commission has not considered the impact of the EESL petition (petition no. 128/2014) in the ARR of FY 2014-15 as the LED bulb distribution has just started and it is difficult to assess the complete impact of the savings accruing to ED-Puducherry out of this project at this stage. The same would be considered once the LED bulb distribution has been completed and complete details/information related to the impact of the project are submitted before the Commission in the subsequent ARR & tariff filings.

The Commission would like to mention here that issues related to the RTI have to be redressed only at appropriate RTI forums covered under RTI Act and consumers should seek redressal through appropriate channels.

The Commission has taken due cognizance of the objections of the stakeholders. The Commission has made a prudent assessment of the revenue gap of the different years and accordingly arrived at the required tariff hike. The detailed analysis of the tariff of each of the consumer categories is in Chapter 8 of this order.

Further, the request of the IT & ITES to consider the IT & ITES consumers under HT I (a) and HT I (b) Industrial category instead of HT Commercial category has been accepted by the Commission. The details of the same are in the tariff schedule at the end of the tariff order.

The Commission has decided separate tariff for the ''Advertisement & Hoardings'' category. Details are in the tariff chapter and the tariff schedule attached at the end of the tariff order. Further, they have been granted permanent supply of connection.

5. Provisional actual performance for FY 2012-13

5.1 Petitioner's Submission

The Petitioner has submitted that the revised estimates for FY 2012-13 were submitted in the tariff petition for FY 13-14 and Commission had carried out Review exercise for the year in its tariff order dated April 10' 2013. The Petitioner has submitted the provisional actual for FY 2012-13 in this petition. EDPhas submitted that it will file a separate true-up petition for FY 2012-13 once the audited accounts for FY 2012-13 become available.

The Petitioner has further submitted that it is in process of third party audit of accounts for FY 2011-12. EDP shall approach the Commission for truing-up of FY 2011-12 & FY 2012-13 at a later date when audited accounts are available. However, at present the provisional actual figures of FY 2012-13 have been made available for ARR & tariff exercise.The Petitioner has submitted that it has appointed Consultant for preparation and finalisation of Financial Statements for FY 2012-13 required for truing-up purposes.

The Petitioner has prayed before the Commission to review the provisional actual performance of FY 2012-13, and approve the Aggregate Revenue Requirement (ARR), and gap for FY 2012-13, subject to final approval on the basis of true-up based on audited accounts.

The Petitioner has submitted ARR of Rs 1004.87 Croresas against Rs 979.04 Crores approved earlier. Further, the revenue gap has been revised to Rs 151.87 Croresas against Rs 179.10 Crores approved earlier for the year as per tariff order dated April 10' 2013.

The energy sales for FY 2012-13 have been revised to 2475 MU from 2348.49 MU earlier and gross power purchase to 3317.70 MU against 2944.74 MU approved earlier in the Review exercise.

5.2 Commission's Analysis

The Commission has made note of the submissions of the Petitioner.

During the technical validation session held at the Commission's office, the Commission had further enquired about the status of availability of audited accounts. The Petitioner responded stating that the accounts for FY 2012-13 are under preparation along with the asset register with the help of consultants.

The Commission has observed that the provisional actual data for FY 2012-13 is not supported even by unaudited accounts. In the absence of unaudited accounts, the Commission is not in a position to provisionally approve the ARR & revenue gap for FY 2012-13 based on actual. The Commission, therefore, has kept the figures of income & expenditure and other constituents of the ARR unchanged i.e. at the same level as approved last time during the Review of FY 2012-13 as per the tariff order dated April 10' 2013. The same would be re-visited once the true-up petition is filed before the Commission along with the audited accounts.

The summary of the ARR and revenue gap for FY 2012-13 for purposes of Review of FY 2013-14 and ARR for FY 2014-15considered by the Commission in this tariff order for reference is presented as below.

Table 12: ARR and Revenue Gap considered by the Commission for FY 2012-13(Rs Crores)

Sr. No.	Item of expense	Submitted	Approved as per order dated April 10' 2013	Provisional Actual submitted
1	2	3	4	5
1	Cost of fuel			-
2	Cost of power purchase	1027.40	893.23	988.74
3	Employee costs	60.97	58.4	57.32
4	R&M expenses	17.06	17.06	19.76
5	Administration and General expenses	4.93	4.84	2.56
6	Depreciation	23.39	23.39	21.78
7	Interest on Loan & Finance charges	2.27	11.37	2.27
8	Interest on Working Capital + Interest on CSD	13.65	12.67	9.32
9	Return on NFA /Equity	10.03	9.96	10.03
10	Provision for Bad Debt	-	-	-
11	CGRF Expenses			-
12	**Total Revenue Requirement**	**1159.70**	**1030.92**	**1,111.76**
13	Less: Non Tariff Income	163.02	51.88	106.89
14	**Net Revenue Requirement**	**996.68**	**979.04**	**1,004.87**
15	Revenue from Retail Sales at Existing Tariff including FPPCA Charges	792.60	799.94	853.00
16	**Net Gap**	**204.00**	**179.10**	**151.87**
17	Gap of previous years	546.85	501.74	501.74
18	**Cumulative Gap**	**750.89**	**680.84**	**653.61**

The Commission had approved a gap of Rs 179.10Croresfor Review of ARR for FY 2012-13 as per the tariff order dated April 10' 2013 (not considering previous years gap). Further, considering the gap of the previous years, the cumulative revenue gap of Rs 680.84 Crores was approved for Review of ARR for FY 2012-13 as per the tariff order dated April 10' 2013. This cumulative revenue gap of Rs 680.84 Crores has been carried forward to FY 2013-14, as reviewed in this tariff order.

The Commission directs the utility to file separate true-up petitions for FY 2012-13 & FY 2011-12 along with the audited accounts and fixed asset register for the respective years. The Fixed Asset Register (FAR) should be duly supported by a third party physical verification certificate. Further, the amount of capital cost not rendering useful service should be clearly stated and certified and kept out of the cost of tariff determination.

6. Review of ARR for FY 2013-14

6.1 Background

The petition for the determination of ARR & Tariff for FY 2014-15contains the revised estimates for FY 2013-14. The Petitioner has sought the approval of the revenue gap for FY 2013-14 based on the revised estimates. The Petitioner has considered the actual performance for the first six months of FY 2013-14 and revised projections for the year to arrive at the revised revenue gap for the year.

The Commission has taken into consideration the following for Review of ARR for FY 2013-14:

i. Trued-up ARR for FY 2009-10 based on the audited accounts as per tariff order dated April 10’ 2013
ii. Trued-up ARR for FY 2010-11 based on the audited accounts as per tariff order dated April 10’ 2013
iii. Actual unaudited figures for FY 2011-12 based on the unaudited accounts, subject to adjustment if any at the time of true-up based on audited accounts as per tariff order dated April 10’ 2013
iv. Revised estimates for FY 2012-13 as approved in last year’s tariff order dated April 10’ 2013
v. Actual performance for the first six months of FY 2013-14

6.2 Consumers, Connected Load and Energy Sales

Petitioner’s Submission

The Petitioner has submitted the revised sales at 2450 MU against the Commission approved figure of 2434.79 MU in its order dated April 10’ 2013. The Petitioner has requested the Commission to approve the revised sales at 2450 MU for Review of FY 2013-14.

EDPhas submittedthat the consumer numbers for FY 2013-14 stands at 407,115.

The Petitioner has submitted thatthere has been a decrease of connected load in revised estimates in comparison to the earlier submission of the Petitioner and corresponding approved load by the Commission in its tariff order for FY 2013-14 for few categories.

The connected load for the agriculture category is estimated at 59538 HP and for the HT categories is estimated at 325440 kVA for FY 2013-14.

Commission's Analysis

Consumers

The Commission has analyzed the past trends of the consumer base. The Commission has observed that the Petitioner has kept the number of consumers at the same level as approved last around.The Commission for the purposes of this 'Review' has retained the consumer numbers at the same level as approved in the last year's order as considered reasonable, subject to further adjustment at the time of true-up based on actual performance.

Table 13: Number of consumers approved by the Commission for FY 2013-14

Consumer Category (Connected Load Units in HP/kVA)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Domestic	299772	299772	299772	299772
Commercial	44485	44485	44485	44485
Agriculture (HP)	6842	6842	6842	6842
Street Lighting	49326	49326	49326	49326
LT Industrial	6221	6221	6221	6221
Temporary Supply	-	-	-	-
HT Industrial (kVA) (HT 1)	411	411	411	411
HT state and Central Govt Establishments(kVA)(HT 2)	49	49	49	49
HT Industrial Extra High Tension (kVA) (HT 3)	9	9	9	9
TOTAL	**407115**	**407115**	**407115**	**407115**

Connected Load

The Commission observes that the connected load for the agriculture category has been revised downward from 59660 HP to 59538 HP. Similarly, there is a downward revision in the load for the HT 1 category from 251,969 kVA to 230,680 kVA. The Commission has analyzed the past trends of the connected load and for purposes of this 'Review' approves the connected load as submitted by the Petitioner as reasonable, subject to further adjustment at the time of true-up based on actual performance.

Table 14: Connected Load approved by the Commission for FY 2013-14

Consumer Category (Connected Load Units in HP/kVA)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Domestic	-	-	-	-
Commercial	-	-	-	-
Agriculture (HP)	59660	59660	59538	59538
Street Lighting	-	-	-	-
LT Industrial	-	-	-	-
Temporary Supply	-	-	-	-
HT Industrial (kVA) (HT 1)	251969	251,969	230,680	230,680
HT state and Central Govt Establishments(kVA)(HT 2)	14,265	14,265	14,265	14,265
HT Industrial Extra High Tension (kVA) (HT 3)	80495	80,495	80,495	80,495

Energy Sales

The Commission has noted that the H1 sales for the year are 1253.40 MU based on actual. The Commission has analyzed the H1 and H2 spilt of the sales for FY 2011-12 based on actual and has projected the H2 sales for FY 2013-14 based on the ratio of H1 and H2 sales in FY 2011-12 (actual considered for FY 2011-12 since FY 2012-13 audited figures have not been submitted this time) for the metered categories. For the unmetered categories, the normative approach has been followed.

For the OHOB consumers, the Commission has observed that the Petitioner has submitted the consumption of 9.60 MU for FY 2013-14. The Petitioner has submitted that it has assumed 2 fluorescent tube lights each of 40 W running 10 hours per day for each OHOB consumer. The Commission has made note of the submission of the Petitioner. The Commission has revised the consumption norm of 175.2 units/consumer/year considered in the last year's tariff order assuming 2 fluorescent tube lights each of 40 W running 6 hours per day, in view of the higher consumption of such category.The Commission has considered the submission of the Petitioner and accordingly considers the consumption of 2 fluorescent tube lights each of 40 W running 10 hours per day. The Commission has approved 35,474 consumers for the OHOB category. The Commission has limited the approval of the OHOB sales to 9.60 MU as submitted by the Petitioner, considered to be reasonable.

The Commission considers the consumption of 9.60 MU as reasonable and approves the same. The OHOB sales have been clubbed in the category of 'Domestic' in the below table.

For the agriculture category, the consumption norm of 951.1units/HP/year is considered reasonable as per the TNERC order dated 30th March 2012 as per the approach followed by the Commission in the last tariff order dated April 10' 2013. Consumption has been projected on the connected load of 59538 HP to arrive at the sales of 56.63 MU. The Commission considers the consumption of 56.63 MUs as reasonable and approves the same for FY 2013-14.

The Commission for purposes of reference reiterates the approach followed by it in the last tariff order for the approval of the sales to the agriculture category. The relevant extract from the last year tariff order is reproduced below.

Quote

''The Petitioner has indicated that they have carried out physical verification of the actual number of agriculture consumers and load of pump set used by them. It is however seen that no assessment has been done of actual consumption by installing sample meters at different locations thereby capturing actual data which could then be used to arrive at the normative consumption of unmetered agriculture consumes. If that were done, it would have given a fair assessment of actual consumption of unmetered consumers and provided more accurate basis for the purpose of energy accounting and billing. The formula given by the Petitioner is entirely based on various assumptions and therefore does not give a reliable basis for acceptance.

The Petitioner has also indicated that the basis adopted by him is followed as in the nearby states as well. In this regard, the Commission took into account the tariff order dated 30.03.2012 passed by Tamil Nadu Electricity Regulatory Commission (TNERC) and found that consumption of un-metered agriculture consumers has been assessed at 896.08units/HP/year for 2010-11 and 951.1 units/HP/year for FY2011-12 and FY 2012-13. These normative values have been arrived at by TNERC after conducting actual field studies and capturing actual consumption through Installation of large number of representative meters. Thus the finding so arrived by TNERC provides a more accurate and reliable basis than the one arrived merely on the basis of various assumptions as done by the Petitioner. Since a major area of the UT of Puducherry is adjoint to Tamil Nadustate, the consumption pattern of agriculture consumers of Puducherry is not likely by to be very much different than that in Tamil Nadu. The Commission, therefore, is of the view that it would be proper and in overall interest of all stakeholders that the consumption assessed by TNERC for unmetered agriculture consumers is taken as the basis for assessing consumption of un-metered agriculture consumers in UT of Puducherry also. Accordingly, the energy supplied to this category of consumers has been arrived at by multiplying the normative consumption in kWh/HP/year with the total load in HP of the pump sets as provided by the Petitioner in the petition. The consumption norm of 896.08 units/HP/year of FY 2010-11 has been considered to be reasonable for assessing the consumption of FY 2009-10.

The Commission considers approved the agricultural sales at 53.35 MU for FY 2009-10'' **Unquote**

The metered sales approved as per the H1:H2 methodology mentioned above are 1119.49 MU for H2 of FY 2013-14.The metered energy sales for H1 are 1220.40 MU;are considered reasonable and thereby approved. The metered energy sales of H1 & H2have been taken together with the OHOB sales of 9.60 MU and agriculture sales of 56.63 MU, resultinginto total sales for the year of 2406.12 MU.

The sales approved for the respective consumer categories are as below.

Table 15: Metered Energy Sales approved by the Commission for FY 2013-14 (MU)

	FY 2011-12		FY 2013-14	
Consumer Category	H1 (A)	H2(A)	H1 (A)	H2(P)
Domestic (excluding OHOB)	292.00	245.39	305.00	256.32
Commercial	90.5	77.18	92.00	78.46
Street Lighting	12.5	11.50	14.00	12.88
LT Industrial	90.5	93.89	123.50	128.13
Temporary Supply	9.2	4.55	8.00	3.95
HT Industrial	509.7	464.90	486.00	443.28
HT state and Central Govt. Establishments	20.9	24.13	23.90	27.59
HT Industrial Extra High Tension	153.5	154.30	168.00	168.88
TOTAL	**1178.80**	**1075.84**	**1220.40**	**1119.49**

Table 16: Energy Sales approved by the Commission for FY 2013-14(MU)

Consumer Category	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Domestic (including OHOB)	625.71	564.33	614.00	570.92

Commercial	190.08	179.81	180.00	170.46
Agriculture	56.56	56.74	57.00	56.63
Street Lighting	28.39	26.76	28.00	26.88
LT Industrial	205.62	213.10	247.00	251.63
Temporary Supply	20.00	20.00	20.00	11.95
HT Industrial	969.94	977.75	948.00	929.28
HT state and Central Govt Establishments	50.21	50.21	47.00	51.49
HT Industrial Extra High Tension	323.79	346.08	309.00	336.88
TOTAL	**2470.30**	**2434.79**	**2450.00**	**2406.12**

6.3 Energy Losses

Petitioner's Submission

The Petitioner hasproposed to achieve a T&D loss percentage of 13.00% for FY 2013-14, based on the projected sales of 2,450 MU and energy input of 2908.62 MU at the periphery.The UI sales estimated for the year are 92.53 MU based on the actual UI sales for H1. The Petitioner has submitted that the H2 power purchase has been done on the principles of MOD. The Commission had approved a loss level of 12.50% for FY 2013-14 in its last tariff order dated April 10' 2013.

Commission's analysis

The Commission observes that the Petitioner has revised the loss level to 13.00% for FY 2013-14as against 12.50% approved by the Commission last time. The Commission has observed that on the basis of the performance for H1 of FY 2013-14, the T&D loss comes to 13.13%. The Commission desires the Petitioner to be more efficient in the reduction of T&D losses and take adequate steps to ensure the achievement of the T&D target set for the utility.

The Commission has analyzed the past trends of the T&D loss levels and retains the T&D loss for FY 2013-14 as approved in the last year's tariff order dated April 10' 2013 as reasonable.

Table 17: Energy Losses approved by the Commission for FY 2013-14

Particulars	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Energy Losses	13.00%	12.50%	13.00%	12.50%

The Commission considers the loss level of 12.50% as approved in the tariff order dated April 10' 2013 as reasonable and considers the same as approved for 'Review' of FY 2013-14.

6.4 Energy Balance

Petitioner's submission

The Petitionerhas submitted the T&D loss of 13.00% for Review of FY 2013-14. The Petitioner has submitted the energy sales of 2450 MU and UI sales (as per H1) of 92.53 MU. The Petitioner has applied MOD principles for projecting the power purchase requirement for H2 of FY 2013-14 as per the methodology followed by the Commission in its previous tariff order for estimation of the power purchase.

The Petitioner has submitted that based on trends in power purchase from the previous years and based on current allocations the power purchase for H2 of FY13-14 and the total for FY13-14 have been estimated. The revised estimate ofgross power purchase is 3,019.73 MU. The power availability at the periphery has been revised to 2908.62 MU and T&D losses of 111.12 MU.

Based on the above, the energy balance for FY 2013-14 has been revised.

Commission's analysis

Basedon the approved sales of 2406.12 MU and internal losses of 12.50%, the energy requirement for sale within the territory is approved at 2749.85MU.

The Commission has allowed the sales outside the state/UI sales at 92.53MU (as per the actual H1 of FY 2013-14) resulting in the net energy requirement at the periphery of 2842.38 MU. The sales outside the state have been allowed corresponding to the first half actual in FY 2013-14. Merit order principles have been adopted for estimating the energy requirement for H2 of FY 2013-14 and accordingly only that much power purchase has been estimated as required to meet the requirement within the territory. Therefore, no surplus sale of power has been considered for H2 of FY 2013-14.

The Commission has considered the gross power purchase of 2959.92 MU as per the projections of the Commission. The detailed analysis of the power purchase from the different sources has been discussed in para6.5 of this order. The external losses have been approved at 117.54 MU, resulting in the netenergy availability of 2842.38MU. The actual power purchase for H1 has been considered and merit order principles have been adopted for estimating the energy requirement for H2 of FY 2013-14.

The table below captures the values as submitted by the Petitioner and that approved for FY 2013-14.

Table 18: Energy Balance approved by the Commission for FY 2013-14

Consumer Category	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
ENERGY REQUIREMENT				
Energy sales in the UT	2,470.30	2,434.79	2,450.00	2,406.12
Distribution losses (%age)	13.00%	12.50%	13.00%	12.50%
Energy required for the Territory (MU)	2839.42	2,782.61	2816.09	2,749.85
Add: Sales to common pool consumers/ UI	426.80	-	92.53	92.53
Energy Requirement @ periphery	**3,266.23**	**2,782.61**	**2,908.62**	**2,842.38**
ENERGY AVAILABILITY				
Gross Energy Purchase	**3,419.20**	**2,909.94**	**3,019.73**	**2,959.92**
External losses (MU)	152.97	127.33	111.12	117.54
Net Energy Availability	**3,266.23**	**2,782.61**	**2,908.62**	**2,842.38**

6.5 Power Purchase Quantum and Cost

Petitioner's submission

The Petitionerhas submitted that it meets its total energy requirement from its allocation from the Central Generating Stations (CGS) and state utilities like TANGEDCO, KSEB and PPCL. PPCL is within the UT generating company that caters for EDP requirement. KSEB supplies for the Mahe region under the Puducherry UT.

The summary of the power purchase for H1 of FY 2013-14 is as below.

Table 19: Power Purchase for H1 of FY 2013-14 submitted by Petitioner

Sr. No	Particulars	Purchase (MUs)	Cost (Rs. Cr)	Rate (Rs/Unit)
1	**NTPC**	711.14	195.69	2.75
2	**NLC**	427.40	129.43	3.03
3	**NPCIL**	144.38	43.43	3.01
4	**KSEB**	20.19	11.21	5.55
5	**TANGEDCO**	152.06	53.02	3.56

6	**PPCL**	123.07	45.16	3.67
7	**Vallur**	2.95	8.23	-
8	**Transmission Charges**		25.49	-
9	**Over Drawal**	11.77	2.56	2.56
	Total	**1,592.96**	**514.22**	**3.23**

For the year FY 2013-14, ED – Puducherry has projected the Power Purchase by considering the actual power purchase for the 1st half of the year FY 2013-14 (i.e. Apr 13 – Sep 14) and considering power purchase under the principle of MOD for second half H2 FY 13-14. The key assumptions for power purchase costs are as under:

1) **MOD for H2 FY 13-14:** the power purchase for second half has been considered under the principle of MOD. The must run stations has been identified as all the NPCIL plants, KSEB, TNEB and PPCL. The remaining amount of power is envisaged to be purchased from the remaining available sources. The Power purchase under MOD has been arrived at as follows:

Table 20: Power Purchase for H2 of FY 2013-14 on MOD basis submitted by Petitioner

		MU	VC(Ps/unit	FC	VC	Total
Must Run	NPCIL	159.98		-	46.68	48.08
	others	264.61		8.86	86.29	95.08
Others	talcher	224.05	153.43	3.24	34.38	38.73
	TPS Expn	65.46	200.66	7.64	13.14	21.54
	RSTPS I&II	343.72	204.03	26.80	70.13	97.04
	Simhdri	53.71	207.90	10.81	11.17	22.00
	TPS II stg II	89.99	215.76	6.13	19.42	26.15
	TPS II Stage I	225.25	216.01	14.60	48.66	65.66
	vallur		916.72	(1.67)		(1.67)
	RSTPS III		223.17	9.27		9.30
	t/n charges					29.77
	Total					**451.68**

2) The fixed charges for all the generating stations have been taken same as approved by the Commission in the last tariff order for FY 13-14.
3) The variable cost for FY 2013-14 has been computed considering actual average variable cost of each source for first six months period of April-September 2013. It is submitted that no escalation of cost has been considered.

4) The other costs which includes ED, Cess, Incentive, MOPA etc and supplementary charges are considered on actual basis paid in first six months period of April-September 2013 and are assumed to be same for H2 also as ED- Puducherry is receiving bills with such charges.
5) The power purchase cost for power over-drawl from grid is considered on actual basis paid in first six months period of April-September 2013 only. For H2 over-drawl is not assumed under the principle of MOD.
6) EDP has submitted that it is obliged to comply with the Renewable Purchase Obligation of 3%. The RPO compliance cost is also included in the PP cost which was arrived upon as follows.

Table 21: RPO Compliance Cost for FY 2013-14 submitted by Petitioner

Year	Sales (MU)	Solar PO (REC)	Non-Solar PO (REC)	Solar REC cost (Rs/REC)	Non-Solar REC Cost (Rs/REC)	Total Cost (Rs. Cr)
2013-14	2,450	9,800	63,700	9,500	1,500	18.87

7) The Transmission Charges for FY 2013-14 are considered as per POC computation, i.e. Part A - Transmission charge for withdrawal of power and Part B - Transmission charges of generators. Further, the transmission charge has also been considered factoring the wheeling charges pertaining to PCKL. The transmission charges for 2nd half of FY 13-14 are computed based on the RTA Statement for November 2013.

Table 22:PartA Transmission Charges for withdrawal of Power submitted by Petitioner

Regions	Rates Rs/Mw/ Month	Monthly Quantum (MW)	Oct 2012 to March 2013 (6 months) - MW	Total Charges (Rs.Crs)
Southern Region	71,818.00	332.12	1,993	14.31
				-
Total				**14.31**

Table 23:Part B Transmission Charges for withdrawal of Power submitted by Petitioner

Stations	Rates Rs/Mw/ Month *	Monthly Quantum (MW) *	Total Charges (Rs.Crs)	Share of ED-Puducherry*	Share of ED-Puducherry (Rs.Crores)
RSTPS Stage I & II	71818	1,948.00	13.99	4.220%	0.59
RSTPS Stage III	71818	467.8	3.36	2.800%	0.09
Talcher	71818	1,870.00	13.43	3.520%	0.47
Simhadri	86181	940.00	8.10	1.410%	0.11
			-		-
TPS StageI	71818	517.00	3.71	12.520%	0.46
TPS Stage II	71818	706.00	5.07	3.200%	0.16
TPS I Expn	71818	380.00	2.73	4.030%	0.11
			-		-
MAPS	101818	393.80	4.01	1.820%	0.07
KAPS unit 1 & II	71818	393.80	2.83	4.310%	0.12
KAPS Unit 3 & 4	71818	393.80	2.83	3.850%	0.11
Vallur	71818	935.00	6.71	1.690%	0.11
			-		-
			-		-
			-		-
Total - (Rs.)			**66.77**		**2.43**
Total for 6 Months (Rs.Crs)					**14.55**

Table 24:Total Transmission Charges for H2 of FY 2013-14submitted by Petitioner

Particulars	Rs.Crs
Part - A Transmission Charges (Oct13-Mar 2014)	14.31
Part - B Transmission Charges (Oct13-Mar 2014)	14.55
PCKL Charges (FY2012-13 H2)	0.43
Fees and charges of SLDC - SR	0.48
SCADA charges	
Reactive charges	-
Impact of CERC Order dt (for Revised RLDC Charges)	-
Total Transmission Charges (Oct13-Mar 2014)	**29.77**

The summary of the power purchase quantum and cost submitted by the Petitioner for FY 2013-14 is as:

Table 25: Power Purchase Quantum and Cost for FY 2013-14submitted by Petitioner

Power Purchase Sources	Purchase (MUs)	Cost (Rs. Cr)	Rate (Rs/Unit)
NTPC	1,332.62	362.76	2.72
NLC	808.10	242.78	3.00
NPCIL	304.35	91.51	3.01
KSEB	40.38	19.65	4.87
TNEB	289.48	100.73	3.57
PPCL	230.07	84.09	3.65
Vallur	2.95	6.57	-
Transmission Charges		55.26	
Over Drawl	11.77	2.56	2.17

Power Purchase Sources	Purchase (MUs)	Cost (Rs. Cr)	Rate (Rs/Unit)
RPO		18.87	
Total	**3019.73**	**984.77**	**3.26**

The Petitioner has requested the Commission to approve the power purchase quantum and cost of 3019.73 MU and Rs 984.77 Croresrespectively for FY 2013-14.

Commission's Analysis

The Commission has considered the submission of the Petitioner for actual of H1 forFY 2013-14. The Commission has considered the purchase of 1592.96 MU and cost of Rs 514.22Crores for H1 of FY 2013-14 as per the monthly summary sheets of power purchase submitted by the Petitioner and validated during the technical validation session on random basis.

The Commission has considered the UI over-drawal of 11.77 MU and cost incurred of Rs 2.56Crores as per its prudence check (including the additional UI charges) from the summary sheets/bills of UI on the SRPC site for the first half of FY 2013-14.

The approved power purchase cost by the Commission as part of the review exercise does not include the additional/penal charges paid towards overdrawls/ below allowable frequency under the UI mechanism. As per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof and Press Notification issued by Ministry of Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, the Commission is mandated to disallow the additional UI charges of **Rs. 0.02Crores** against the UI over-drawl/under-drawl beyond the allowed frequency for H1 of FY 2013-14 imposed on the utility under the UI regulations of CERC (as amended from time to time) and it will not be a pass through in the aggregate revenue requirement of the Petitioner for FY 2013-14.

Therefore, the UI over-drawal cost has been considered at Rs 2.54Crores for H1 of FY 2013-14.

Further, the Commission has considered the rebate entitlement from all stations for H1 of FY 2013-14 and disallowed the corresponding amount. The Commission has considered the power purchase cost after consideration of the rebate amount for all stations.

The Commission provides the interest on working capital requirement including power purchase cost of one month. The above treatment enables the utility to avail rebate on its power purchase and transmission bills. The Commission has observed that the Petitioner was entitled to a rebate amount of Rs 8.72 Crores against which the Petitioner has availed rebate amount of Rs 7.05 Crores for H1, as submitted by the Petitioner. The additional rebate entitlement amount i.e. Rs 1.67 Croreshas beenexcluded from the power purchase cost approved by the Commission for H1 of FY 2013-14.

Table 26: Power Purchase approved by the Commission for H1 of FY 2013-14

S. No.	Particulars	Units Purchased (MU)	Total Cost (Rs Crores)
1	Power Purchase as validated from bills	1,581.18	511.66
2	UI over-drawal	11.77	2.56
3	Less: UI penal charges		0.02
4	Less: Rebate entitlement amount		1.67
5	**Total Power Purchase**	**1592.96**	**512.53**

Thus, the overall quantum of power purchase has been considered as 1592.96 MU and cost incurred of Rs. 512.53Crores for H1 of FY 2013-14.

For estimating the energy requirement for H2 FY 2013-14, merit order principles have been considered. While full fixed (capacity) charges have been considered but the variable charges corresponding to the costliest source of power have not been considered, in respect of energy not considered for purchase (according to the merit order dispatch principles).

Following assumptions have been considered for projecting the requirement and cost for H2 of FY 2013-14.

- **Share Allocation:**The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations as per the notification of the Southern Region Power Committee vide SRPC Order No: SRPC/SE-I/54/UA/2014 dated 29.01.2014, effective from 00:00 Hrs of 30-01-2014.
- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past years (FY 2010-11, FY 2011-12 and FY 2012-13). The net energy sent out has been considered after considering the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations.
- **Fixed Charges:** The fixed charges are considered based on the formula specified for the stations in the Central Electricity Regulatory Commission (Terms and

Conditions of Tariff) Regulations, 2009-14. The Annual Fixed Charges for each station have been taken as per the latest tariff orders for the respective stations for FY 2013-14.

- **Variable Charges:** The Commission has considered the average variable cost for the period April 2013 to September 2013 (as per actual) for consideration of the per unit variable charges for H2 of FY 2013-14 for various plants. For nuclear plants, Madras APS and Kaiga the unit rate of Rs 2.03/unit and Rs 2.98/unit has been considered.
- For TNEB, the revised rate of Rs 3.47/unit has been considered. For KSEB, the average variable cost for H1 period has been considered at Rs 4.39/unit. For PPCL, the average variable cost of the H1 period has been considered at Rs 2.78/unit. For NTECL Vallur, the average rate as considered by the Petitioner has been considered to be reasonable at Rs 9.16/unit.
- The Commission has considered the nuclear plants as must run and has not subject them to merit order dispatch. TNEB (Karaikal), KSEB and PPCL have been considered as must run and not subject to merit order principles.
- For determining the power purchase cost for H2, merit order dispatch principles have been applied. The must-run stations have been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order.
- Fixed Charges from all the generating stations (irrespective of the merit order) have been considered for arriving at the power purchase cost.
- As per the merit order principles adopted by the Commission for estimating the energy requirement for H2 of FY 2013-14, no surplus sale of power has been considered for H2 of FY 2013-14 and power purchase corresponding to meet the requirement within the territory has been estimated. The UI over-drawal has not been considered for H2 of FY 2013-14.Further, the UI over-drawal/under-drawal quantum and amount would be considered at the time of true-up based on the actual performance during the year based on the UI bills.
- **PGCIL losses:** Losses have been assumed at 5% to be reasonable and at 4% for TNEB (based on SRPC website). For PPCL and KSEB, being within the periphery of the utility area external losses has been considered as nil.

Transmission Charges

The Commission has considered the PoC rates as specified by the Central Electricity Regulatory Commission vide its order no L-1/44/2013 CERC dated 31.12.2013 applicable from January 2014 to March 2014 for approving the transmission charges for H2 of FY 2013-14. **Accordingly, the transmission charges for usage of the PGCIL network are approved at Rs. 32.20Crores for H2 FY 2013-14.**

The Commission has considered the POSOCO and PCKL charges of Rs 0.48Crores and Rs 0.43Crores as estimated by the Petitioner to be reasonable and approved for H2 of FY 2013-14.

Other Charges

The Commission has noted that the Petitioner has claimed 'other charges' for H2 of FY 2013-14 which include ED, Cess, Incentive, MOPA etc and supplementary charges. The 'other charges' have been submitted to equal to H1 by the Petitioner. In the absence of any basis for projection, the Commission has not considered the 'other charges' as part of the approved power purchase cost for H2 of FY 2013-14 and the same would be considered during the review/true-up exercise based on actual figures.

Accordingly, the Commission approves power purchase quantum of 1,366.96 MU and cost of Rs442.76 Crores for H2 of FY 2013-14, including the transmission charges of Rs 32.20Crores.

Renewable Purchase Obligations

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.*''

The Commission as per its order dated January 2' 2014 has specified the RPO obligations of the utilities, and accordingly the RPO has been considered as 3% for FY 2013-14; 0.4% from solar and 2.60% from non-solar sources.

It is observed that the utility has not been able to meet its RPO obligation as per the JERC Regulations starting from FY 2010-11.

In the order of the Commission dated October 25’ 2013 in petition no. 61/2012, the Commission has given strict directions to the utility to meet its RPO obligations for the respective years and comply with the same by March 31’ 2014 failing which the Commission shall be constrained to proceed under Regulation 4 of JERC (Procurement of Renewable Energy) Regulations 2010 against the licensees/obligated entities. Therefore, EDP has to strictly comply with the orders of the Commission and fulfill its RPO commitments for the respective years.

In the interest of the stakeholders, the Commission has provisioned the pending RPO obligations of the utility of the respective years in FY 2013-14, as the utility is required to meet its obligations by 31.03.2014. The RPO provisioning has been done assuming the fulfillment of RPO obligation through REC certificates; as seen from the past trends and considering that the utility has so far not been able to meet its obligation through renewable energy purchase in energy terms. The RPO provisioning for the years from FY 2010-11 to FY 2012-13 in FY 2013-14 has been discussed in a separate section – para 6.14 later in this chapter. This provisioning has been done to enable the utility to discharge its duty of meeting the RPO commitments for the previous years and same would accordingly be adjusted once the actual payment has been made.

The RPO obligation for the complete FY 2013-14 has been provisioned assuming the fulfillment of RPO obligation through the purchase of REC certificates. This is in consideration of the fact that the utility has so far not been able to meet its RPO obligation through renewable energy purchase in energy terms.The Commission has allowed the amount corresponding to the prevailing floor price of REC certificates, as per the latest CERC order dated August 23’ 2011.

Table 27: Renewable Purchase Obligation (RPO) approved by the Commission for FY 2013-14

Sr. No.	Source	Purchase (MUs)	Price/Certificate	Total Cost (Rs Crores)
	Renewable Energy Sources			
1	Non Solar (2.60% of energy sales for FY 2013-14)	62.56	1500	9.38
2	Solar (0.40% of energy sales for FY 2013-14)	9.62	9300	8.95
3	**TOTAL**	**72.18**		**18.33**

The Commission directs the utility to comply with the directions of the Commission and fulfill its RPO obligations, including the backlog of the previous years.

The RPO compliance cost for FY 2013-14 works out at Rs 18.33Crores and has accordingly been considered by the Commission.

The Commission, therefore, allows the total power purchase quantum and cost of 2,959.92 MU and Rs 973.63Crores for FY 2013-14.

Based on the above, the total power purchase quantum and cost from various sources as approved for Review of FY 2013-14 is as mentioned below.

Table 28: Power Purchase Quantum approved by the Commission for H2 of FY 2013-14 (MOD)

Source	Capacity (MW)	PLF (in %)	Gross Generation (MU)	Auxiliary Consumption (%)	Net Generation (MU)	Firm allocation to EDP (%)	Purchase (MU)
NPCIL							
Madras APS	440	69.31	1,335.74	10%	1,202.17	1.82%	21.86
Kaiga APS stage 1	880	69.22	2,668.02	10%	2,401.21	4.09%	98.21
TNEB (Karaikal)							137.42
KSEB							20.19
PPCL	32.5	88.32	125.72	5.50%	118.81	100%	118.81
Talcher STPS Stage II	2,000	83.30	7,296.79	10.50%	6,530.63	3.44%	224.76
NLC TS I Expn	420	83.99	1,545.02	9.50%	1,398.24	4.06%	56.77
Ramagundam STPS Stage I & II	2,100	91.11	8,380.60	6.50%	7,835.87	4.47%	350.39
Simhadri Stage II	1,000	90.40	3,959.67	6.00%	3,722.09	1.67%	62.16
NLC TS II Stage I	630	74.40	2,053.09	12.00%	1,806.72	13.13%	237.22
NLC TS II Stage II*	840	84.91	3,123.89	10.00%	2,811.50	3.75%	39.17
Ramagundam STPS Stage III*	500	91.11	1,995.38	6.50%	1,865.68	4.74%	-
TNEB (Pondy)*	-	-	-	-	-	-	-
NTECL unit 1, Vallur*	1000	85.00	3,723.00	6.50%	3,481.01	1.70%	-
UI	-	-	-	-	-	-	-
TOTAL PPC for H2 FY 13-14			**36,206.91**		**33,173.91**		**1,366.96**

** The purchase from these plants has been considered as per merit order*

Table 29: Power Purchase Costapproved by the Commission for H2 of FY 2013-14 (MOD)

Source	Purchase (MU)	PGCIL Loss (%)	Energy available at periphery	Fixed Charges (Rs Cr)	VC (Rs/kWh)	VC (Rs Cr)	Total (Rs Cr)
NPCIL							
Madras APS	21.86	*5.00%*	20.77	-	2.03	4.44	4.44
Kaiga APS stage 1	98.21	*5.00%*	93.30	-	2.98	29.27	29.27
TNEB (Karaikal)	137.42	*4.00%*	131.92	-	3.47	47.68	47.68
KSEB	20.19	*0.00%*	20.19	-	4.39	8.86	8.86
PPCL	118.81	*0.00%*	118.81	11.52	2.78	33.03	44.54
Talcher STPS Stage II	224.76	*5.00%*	213.52	10.22	1.53	34.39	44.61
NLC TS I Expn	56.77	*5.00%*	53.93	7.93	2.00	11.35	19.29
Ramagundam STPS Stage I & II	350.39	*5.00%*	332.87	21.41	2.04	71.48	92.89
Simhadri Stage II	62.16	*5.00%*	59.05	9.80	2.08	12.93	22.72
NLC TS II Stage I	237.22	*5.00%*	225.36	17.23	2.16	51.24	68.47
NLC TS II Stage II*	39.17	*5.00%*	37.21	6.35	2.16	8.46	14.81
Ramagundam STPS Stage III*	-	*5.00%*	-	8.23	2.23	-	8.23
TNEB (Pondy)*	-	*4.00%*	-	-	3.47	-	-
NTECL unit 1, Vallur*	-	*5.00%*	-	3.85	9.16	-	3.85
UI	-	-	-	-	-	-	-
Others							
PCKL							0.43
POSOCO							0.48
PGCIL							**32.20**
OTHER CHARGES							**-**
TOTAL PPC for H2 FY 13-14	**1,366.96**		**1,306.94**	**96.53**		**313.13**	**442.76**

** The purchase from these plants has been considered as per merit order*

Table 30: Power Purchase approved by the Commission for H1 of FY 2013-14 (Actual Analysed)

Sr. No	Source	Purchase (MU)	External losses (%)	Energy recd. by Licensee (MU)	VC (Ps/Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)
A	**Central Sector Power Stations**								
I	**NTPC**	**711.14**	**4%**	**682.69**		**58.72**	**135.68**	**1.28**	**195.69**
	RSTPS Stage I & II	343.72	*4%*	329.97	204.03	20.69	70.13	0.11	90.93
	RSTPS Stage -III	89.65	*4%*	86.06	223.17	8.93	20.01	0.03	28.97
	Talcher Stage- II	224.05	*4%*	215.09	153.43	19.38	34.38	1.11	54.87
	Simhadri Stage- II	53.71	*4%*	51.56	207.90	9.72	11.17	0.02	20.91
									-
									-
II	***NLC***	**427.40**	*4%*	**410.30**	213.61	**31.76**	**91.30**	**6.37**	**129.43**
	NLC TPS II Stage I	271.94	*4%*	261.07	216.01	17.42	58.74	4.20	80.37
	NLC TPS II Stage II	89.99	*4%*	86.39	215.76	6.19	19.42	1.40	27.01
	NLC TPS I (Expn)	65.46	*4%*	62.84	200.66	8.15	13.14	0.77	22.06
				-					-
III	***NPCIL***	**144.38**	*4%*	**138.60**	291.05	**-**	**42.02**	**1.41**	**43.43**
	MAPS	11.04	*4%*	10.59	202.59	-	2.24	0.07	2.31
	KAPS Stage I	133.34	*4%*	128.01	298.37	-	39.79	1.33	41.12
									-
IV	***Others***	**175.20**	*4%*	**169.00**	367.18	**6.90**	**64.33**	**1.23**	**72.46**
	Others								-
	TNEB (Pondy)	14.64	4%	14.06	347.00	-	5.08	0.26	5.34
	TNEB (Karaikal)	137.42	4%	131.92	347.00	-	47.68	0.00	47.69
	Vallur Thermal Project	2.95	4%	2.83	916.72	5.52	2.70	0.01	
	KSEB	20.19		20.19	438.95	1.38	8.86	0.96	11.21
				-					-
V	**OVER/ UNDER DRAWAL**	**11.77**		**11.77**	217.29	**-**	**2.56**	**-**	**2.56**
				-					
B	**Within State Generations**			-					**45.16**
I	**PPCL**	**123.07**		**123.07**	277.94	**12.01**	***34.21***	**(1.06)**	45.16
				-					-
C	**OTHER CHARGES**			-				**25.49**	**25.49**
	PGCIL Transmission Charges, Wheeling & Other Charges			-	-		-	24.59	24.59
	POSOCO				-		-	0.48	0.48
	PCKL				-		-	0.43	0.43

E	**Total**	**1,592.96**		**1,535.44**		**109.40**	**370.09**	**34.72**	**514.22**
	Less: UI penal								**0.02**
	Less: Additional rebate entitlement								**1.67**
	Total approved for H1 of FY 2013-14	**1,592.96**		**1,535.44**					**512.53**

Table 31:Summary of power purchase quantum and cost approved for FY 2013-14

Sr. No.	Particulars	Units Purchased (MU)	Total Cost (Rs Crores)
1	Power Purchase for H1 FY 2013-14	1,592.96	512.53
2	Power Purchase for H2 FY 2013-14	1,366.96	442.76
3	RPO obligation for FY 2013-14	-	18.33
3	**Total Power Purchase for FY 2013-14**	**2,959.92**	**973.63**

Table 32: Power purchase quantum and cost approved by the Commission for FY 2013-14

Particulars	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Power Purchase Quantum (MU)	3419.20	2909.94	3019.73	2959.92
Power Purchase Cost (Rs Crores)	1049.64	924.91	984.77	973.63

6.6 Operation and Maintenance Expenses

The Operation and Maintenance (O&M) expenses comprising of the employee expenses, A&G expenses, and R&M expenses have been discussed in the following sections.

<u>Employee Cost</u>

Petitioner's submission

The Petitioner has submitted that it has computed the O&M (Employee) expense for FY 2013-14 based on the actual employee expenses till September 2013. EDP has submitted that the employee cost for H1 FY 13-14 shown are the actual and the employee cost for the entire year has been arrived at considering the budget estimates of the department for the same year.

The employee cost capitalized has also been taken into consideration after considering the employee cost linked to accounts with capital nature. Accordingly, EDP has revised the employee cost for the current year to Rs. 69.69 Crores and has requested the Commission to approve the same.

Therefore, EDPhas revisedthe original estimation for employee costs upwards to Rs 69.69Crores for FY 2013-14.

Commission's Analysis

The Petitioner has not submitted the true-up for FY 2012-13 in its petition. The provisional actual figures for FY 2012-13 have not been considered by the Commission in its analysis as they are not supported by audited accounts. The Commission has retained the figures for FY 2012-13 at the levels approved in the 'Review' for the year as per the tariff order dated April 10' 2013. The approved gross employee expenses of FY 2012-13i.e. Rs 73.81 Crores (without including the impact of capitalization of employee expenses) have been escalated by the WPI factor of 5.88%[2] to arrive at the gross employee expenses for FY 2013-14. The WPI index till February 2014 has been used as available on thewebsite of Economic Advisor, Ministry of Commerce and Industry for estimation of the increase in the employee expenses from FY 2012-13 to FY 2013-14. This results in the gross employee expenses of Rs 78.14Crores. The capitalization of the employee expenses has been taken in the same proportion of the employee expenses capitalized as per the actual of FY 2010-11. The capitalization of the employee expenses has been taken at Rs 13.41Crores. This results in the employee expenses of Rs 64.73Crores, net of the capitalization of Rs 13.41Crores as estimated by the Commission.

Table 33: Employee expenses approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Employee Expenses	67.60	62.75	69.69	64.73

The Commission considers the employee expenses of Rs. 64.73Crores as reasonable and approves the same for Review of FY 2013-14; subject to final adjustment at the time of true-up based on audited accounts.

<u>Administrative and General Expenses</u>

[2]The WPI index upto February 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in the WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

Petitioner's submission

The A&G expenses mainly comprise of rents, professional charges, office expenses, etc. The Petitioner has submitted that the expenses incurred by the Petitioner in the first half of FY 13-14 have been considered to arrive at the revised estimates of FY 13-14. The Petitioner has requested the Commission to approve the A&G expenses of Rs 3.96 Crores for FY 2013-14. There has been a slight decrease in the Administrative and General Expenses as per the last year submission which has been subjected to the provisional actual figures.

Commission's analysis

The Petitioner has not submitted the true-up for FY 2012-13 in its petition. The provisional actual figures for FY 2012-13 have not been considered by the Commission in its analysis as they are not supported by audited accounts. The Commission has retained the figures for FY 2012-13 at the levels approved in the 'Review' for the year as per the tariff order dated April 10' 2013. The approved A&G expenses for FY 2012-13 have been escalated by the WPI factor of 5.88%[3] to arrive at the A&G expenses for FY 2013-14 limited to the submission of the Petitioner, as considered reasonable and hence approved.

The A&G expenses approved for FY 2012-13 are Rs 4.84 Crores. The Commission has limited the A&G expenses approved for FY 2013-14 to the submission of the Petitioner at Rs 3.96 Crores, as considered reasonable and thereby approved.

The A&G expenses approved for the year are, therefore, Rs 3.96Crores for FY 2013-14.

Table 34: A&G expenses approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
A&G Expenses	5.35	5.27	3.96	3.96

The Commission considers the A&G expenses of Rs 3.96Crores as reasonable and approves the same for review of FY 2013-14; subject to final adjustment at the time of true-up based on audited accounts.

[3]The WPI index uptoFebruary 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

Repair and Maintenance Expenses

Petitioner's submission

The Petitioner has submitted that in the petition for FY 2013-14, the total R&M expenditure estimated was Rs 17.64Crores which was approved by the Commission.

The Petitioner has considered the H1 FY 13-14 expense incurred to estimate for the complete year. The revised R&M expense for the current year has been arrived at by considering an escalation factor of 2% above the last years provisional actual, to be on the conservative side. The Petitioner has requested the Commission to approve Rs 20.15 Crores for FY 2013-14.

Commission's analysis

The Commission is of the view that adequate R&M expenses are necessary for maintenance of infrastructure and for ensuring proper Standard of Performance of the utility.

The Petitioner has not submitted the true-up for FY 2012-13 in its petition. The provisional actual figures for FY 2012-13 have not been considered by the Commission in its analysis as they are not supported by audited accounts. The Commission has retained the figures for FY 2012-13 at the levels approved in the 'Review' for the year as per the tariff order dated April 10' 2013. The Commission has applied the escalation factor of 5.88%[4] per annum for estimation of the increase in the R&M expenses from the figures approved for FY 2012-13 of Rs 17.06Crores, to estimate the R&M expenses for FY 2013-14. This results in the R&M expense of Rs 18.06Crores, as considered reasonable and hence approved.

The R&M expenses approved for the year are, therefore, Rs 18.06Crores for FY 2013-14.

Table 35: R&M expenses approved by the Commission for FY 2013-14

[4]The WPI index uptoFebruary 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
R&M Expenses	17.64	17.64	20.15	18.06

The Commission considers the R&M expenses of Rs. 18.06Crores as reasonable and approves the same for review of FY 2013-14; subject to final adjustment at the time of true-up based on audited accounts.

Summary of O&M Expenses approved for FY 2013-14

The O&M expenses as submitted and approved for FY 2013-14 are as below:

Table 36: O&M expenses approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
O&M Expenses	90.58	85.65	93.80	86.75

6.7 GFA and Depreciation

Petitioner's submission

The Petitioner has submitted that the Opening Balance of GFA for FY 2013-14 comes to around Rs541.27 Crores. The additions to GFA are estimated to be around Rs.10.00 Crores and the Petitioner has requested the Commission to approve the closing GFA of Rs 551.27 Crores for FY 2013-14.

The Petitioner has submitted that in the petition for FY 2013-14, it had projected depreciation of Rs 25.03Crores for the full year, which had been approved by the Commission. The Petitioner has now revised the original estimate of depreciation to Rs 23.65Crores for FY 2013-14.

The Petitioner has submitted that it has considered the depreciation rates as specified by CERC to arrive at the depreciation for the year. The Petitioner has requested the Commission to approve Rs 23.65 Crores for Review of FY 2013-14.

Commission's analysis

GFA and Capitalization

The provisional actual figures for FY 2012-13 have not been considered by the Commission in its analysis as they are not supported by audited accounts. The Commission has retained the figures for FY 2012-13 at the levels approved in the 'Review' for the year as per the tariff order dated April 10' 2013. Accordingly, the opening GFA for FY 2013-14 has been considered at the levels approved earlier as per tariff order dated April 10' 2013. The opening GFA for FY 2013-14 is, therefore, approved at Rs 545.84 Crores for FY 2013-14.

The Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2013-14 is required to maintain reliable supply for the consumers of UT of ED-Puducherry. The Commission considering the reasonableness of the expenditure approves the capitalization of Rs. 10.00Crores for FY 2013-14. This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

Table 37: Gross Fixed Assets approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Opening Value of Assets at the beginning of the year	545.84	545.84	541.27	545.84
Additions during the year	34.63	34.63	10.00	10.00
Gross Fixed Assets at the end of year	**580.47**	**580.47**	**551.27**	**555.84**

Depreciation

Depreciation is to be calculated as per the Regulation 26 of JERC Tariff Regulations which specifies that depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time.

The Commission regarding the depreciation methodology had observed the following in its tariff order dated April 10' 2013. The relevant extract is reproduced below.

Quote

''*Depreciation on the opening block of assets is not a direct function of the depreciation rate to be applied on the opening block amount. Depreciation has not been calculated based on the opening gross block amount directly.*

It may be noted that PED now has a full-fledged Asset register in place and gross block, depreciation, accumulated depreciation and net block numbers are available for each asset in the Asset register. Because the asset wise details are available, those assets for which 90% value has been depreciated – have been excluded from further depreciation as per CERC policy. The balance 10% of these assets continues to be reflected in the opening block. While calculating the Depreciation, these assets are removed. Hence the depreciation worked out and claimed by PED is less than the amount derived based on direct application of the depreciation rate on the opening block amount.

This is the correct manner in which depreciation is to be calculated as per CERC requirements. The above procedure is adopted for the years 2009-10, 10-11 &11-12.

Further, in a follow-up mail, the Petitioner also clarified as –
It is confirmed that the depreciation for additions during the year has been calculated on pro-rata basis.The same procedure has been adopted for 12-13 &13-14 Projections''**Unquote**

The Commission has found the submission of the Petitioner to be reasonable. The Commission has not applied the applicable CERC rates on the average assets in place, since some of these assets have already attained the 90% limit. In the absence of the complete break-up of the assets which have attained the 90% depreciation limit, the Commission has considered the submission of the Petitioner as reasonable and approves the same for FY 2013-14; same would be subject to final adjustment at the time of true-up based on audited accounts.

The table below captures the depreciation as submitted and considered approved by the Commission.

Table 38: Depreciation approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Depreciation	25.03	25.03	23.65	23.65

The Commission considers the depreciation of Rs 23.65Crores as reasonable and approves the same for Review of ARR for FY 2013-14; subject to final adjustment at the time of true-up based on audited accounts.

6.8 Interest and Finance Charges

Petitioner's submission

The Petitioner has submitted thatRegulation 25 provides for Interest and Finance Charges on Loan. EDP has submitted that the majority of capital assets are created out of the equity contribution from the Government of Puducherry and the actual borrowing of loan is only to the extent of the APDRP schemes.The Interest and Finance Charges as per the revised estimates for FY 2013-14 is Rs. 3.87 Croresas against Rs 15.13 Crores approved by the Commission last time.

Commission's analysis

As per Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 –

Quote

''

1) *For existing loan capital interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the rate of interest and schedule of repayment as per the terms and conditions of relevant agreements.*
2) *Interest and finance charges on loan capital for new investments shall be computed on the loans, duly taking into account the rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall, however, be restricted to the prevailing Prime Lending Rate of the State Bank of India. "* **Unquote**

The Commission would like to place reliance on Section 23 of the JERC Tariff regulations which is reproduced below:

Quote

"23. Debt-Equity Ratio

1) *For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the*

purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:

2) *Provided that the Commission may, in appropriate cases, consider equity higher than 30% for the purpose of determination of tariff, where the generating company or the licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of the general public: .*

3) *(2) The debt and equity amounts arrived at in accordance with sub-regulation (1) above shall be used for all purposes including for determining interest on loan, return on equity, Advance against Depreciation and Foreign Exchange Rate Variation.*

4) *Provided that in the case of an Integrated Utility, till the time it remains Integrated Utility, it shall be entitled to return on its capital base as per Schedule VI to the repealed Electricity (Supply) Act, 1948."* ***Unquote***

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for FY 2009-10, wherein the Commission had determined tariff as per the JERC Tariff Regulations 2009.

The normative interest under the JERC Tariff Regulations has therefore been considered on the assets created during the year FY 2009-10 onwards excluding the opening capital base for FY 2009-10as per the audited accounts for the year and has accordingly allowed interest on normative loan for the respective years.

The Commission has considered the normative interest on the assets created during the year FY 2009-10 onwards excluding the opening capital base of FY 2009-10 as per the audited accounts for the year and has accordingly allowed interest on normative loan.

The Commission has considered an addition of Rs. 10.00Crores in the Gross Fixed Assets for FY 2013-14 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 7.00Crores for FY 2013-14. The calculation of the interest on the normative loan is given below.

Table 39: Normative interest on loan approved for FY 2013-14 (Rs Crores)

Sr. No.	Particulars	Approved (FY 2013-14)
1	Opening Normative Loan	88.37
2	Add: Normative Loan during the year	7.00
3	Less: Normative Repayment	9.87
4	Closing Normative Loan	85.50
5	**Average Normative Loan**	**86.94**
6	**Rate of Interest (@SBAR rate)**	**14.45%**
7	**Interest on Normative Loan**	**12.56**

The Commission has also analyzed the nature of interest and finance charges as submitted by the Petitioner. The Commission has observed that the Petitioner has submitted the interest on REC loan of Rs 2.40 Crores and finance charges of Rs 1.32 Crores for FY 2013-14. Further, interest on lease rentals of Rs 0.81 Crores has been claimed.**The Commission considering the reasonableness of expenditure submitted by the Petitioner as finance charges allows Rs 1.32 Crores additionally besides the interest on normative loan amount.** Interest on REC loan and interest on lease rentals has not been considered separately, as the normative interest on the normative loan amount has been allowed by the Commission which takes care of this expenditure.

The Commission has considered the normative interest on the estimated capital expenditure for FY 2013-14 and has therefore considered it as an allowable expense as a special case for the purpose of Review of ARR for FY 2013-14.

The table below encapsulates the interest & finance chargesas approved by the Commission.

Table 40: Interest and Finance Charges approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Interest & Finance Charges	2.13	15.13	4.53	13.88

The Commission considers interest and finance charges of Rs 13.88Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.9 Interest on Working Capital and Interest on Consumer Security Deposit

Petitioner's submission

The Petitioner has submitted interest on working capital as per the JERC Tariff Regulations. The rate of interest on working capital has been considered as 14.45% for FY 2013-14.The Petitioner has submitted that it has adopted the same methodology adopted by the Commission in its T.O for FY 13-14 for arriving at the working capital requirement whereby it has also taken into consideration the security deposit available with the Petitioner. The Interest on Working Capital approved by the Commission for FY 2013-14 was Nil. On the basis of the revised estimates for FY 2013-14, the interest on working capital comes to NIL and the Petitioner has requested the Commission to approve the same.

The Petitioner has submitted that Regulation 25of JERC (for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009) provides for Interest on Security Deposit, if any, made by the consumer with the licensee. The provision of interest on security deposits is to be made at the bank rate. The bank rate has been considered at 8.75% as notified by the Reserve Bank of India vide circular dated 29th October 2013. The Petitioner has considered the interest on the opening security deposit amount of Rs 95.89 Crores to arrive at the interest on security deposit of Rs 8.39 Crores for FY 2013-14.

Commission's analysis

As per Regulation 29 of JERC Tariff Regulations -

1) *Subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting :*

    a. *Power purchase cost*

    b. *Employees cost*

    c. *Administration & general expenses*

    d. *Repair & Maintenance expenses.*

    e. *Sum of two month requirement for meeting Fuel cost.*

2) *The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on*

working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures.“

The Commission has considered the calculation of the different components of the working capital on the basis of the above-stipulated norms. The Commission has considered the amount collected from the consumers as security deposit available with the Petitioner. In accordance with *Clause 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers.*The security deposit available with the Petitioner has been treated as available to meet the working capital requirement for FY 2013-14.

In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensee is required to pay interest on security deposit collected from the consumers. If this security deposit is invested in the form of interest earning fixed deposits or other similar instruments, the interest earned from such investments could be utilized to pay the interest to the consumers under section 47(4) of the Electricity Act 2003. However, it is noted that the Petitioner has not invested any of the security deposit held and the said amount is available to the Petitioner. Accordingly, the Commission has allowed the interest payable to the consumers as an expense in this order. The Commission has considered the security deposit available with the Petitioner as a source to meet working capital requirements in the interest of the consumers. The Commission finds that by utilizing such security deposit to meet the working capital, the interest on working capital is reduced resulting into lower tariff determination. Hence, the Commission has deducted this amount from the working capital requirement considered for Review of ARR for FY 2013-14. Further, Commission clarifies that SBI PLR rate has now been substituted as SBI Advance Rate. The Commission has considered the SBI advance rate of 14.45%[5] as on 1st April 2013 for computation of the interest on working capital for the Review of ARR for FY 2013-14.

The Commission had asked the Petitioner for the split of the consumer security deposit into bank guarantee, fixed deposit and cash forms, to which the Petitioner responded stating that the same is being compiled. Even the latest submission by the Petitioner on March 6’ 2014 (considered by the Commission in its analysis of this tariff order) did not consist of the required details and Petitioner requested for time relaxation in submitting the same.

[5]SBI advance rate as on 04.02.2013 has been considered for the computation of the interest on working capital; SBI advance rate prevailing as on April 1’ 2013

In absence of the required details, the Commission has considered the security deposit amountsas submitted by the Petitioner for the purposes of this tariff order. The same would be revisited at the time of true-up based on actual data; further, **the Commission gives strict directions to the utility to provide the split of the consumer security deposit amount into bank guarantee, fixed deposit and cash forms (as on March 31' 2013) for analysis during the true-up.**

The detailed calculation of the interest on working capital is as mentioned below.

Table 41: Interest on working capitalapproved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Power Purchase Cost for one month	87.47	77.08	84.80	79.80
Employee Cost for one month	5.63	5.23	5.81	5.39
A&G Expenses for one month	0.45	0.44	0.33	0.33
R&M Expenses for one month	1.47	1.47	1.68	1.51
Total Working Capital for one month	**95.02**	**84.21**	**92.61**	**87.03**
Average Security Deposit (amount already with EDP)	-	141.88	95.89	109.72
Total Working Capital considered for one month	**95.02**	**(57.66)**	**(3.28)**	**(22.69)**
SBI PLR Rate	**14.50%**	**14.45%**	**14.45%**	**14.45%**
Interest on Working Capital	**13.78**	**NIL**	**NIL**	**NIL**

The Commission considers the Interest on Working Capital as NIL as reasonable and approves the same for Review of ARR for FY 2013-14.

The calculation of the interest on security deposit is as mentioned below.

Table 42: Interest on Security Deposit approved by the Commission for FY 2013-14

S.No.	Description	FY 2012-13	FY 2013-14
1	Opening Security Deposit (Rs Cr)	73.02	95.89
2	Closing Security Deposit (Rs Cr)	95.89	123.55
3	Average Security Deposit (Rs Cr)	84.46	109.72
4	**Average security deposit amount of last year considered for payment (Rs Cr)**	**68.61**	**84.46**
5	**Bank Rate (%age)**		**8.50%**
6	**Interest on Security Deposit (Rs Cr)**		**7.18**

The Commission has considered the security deposit amounts as submitted by the Petitioner to be reasonable. The Commission has considered the average security deposit amount outstanding for the previous year i.e. FY 2012-13 for consideration of the payment of the interest on security deposit for FY 2013-14.

The Commission also allows the interest of Rs 7.18Crores, on the average security deposit amount of Rs 84.46 Crores at the bank rate of 8.50%[6], to be recovered as part of the ARR and to be paid to the consumers effective 1st April 2013. This should be paid to the eligible consumers and actual expenditure be shown at the time of true-up.

6.10 Provision for bad and doubtful debts

Petitioner's submission

The Petitionerhas submitted that it has already commenced on steps to analyze its sundry debtors and arrears, and obtain an age-wise breakup of the same from the revenue billing system. It also is in the process of reconciling the list of arrears with the sundry debtor balances as per the financial statements. This process is likely to take a significant amount of time and effort.

Further, the Petitioner has stated that since it has not been able to provide the analysis required, they are not claiming any provision for bad & doubtful debts for pass through in tariff to consumers.

[6] Bank Rate prevailing as on April 1' 2013 i.e. 8.50%

Commission's analysis

The Commission agrees with the submission of the Petitioner and would consider the bad and doubtful debts only after availability of audited accounts, which will be taken up at the time of true up of ARR, in line with the JERC Tariff Regulations.

Table 43: Provision for bad debts approved by the Commission for FY 2013-14

Particulars	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Provision for bad and doubtful debts	Not claimed	NIL	Not claimed	NIL

The Commission, therefore, has not considered any expenses on account of bad& doubtful debt for Review of ARR for FY 2013-14.

6.11 Return on capital base

Petitioner's Submission

The Petitioner has submitted that the proviso of Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provides for entitlement for Returns on Capital Base/ Net Fixed Assets by utility / licensee. Thus, in line with the regulation and the methodology adopted by the Commission in its previous order, EDP has calculated the return on capital base at 3%.

The Petitioner has submitted a return on capital base @3% on the net capital base at the beginning of the year of Rs. 328.47 Crores at Rs 9.85Crores and requests the Commission to approve the same.The Petitioner has submitted that there is a variation in the Return on Net Fixed Assets claimed as per the revised figures from the figures approved by the Commission in the ARR for FY 2013-14. The reason for this variance between the Petitioner's and the Commission's value is the lower value of the gross block at the beginning and the increased amount of loans as per the revised estimates.

In view of the above submissions, the Petitioner requests the Commission to approve the revised estimate of Rs 9.85Crores for the return on capital base.

The petitioner's claim has been summarized as below.

Table 44: Return on Capital Base claimed by the Petitioner for FY 2013-14

Particulars (Rs. Cr)	Claimed by Petitioner as per revised estimates
Gross block at the beginning of the year	541.27
Opening CWIP	67.61
LESS Accumulated Depreciation	250.98
LESS Accumulated Consumer Contribution	-
LESS Opening Debt	29.43
Net Fixed Assets at beginning of year	**328.47**
Return @ 3 % of NFA	**9.85**

Commission's Analysis

EDP being an integrated utility is entitled to return on capital base as per Regulation 23 of JERC Tariff Regulations.The return on capital base as per the provisions of the regulations is as below.

Table 45: Return on Capital Base approved by the Commission for FY 2013-14

Sr. No.	Particulars	Approved
1	Gross block at beginning of the Year/Opening GFA	545.84
2	Opening CWIP	67.61
3	Less: opening accumulated depreciation	255.09
4	Less: accumulated consumer contribution	-
5	Less opening debt	29.43
6	**Net fixed assets at beginning of the year**	**328.93**
7	**Reasonable return @3% of NFA**	**9.87**

The Return on Capital Base as claimed and approved for the year is tabulated below.

Table 46: Return on capital base approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Return on Capital Base	10.95	10.88	9.85	9.87

The Commission considers the Return on Capital Base of Rs. 9.87Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.12 Revenuefrom outside sales/UI sales

Petitioner's submission

The Petitioner has submitted that the UI sales as per actual for H1 of FY 2013-14 are 92.53 MU and fetched an income of Rs. 16.00 Crores. UI sales in the second half are considered to be NIL as the projections have been made on MOD principles that insist no surplus and no deficit of power. The revenue from outside sales has been clubbed along with the non-tariff income under the broad head of 'Non-Tariff Income'.

The Petitioner has requested the Commission to approve the UI sales at 92.53 MU and revenue from UI sales at Rs 16.00Crores for FY 2013-14.

Commission's analysis

The Petitioner has submitted UI under-drawal of 92.53 MU and revenue of Rs 16.00Croresas per actual for the first six months of FY 2013-14. The same is as per the UI sheets as available on the SRPC website. The Commission, therefore, approves the UI under-drawal of 92.53 MU and revenue of Rs 16.00 Crores from UI under-drawal.

The Commission has applied merit order principles to project the energy requirement for H2 of FY 2013-14 and has allowed only that much power purchase as required to meet the requirement for the territory. The Commission, therefore, has assumed no surplus power for outside sales to be available for H2 of FY 2013-14.

Thus, the Commission considers the under-drawlat Rs. 16.00 Crores for sale of 92.53million units as reasonable for FY 2013-14 and approves the same for Review of ARR for FY 2013-14; subject to final adjustment at the time of true-up based on the audited accounts.

Table 47: Revenue/profitfrom outside sales approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Revenue/profit from outside sales	142.30	NIL	16.00	16.00

6.13 Non-Tariff Income

Petitioner's submission

The non-tariff income comprises of metering, late payment charges, interest on staff loans, reconnection fee, miscellaneous revenue etc. The other income under this head as per the revised estimates is Rs 0.50Crores as against Rs 2.00 Crores approved earlier, and adding the 'Revenue from UI sales' under this head gives the total non-tariff income of Rs. 16.50Crores.

Commission's analysis

The Commission has found the submission of the Petitioner under the head of 'other income' as reasonable and approves the same at Rs 0.50Crores. This together with the 'Revenue earned from outside sales' approved above gives total approved sum of Rs. 16.50Crores under the head of 'Non Tariff Income'.

Table 48: Non tariff income approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Non Tariff Income (including revenue/profitfrom outside sales)	144.30	2.00	16.50	16.50

The Commission considers the non-tariff income of Rs 16.50Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.14 RPO provisioning to meet the obligation of the previous years

The Commission has observed that the utility has not been able to meet its RPO targets for the previous years, starting FY 2010-11. In the interest of the stakeholders and in view of the

Commission's order dated October 25' 2013, wherein the utility has been directed to fulfill its RPO commitments including the backlog of the previous years by March 31' 2014, the Commission has provisioned the amount for RPO obligations in FY 2013-14.

The RPO obligations can be met either through the purchase of energy from renewable sources or through REC certificates. The Commission has observed that in the past, the utility has not been able to meet its RPO through purchase of energy; hence has provisioned the amount assuming the fulfillment through the purchase of REC certificates. The Commission has allowed the amount corresponding to the prevailing floor price of REC certificates, as per the latest CERC order dated August 23' 2011.

The Commission has observed that complete details have not been provided regarding as to when the payment was made for the purchase of the REC certificates from FY 2010-11 to FY 2012-13 as per the submission of the Petitioner to the queries raised in the deficiency note. The Commission has taken note of this and has provisioned the entire amount due to meet the RPO obligations from FY 2010-11 to FY 2012-13 in FY 2013-14. **The Commission directs the utility to provide complete details in this regard in the next ARR & tariff filing**. Further, it is noted that the Commission had not allowed any amounts due to meet the RPO obligations as per the true-up for FY 2010-11 and provisional actual approved for FY 2011-12 in the previous tariff order, in absence of actual payment made.The Commission had allowed Rs 8.65 Croresin FY 2012-13 to meet the RPO obligation for H2 of FY 2012-13 as per its tariff order dated April 10' 2013. The Commission has accounted for this amount already allowed to the utility while provisioning the amount due to meet the RPO obligations of the utility from FY 2010-11 to FY 2012-13.
Also, the Commission has approved the amount due to meet the RPO obligation for the entire FY 2013-14 while approving the power purchase cost for FY 2013-14 and the same has been discussed in the section on power purchase cost for FY 2013-14.

The computation of the RPO provisioning to meet the RPO obligation of the utility from FY 2010-11 to FY 2012-13 is as:

Table 49: RPO provisioning to meet the RPO obligation from FY 2010-11 to FY 2012-13 (Rs Crores)

S.No.	Description	FY 2010-11	FY 2011-12	FY 2012-13
1	**Sales Within State**	2182.48	2317.48	2348.49
2	**RPO Obligation (in %)**	**1.00%**	**2.00%**	**3.00%**
	- Solar	0.25%	0.30%	0.40%
	-Non Solar	0.75%	1.70%	2.60%
3	**RPO Obligation (in MU)**			
	- Solar	5.46	6.95	9.39
	-Non Solar	16.37	39.40	61.06
4	**Cumulative RPO Obligation (MU)**			

	- Solar	5.46	12.41	21.80
	-Non Solar	16.37	55.77	116.83
5	**Floor Price of REC Certificates /MWH**			
	- Solar			**9300.00**
	-Non Solar			**1500.00**
6	**Amount for RPO Compliance**			
	- Solar (Rs Crores)			**20.28**
	-Non Solar (Rs Crores)			**17.52**
	-Total (Rs Crores)			**37.80**
7	**Less: Amount already approved for FY 2012-13 in TO dated April 10'2013**			**8.65**
8	**Amount to be provisioned**			**29.15**

This amount of Rs 29.15Crores is being provisioned to fulfill the RPO obligation of the previous years from FY 2010-11 to FY 2012-13. This amount would be reviewed during the true-up exercise based on actual payment made.

6.15 Review of Aggregate Revenue Requirement (ARR)for FY 2013-14

Petitioner's submission

The Petitioner has submitted the AggregateRevenue Requirement for FY 2013-14 at Rs 1108.50Crores based on the items of expenditure discussed above, as against Rs 1072.02 Crores approved earlier.

Commission's analysis

Based on the items of expenditure discussed in the preceding sections, the Commission approves the Aggregate Revenue Requirement for FY 2013-14 at Rs 1127.61Crores. The same has been summarized in the table below.

Table 50: Review of ARR for FY 2013-14 approved by the Commission

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Cost of power purchase	1,049.64	924.91	984.77	973.63
Employee Costs	67.60	62.75	69.69	64.73
A&G expenses	5.35	5.27	3.96	3.96
R&M Expenses	17.64	17.64	20.15	18.06

Depreciation	25.03	25.03	23.65	23.65
Interest & Finance Charges	2.13	15.13	4.53	13.88
Interest on Working Capital + Int on CSD	13.78	12.41	8.39	7.18
Provision for bad debts	NIL	NIL	Not claimed	NIL
Return on NFA @ 3% of NFA	10.95	10.88	9.85	9.87
RPO Provision to meet obligation of the previous years				29.15
Total	**1,192.12**	**1,074.02**	**1,125.00**	**1,144.11**
Less: Non tariff Income	144.30	2.00	16.50	16.50
Add: Amortization of regulatory asset of the previous years	92.60			
Aggregate Revenue Requirement	**1,140.43**	**1,072.02**	**1,108.50**	**1,127.61**

6.16 Revenue at existing tariff

Petitioner's submission

The Petitioner has submitted that the revised estimate for the revenue from tariff is Rs 1089.13 Crores as against Rs 1076.67 Crores approved earlier by the Commission. The Petitioner has submitted that the revenue figure of Rs 1089.13 Crores includes Rs 40 Crores recovered from FCA charges.

Commission's analysis

The Commission has considered the actual revenue submitted by the Petitioner for first six months of FY 2013-14 on the basis of actual energy sales during the period. The Petitioner has submitted the actual revenue for H1 of FY 2013-14 at Rs 535.78 Crores (without FCA charges). The Petitioner has submitted the FCA charges of Rs 40 Crores towards H1 of FY 2013-14 as part of the revenue stream for FY 2013-14. The Petitioner, on a query raised during the technical validation session has stated that the amount of Rs 40 Crores has not been billed to the consumers during H1 of FY 2013-14. The Petitioner during the public hearing has stated that the billing for the said amount has commenced during March'14 and would be shortly recovered from the consumers. The Commission has made note of this; however, the Commission has considered this revenue from FCA for purposes of the Review for FY 2013-14. **The Commission directs the utility to make the corresponding billing and recover the amount from consumers, if not already done. Further, complete details regarding FCA amount recovered for the whole year should be provided for final adjustment during the true-up.**

For the remaining six months of FY 2013-14, the Commission has considered the estimated sales of H2 FY 2013-14 for estimation of the revenue for the second half of the year. This results in the revenue of Rs. 509.21Crores for H2 of FY 2013-14 from sales of 1152.72 MU for H2 of the year.

This together with the actual first half of FY 2013-14, results in the revenue of Rs 1044.99Crores from existing tariff for whole year.

Accordingly, the Commission considers the revenue of Rs 1084.99Crores as revenue from existing tariff for the purpose of this Review for FY 2013-14.

Table 51: Revenue at existing tariffapproved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Revenue from tariff	833.80	1076.67	1089.13	1084.99

6.17 Revenue Gap at existing tariff for FY 2013-14

Petitioner's submission

The Petitioner has requested the Commission to approve revenue gap of Rs 19.37 Crores for FY 2013-14 on the basis of the revised estimates.

Commission's analysis

The revenue gap approved for the year is Rs 42.62Croreson the basis of the approved aggregate revenue requirement of Rs 1127.61Crores and revenue from existing tariff of Rs. 1084.99Crores for FY 2013-14 (including FCA charges of Rs 40 Crores).

Table 52: Revenue Gap at existing tariff approved by the Commission for FY 2013-14

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Aggregate Revenue Requirement	1,140.43	1,072.02	1,108.50	1,127.61
Revenue from tariff	833.80	1076.67	1089.13	1084.99

Particulars (Rs Cr)	Estimates submitted in the FY 13 -14 petition	Approved in TO dated April 10' 2013	Petitioner Submission	Approved (Review)
Revenue Gap	**306.63**	**(4.65)**	**19.37**	**42.62**
Add: Gap of previous years	658.28	680.84	653.61	680.84
Less: Additional Surcharge	-	-[7]	105.00	104.36
Cumulative Gap	**964.92**	**676.19**	**567.98**	**619.09**
Less: Govt. Support			**360.00**	**360.28**
Final Gap			**207.98**	**258.81**

The revenue gap of Rs 42.62Crores not considering the previous year(s) gap has been consideredapproved for FY 2013-14.

Further, the revenue gap up to FY 2012-13 as per the tariff order dated April 10' 2013 of Rs 680.84 Crores has been carried forward to ascertain the cumulative gap up to FY 2013-14. Additional revenue surcharge of 10% in FY 2013-14 (other than Domestic and OHOB categories) on the consumer categories results in additional revenue recovery of Rs 104.36Crores. This taken together results in the cumulative revenue gap of Rs (42.62 + 680.84 - 104.36) 619.09Crores for Review of ARR for FY 2013-14.

Further, the Commission has considered the impact of the government support of Rs 360.28Crores, which is under pursuance by the Department from Government of Puducherry to arrive at the final gap for FY 2013-14. This results in the final gap of Rs 258.81Crores for FY 2013-14.

This gap has been forward to the next year i.e. FY 2014-15.This cumulative revenue gap is subject to further adjustment at the time of true-up based on the audited accounts. The same has been carried over to the revenue gap of the next year i.e. FY 2014-15.

[7]Without considering the impact of surcharge, as approved in tariff order dated April 10' 2013

7. Aggregate Revenue Requirement (ARR) for FY 2014-15

7.1 Background

The petition for the determination of ARR & Tariff for FY 2014-15contains theprovisional actual figures of FY 2012-13, revised estimates for FY 2013-14 and the estimates for FY 2014-15.

The Commission has taken into consideration the following for ARR and tariff determination for FY 2014-15:

i. Trued-up ARR for FY 2009-10 based on the audited accounts
ii. Trued-up ARR for FY 2010-11 based on the audited accounts
iii. Actual unaudited figures for FY 2011-12 based on the unaudited accounts, subject to adjustment if any at the time of true-up based on audited accounts
iv. Revised estimates for FY 2012-13 as approved in last year's tariff order dated April 10' 2013
v. Revised estimates of FY 2013-14 submitted alongwith the petition for FY 2014-15 and as analyzed and approved by the Commission in the 'Review' for FY 2013-14in this tariff order

7.2 Analysis of Aggregate Revenue Requirement of FY 2014-15

The determination of Aggregate Revenue Requirement requires assessment of quantum of energy sales, loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. Revised estimates/actual submitted by the Petitioner as regards to the various components of ARR of previous year, the Commission's analysis thereon and decision in respect of items given below as discussed in the following paras:

- Assessment of Energy Requirement

  i. Sales Projections

  ii. Loss Trajectory

  iii. Energy Balance

  iv. Power Purchase Sources

- Assessment of the Aggregate Revenue Requirement

  i. Power Purchase Costs & Transmission Charges;

ii. Operation and Maintenance Expenses;
   - Employee Expenses
   - Administration & General expenses
   - Repairs & Maintenance Expenses

iii. Capital Expenditure and Asset Capitalization

iv. Gross Fixed Assets;

v. Depreciation;

vi. Interest on Long Term Loans;

vii. Interest on Working Capital & Security Deposits;

viii. Return on Capital Base/ Net Fixed Assets;

ix. Provision for Bad and Doubtful Debts

x. Other expenses.

xi. Non-Tariff Income

As per the regulation no. 13 of JERC Tariff regulations 2009,

"

1) The Aggregate Revenue Requirement of the generating company or the licensee shall comprise of the following:

i. Fuel Cost for own generation, if applicable.

ii. Cost of Power Purchase, if any

iii. Operation and Maintenance Expenses,

iv. Depreciation, including Advance Against Depreciation,

v. Interest and Cost of Finance,

vi. Return on Equity,

vii. Income Tax

viii. Provision for Bad & Doubtful Debts *ix. Other Expenses.*

2) The data should be provided for three years

i. Audited figures for the previous year; Information for the previous year shall be based on the audited accounts; in the absence thereof, the audited accounts for the immediately preceding year shall be filed along with the un-audited accounts for the previous year.

ii. Estimated figures for the current financial year should be based on actual figures for the first six months and the estimated figures for the second six-months of the year. The estimated figures for the second half year of the current financial year should be based on the actual audited figures for the second half of the previous year with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified.

iii. Forecasted figures for the ensuing year should be based on the current year figures with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified."

"

4) The Aggregate Revenue Requirement of the generating company or the licensee shall be worked out by adjusting the following in the revenue requirement computed under Clause (1) above:

i. Necessary adjustments under Regulation 9 'Review and Truing Up'.

ii. Income from surcharge and additional surcharge from Open Access Consumers, if any ;

iii. Transmission and/or Wheeling Charges recovered from the Open Access Customers, if any;

iv. Authorized portion of Income/revenue from Other Business engaged in by the licensee for optimum utilization of assets, if any, in accordance.''

7.3 Consumers, Connected Load and Energy Sales

Petitioner's Submission

The Petitioner has submitted that the Consumer base for FY 2014-15 has been assumed to increase at a slow rate of 1.5% as FY 2013-14 had seen a decline in growth rate, whereasthe demand/sales of 2,525 MU have been assumed to increase by 3% with respect to FY 2013-14.

The Petitioner has requested the Commission to approve the energy sales of 2525 MU for FY 2014-15.

Commission's Analysis

Consumers

The Commission has analyzed the past trends of the consumer numbers and that approved by the Commission in its last tariff order. The submission of the Petitioner is considered reasonable and approved for FY 2014-15.

Table 53: Number of consumers approved by the Commission for FY 2014-15

Consumer Category	Petitioner Submission	Approved
Domestic	304000	304000
Commercial	45500	45500
Agriculture	6888	6888
Street Lighting	49500	49500
LT Industrial	6350	6350
Temporary Supply	-	-
HT Industrial	411	411
HT state and Central Govt Establishments	49	49
HT Industrial Extra High Tension	9	9
TOTAL	**412707**	**412707**

Connected Load

The Commission has analyzed the past trends of the connected load figures and that approved by the Commission in its last tariff order. The submission of the Petitioner is considered reasonable and approved for FY 2014-15.

Table 54: Connected Load approved by the Commission for FY 2014-15

Consumer Category (Connected Load Units in HP/kVA)	Petitioner Submission	Approved
Domestic	-	-
Commercial	-	-
Agriculture (HP)	59,538	59,538
Street Lighting	-	-
LT Industrial	-	-
Temporary Supply	-	-
HT Industrial (kVA) (HT 1)	230,680	230,680
HT state and Central Govt Establishments(kVA)(HT 2)	14,265	14,265
HT Industrial Extra High Tension (kVA) (HT 3)	80,495	80,495

Energy Sales

The Commission has analyzed the past trends of the sales from the year 2006-07 to 2011-12. The 5 year CAGR (from 2006-07 to 2011-12; actual available) has been applied on the approved sales for FY 2013-14 to arrive at the approved sales for FY 2014-15; with the exception of the unmetered category, temporary supply and HT 2 category. The modified 5 year CAGR has been considered i.e. in case the CAGR is negative, then zero growth is assumed for the consumer class.

For the unmetered categories, the normative approach as discussed below has been followed.

For the OHOB consumers, the Commission has observed that the Petitioner has submitted the consumption of 10.00 MU for FY 2014-15. The Petitioner has submitted that it has assumed 2 fluorescent tube lights each of 40 W running 10 hours per day for each OHOB consumer. The Commission has made note of the submission of the Petitioner. The Commission has revised the consumption norm of 175.2 units/consumer/year considered in the last year's tariff order assuming 2 fluorescent tube lights each of 40 W running 6 hours per day, in view of the higher consumption of such category. The Commission has considered the submission of the Petitioner and accordingly considers the consumption of 2 fluorescent tube lights each of 40 W running 10 hours per day. The Commission has approved 35,500 consumers for the OHOB category. This results into 10.00 MU for the OHOB category.

The Commission considers the consumption of 10 MU as reasonable and approves the same. The OHOB sales have been clubbed in the category of ‘Domestic’ in the below table.

For the agriculture category, the consumption norm of 951.1units/HP/year is considered reasonable as per the TNERC order dated 30th March 2012 as per the approach followed by the Commission in the last tariff order dated April 10’ 2013. The consumption has been projected on the connected load of 59538 HP to arrive at the sales of 56.63 MU. The Commission considers the consumption of 56.63 MUs as reasonable and approves the same for FY 2014-15.

For the temporary supply, the Commission has considered the past growth rate in the category from 3 MU in 2009-10 to 13.7 MU in 2011-12 and has found the submission of the Petitioner as reasonable and hence approves the same at 50.00MU for FY 2014-15. The Commission has not applied the CAGR for the temporary supply category. Further, the Commission has observed that the energy sales of 11.95 MU have been approved for the temporary category forFY 2013-14. Additionally, the Commission has analyzed the past trends of the growth of the HT 2 category and found the submission of the Petitioner to be reasonable and hence approved for the year.

The metered energy sales approved for FY 2014-15 are 2435.47 MU as considered reasonable and thereby approved. This taken together with the OHOB sales of 10 MU and agriculture sales of 56.63 MU, results into total sales approved for the year of 2502.09 MU.

The total sales approved for the year are 2502.09 MU. The growth rates assumed for the different consumer categories are as below:

Table 55: Growth rates for energy sales as considered by the Commission for FY 2014-15

Consumer Category	Growth Rates FY 14-15 Commission
Domestic *	8.77%
Commercial	5.22%
Street Lighting	8.45%
LT Industrial	7.91%
HT Industrial (HT 1)	0.00%
HT state and Central Govt Establishments (HT 2)	Sales as submitted
HT Industrial Extra High Tension (HT 3)	2.58%

*Growth rates for Domestic category are excluding the OHOB category

The sales approved for the respective consumer categories are as below.

Table 56: Energy Sales approved by the Commission for FY 2014-15

Consumer Category	Petitioner Submission	Approved
Domestic (including OHOB)	624.70	620.57
Commercial	190.10	179.36
Agriculture	57.00	56.63
Street Lighting	28.40	29.15
LT Industrial	250.50	271.54
Temporary Supply	20.00	20.00
HT Industrial (HT 1)	980.00	929.28
HT state and Central Govt Establishments (HT 2)	50.00	50.00
HT Industrial Extra High Tension (HT 3)	324.00	345.57
TOTAL	**2524.70**	**2502.09**

7.4 Energy Losses

Petitioner's Submission

The Petitioner has submitted before the Commission to approve T&D losses at 12.50% for FY 2014-15.

Commission's analysis

The Commission has analyzed the past trends of the T&D loss levels and allows the T&D loss at 12.00% for FY 2014-15 as considered a reasonable target.The Commission desires the Petitioner to be more prudent in the minimization of the energy losses. Further, the Commission is of the view that a 0.50% reduction in the T&D losses is achievable and the Petitioner must make all interventions to reduce the T&D losses.

The Commission approves the T&D loss target at 12.00% as a reasonable target for FY 2014-15.

Table 57: Energy losses approved by the Commission for FY 2014-15

Particulars	Petitioner Submission	Approved
Energy Losses	12.50%	12.00%

7.5 Energy Balance

Petitioner's submission

The Petitioner has submitted that considering the proposed sales and the proposed T&D loss for FY 2014-15, the energy requirement at periphery works out at 2885.37 MU.

The total energy purchase expected is based on expected availability from the various sources of power purchase available to EDP. The Petitioner proposes to procure2995.72MU and external losses of 110.35 MU resulting in energy availability of 2885.37 MU.

Commission's analysis

Based on the approved sales of 2502.09 MU and intra-state losses of 12.00%, the energy requirement for sale within the territory is approved at 2843.29 MU.

The Commission has considered thegross power purchase of 2975.20 MU as per the projections of the Commission. The detailed analysis of the power purchase from the different sources has been discussed in the para below. The external losses have been approved as 131.91 MU, resulting in the net energy availability of 2843.29 MU. The Commission has applied merit order principles for estimating the energy requirement for FY 2014-15 and accordingly only that much power purchase has been approved as required to meet the requirement within the territory. Therefore, no surplus power has been considered as available for sale outside the territory for FY 2014-15.

The table below captures the values as submitted by the Petitioner and that approved for FY 2014-15.

Table 58: Energy Balance approved by the Commission for FY 2014-15

Particulars	Petitioner Submission	Approved
ENERGY REQUIREMENT		
Energy sales in the UT	2,524.70	2,502.09
Distribution losses (%age)	12.50%	12.00%
Energy required for the Territory (MU)	2885.37	2,843.29
Add: Sales to common pool consumers/ UI	-	-
Energy Requirement @ periphery	**2,885.37**	**2,843.29**
ENERGY AVAILABILITY		
Gross Energy Purchase	**2,995.72**	**2,975.20**
External losses (MU)	110.35	131.91
Net Energy Availability	**2,885.37**	**2,843.29**

7.6 Power Purchase Quantum and Cost

Petitioner's submission

Power purchase costs of Puducherry Electricity Department are mainly due to following sources:

i) Central Generating Stations

ii) TNEB & KSEB

iii) PPCL

1. The Power purchase for FY 2014-15 has been considered on merit order dispatch (MOD) basis.

2. The fixed charges for all the generating stations have been taken same as approved by the Commission in the Tariff Order for FY 13-14.

3. The variable cost for FY 2014-15 has been computed considering the variable cost of each source for FY 2013. It is submitted that no escalation of cost has been considered.

4. The other costs which include ED, Cess, Incentive, MOPA etc and supplementary charges are considered on actual basis and are assumed to as a 3% increase for FY 2014-15.

5. The power purchase cost for power over-drawl from grid is not considered under the principle of MOD.

6. PED submits that it is obliged to comply with the Renewable Purchase Obligation of 5% for FY 2014-15. The RPO compliance cost is also included in the PP cost which was arrived upon as follows.

Table 59: RPO for FY 2014-15

Year	Sales (MU)	Solar PO (REC)	Non-Solar PO (REC)	Solar REC cost (Rs/REC)	Non-Solar REC Cost (Rs/REC)	Total Cost (Rs. Cr)
2014-15	2,525	15,148	1,11,088	9,500	1,500	31.05

7. Transmission losses for FY 2014-15: The Transmission Charges for FY 2014-15 are considered as per POC computation, i.e. Part A - Transmission charge for withdrawal of power and Part B - Transmission charges of generators. Further, the transmission charge has also been considered factoring the wheeling charges pertaining to PCKL. The transmission charges for FY 2014-15 are computed based on the RTA Statement for

November 2013. The computation of transmission charges for Part-A and part-B is provided in the table below:

Table 60:Part A-Total Transmission Charges for Withdrawal of Power

Regions	Rates Rs/Mw/ Month	Monthly Quantum (MW)	April 2014 to March 2015 (12 months) - MW	Total Charges (Rs.Crs)
Southern Region*	71,818	332	3,985	29
Increase in Transmission Charges for FY 14-15 @				**5%**
Total Part-A Transmission Charges for FY 2014-15				**30**

** Figures of MW as per Nov 2013 RTA bill (SR)*

Table 61: Part B - Total Transmission Charges of Generators

Stations	Rates Rs/Mw/ Month *	Monthly Quantum (MW) *	Total Charges (Rs.Crs)	Share of ED-Puducherry *	Share of ED-Puducherry (Rs.Crs)
RSTPS Stage I & II	71818	1948	14	4%	0.59
RSTPS Stage III	71818	468	3	3%	0.09
Talcher	71818	1870	13	4%	0.47
Simhadri	86181	940	8	1%	0.11
					0.00
TPS StageI	71818	517	4	13%	0.46
TPS Stage II	71818	706	5	3%	0.16
TPS I Expn	71818	380	3	4%	0.11
					0.00
MAPS	101818	394	4	2%	0.07
KAPS unit 1 & II	71818	394	3	4%	0.12
KAPS Unit 3 & 4	71818	394	3	4%	0.11
Vallur	71818	935	7	2%	0.11
					0.00
					0.00
			0	1%	0.00
Total - (Rs.)			**67**		**2.43**
Increase in Transmission Charges for FY 14-15 @					5%
Total Part-B Transmission Charges for FY 2014-15 (Rs.Crs)					**30.56**

Table 62: Summary of Total Transmission Charges

Particulars	Rs.Crs
Part - A Transmission Charges (Apr14-Mar 2015)	30.05
Part - B Transmission Charges (Apr14-Mar 2015)	30.56
KPTCL Wheeling Charges (FY2014-15)	0.90
Fees and charges of SLDC - SR	1.00
SCADA charges	
Reactive charges	
Total Transmission Charges (Apr14-Mar 2015)	**62.52**

8. The power purchase for FY 2014-15 has been considered under the principle of merit order dispatch (MOD). The must run stations has been identified as all the NPCIL plants, KSEB, TNEB and PPCL. The remaining amount of power is envisaged to be purchased from the remaining available sources. The total power purchase for FY 2014-15 is estimated to be 2,995.72 MU and the power purchase cost for FY 2014-15 at Rs. 996.74 Crores. The summary of total power purchase expenses for the above mentioned sources for FY 2014-15 is tabulated in the table below.

Table 63: Summary of Power Purchase Expenses for FY 2014 -15

Sr. No.	Source	Purchase (MU)	External losses (%)	Energy recd. by Licensee (MU)	VC (Ps/ Unit)	FC (Rs. Crore)	VC (Rs.Crore)	Others (Rs.Crore)	Supplementary (Rs. Crore)	Total (Rs.Crore)
1	2	10	11	12	13	14	15	16	17	18
A	**Central Sector Power Stations**									
I	**NTPC**	**1,280.26**	**4%**	**1,229.05**		**109.97**	**238.29**	**-**	**-**	**348.26**
	RSTPS Stage I & II	708.07	4%	679.74	204.03	47.49	144.47			191.96
	RSTPS Stage -III	-	4%	-	223.17	18.20	-			18.20
	Talcher Stage- II	461.55	4%	443.08	153.43	23.75	70.82			94.57
	Simhadri Stage- II	110.65	4%	106.22	207.90	20.53	23.00			43.53
		-		-	-	-	-			-
		-		-	-	-	-			-
II	***NLC***	**820.39**	**4%**	**787.58**	**213.47**	**60.13**	**175.10**			**235.23**
	NLC TPS II Stage I	500.15	4%	480.15	216.01	32.02	108.04			140.06
	NLC TPS II Stage II	185.39	4%	177.97	215.76	12.32	40.00			52.32
	NLC TPS I (Expn)	134.85	4%	129.45	200.66	15.79	27.06			42.85
		-		-	-	-	-			
III	***NPCIL***	**333.42**	**4%**	**320.08**	**291.43**	**-**	**97.30**			**97.30**
	MAPS	22.73	4%	21.82	202.59	-	4.61			4.61
	KAPS Stage I	274.68	4%	263.70	298.37	-	81.96			81.96
	Kudankulam	36.00	4%	34.56	298.37		10.74			10.74
				-	-					-
IV	***Others***	**324.68**		**311.69**	**363.20**	**3.85**	**116.49**	**0.02**		**120.36**
	Others	-		-	-	-	-			
	TNEB (Pondy)		4%	-	-	-	-	0.02		0.02
	TNEB (Karaikal)	283.08	4%	271.76	347.00	-	98.23			98.23
	Vallur Thermal Project	-	4%	-	916.72	3.85	-			3.85
	KSEB	41.59	4%	39.93	438.95	-	18.26			18.26
		-		-	-	-	-			
V	**OVER/ UNDER DRAWAL**			-	**217.29**	-	-			
		-		-	-	-	-			
B	**Within State Generations**	-		-	-	-	-			
	PPCL	**236.98**		**236.98**	**277.94**	**23.37**	**65.86**			**89.24**
		-		-	-	-	-			
C	**OTHER CHARGES**	-		-	-	-	-	**62.52**		**62.52**
	PGCIL Transmission Charges, Wheeling & Other Charges	-		-	-	-	-	60.62		60.62
	POSOCO	-		-	-	-	-	1.00		1.00
	PCKL	-		-		-	-	**0.90**		**0.90**
				-						
D	***RPO Compliance Cost***			-				43.82		43.82
				-						
F	**Total**	**2,995.72**		**2,885.37**	**231.34**	**197.32**	**693.04**	**62.52**	**-**	**996.73**

Total quantum and cost submitted by the Petitioner

The total power purchase quantum and cost therefore, submitted for FY 2014-15 is 2995.72 MU and cost of Rs 996.73Crores.

Commission's Analysis

For estimating the power purchase cost for FY 2014-15, merit order principles have been considered. While full fixed (capacity) charges have been considered and the variable charges corresponding to the cheaper sources of power have been considered, whereas no variable charges have been considered in respect of energy not considered for purchase (according to the merit order dispatch principles).

Following assumptions have been considered for projecting the requirement and cost for FY 2014-15.

- **Share Allocation:** The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations as per the notification of the Southern Region Power Committee vide SRPC Order No:SRPC/SE-I/54/UA/2014 dated 29.01.2014, effective from 00:00 Hrs of 30-01-2014.
- **Gross Energy Availability:**The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past years (FY 2010-11, FY 2011-12 and FY 2012-13). The net energy sent out has been considered after considering the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations.
- **Fixed Charges:** The Tariff Regulations for the tariff period 2014-19 have recently been notified by CERC. The CERC has not issued the tariff orders for the FY 2014-15 for the central generating stations based on the new regulations. In absence of the tariff orders for FY 2014-15 of the central generating stations, the Commission has considered the Annual Fixed Charges of FY 2013-14 (as per the latest available tariff orders) for purpose of estimation of the fixed charges for FY 2014-15.
- **Variable Charges**: The Commission has considered the average variable cost for the period April 2013 to September 2013 (as per actual) for consideration of the per unit variable charges for various plants. For nuclear plants, Madras APS and Kaiga the unit rate of Rs 2.03/unit and Rs 2.98/unit has been considered.

- For TNEB, the revised rate of Rs 3.47/unit has been considered. For KSEB, the average variable cost for H1 period has been considered at Rs 4.39/unit. For PPCL, the average variable cost of the H1 period has been considered at Rs 2.78/unit. For NTECL Vallur, the average rate as considered by the Petitioner has been considered to be reasonable at Rs 9.16/unit.
- The Commission has considered the nuclear plants as must run and has not subjected them to merit order dispatch. TNEB (Karaikal), KSEB and PPCL have been considered as must run and not subject to merit order principles.
- For determining the power purchase cost, merit order dispatch principles have been applied. The must-run stations have been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order.
- Fixed Charges from all the generating stations (irrespective of the merit order) have been considered for arriving at the power purchase cost.
- **UI over-drawal/under-drawal:**As per the merit order principles adopted by the Commission for estimating the energy requirement for FY 2014-15, no surplus sale of power has been considered forFY 2014-15 and power purchase corresponding to meet the requirement within the territory has been estimated. The UI over-drawal has not been considered for the year.Further, the UI over-drawal/under-drawal quantum and amount would be considered at the time of true-up based on the actual performance during the year based on the UI bills.
- **PGCIL losses:** Losses have been assumed at 5% as reasonable(as per SRPC website) and at 4% for TNEB. For PPCL and KSEB, being within the periphery of the utility area external loss has been considered as nil.

Transmission Charges

The Commission has considered the PoC rates as specified by the Central Electricity Regulatory Commission vide its order no L-1/44/2013 CERC dated 31.12.2013 applicable from January 2014 to March 2014 for approving the transmission charges for FY 2014-15. **Accordingly, the transmission charges for usage of the PGCIL network are approved at Rs. 64.40Crores for FY 2014-15.**

The Commission has considered the POSOCO and PCKL charges of Rs 1.00Crores and Rs 0.90Crores as estimated by the Petitioner to be reasonable and approved for FY 2014-15.

Other Charges

The Commission has noted that the Petitioner has claimed 'other charges' which include ED, Cess, Incentive, MOPA etc and supplementary charges. In the absence of any basis of projection, the Commission has not considered the 'other charges' as part of the approved power purchase cost for FY 2014-15 and the same would be considered during the review/true-up exercise based on actual figures.

Renewable Purchase Obligations

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.''

The Commission as per its order dated January 2' 2014 has specified the RPO obligations of the utilities, and accordingly the RPO has been considered as 3.30% for FY 2014-15; 0.6% from solar and 2.70% from non-solar sources.

The Petitioner has to purchase 3.30% of total energy purchase for sale to the consumers in its area as power purchase from renewable sources including 0.60% for Solar and 2.70% for Non-Solar for FY 2014-15.

The RPO obligation for FY 2014-15 has been considered assuming the fulfillment of RPO obligation through the purchase of REC certificates. This is in consideration of the fact that the utility has so far not been able to meet its RPO obligation through renewable energy purchase in energy terms. The Commission has allowed the amount corresponding to the prevailing floor price of REC certificates, as per the latest CERC order dated August 23' 2011.

The Solar REC trading price of Rs 9300/REC and non-solar trading price of Rs 1500/REChas been considered to be reasonable and allowed.

The RPO compliance cost works out at Rs 24.10Crores and has accordingly been considered by the Commission.

Table 64: Renewable Purchase Obligation (RPO) approved by the Commission for FY 2014-15

Sr. No.	Source	Purchase (MUs)	Price/Certificate	Total Cost (Rs Crores)
	Renewable Energy Sources			
1	*(2.70% for - Non Solar)*	67.56	1500	10.13
2	*(0.60% for Solar)*	15.01	9300	13.96
3	**TOTAL**	**82.57**		**24.10**

Total Power Purchase Quantum and Cost

Accordingly, the Commission has approved power purchase quantum of 2975.20 MU and cost of Rs 962.58 Crores for FY 2014-15, including the PGCIL transmission charges of Rs 64.40Crores.

Table 65: Power Purchase Quantum approved by the Commission for FY 2014-15

Source	Capacity (MW)	PLF (in %)	Gross Generation (MU)	Auxiliary Consumption (%)	Net Generation (MU)	Firm allocation to EDP (%)	Purchase (MU)
NPCIL							
Madras APS	440	69.31	2,671.48	10%	2,404.34	1.82%	43.72
Kaiga APS stage 1	880	69.22	5,336.03	10%	4,802.43	4.09%	196.42
TNEB (Karaikal)							283.08
KSEB							41.59
PPCL	32.5	88.32	251.45	5.00%	238.87	100%	238.87
Talcher STPS Stage II	2,000	83.30	14,593.58	10.50%	13,061.25	3.44%	449.52
NLC TS I Expn	420	83.99	3,090.04	8.50%	2,827.38	4.06%	114.79
Ramagundam STPS Stage I & II	2,100	91.11	16,761.21	6.50%	15,671.73	4.47%	700.79
Simhadri Stage II	1,000	90.40	7,919.33	6.00%	7,444.17	1.67%	124.32
NLC TS II Stage I	630	74.40	4,106.17	12.00%	3,613.43	13.13%	474.44
NLC TS II Stage II	840	84.91	6,247.77	10.00%	5,622.99	3.75%	210.96
Ramagundam STPS Stage III*	500	91.11	3,990.76	6.50%	3,731.36	4.74%	96.68
TNEB (Pondy)*	-	-	-	-	-	-	-

Source	Capacity (MW)	PLF (in %)	Gross Generation (MU)	Auxiliary Consumption (%)	Net Generation (MU)	Firm allocation to EDP (%)	Purchase (MU)
NTECL unit 1, Vallur*	*1000*	85.00	7,446.00	6.50%	6,962.01	1.70%	-
UI	-	-	-	-	-	-	-
TOTAL PPC for FY 14-15			**72,413.82**		**66,379.98**		**2,975.20**

** The purchase from these plants has been considered as per merit order*

Table 66: Power Purchase Cost approved by the Commission for FY 2014-15

Source	Purchase (MU)	PGCIL Loss (%)	Energy available at periphery	Fixed Charges (Rs Cr)	VC (Rs/kWh)	VC (Rs Cr)	Total (Rs Cr)
NPCIL							
Madras APS	43.72	*5.00%*	41.53	-	2.03	8.87	8.87
Kaiga APS stage 1	196.42	*5.00%*	186.60	-	2.98	58.53	58.53
TNEB (Karaikal)	283.08	*4.00%*	271.76	-	3.47	98.23	98.23
KSEB	41.59	*0.00%*	41.59	-	4.39	18.26	18.26
PPCL	238.87	*0.00%*	238.87	25.09	2.78	66.41	91.50
Talcher STPS Stage II	449.52	*5.00%*	427.05	20.44	1.53	68.78	89.21
NLC TS I Expn	114.79	*5.00%*	109.05	16.32	2.00	22.96	39.27
Ramagundam STPS Stage I & II	700.79	*5.00%*	665.75	42.81	2.04	142.96	185.77
Simhadri Stage II	124.32	*5.00%*	118.10	19.59	2.08	25.86	45.45
NLC TS II Stage I	474.44	*5.00%*	450.72	34.46	2.16	102.48	136.94
NLC TS II Stage II	210.96	*5.00%*	200.41	12.69	2.16	45.57	58.26
Ramagundam STPS Stage III*	96.68	*5.00%*	91.85	16.46	2.23	21.56	38.02
TNEB (Pondy)*	-	*4.00%*	-	-	3.47	-	-
NTECL unit 1, Vallur*	-	*5.00%*	-	3.85	9.16	-	3.85
UI	-	-	-	-	-	-	-
Others							
PCKL							**0.90**
POSOCO							**1.00**

PGCIL							**64.40**
RPO compliance cost							**24.10**
OTHER CHARGES							-
TOTAL PPC for FY 14-15	**2,975.20**	131.91	**2,843.29**	**191.72**		**680.47**	**962.58**

** The purchase from these plants has been considered as per merit order*

Table 67: Power purchase quantum and cost approved by the Commission for FY 2014-15

Particulars	Petitioner Submission	Approved
Power Purchase Quantum (MU)	2,995.72	2,975.20
Power Purchase Cost (Rs Cr)	996.73	962.58

Further, any variation on account of Fuel and Power Purchase cost shall be calculated as per the formula specified by the Commission separately and any impact shall be passed directly to the consumers.

The licensee shall compute fuel and power procurement cost variations on quarterly basis and adjustment shall be made in consumer bills starting after a month following the end of the quarter based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified separately by the Commission as per the Regulation. **For the purpose of calculation using FPPCA formula notified by the Commission, the approved per unit cost of power purchase (R approved) for use in the FPPCA formula is 358 paisa per unit for FY 2014-15.** The approved per unit cost of power purchase for FY 2014-15 to be considered in the FPPCA formula excludes transmission charges of PGCIL,SLDC charges, RLDC charges and charges for reactive energy.

7.7 Operation and Maintenance Expenses

The Operation and Maintenance (O&M) expenses comprising of the employee expenses, A&G expenses, and R&M expenses have been discussed in the following sections.

Employee Cost

Petitioner's submission

The Petitioner has submitted that the employee cost expenses stated comprise all the costs related to employees like basic salary, dearness allowance, medical reimbursement charges, leave and travel allowance, honorarium etc.

The Petitioner has submitted that the employee expenses are projected considering WPI inflation of 7.36% over revised estimates of FY 2013-14 and the total employee cost for FY 2014-15 is estimated to be Rs. 76.28 Crores.

The Petitioner has requested the Commission to approve the employee cost for FY 2014-15 at Rs 76.28Crores.

Commission's analysis

The Commission has considered the employee expenses in line with the JERC Tariff Regulations, limited to the expenses as submitted by the Petitioner.

The approved gross employee expenses of FY 2013-14i.e. Rs 78.14 Crores (without including the impact of capitalization of employee expenses) have been escalated by the WPI factor of 5.88%[8] to arrive at the gross employee expenses for FY 2014-15. The WPI index till February 2014 has been used as available on thewebsite of Economic Advisor, Ministry of Commerce and Industry for estimation of the increase in the employee expenses from FY 2013-14 to FY 2014-15. This results in the gross employee expenses of Rs 82.73Crores. The capitalization of the employee expenses has been taken in the same proportion of the employee expenses capitalized as per the actual of FY 2010-11.The capitalization of the employee expenses has been taken at Rs 14.20Crores. This results in the employee expenses of Rs 68.53Crores, net of the capitalization of Rs 14.20Crores as estimated by the Commission.

Table 68: Employee expenses approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
Employee Expenses	76.28	68.53

The Commission considers the employee expenses of Rs. 68.53Crores as reasonable and approves the same for ARR of FY 2014-15.

[8]The WPI index upto February 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in the WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

Administrative and General Expenses

Petitioner's submission

The Petitioner has submitted that A&G expenses include rent rates and taxes, expenses on computerization, telephone expenses, taxes, legal charges etc. The Petitioner has requested the Commission to approve the A&G expenses at Rs 4.25Crores. The A&G expenses are projected considering WPI inflation of 7.36% over revised estimates of FY 2013-14and the total A&G cost is estimated to be Rs 4.25 Crores for FY 2014-15.

Commission's analysis

The approved A&G expenses for FY 2013-14 have been escalated by the WPI factor of 5.88%[9] to arrive at the A&G expenses for FY 2014-15 limited to the submission of the Petitioner, as considered reasonable and hence approved.

The A&G expenses approved for FY 2013-14 are Rs 3.96Crores. The Commission has applied the WPI escalation of 5.88% to arrive at the A&G expenses of Rs 4.19Crores, as considered reasonable and thereby approved.

Table 69: A&G expenses approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
A&G Expenses	4.25	4.19

The Commission considers the A&G expenses of Rs 4.19Crores as reasonable and approves the same for ARR of FY 2014-15.

Repair and Maintenance Expenses

Petitioner's submission

The Petitionerhas submitted that R&M expenses include expenses on repairs and maintenance of electrical equipment, distribution network vehicles, furniture and fixtures, office equipment, buildings etc. The R&M expenses have been projected considering WPI inflation of 7.36% over

[9] The WPI index uptoFebruary 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

revised estimates of FY 2013-14 and the R&M expenses have been estimated to be Rs. 20.56 Crores for FY 2014-15.

The Petitioner has requested the Commission to approve the R&M expenses for FY 2014-15 at Rs 20.56Crores.

Commission's analysis

The Commission is of the view that adequate R&M expenses are necessary for maintenance of infrastructure and for ensuring proper Standard of Performance of the utility.

The Commission has applied the escalation factor of 5.88%[10] per annum for estimation of the increase in the R&M expenses from the figures approved for FY 2013-14 of Rs 18.06Crores, to estimate the R&M expenses for FY 2014-15. This results in the R&M expense of Rs 19.12Crores, as considered reasonable and hence approved.

Table 70: R&M expenses approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
R&M Expenses	20.56	19.12

The Commission considers the R&M expenses of Rs. 19.12Crores as reasonable and approves the same for ARR of FY 2014-15. The Petitioner is directed to submit complete details and proper justification of actual R&M expenses at the time of true-up to enable the Commission to take a view in this regard.

Summary of O&M Expenses approved for FY 2014-15

The O&M expenses as submitted and approved for FY 2014-15 are as below:

Table 71: O&M expenses approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
O&M Expenses	101.08	91.85

[10] The WPI index uptoFebruary 2014 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry. Same index has been assumed for March 2014. The increase in WPI index has been considered from FY 2012-13 to FY 2013-14 to arrive at the increase in WPI of 5.88%.

7.8 GFA and Depreciation

Petitioner's submission

The Petitioner has submitted the capitalization of Rs 48.00 Crores for FY 2014-15, considering capitalization of Rs 13.00 Crores towards plant & machinery and Rs 35.00 Crores towards Lines & Cable Network.

The Petitioner has submitted depreciation of Rs 26.45Crores, on opening GFA of Rs 551.27Crores and addition in assets of Rs 48.00Crores for FY 2014-15.

Commission's analysis

GFA and Capitalization

The Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2014-15 is required to maintain reliable supply for the consumers of UT of ED-Puducherry. The Commission considering the reasonableness of the expenditure approves the capitalization of Rs. 48.00Crores for FY 2014-15. This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

In line with the treatment of the GFA and capitalization done in the earlier chapters, the Commission considering the reasonableness of the expenditure approves the capitalization at Rs 48.00Crores for FY 2014-15.

Table 72: Gross Fixed Assets approved by the Commission for FY 2014-15

Particulars (Rs Crores)	Petitioner Submission	Approved
Opening Assets at the beginning of the year	551.27	555.84
Additions during the year	48.00	48.00
Gross Fixed Assets at the end of year	**599.27**	**603.84**

Depreciation

Depreciation has been calculated as per the Regulation 26 of JERC Tariff Regulations which specifies that depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time.

The Commission as discussed in detail in para 6.7 of this order, has found the submission of the Petitioner to be reasonable. The Commission has not applied the applicable CERC rates on the average assets in place, since some of these assets have already attained the 90% limit. In the absence of the complete break-up of the assets which have attained the 90% depreciation limit, the Commission has considered the submission of the Petitioner as reasonable and approves the same for FY 2014-15.

The table below captures the depreciation as submitted and considered approved by the Commission.

Table 73: Depreciation approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
Depreciation	26.45	26.45

The Commission considers the depreciation of Rs 26.45Crores as reasonable and approves the same for ARR of FY 2014-15.

7.9 Interest and Finance Charges

Petitioner's submission

The Petitioner has submitted that the loans taken by EDP from PFC for RAPDRP purposes have a moratorium period of 5 years, hence the interest is not considered.

REC loans have an opening balance of Rs 19.57 Crores and at the rate of interest of 12.25%, the interest of Rs 3.32 Crores has been claimed.

The Interest & Finance Charges relate to financial leases taken by EDP and bank charges towards LCs for payment for power purchased. For the purpose of computation of the finance lease charges, the rate of interest applied is as per actual at 8.22% p.a. The interest on lease rentals has been claimed at Rs 0.67 Crores for FY 2014-15 on the opening balance of Rs 8.21 Crores.

The Petitioner has requested the Commission to approve 5.31Crores towards expenditure under this head.

Commission's analysis

The Commission has considered the normative interest on the assets created during the year FY 2009-10 onwards excluding the opening capital base of FY 2009-10 as per the audited accounts for the year and has accordingly allowed the interest on normative loan. The treatment is in line with that done in the previous chapter and as discussed in detail in para 6.8 of this order.

The Commission has considered an addition of Rs 48.00 Crores in the Gross Fixed Assets for FY 2014-15 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 33.60Crores for FY 2014-15. The calculation of the interest on the normative loan is given below.

Table 74: Normative interest on loan approved for FY 2014-15 (Rs Crores)

Sr. No.	Particulars	Approved
1	Opening Normative Loan	85.50
2	Add: Normative Loan during the year	33.60
3	Less: Normative Repayment	10.57
4	Closing Normative Loan	108.53
5	Average Normative Loan	97.02
6	Rate of Interest (@SBAR rate)	**14.75%**
7	**Interest on Normative Loan**	**14.31**

The Commission has also analyzed the nature of interest and finance charges as submitted by the Petitioner. The Commission has observed that the Petitioner has submitted the interest on REC loan of Rs 3.32 Crores and finance charges of Rs 1.32 Crores for FY 2014-15. Further, interest on lease rentals of Rs 0.67 Crores has been claimed.**The Commission considering the reasonableness of expenditure submitted by the Petitioner as finance charges allows Rs 1.32 Crores additionally besides the interest on normative loan amount.** Interest on REC loan and interest on lease rentals has not been considered separately, as the normative interest on the normative loan amount has been allowed by the Commission which takes care of this expenditure.

The Commission has considered the normative interest on the estimated capital expenditure for FY 2014-15 and has therefore considered it as an allowable expense as a special case for the purpose of ARR for FY 2014-15.

The table below encapsulates the interest & finance charges as approved by the Commission.

Table 75: Interest and Finance Charges approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
Interest & Finance Charges	5.31	15.63

The Commission considers interest and finance charges of Rs 15.63Crores(Rs 14.31 Crores interest on the normative loan and Rs 1.32 Crores as finance charges) as reasonable and approves the same for ARR ofFY 2014-15.

7.10 Interest on Working Capital and Interest on Consumer Security Deposit

Petitioner's submission

The Petitioner has submitted interest on working capital as per the JERC Tariff Regulations. The rate of interest on working capital has been considered as 14.75%. The Petitioner has submitted that it has adopted the same methodology adopted by the Commission in its T.O for FY 13-14 for arriving at the working capital requirement whereby it has also taken into consideration the security deposit available with the Petitioner. On the basis of the estimates for FY 2014-15, the interest on working capital comes to NIL and the Petitioner has requested the Commission to approve the same.

The normative interest on working capital, therefore, claimed by the Petitioner for FY 2014-15 is NIL.

The Petitioner has submitted that Regulation 25of JERC (for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009) provides for Interest on Security Deposit, if any, made by the consumer with the licensee. The provision of interest on security deposits is to be made at the bank rate. The bank rate has been considered at 8.75% as notified by the Reserve Bank of India vide circular dated 29th October 2013. The

Petitioner has considered the interest on the opening security deposit amount of Rs 123.55Crores to arrive at the interest on security deposit of Rs 10.81Crores for FY 2013-14.

Commission's analysis

The Commission has considered the calculation of the different components of the interest on working capital as per the JERC Tariff Regulations. The Commission has considered that the amount collected from the consumers as security deposit is available with the Petitioner and has treated this as available to meet part of working capital requirement for FY 2014-15.

In line with the treatment of the working capital done in the previous chapters, the Commission has considered the average amount of the security deposit available with the Petitioner, as a source to meet working capital requirements and has deducted this amount from the working capital considered for calculation of the interest on working capital for FY 2014-15.

Further, the Commission clarifies that the SBI PLR rate has now been substituted as SBI Advance Rate. The Commission has considered the SBI advance rate of 14.75%[11] for ARR of FY 2014-15.

The detailed calculation of the interest on working capital is as below.

Table 76: Interest on working capitalapproved by the Commission for FY 2014-15

Particulars (Rs Crores)	Petitioner Submission	Approved
Power Purchase Cost for one month	88.04	80.21
Employee Cost for one month	6.36	5.71
A&G Expenses for one month	0.35	0.35
R&M Expenses for one month	1.71	1.59
Total Working Capital for one month	**96.46**	**87.87**
Security Deposit (amount already with EDP)	123.55	127.38
Total Working Capital considered for one month	**(27.09)**	**(39.51)**
SBI PLR Rate	**14.75%**	**14.75%**
Interest on Working Capital	**NIL**	**NIL**

[11] SBI advance rate as on 07.11.2013 has been considered for the computation of the interest on the working capital; latest available SBI advance rate has been considered.

The Commission considers the Interest on Working Capital as NIL as reasonable and approves the same for ARR of FY 2014-15.

The Commission had asked the Petitioner for the split of the consumer security deposit into bank guarantee, fixed deposit and cash forms, to which the Petitioner responded stating that the same is being compiled. Even the latest submission by the Petitioner on March 6' 2014 (considered by the Commission in its analysis of this tariff order) did not consist of the required details and Petitioner requested for time relaxation in submitting the same.

In absence of the required details, the Commission has considered the security deposit amountsas submitted by the Petitioner for the purposes of this tariff order. The same would be revisited at the time of Review/true-up based on actual data; further, **the Commission gives strict directions to the utility to provide the split of the consumer security deposit amount into bank guarantee, fixed deposit and cash forms (as on March 31' 2014) for analysis during the review/true-up.**

The calculation of the interest on consumer security deposit is as below.

Table 77: Interest on Security Deposit approved by the Commission for FY 2014-15

Particulars (Rs Crores)	Approved
Opening Security Deposit for FY 2013-14	95.89
Add : Deposits during the year	27.66
Less: Deposits refunded	-
Less : Deposits in form of BG/FDR	-
Closing Security Deposit for FY 2013-14	123.55
Average Security Deposit for FY 2013-14	**109.72**
Bank Rate	**8.75%**
Interest on Security Deposit	**9.60**

The Commission has considered the security deposit amounts as submitted by the Petitioner to be reasonable. The Commission has considered the average security deposit amount outstanding for the previous year i.e. FY 2013-14 for consideration of the payment of the interest on security deposit for FY 2014-15.

The Commission allows the interest on security deposit of Rs 9.60Crores, on theaverage security deposit of Rs 109.72Crores at the bank rate of 8.75% (as revised on October 29' 2013), to be recovered as part of the ARR and to be paid to the consumers effective 1st April 2014 for FY 2014-15.

Any non-compliance in this regard shall be viewed seriously by the Commission.

7.11 Provision for bad and doubtful debts

Petitioner's submission

The Petitionerhas submitted that it has already commenced on steps to analyze its sundry debtors and arrears, and obtain an age-wise breakup of the same from the revenue billing system. It also is in the process of reconciling the list of arrears with the sundry debtor balances as per the financial statements. This process is likely to take a significant amount of time and effort.

Further, the Petitioner has submitted thatas EDP is in the process of reconciling the list of arrears with the sundry debtor balances as per the financial statements, we are not claiming any provision for bad & doubtful debts in the ARR of FY 2014-15 for pass through in tariff to consumers.

Commission's analysis

The Commission agrees with the submission of the Petitioner and would consider the bad and doubtful debts only after availability of audited accounts, which will be taken up at the time of true up of ARR, in line with the JERC Tariff Regulations.

Table 78: Provision for bad debts approved by the Commission for FY 2014-15

Particulars	Petitioner Submission	Approved
Provision for bad and doubtful debts	NIL	NIL

The Commission, therefore, has not considered any expenses on account of bad& doubtful debts for ARR of FY 2014-15.

7.12 Return on capital base

Petitioner's Submission

The Petitioner has submitted a return on capital base @3 % on the net capital base at the beginning of the year of Rs. 555.84 Crores, at Rs 9.99Crores and requests the Commission to approve the same.

In view of the above submissions, the Petitioner requests the Commission to approve the estimate of Rs 9.99Crores for the return on capital base. The Petitioner's claim is summarized below.

Table 79: Return on Capital Base claimed by the Petitioner for FY 2014-15

Particulars (Rs. Cr)	Claimed by petitioner as per revised estimates
Gross block at the beginning of the year	551.27
Opening CWIP	84.09
LESS Accumulated Depreciation	274.63
LESS Accumulated Consumer Contribution	-
LESS Opening Debt	27.78
Net Fixed Assets at beginning of year	**332.95**
Return @ 3 % of NFA	**9.99**

Commission's Analysis

EDP being an integrated utility is entitled to return on capital base as per Regulation 23 of JERC Tariff Regulations. The treatment is as in the previous chapters, as per para 6.11 of this order. The return on capital base as per the provisions of the regulations is as below.

Table 80: Return on Capital Base calculation by the Commission for FY 2014-15

Sr. No.	Particulars	Approved
1	Gross block at beginning of the Year/Opening GFA	555.84
2	Opening CWIP	84.09
3	Less: opening accumulated depreciation	278.74
4	Less accumulated consumer contribution	-
5	Less opening debt	27.78
6	Net fixed assets at beginning of the year	333.41
7	**Reasonable return @3% of NFA**	**10.00**

The Return on Capital Base as claimed and approved for the year is tabulated below.

Table 81: Return on capital base approved by the Commission for FY 2014-15

Particulars (Rs Crores)	Petitioner Submission	Approved
Return on Capital Base	9.99	10.00

The Commission considers the Return on Capital Base of Rs. 10.00Crores as reasonable and approves the same for ARR of FY 2014-15.

7.13 Revenuefrom outside sales/UI sales

Petitioner's submission

The Petitioner has submitted that it has followed MOD principles for FY 2014-15 and accordingly no surplus sale of power has been assumed. Correspondingly, the revenue from the sale of surplus power has been considered as zero.

Commission's analysis

The Commission as also discussed in the section on power purchase of this chapter, has applied merit order dispatch principles in estimating the power procurement of the utility. Based on this, the Commission has only allowed power purchase as required to meet the requirement within the territory and as such, no surplus powerhas been considered in the ARR for sale outside the territory. The Commission, therefore, has not considered the revenue from outside sales for FY 2014-15 and the same will be considered at the time of true-up once the actual sale and revenue data becomes available. **The Commission however expects that the Licensee shall manage the surplus energy availability in a prudent manner in the overall interest of the stakeholders.**

Table 82: Revenue from outside sales approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
Revenue from outside sales	NIL	NIL

7.14 Non-Tariff Income

Petitioner's submission

The non-tariff income comprises of metering, late payment charges, interest on staff loans, reconnection fee, miscellaneous revenue etc. The other income under this head as per the estimates is Rs 0.50Crores, and assuming no 'revenue from UI sales' as per the MOD principles under this head gives the totalnon tariff income of Rs. 0.50Crores.

The Petitioner requests the Commission to approve the non-tariff income at Rs 0.50Crores for FY 2014-15.

Commission's analysis

The Commission has found the submission of the Petitioner under the head of 'other income' as reasonable and approves the same at Rs 0.50Crores. This together with the 'Revenue from outside sales' approved above gives total approved sum of Rs. 0.50Crores under the head of 'Non Tariff Income'.

Table 83: Non tariff income approved by the Commission for FY 2014-15

Particulars (Rs Cr)	Petitioner Submission	Approved
Non Tariff Income (including revenue from outside sales)	0.50	0.50

The Commission considers the non-tariff income of Rs 0.50Crores as reasonable and approves the same for ARR of FY 2014-15.

7.15 Interest on Security Deposit Provision

It is seen from the submissions of the Petitioner, that it had not paid the interest on the security deposit to the consumers for the previous years and accordingly the Commission had not allowed the interest on security deposit for the true-up of FY 2009-10 and FY 2010-11. Further, the Commission had not allowed any amount due to this while doing the provisional truing-up of FY 2011-12 as actual payment in this regard was not made to the consumers.

The Commission gives strict directions to the utility to make payment on the interest on security deposit to the consumers and accordingly provisions the amount of pending interest on security depositdue to the consumers in the ARR of FY 2014-15. The Commission expects that this provisioning would enable the utility to discharge its obligations and make all pending payments in this regard.

The Commission has considered the amount of security deposit as submitted by the Petitioner to be reasonable and has accordingly considered it. Further, the Commission would make further adjustment in this regard during the review/true-up exercise for FY 2014-15. **The**

Commission directs the utility to furnish complete details in this regard along with the opening and closing security deposit amounts in the next ARR & tariff filing.

The Commission gives strict directions to the utility to fulfill its obligation of payment of the interest on security deposit for FY 2009-10, FY 2010-11 and FY 2011-12. In the interest of the stakeholders, the Commission provisions the pending amount to be paid as interest on security deposit in the ARR of FY 2014-15.

The computation of the same is as below.

S.No.	Description	FY 2009-10	FY 2010-11	FY 2011-12
1	Opening Security Deposit (Rs Cr)	49.80	56.20	64.20
2	Closing Security Deposit (Rs Cr)	56.20	64.20	73.02
3	Average Security Deposit (Rs Cr)	53.00	60.20	68.61
4	**Average security deposit amount considered for payment (Rs Cr)**	**49.80**	**53.00**	**60.20**
5	**Bank Rate (%age)**	**6.00%**	**6.00%**	**6.00%**
6	**Interest on Security Deposit (Rs Cr)**	**2.99**	**3.18**	**3.61**
7	**Total provisioning (Rs Cr)**	**9.78**		

The amount of Rs 9.78Crores is being allowed in the ARR of FY 2014-15 as provision for the interest on security deposit due to the consumers for FY 2009-10, FY 2010-11 and FY 2011-12; further adjustment would be made based on the actual payment during the true-up/review of FY 2014-15.

7.16 Aggregate Revenue Requirement (ARR)for FY 2014-15

Petitioner's submission

The Petitioner has submitted the aggregaterevenue requirement for FY 2014-15 at Rs 1149.87 Crores based on the items of expenditure discussed above.

Commission's analysis

Based on the items of expenditure discussed in the preceding sections, the Commission approves the aggregate revenue requirement for FY 2014-15 at Rs1,125.39 Crores. The same has been summarized in the table below.

Table 84: Aggregate Revenue Requirement approved by the Commission for FY 2014-15

Particulars (Rs Crores)	Petitioner Submission	Approved
Cost of power purchase	996.73	962.58
Employee Costs	76.28	68.53
A&G expenses	4.25	4.19
R&M Expenses	20.56	19.12
Depreciation	26.45	26.45
Interest & Finance Charges	5.31	15.63
Interest on Working Capital + Interest on CSD	10.81	9.60
Provision for bad debts	Not claimed	NIL
Return on NFA @ 3% of NFA	9.99	10.00
Interest on SD provision	-	9.78
Less:Non tariff Income	0.50	0.50
Aggregate Revenue Requirement	**1,149.87**	**1,125.39**

7.17 Revenue at existing tariff

Petitioner's submission

The Petitioner has submitted that the expected revenue from charges is based on sales projections & approved tariff rates that are currently applicable for different consumer categories and slabs. The expected revenue from tariff for FY 2014-15 is Rs 1080.67 Crores and requests the Commission to approve the same.

Commission's analysis

Based on the estimates of sales, consumers and connected load approved by the Commission, the Commission has arrived at the revenue from existing tariff of Rs. 1092.86 Crores. The slab wise consumers, sales and the connected load have been pro-rated as per the actual unaudited figures of FY 2011-12, for the purpose of estimation of the slab-wise details.

Table 85: Revenue at existing tariff approved by the Commission for FY 2014-15 (Rs Crores)

S. No.	Category/Consumption Slab	FY 2014-15 Revenue at existing tariff
1	**Domestic**	
	0 - 100	18.23
	101 - 200	16.74
	201 - 300	24.22
	>300	96.30

	OHOB	1.07
	Total	**156.55**
2	**Commercial**	
	0 - 100	10.31
	101 - 250	10.15
	> 250	67.21
	Total	**87.67**
3	**Agriculture**	
	Small farmers	0.05
	Other farmers	1.62
	Total	**1.68**
4	**Public lighting**	
	Total	**15.21**
5	**LT Industrial**	
	0 - 1000	11.73
	> 1000	76.71
	Water tank	34.42
	Total	**122.86**
6	**Temporary supply - LT**	
	Total	**18.00**
7	**HT 1 Industrial**	
	(A) - CD < 2000	
	0 - 100000	92.67
	>100000	83.91
	(B) - 2000 < CD < 5000	
	>0	287.59
	Commercial	
	CD upto 5000 kVA	25.12
	Total	**489.29**
8	**HT 2 - Government & water tank**	
	Total	**26.77**
9	**HT 3 - EHT**	
	Total	**174.82**
	TOTAL FOR ALL CATEGORIES	**1092.86**

7.18 Revenue Gap at existing tariff for FY 2014-15

Petitioner's submission

The expected revenue gap for FY 2014-15 is Rs 69.20 Crores; considering the ARR of 1149.87Crores and revenue from tariff of Rs 1080.67 Crores.

Commission's analysis

The revenue gap approved for the year is Rs 32.53Croresagainst Rs 69.20 Crores claimed by the Petitioner on the basis of the aggregate revenue requirement of Rs1125.39Crores and the revenue from existing tariff of Rs. 1092.86Crores for FY 2014-15. This revenue gap is without including the impact of the additional surcharge of 10% on the revenue from all consumer categories (except Domestic and OHOB categories). The cumulative revenue gap at existing tariff including the impact of the additional revenue from surcharge is as below.

Table 86: Revenue Gap at existing tariff approved by the Commission for FY 2014-15

Particulars (Rs Crores)	Petitioner Submission	Approved
Aggregate Revenue Requirement	1,149.87	1,125.39
Revenue from existing tariff	1080.67	1092.86
Revenue Gap for the year	**69.20**	**32.53**
Add: Gap of previous years	207.98	258.81
Less: Additional Surcharge	108.00	109.01
Cumulative Gap	**169.18**	**182.33**

The revenue gap of Rs 32.53Crores not considering the previous year(s) gap has been considered for FY 2014-15 (without considering the impact of additional surcharge) at the existing tariff levels.

Further, the revenue gap up to FY 2013-14 as ascertained in this order of Rs 258.81Croreshas been carried forward to ascertain the cumulative gap up to FY 2014-15. Additional revenue surcharge of 10% in FY 2014-15 (other than on the Domestic and OHOB categories) results in additional revenue recovery of Rs 109.01Crores. This taken together results in the cumulative revenue gap of Rs (32.53 + 258.81 – 109.01) 182.33Crores for ARR of FY 2014-15 at the existing tariff.

<u>Note:</u> The Commission has not considered the impact of the EESL petition (petition no 128/2014) in the ARR of FY 2014-15 as the LED bulb distribution has just started and it is difficult to assess the complete impact of the savings accruing to ED-Puducherry out of this project at this stage. The same would be considered once the LED bulb distribution has been completed and complete details/information related to the impact of the project are submitted before the Commission in the subsequent ARR & tariff filings.

8. Tariff Philosophy and category-wise tariffs for FY 2014-15

8.1 Preamble

The Commission in determining the aggregate revenue requirement and retail supply tariff for the financial year 2014-15 has been guided by the provisions of the Electricity Act, 2003, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by the JERC under Section 61 of the Act which lays down the broad principles, which shall guide the determination of retail tariff.

8.2 Tariff Determination

Petitioner's submission

The Petitionerhas submitted that the Commission had increased the tariff for FY 2013-14 and bridged the gap for the year and also approved an additional surcharge of 10% over the revenue from tariff. The Commission had also suggested the Petitioner to request the government to avail a one- time support of Rs. 360.28 Crores. The Petitioner has submitted that the decision on the same is being considered by the Government of Puducherry.

The Petitioner has submitted that considering the tariff increase of 16.08% in FY 12-13 and 26.48% in FY 2013-14 with 10% additional surcharge from FY 13-14, and also in view of not giving a tariff shock to the consumers every year, the Petitioner has not considered proposing a tariff hike and the same shall be taken up during True-up petition on actual values of expenses.

The Petitioner has requested the Commission to approve the net revenue gap and treat the gap as regulatory asset.

The Petitioner has requested the Commission to consider the IT and ITES consumers under High Tension I (a) and High Tension I (b) categories. The Petitioner has requested the Commission to consider the requests made in the public hearing by the above said consumers for transferring them from High Tension I (c) Commercial to High Tension I (a) and High Tension (1b) industries.

Further, Petitioner has requested to grant approval for continuing the Schedule of Tariff, Charges for Services and Schedule of Charges along with the surcharge as approved in the tariff order for FY 2013-14 in FY 2014-15 also.

Commission's analysis

The Commission has determined the retail tariff for FY 2014-15keeping in view the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy and keeping in view the suggestions/objections of the stakeholders in this regard. Based on the approved Aggregate Revenue Requirement for FY 2014-15 and expected revenue from existing tariff,cumulative revenue gap of Rs 182.33Crores has been estimated at the existing tariff.

The Average Cost of Supply (ACOS) approved for FY 2014-15 is Rs 4.50/kWh and the Average Revenue Realization at the existing tariff for FY 2014-15 is Rs 4.37/kWh.While determining the tariff for FY 2013-14 to be charged from the consumers, the Commission has appropriately fixed tariff to ensure that the increase in tariff of the different consumer classes does not cause a tariff shock to them. The Commission has approved an average tariff hike of 3.82%, resulting into additional revenue recovery of Rs 41.73 Croresfrom the revised tariff. The Average Revenue Realization at the approved tariff for FY 2014-15 is Rs 4.53/kWh.

The Commission, this time, has rationalized the tariff structure for some of the consumer categories. The sub-slabs in LT Industrial andHT 1 Industrial General have been done away with and main category structures have been retained. The details are in the tariff schedule mentioned at the end of the tariff order.

Further, the Commission has agreed to the proposal of the Petitioner regarding shifting of the IT and ITES consumers from High Tension I (c) Commercial to High Tension I (a) and High Tension I (b) Industrial categories. The corresponding change has been made in the tariff schedule for the above category of consumers, as detailed in the tariff schedule mentioned later in this tariff order.

It has been observed that the Public hoardings and sign boards consume power during the peak hours and lead to considerable losses for the utility. The Commission, in this Tariff Order has created a separate category to cover the consumption for the Advertisements and Hoardings. This category will be applicable for supply of electricity for lighting external advertisements, external hoardings and displays at departments stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations 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 tariff for such category has been set at approximately 200% of the ACOS to recover the cost of power supply at peak hours which is very high.

The Commission's approved tariff for FY 2014-15 is as given below.

Table 87: Tariff approved by the Commission for FY 2014-15

S.No.	Category/Consumption Slab/month	Approved Tariff for FY 2014-15 (in Rs.)			
		Fixed Charges (Rs per month per connection/kVA/HP)	Energy/Variable Charges (Rs/kWh)	Average tariff (Rs./Unit)**	K Factor[12] for FPPCA formula for FY 2014-15
1	**Domestic**				
	OHOB	25.00	-	1.07	N/A
	0 – 100	30.00	1.05	1.26	0.28
	101 – 200	30.00	1.60	1.81	0.40
	201 – 300	30.00	3.10	3.25	0.72
	>300	30.00	3.85	3.96	0.87
2	**Commercial**				
	0 – 100	70.00	3.85	4.06	0.90
	101 – 250	70.00	4.55	4.76	1.05
	> 250	70.00	5.00	5.21	1.15
3	**Agriculture Services**				
	Agriculture				
	Small farmers	8.00	-	0.10	N/A
	Other farmers	25.00	-	0.31	N/A
4	**Public lighting**	50.00	4.40	5.42	1.20
5	**LT Industrial and Water Tank**				
	For all units	80.00	4.50	4.52	0.99
6	**Temporary supply – LT**	-	9.00	9.00	N/A
7	**HT 1 Industrial and Commercial**				
	Contracted maximum demand upto 5000 kVA	220.00	4.70	5.40	1.19
8	**HT 2 - Government & water tank**	220.00	4.80	5.55	1.22
9	**HT 3 - EHT**	240.00	4.70	5.37	1.18
10	**Hoardings / Sign Boards**	100.00	7.00	-	2.00

** Average tariff means the average revenue realization from the category i.e. revenue/sales and is inclusive of both the fixed charges and the variable charges

12 FPPCA is not applicable (N/A) for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as N/A.

8.3 Average Cost of Supply

The Commission observes that the Average Cost of Supply (ACoS) has gone up from Rs. 4.47/kWh as per provisional trued-up ARR of FY 2011-12 to Rs. 4.50/kWh approved for FY 2014-15, as determined in this tariff order. The ACOS as approved for FY 2013-14 as per the tariff order dated April 10' 2013 was Rs 4.40/kWh.

The Commission observes that the tariff being charged to most of the categories of consumers is below the average cost of supply. With the progressive increase in the tariff of the subsidized categories towards Average Cost of Supply, the tariff may over the years touch ACOS and the existing gap of the cross subsidy may progressively narrow down. The Average Tariff as a percentage of Average Cost of Supply of Rs. 4.50/kWh approved in this tariff order for FY 2014-15 is as shown in the table below.The ACOS as approved for FY 2013-14 of Rs 4.40/kWh as per the tariff order dated April 10' 2013 has been used for drawing comparison with the position in FY 2014-15.

Table 88: Approved tariff as a percentage of ACOS by the Commission for FY 2014-15

Category	APPROVED TARIFF for FY 14-15		As approved in order dated April 10' 2013	
	Average Revenue Realization (FY 2014-15)	%age of ACOS (FY 2014-15)	Average Revenue Realization (FY 2013-14)	%age of ACOS (FY 2013-14)
Domestic	2.77	62%	2.55	58%
Commercial	4.98	111%	4.88	111%
Agriculture	0.30	7%	0.30	7%
Public lighting	5.42	120%	5.31	121%
LT Industrial	4.52	101%	4.53	103%
Temporary supply - LT	9.00	200%	9.00	204%
HT 1 Industrial and Commercial	5.40	120%	5.24	119%
HT 2 - Government & water tank	5.55	123%	5.35	122%
HT 3 - EHT	5.37	119%	5.06	115%

8.4 Applicability of revised tariffs

The revised tariffs shall be applicable from 1st April 2014.

In cases, where there is a billing cycle difference for a consumer with respect to the date of applicability of the revised tariffs, then the revised tariff should be made applicable on a pro-rata basis for the consumption. The bills for the respective periods as per existing tariff and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during respective period arrived at on the basis of average unit consumption per day multiplied by number of days in the respective period falling under the billing cycle).

8.5 Revenue Deficit at approved tariff for FY 2014-15

The approved tariff shall be effective from 1st April 2014 and shall remain valid till revised through a separate order.The revenue at approved tariff for FY 2014-15for the various consumer categories is as below.

Table 89: Revenue at approved tariff approved by the Commission for FY 2014-15

Category	TOTAL (Rs Crores)
Domestic	172.04
Commercial	89.31
Agriculture	1.68
Public lighting	15.80
LT Industrial	122.80
Temporary supply - LT	18.00
HT 1 Industrial and Commercial	501.61
HT 2 - Government & water tank	27.77
HT 3 - EHT	185.60
Total	**1134.59**

Table 90: Revenue Deficit at approved tariff by the Commission for FY 2014-15

Sr. No.	Particulars	Approved (Rs Crores)
1	ARR for FY 2014-15	1,125.39
2	Revenue from existing tariff	1092.86
3	**Revenue Gap for the year at existing tariff**	**32.53**
4	Gap for FY 2013-14 as assessed in this tariff order	258.81
5	**Less: Additional revenue from revised tariff**	**41.73**
6	Less: Revenue from Surcharge at revised tariff	113.19
7	**Cumulative Gap at approved tariff (3+4-5-6)**	**136.42**

8.6 Treatment of Regulatory Asset

The Commission had approved the average increase in tariff of 26.48 % during FY 2013-14. The Commission, this time, in the interest of the stakeholders has considered an average tariff hike of 3.82% resulting into additional revenue recovery of Rs 41.73 Crores. This hike would be sufficient to bridge the revenue gap for FY 2014-15 besides would help in bridging of the past year gap i.e. FY 2013-14 to the extent of Rs (41.73-32.53) 9.21 Crores. **The Commission, this time, continues with the levy of the additional surcharge of 10% to be levied to all consumers above tariff rates on the fixed and energy charges (excluding taxes etc.) towards the recovery of the past accumulated deficit.**

The levy of the above surcharge would lead to an additional recovery of Rs 113.19Croresin FY 2014-15 which would take care of the amortization of about additional one third regulatory asset amount created in the tariff order for FY 2012-13 dated June 12’2012 of Rs 320.56 Crores.

However, the agriculture and the OHOB category would be exempted from this additional surcharge.

The cumulative gap outstanding at the end of FY 2014-15 after considering the impact of tariff hike and additional surcharge is Rs 136.42 Crores. The levy of additional surcharge upto FY 2015-16 would take care of the liquidation of the remaining one-third regulatory asset amount of Rs 320.56 Crores. The past regulatory asset amount would be subject to revision depending on the outcome of the true-up of the past years i.e. FY 2011-12 & FY 2012-13 during the next ARR & tariff filing.

9. Determination of Open Access Charges

Petitioner's Submission

1) Allocation of ARR between wheeling and Retail Supply

The Petitioner has submitted that it has computed open access charges as per the methodology adopted by the Commission in its previous tariff order. The allocation between the wheeling and retail supply business for FY 2013-14 and FY 2014-15 is as given in the table below:

Table 91: Allocation of ARR between Wheeling and Retail Supply

Sr. No.	Item of expense	Allocation (%)		Allocation FY 2013-14			Allication FY 2014-15		
		wheeling	supply	wheeling	supply	Total	wheeling	supply	Total
1	2	3		4	5		6	7	
1	Cost of fuel	0%	100%						
2	Cost of power purchase	0%	100%	-	984.77	984.77	-	996.73	996.73
3	Employee costs	70%	30%	48.78	20.91	69.69	53.39	22.88	76.28
4	R&M expenses	90%	10%	18.14	2.02	20.15	18.50	2.06	20.56
5	Administration and General expenses	50%	50%	1.98	1.98	3.96	2.12	2.12	4.25
6	Depreciation *	90%	10%	21.29	2.37	23.65	23.80	2.64	26.45
7	Interest on Loan & Finance charges	90%	10%	4.08	0.45	4.53	4.78	0.53	5.31
8	Interest on Working Capital *	22%	78%	-	-	-	-	-	-
9	Interest on Security Deposit *	0%	100%	-	8.39	8.39	-	10.81	10.81
10	Return on NFA /Equity *	90%	10%	8.87	0.99	9.85	8.99	1.00	9.99
11	Provision for Bad Debt	0%	100%	-	-	-	-	-	-
12	other/CGRF Expenses	90%	10%	-	-	-	-	-	-
13	**Total Revenue Requirement**			**103.13**	**1,021.87**	**1,125.00**	**111.59**	**1,038.78**	**1,150.37**
14	Less: Non Tariff Income	0%	100%	-	0.50	0.50	-	0.50	0.50
15	Less: Revenue from Sale of Power - UI Pool	0%	100%	-	16.00	16.00	-	-	-
16	Less: Revenue from Sale of Power-Exchanges	0%	100%	-	-	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**			**103.13**	**1005.37**	**1108.50**	**111.59**	**1038.28**	**1149.87**

2) Voltage wise Wheeling Charges

The voltage wise loss levels have been taken as approved by the Commission in the Tariff Order of FY 2013-14. The table depicting the same is shown below:

Table 92: Voltage wise Loss

Voltage Level	Loss
EHT	1.0%
HT-33/22/11KV	5.0%
LT	14.9%
Total	12.5%

The wheeling charges calculation is provided in the table below:

Table 93: Wheeling charges for FY 2013-14 and FY 2014-15

Particulars	UoM	S.No.	FY 2013-14	FY 2014-15
Wheeling Cost	Rs.Crs	a	103.13	111.59
Wheeling Cost at EHT	Rs.Crs	b=ax49%	50.53	54.68
Wheeling Cost at HT	Rs.Crs	c=ax9%	9.28	10.04
Wheeling Cost at LT	Rs.Crs	d=ax42%	43.31	46.87
Energy Input at Discom Periphery	MU	e	2,908.62	2,885.37
Wheeling Charge at EHT Level	**Rs/kWh**	**F=b/ex10**	**0.17**	**0.19**
EHT Losses	%	g	1.00%	1.00%
EHT Losses	MU	h	29.09	28.85
Sales at EHT Level	MU	i	401.53	324.00
Energy Input at HT	MU	j=e-h-i	2,478.01	2,532.52
Wheeling Charge at HT Level	**Rs/kWh**	**k=c/jx10**	**0.04**	**0.04**
HT Losses	%	l	5.00%	5.00%
HT Losses	MU	m	123.90	126.63
Sales at HT Level	MU	n	995.00	1,030.00
Energy Input at LT	MU	o=j-m-n	1,359.11	1,375.89
Wheeling Charge at LT Level	**Rs/kWh**	**p=d/ox10**	**0.32**	**0.34**
Sales at LT Level	MU	q	1,146.00	1,170.70
LT Losses	MU	r=o-q	213.11	205.19
LT Losses	%	%	15.7%	14.9%
Total Losses	MU	s=r+m+h	366.09	360.67
	%		0.13	0.13

3) Cross Subsidy Surcharge

The Cross Subsidy surcharge is based on the formula as per Tariff Policy i.e.

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

Where,

S is surcharge

T is tariff payable by relevant category of consumers

C is weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power
D is wheeling charges
L is the System Losses for the applicable voltage level.

The computation of CSS is shown below:

Table 94: Calculation of "T" as per ARR of FY 2014-15

Calculation of T - Based on ARR FY 2014-15				
	Particulars	Sales	Revenue from existing Tarrif	Average Tariff
T=	HT1 Industrial	980.00	512.64	5.23
T=	HT2 Govt. & Water Tank	50.00	26.77	5.35
T=	HT3 EHT	324.00	165.12	5.10

The computation of 'C' based on top 5% of power is shown below:

Table 95: Calculation of 'C' based on ARR of FY 2014-15

Calculation of C - Based on ARR FY 2014-15				
	Station	Energy Procured (MU)	Avg. Rate	Total Power Purchase Cost(Rs.Cr)
C =	TPS II Stage I	149.79	**2.16**	32.36

The table below provides the computation of total cost for FY 2014-15:

Table 96: Calculation of total Cost based on ARR of FY 2014-15

Calculation of Total Cost - Based on ARR FY 2014-15						
	Particulars	Unit	Upto 33 kV	11 kV	LT Level	EHT Level
D =	Wheeling Charges	Rs./Unit	0.04	0.04	0.34	0.19
L =	System Losses for the applicable voltage	%	5.00%	5.00%	12.50%	1.00%
Total	**[C (1+ L / 100) + D]**	**Rs./Unit**	**2.20**	**2.20**	**2.50**	**2.35**

Based on the above discussion parameters, Cross Subsidy Surcharge for FY 2014-15 is computed for HT categories in the table below:

Table 97:Calculation of Cross Subsidy Surcharge for FY 2014-15

Computation of Cross Subsidy Surcharge - FY 2014-15				
Major Consumer Categories	**Sales**	**Revenue from Proposed Tariff**	**Avg. Tariff**	**Cross Subsidy Surcharge**
HT1 Industrial	980.00	512.636	5.23	3.030
HT2 Govt. & Water Tank	50.00	26.766	5.35	3.152
HT3 EHT	324.00	165.119	5.10	2.746

The Petitioner has requestedthe Commission to approve the Cross Subsidy Surcharge & related Open Access Charges for FY 2014-15 as proposed.

4) Additional Surcharge

The Petitioner has submitted that it will approach the Commission separately on case to case basis seeking approval for 'Additional Surcharge'.

<u>Commission's Analysis</u>

The Commission in order to facilitate open access has approved the Open Access Charges for FY 2014-15.

It is seen from the Petitioner's submission that the Transmission and Distribution business has not been segregated and EDP continues to function as an integrated utility. The Commission has considered the fact that the expenses of the utility are consolidated and has therefore considered "NIL" transmission charges for the open access consumers in the UT.

<u>Allocation Matrix</u>

The Commission feels that there has to be proper bifurcation of all expenses pertaining to the Petitioner between functions of wheeling business (wire business) and retail supply business. The Commission has considered it prudent to consider the allocation matrix for bifurcation of wheeling and retail ARR as proposed in the 'STAFF PAPERONOPERATIONALISATION OFOPEN ACCESS (OA)IN THE STATE OF GOA AND THE UTs' in September 2012. The allocation between wheeling and retail supply business for FY 2013-14 and FY 2014-15 as per the ARR approved in this order is provided in the table below.

Table 98: Allocation of ARR between Wheeling and Retail Supply for FY 2014-15

Wheeling and Retail Supply ARR (Rs. Crores) - EDP										
		Allocation (%)		Allocation FY 2013-14			Allocation FY 2014-15			
S.No.	Particulars	*Wheeling*	*Supply*	*Wheeling*	*Supply*	*Total*	*Wheeling*	*Supply*	*Total*
1	Cost of Fuel	*0%*	*100%*	-	-	-	-	-	-
2	Power Purchase Expenses (incl transmission charges)	*0%*	*100%*	-	*973.63*	*973.63*	-	*962.58*	*962.58*
3	Employee cost	*70%*	*30%*	*45.31*	*19.42*	*64.73*	*47.97*	*20.56*	*68.53*
4	Repair & Maintenance expenses	*90%*	*10%*	*16.26*	*1.81*	*18.06*	*17.21*	*1.91*	*19.12*
5	Administration & General expenses	*50%*	*50%*	*1.98*	*1.98*	*3.96*	*2.10*	*2.10*	*4.19*
6	Depreciation	*90%*	*10%*	*21.29*	*2.37*	*23.65*	*23.80*	*2.64*	*26.45*
7	Interest & Finance Charges	*90%*	*10%*	*12.49*	*1.39*	*13.88*	*14.07*	*1.56*	*15.63*
8	Interest on working capital	*22%*	*78%*	-	-	-	-	-	-
9	Interest on Security Deposit	*0%*	*100%*	-	*7.18*	*7.18*	-	*9.60*	*9.60*
10	Return on Net Fixed Assets /Equity	*90%*	*10%*	*8.88*	*0.99*	*9.87*	*9.00*	*1.00*	*10.00*
11	Provision for Bad & Doubtful Debt	*0%*	*100%*	-	-	-	-	-	-
12	Other expenses	*90%*	*10%*	*26.24*	*2.92*	*29.15*	*8.80*	*0.98*	*9.78*
13	**Total Revenue Requirement**			**132.44**	**1011.67**	**1144.11**	**122.96**	**1002.93**	**1125.89**
14	Less: Non Tariff Income	*0%*	*100%*	-	*16.50*	*16.50*	-	*0.50*	*0.50*
15	**Net Revenue Requirement (13-14)**			**132.44**	**995.17**	**1127.61**	**122.96**	**1002.43**	**1125.39**

Voltage wise Wheeling Charges

The Petitioner has submitted that the voltage wise bifurcation of expenses and assets are not available. The Commission opines that in the absence of the details of bifurcation of assets and expenses the open access should not be restricted due to lack of information. The Commission in this regard would like to mention that the apportionment of wheeling charges has to account for losses. Therefore in the absence of the voltage wise details, the Commission has considered the bifurcation of wheeling cost based on the sales and losses at each voltage level.

The Commission has considered the losses at EHT and HT same as approved in the last tariff order dated April 10' 2013. Accordingly the Commission has considered the losses at HT and EHT at 5% and 1% respectively. The loss for FY 2014-15 has been approved by the Commission at 12.00% in this order. Accordingly, the balancing loss has been considered at the LT level, as shown in the table below.

Voltage level	Loss
EHV	1.00%
HT - 33/22/11	5.00%
LT	13.85%
Total	**12.00%**

The apportionment of the wheeling cost has been considered in the ratio of 49:9:42 between EHT, HT and LT respectively (as considered in the last tariff order dated April 10' 2013).The apportionment of the wheeling cost has been considered in the same ratio. The wheeling charge so arrived has been shown in the table below.

Table 99:Wheeling Charges approved for FY 2014-15

Particulars	UoM	S. No	FY 2014-15
Wheeling Cost	Rs Crores	A	122.96
Wheeling Cost at EHT	Rs Crores	B=A*49%	60.05
Wheeling Cost at HT	Rs Crores	C=A*9%	11.47
Wheeling Cost at LT	Rs Crores	D=A*42%	51.44
Energy Input at Discom Periphery	MU	E	2,843.29
Wheeling Charge at EHT level	Rs per Unit	**F=B/E*10**	**0.21**
EHT Losses	%	G	1%
EHT Losses	MU	H	28.43
Sales at EHT Level	MU	I	345.57
Energy Input at HT	MU	J=E-H-I	2,469.29
Wheeling Charge at HT level	Rs per Unit	**K=C/J*10**	**0.05**
HT Losses	%	L	5%
HT Losses	MU	M	123.46
Sales at HT Level	MU	N	979.28
Energy Input at LT	MU	O=J-M-N	1,366.54
Wheeling Charge at LT level	Rs per Unit	**P=D/O*10**	**0.38**
Sales at LT level	MU	Q	1,177.24
LT Losses	MU	R=O-Q	189.30
Total Losses	MU	S=R+M+H	341.19
	%		12.00%

<u>Cross Subsidy Surcharge</u>

The Cross subsidy surcharge is based on the following formula given in the Tariff Policy as below:

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

Where,

S is the surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excludingliquid fuel based generation and renewable power

D is the Wheeling charges

L is the System losses for the applicable voltage level, expressed as percentage.

The computation of each item is given below.

Table 100: Calculation of "T"

Particulars	Sales (MU)	Revenue from approved tariff (Rs Cr)	Average Tariff (Rs/KWh)
HT 1 Industrial	929	502	**5.40**
HT 2 - Government & water tank	50	27.77	**5.55**
HT 3 - EHT	346	186	**5.37**

Table 101: Calculation of ''C''

Station	Energy Procured (MU)	Average Rate (Rs/kWh)	Total Power Purchase cost (Rs Cr)
NLC TPSII Stage II	142.16	3.02	42.96

The cross subsidy surcharge based on the above formula is worked out in the table below:

Table 102: Approved Cross Subsidy Surcharge for FY 2014-15

Particulars	UoM	HT 1	HT 2	EHT
T	Rs Per kWh	5.40	5.55	5.37
C	Rs Per kWh	3.02	3.02	3.02
D	Rs Per kWh	0.05	0.05	0.21
L	%	5.00	5.00	1.00
Surcharge	**Rs Per kWh**	**2.18**	**2.33**	**2.11**

The surcharge has been calculated for HT and EHT category only as presently the open access is allowed to 1 MW and above consumers only which fall under this category.

Additional Surcharge

In order to promote competition through open access the Commission in line with the Petitioner's submission approved "Nil" Additional Surcharge. This would be revisited at the time of next tariff order based on Open Access implementation.

10. Directives

The following are the Commission's observations on the pending compliance of directives, as mentioned in the tariff order for FY 2013-14 dated April 10' 2013.

Pending compliance of directives as per the tariff order for FY 2009-10

1. **Annual Statement of Accounts**

Commission's Comments

''The Commission has noted the action taken so far, but it is still not as per the direction given in the Tariff Order FY 2009-10. It is directed that the accounts of the licensee need to be prepared on commercial principles for regulated business of electricity as per regulatory requirement by 30th September, 2012.''

Compliance/Action Taken as per tariff order dated April 10' 2013

Petitioner's Submission

The Accounts of the department for FY 2009-10 &2010-11 have been audited by an independent Auditing company (M/s BashaNarasimhan, Chennai) and the auditor's report was furnished on 14.12.2012.

The same was submitted to the Hon'ble Commission along with the true-up petition of the respective years.

Commission's Comments

The Commission appreciates the efforts made by the Petitioner. Compliance is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied.

Commission's Comments

The submission of the Petitioner is noted. It is observed that the final audited accounts for FY 2011-12 and FY 2012-13 have not been submitted before the Commission. The final true-up of FY 2011-12 and FY 2012-13 is also pending for want of audited accounts. The Commission directs the Petitioner to prepare the audited accounts for FY 2011-12 and FY 2012-13 and file true-up based on these. The Petitioner is directed to expedite the process in order to arrive at the correct revenue gap for the utility and avoid accumulation of losses.

2. Preparation of Asset and Depreciation Register

Commission's Comments

'' Petitioner is directed to submit quarterly progress report and the final completion date of the preparation of the asset and depreciation registers function wise after getting them audited.''

Compliance/Action Taken as per tariff order dated April 10' 2013

Petitioner's Submission

The Asset & Depreciation Registers for the year 2009-10 & 2010-11 has been prepared and audited by the third Party Auditor. The abstract has been submitted along with the respective true –up petitions for the years.

Commission's Comments

The Commission appreciates the efforts made by the Petitioner. Compliance is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission
Complied

Commission's Comments
The submission of the Fixed Asset Register (FAR) for FY 2009-10 and FY 2010-11 has been noted. The Petitioner is required to prepare the FAR along with the audited accounts and submit the same along with the true-up petition of the respective year. Separate directions for each true-up year would not be issued and the FAR is required to be submitted before the Commission along with the true-up petition of the respective year.

3. Accounting of security deposits etc. under appropriate head of accounts

Commission's Comments

'' The action taken is noted. The Commission, however, would like to make it clear that the Petitioner has no choice as far as the payment of interest on consumer security deposit is concerned. The EA Act 2003 itself mandates such payment. The Petitioner is ,therefore, directed to pay interest on the consumer security deposits with effect from 1st April 2012 to the consumers at the bank rate (presently @9.5% p.a.)''

Compliance/Action Taken as per tariff order dated April 10' 2013

Petitioner's Submission

Under R-APDRP scheme, the base line data of each consumer is being updated and programmed to be completed by 31.03.2013.The PED would comply the directives and necessary arrangement will be made to give interest credit to the respective consumers from 1st April 2012 after modifying the billing program under R-APDRP scheme. The H.T consumers would be advised to convert their existing fixed deposits into cash deposits before March 2013 and thereon interest would be paid to each H.T consumers.

Commission's Comments

The process of upgrading the billing software and updating the security deposit records should be completed so that consumers can receive the interest on the security deposits as per the Regulations. The Petitioner has submitted that it does maintain the security deposit from the consumers, so the Petitioner is duty-bound to pay the interest on the collected security deposit. The same should be ensured by the licensee so that payment to all consumers due is made with effect from April 1'2012 for FY 2012-13 at the applicable bank rate and also for FY 2013-14.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

For HT Consumers the payment of interest will be made during the current year for the period 12-13. For LT consumers, data abstraction is being made regarding the Security Deposits and they would be paid interest due for FY 12-13.

Commission's Comments

The efforts of the Petitioner in this regard have been noted. For LT consumers, the process of payment of interest on security deposit should be expedited. Further, **the Petitioner is directed toprovide the split of the consumer security deposit amount into bank guarantee, fixed deposit and cash forms for analysis during the true-up of the respective year. The Commission further directs the Petitioner to pay interest on security deposit for FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 and submit the status report by June 30' 2014 failing which the Commission would be constrained to initiate action u/s 142 of Electricity Act 2003.**

4. Energy Audit and T&D Losses

Commission's Comments

'' Action taken so far is noted. The Petitioner is directed to furnish segregation of losses into transmission, distribution and commercial losses separately in their next petition along with a status report on energy accounting and T&D losses.

As regards transmission and distribution losses, the Commission had allowed 14% losses for FY 2009-10 in the Tariff Order for FY 2009-10. Taking FY 2009-10 as the base year with 14% T&D losses, the Commission has followed a progressive reduction of 0.5% every year i.e. 13.5% for FY 2010-11, 13% for FY 2011-12 and 12.5% for FY 2012-13.

The Commission would like further reduction in losses. The pace of reduction could be expedited as the Petitioner is implementing R-APDRP Scheme which would help bring down losses at a faster rate. The Commission would like the Petitioner to prepare a loss reduction road map for bringing down losses to 10% level and submit to the Commission by 31st October 2012. Loss reduction trajectory for subsequent years shall be approved by the Commission on receipt and acceptance of the loss reduction road map.

In order to understand the actual functioning of any organisation, proper accounting and periodic audit is much needed. This is more relevant in the electricity sector where the commodity is in form of electrons and invisible to eye. Unfortunately, this is one aspect – which is most neglected in the sector. For any improvement to take place, it is essential that first we assess the factual position as it stands today. This can only be done by proper accounting of energy input-and output at each voltage level, accounting at feeder level and at the DTR level. For such an accounting to happen, it is necessary to install correct meters at all pre-identified locations and extracting data periodically. Analysis of such data would give actual level of losses, technical as well as commercial such as not taking meter reading, not raising bills, pilferage / un-authorized use of electricity, etc.

The action plan should be submitted to the Commission by 31st October 2012.''

Compliance/Action Taken as per tariff order dated April 10' 2013

Petitioner's Submission

In order to conduct Energy Audit and also for proper accounting of Energy, it is necessary to install meters at pre-determined levels including at DTR. At present, meters are available at the voltage levels of 230 KV, 110KV, 22 KV and 11 KV in all the EHT sub stations. Under R-APDRP programme, the provisions of meters in DTRs of entire Mahe and Yanam regions have been covered. As far as Puducherry and Karaikal regions are concerned, around 40% and 25% of the DTRs respectively have been covered in the R-APDRP programme. All the above works are programmed to be completed by March 2013. In respect of non- R-APDRP area, the department is in the process of providing of meters in the DTRs feeding the agriculture loads only and 50 nos. of DTRs are expected to be completed before end of the year. In respect of provision of meters in remaining DTRs of around 1000 nos. in Puducherry region and around 240 nos. in Karaikal region, the department has proposed to execute 50% each during the years 2013-14 and 2014-15 in view of huge capital cost involved over and above the other development works programmed. The approval of the Hon'ble Commission for the capital expenditure will be requested in the capex plan of the respective years.

In respect of road map for reduction of T&D losses to 10%, the department has proposed to implement the measures proposed under Part-B of R-APDRP scheme for the project areas. It is proposed to implement the HVDS, strengthening of Distribution system by provision of new sub-stations, DT's, provision of Wedge connector in the DT's, LT cut points, provision of Automatic Power Factor Correction units in DT's and provision of capacitor banks in various 110 KV sub-stations. The DPR for Puducherry town has already been submitted to Power Finance Corporation(PFC) and is under scrutiny by PFC. It is estimated that the T&D loss reduction would be achieved by 0.5% in the first year of execution of Part-B / approval of DPR, 1% in the second year and another 1% in the third year.

Commission's Comments

The Commission appreciates the efforts made by the licensee towards compliance of the Commission's directive. Quarterly progress report on the above compliance should be submitted to the Commission and the implementation of the above mentioned programs should be completed as stated by the licensee.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

In order to conduct Energy Audit and also for proper accounting of Energy, it is necessary to install meters at pre-determined levels including at DTR. At present, meters are available at the voltage levels of 230 KV, 110KV, 22 KV and 11 KV in all the EHT sub stations. Under R-APDRP Programme, the provisions of meters in DTRs of entire Mahe and Yanam regions have been covered. As far as Puducherry and Karaikal regions are concerned, around 40% and 25% of the DTRs respectively have been covered in the R-APDRP Programme. A sample for fixing of metering for DTR is under study and work order is expected to be placed shortly.

Commission's Comments

The Commission appreciates the efforts made by the licensee towards compliance of the Commission's directive. Quarterly progress report on the status of the above compliance should be submitted to the Commission and the implementation of the mentioned programs by the licensee should be completed. RAPDRP implementation should be expedited and DTR implementation as stated above should be carried out.

5. **Estimation of the consumption by agriculture pump-sets**

Commission's Comments

''While the Petitioner has submitted the number of consumers and estimation of the connected load but the basis for arriving at the normative consumption is unacceptable as the same is not based on actual field data. The Petitioner is directed to install meters at DTRs (atleast 10% in FY 2012-13) and provide data of actual energy consumption per HP of consumers fed from such representative DTRs.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

As directed by the Hon'ble Commission, the PED has taken initiatives to provide the meters at the distribution transformers feeding power supply predominantly to the Agriculture consumers and assess the actual energy consumption per HP of agriculture consumers. The PED submits that as per the directions given by the Hon'ble Commission to provide meters to an extent of 10% of the Distribution transformers exclusively feeding agriculture consumers. The PED has already initiated action to complete metering of 20% of these Distribution Transformers during the year 2012-13 and has programmed to complete metering of 40 % of these Distribution Transformers during each of the years 2013-14 and 2014-15.

Commission's Comments

The Commission notes that the Petitioner has taken steps in this direction; however the Petitioner has not supported its submission with actual data on the implementation of the above directive. The Petitioner is again directed to submit the data of actual energy consumption per HP of consumers fed from such representative DTRs and support its submission with the number of DTRs that have been metered in FY 2012-13 and planned to be metered in the coming years. The progress/status report on the same be submitted to the Commission by September 2013.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Quote ''As directed by the Hon'ble Commission, the PED has taken initiatives to provide the meters at the distribution transformers feeding power supply predominantly to the Agriculture consumers and assess the actual energy consumption per HP of agriculture consumers. The PED submits that as per the directions given by the Hon'ble Commission to provide meters to an extent of 10% of the Distribution Transformers exclusively feeding agriculture consumers.

The department has proposed to award the task of analysis of unmetered services consumption as a part of ARR consultancy.'' **Unquote**

Commission's Comments

The efforts of the licensee in this regard are noted. However, the results of the sampling exercise have still not been submitted before the Commission. The pending compliance should be ensured and the results presented before the Commission. This would help in assessing the true consumption of the agriculture category and present an accurate analysis before the Commission.

6. Management Information System

Commission's Comments

''Petitioner is directed to submit quarterly progress report and the final completion date of the implementation plan of the MIS.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

Under the R-APDRP Scheme, Letter of Award (LoA) has already been placed to the ITIA for implementation of the Power Sector Reforms in the UT of Puducherry. This includes an MBC (Metering, Billing and Collection) System by which the revenue information will be built into a versatile database. After this data base is developed / brought into operation, the MIS reports, as required for filing ARR & Tariff Petition as per the regulatory requirements of the Hon'ble Commission could be generated. The ITIA has already commenced the works related to development of the MBC system and the work is expected to be completed by March 2013.

Commission's Comments

The Commission appreciates the efforts made by the licensee towards compliance of the Commission's directive. Quarterly progress report on the above compliance should be submitted to the Commission and the implementation of the above mentioned programs should be completed as stated by the licensee. Status report be submitted by June' 2013.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission
Under the R-APDRP Scheme, Letter of Award (LoA) has already been placed to the ITIA for implementation of the Power Sector Reforms in the UT of Puducherry. This includes an MBC (Metering, Billing and Collection) System by which the revenue information will be built into a versatile database.

Commission's Comments

The status report on the compliance of the above directive and progress of implementation of the MIS in the Department should be submitted to the Commission by September 30' 2014.

7. Metering of consumer installations / replacement of non-functional or defective Meters

Commission's Comments
''Even after 2 years, the petitioner has not given the status of the defective meters installed in this category of consumers. Procurement process to install meters should be expedited and action plan to install these meters be given by 30th September 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

Regarding replacement of non-functional and defective meters, the PED submits that action had already been initiated to procure fifty thousand numbers of single phase energy meters and nine thousand numbers of three phase energy meters for this purpose. Out of the total of around 21% of defective meters existing in the service connections, it is proposed to bring down the percentage of defective meters to the level of 12 % by the end of the year 2012-13 and to maintain standard of less than 3% as specified in the JERC (Standard of Performance), Regulations, 2010 by the end of 2013-14.

In respect of agriculture & OHOB services in the UT of Puducherry, to have proper accounting of utilization of energy under the above category of consumers, it is proposed to utilize the healthy meters released from the various consumer services in the town area, where the pilot Smart Grid Project is proposed to be implemented. It is proposed to cover around 87,000 Nos. of consumers of the town area of Puducherry region under the Smart Grid Pilot Project. This action would be more advantageous, as PED could make proper utilization of released healthy meters from the services in the town area.

Commission's Comments

Action taken is noted. The Commission directs that the process of completion be expedited and completed before the next ARR & tariff filing. Quarterly progress report on the status of the above compliance should be submitted to the Commission.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Regarding replacement of non-functional and defective meters, the PED submits that the department has procured fifty thousand numbers of single phase energy meters and nine thousand numbers of three phase energy meters for this purpose. Out of 50,000 meters, 45,500 have already been allotted to different sections for replacement of defective /struck up meters.

Commission's Comments

The efforts of the Petitioner are appreciated. The status report on the compliance of the above directive should be submitted before the Commission by September 30' 2014. The pending task of the replacement of the remaining meters should be completed.

8. Billing and Collection Efficiency

Commission's Comments

''The Commission is not satisfied with the reply of the Petitioner. The collection efficiency in ED Puducherry has been 85.70% for FY 2009-10, it is 93.80% for FY 2010-11 based on provisional accounts and 93.80% and 96% as projected by EDP for FY 2011-12 and FY 2012-13 respectively.
ED, Puducherry is directed to further improve the collection efficiency and submit an action plan on the steps taken by 30th September 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

Separate Metering, Billing and Collection (MBC) modules are proposed under R-APDRP to improve billing and collection efficiency. Hand held devices are proposed to be introduced for spot billing of LT consumers whereby manual intervention will be completely eliminated. For HT consumers, modems are proposed to be installed at the DTs of the consumers' premises and meter data would be acquired directly through online for billing and monitored continuously.
Various modes of Collections are proposed to be introduced under R-APDRP such as

(a) Internet payment gateway of various banks;

(b) 24x7 bill collection counter at the customer care centre for any consumer to pay the dues at any time;

(c) Normal bill collection counter at the section offices for any consumer to pay the dues and;

(d) Common bill collection counter proposed to be located at select locations in Puducherry / Karaikal region.

Further the facility for online payment of current consumption bills through Internet Banking offered by the State Bank of India has been introduced for domestic, commercial and industrial categories of consumers of Electricity Department, Puducherry on 28-12-2011. Efforts are on to introduce payment through payment gateways of other banks also. HT bill payment through NEFT/RTGS is also proposed to be introduced shortly. MBC works have commenced and expected to be completed by 31st of March 2013.
With this the consumer will have the option to pay by various modes, will have the flexibility to pay round the clock outside office works and would have sufficient time to pay the bill before the due date.

The PED has also conducted a special drive on disconnection of service in order to improve the collection efficiency on 26.09.2012, under leadership of the Secretary to Government (Power) and the same will be continued in the months to come. The paper clipping of the Advertisements in the leading newspaper upon the conduct of special drive is enclosed for kind perusal of the Hon'ble Commission.

Commission's Comments

The efforts made by the licensee are greatly appreciated. The Commission desires that the implementation of the above mentioned programs be completed as stated by the licensee. Status report be submitted to the Commission by September' 2013. The process of speedy implementation of the RAPDRP should be carried out.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Separate Metering, Billing and Collection (MBC) modules are proposed under R-APDRP to improve billing and collection efficiency. Hand held devices are proposed to be introduced for spot billing of LT consumers whereby manual intervention will be completely eliminated. For HT consumers, modems are proposed to be installed at the DTs of the consumers' premises and meter data would be acquired directly through online for billing and monitored continuously.

Commission's Comments

The Commission understands that efforts are being made by the Petitioner in this regard; however, Metering, Billing and Collection (MBC) module is yet to be implemented. The status report should be submitted before the Commission by September 30' 2014. Further, RAPDRP should be implemented as improvement of billing and collection is linked to the implementation of the RAPDRP programme.

9. Collection of arrears

Commission's Comments

''The action taken so far has been notedbut the Commission is not satisfied with the same. However, the Petitioner is directed to get its accounts audited so that the receivables may be audited. They are also directed to prepare an action plan for the liquidation of the arrears and submit to the Commission by 31st October 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

The subject matter of liquidation of arrears has been discussed at the highest level of the Administration. The Chief Secretary to Government has also directed the Revenue officials of the Government to give top priority in the matter and take appropriate action to recover the arrears in respect of cases referred under the Revenue Recovery Act. The department has already started the special drive for disconnection of service in order to liquidate the arrears in respect of LT consumers. As the liquidation of arrears due to above mentioned action will definitely be improved, the PED requests the Hon'ble Commission to permit the department for the submission of status on the liquidation of arrears and also road map for the liquidation of arrears based on the action initiated by the department, by 31.03.2013.

Commission's Comments

The submission of the Petitioner has been noted. The audited accounts as part of the above directive have been complied with. However, the liquidation plan should be submitted to the Commission at the earliest since the compliance with this directive is long due. The directive was issued as part of the tariff order for FY 2009-10 and till date has not been fully complied with. Quarterly progress reports in this regard should be submitted to the Commission.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The Department has initiated special drive to collect outstanding arrears both from Government and private sectors. The respective Head of the Departments has been addressed to pay special attention to clear arrears.

Commission's Comments

The status report on the liquidation plan should be submitted before the Commission by June 30' 2014. The process of collection of arrears should be expedited.

10. Load Shedding and ensuring proper service to the consumers

Commission's Comments

''The Commission directs the Petitioner to establish customer care center at all the four locations i.e. Karaikal, Puducherry, Yanam and Mahe.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

The U.T of Puducherry is having sufficient power to cater to the growing demand and as such there is no scheduled load shedding.

Under the R-APDRP scheme, 24x7 call center is being opened at Puducherry likely before March 2013.The above call center would be made to serve for all regions until respective regional call centers are opened.

Commission's Comments

Action taken is noted. It should be ensured that the call centre is fully operational and call centers should be opened at different regions of the Puducherry territory before the next ARR filing.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The centralized call centre under R-APDRP would start functioning from 1st quarter of 2014-15.

Commission's Comments

The submission of the Petitioner is noted. The status report on the compliance of the directive should be submitted to the Commission by September 30' 2014.

11. Demand Side Management and Energy Conservation

Commission's Comments

''Action taken is noted. ED Puducherry is directed to conduct a detailed study on demand side management and energy conservation through an external accredited agency for efficient use of electricity by various means.

EDP should take further steps to develop and promote energy efficient technologies in line with the guidelines issued by the BEE. BEE, an autonomous body of MOP is taking several steps to make it mandatory to use 5-star equipments such as Refrigerators, AC, Tubelights, lights, distribution transformers upto 200KVA etc. The same should be implemented by the utility in a phased manner and an action plan for the same be furnished by 30th September 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

The PED submits that to promote energy efficiency technologies, the PED has taken all effort to use star rated air-conditioner, and energy efficient light fittings in all the Government buildings and energy efficient Tube lights fittings for the street lights. Presently the consumers of the PED are advised to use energy efficient and standard electrical equipments / gadgets and the same would be made mandatory in consultation with the REAP a nodal agency for Puducherry for implementation of energy conservation act.

Now, the Electricity Department is using only the Star rated Distribution transformer of capacities 200 KVA and below, for expansion and strengthening of its distribution system. Further, the PED has envisaged using star rated Distribution Transformer of higher capacities subject to availability in the market.

The PED is also taking necessary action to engage an external accredited agency for conducting a detailed study on demand side PED and energy conservation.

Commission's Comments

Steps taken by the Petitioner are noted. Status report should be submitted to the Commission by June 2013. Action should be undertaken to engage an external accredited agency for conducting a detailed study on demand side PED and energy conservation and report submitted to the Commission alongwith the next ARR filing.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The PED has taken all effort to use star rated air-conditioner, and energy efficient light fittings in all the Government buildings and energy efficient Tube lights fittings for the street lights.

The PED is also taking necessary action to engage an external accredited agency for conducting a detailed study on demand side management and energy conservation. The PED is planning to implement DSM Programme in association with M/s Energy Efficient Services Limited-EESL (A Govt. of India Undertaking).The petition for approval of the scheme would be filed before JERC within 30 days.

Commission's Comments

The efforts of the Petitioner are appreciated. The study report on demand side management and energy conservation should be submitted before the next ARR & tariff filing.

12. Pilferage of Energy

Commission's Comments

''The Commission is not satisfied with the reply of the Petitioner. The Commission observes that the locals of all the four regions strongly protested against the inadequacy of the anti-theft measures and directs the Petitioner to submit quarterly reports on the action taken and the revenue loss reduced. The first quarterly report should be submitted by 30th September 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

During the second quarter of 2012-13, 961 Nos. of LT services were inspected and violations in respect of misuse of tariff have been noticed in 17 Nos. of services. In one of the LT service, the Multiplication Factor of 1 was found to be adopted instead of 1.5. Notices have also been issued for revision of bills. As far as the inspection of HT services, 32 Nos. of HT services have been inspected during the second quarter of 2012-13, and no violations / theft of energy has been noticed. With a view to strengthen the inspection of services, two separate squads have been formed within the department, each headed by an Executive Engineer. Hence, during the quarters to come, the department will intensify the inspection of services and submit the reports to the Hon'ble Commission.

Commission's Comments

Submission is noted. Quarterly progress reports on the status of the functioning of the enforcement cell should be submitted to the Commission. The concerned officials should see that the inspection of services is carried out regularly and status reports submitted to the Commission in a timely manner. Theft of energy should be identified and action taken against the culprits. Action taken report should also be submitted to the Commission, on the identified misuse of the supply of electricity. The concerned official should submit a quarterly report before the Commission.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Quarterly progress report would be furnished.

Commission's Comments

The Commission's comments as per the last tariff order are yet to be complied. Status of compliance of the above directive should be furnished to the Commission by June 30' 2014.

13. Employee Cost/Manpower Study

Commission's Comments

''The submission of the Petitioner is noted.

The Commission has analysed the trends of the number of employees/1000 consumers since the year 2009-10. The ratio has been 6.22 and 6.10 for FY 2009-10 and FY 2010-11 based on the provisional actuals. Based on the estimates for the year 2011-12 and 2012-13, this ratio is 6.06 and 5.05. Considering an all India average number of employee per thousand consumers is 0.40[13] as per the annual plan of FY 2011-12 published by the Planning Commission in October 2011; it can be construed that the Electricity Department, Puducherry is overstaffed.

Also, in FY 2009-10 one employee was catering to 161 consumers, in FY 2010-11 it was 164 consumers/employee, for FY 2011-12 it is 165 consumers/employee and for FY 2012-13 it is estimated to be 177 consumers/employee.

The deployment of employees for catering to the number of consumers is improving; however the Commission is not satisfied with the progress of the same. The Commission again directs the utility to have a look at its employee strength, its relative deployment and rationalize the staff requirement and the related costs. The excess manpower needs to be pruned and put to more efficient use such as improvement in customer services etc.

A detailed manpower study should be conducted and submitted to the Commission by 30th November 2012.''

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

The Department submits that no new recruitment was made since 2011.The existing man power is also gradually reducing in numbers as numbers of employees are retiring year on year. All the field works are being carried out by employees with minimal outsourcing. This

[13] Annexure 4.20 of Annual Report on the working of State Power Utilities & Electricity Departments published by Planning Commission, Government of India in October 2011.

is evident from significant low R&M expenses on comparing with other utilities as tabulated below.

Rationalization and re-organization of existing staff/Engineers had already been studied and a detailed project report was prepared by Electricity Department, Pondicherry and the Government of Puducherry had recommended and forwarded the same to Central Home Ministry's approval. Even in the above report, no new recruitment/creation of post is shown. Only the existing strength is restructured to give more responsibility/accountability to the Engineers &staff. The approval of the Central Government is awaited for the above proposed restructuring.

The UT of Puducherry is having four separate regions spread over in three neighboring states and the existing staffs are also being deployed for non-core activities like street light maintenance etc., and hence the staff strength is not comparable with other neighboring utilities. In spite of above, the expenditure such as Employee Cost/unit and R&M expense/unit is still the lowest for PED on comparing with other utilities.

Utility	Tariff Order Year	Employee Expenses (Rs. Crore)	R&M Expenses (Rs. Crore)	Units MU	Employee Cost paise per unit	R&M expense paise per unit
PED	2012-13	54.79	10.77	2388	22.95	4.51
NDPL Delhi	2012-13	252.09	95.52	7269	34.68	13.14
BSES Rajdhani	2012-13	264.78	114.16	9622	27.52	11.86
BSES Yamuna	2012-13	213.23	69.85	5244	40.66	13.32

Commission's Comments

The submission of the Petitioner is noted. The restructuring plan as stated by the Petitioner should be submitted to the Commission. The status on the approval of the Central Government be submitted to the Commission.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

At present the approval for the proposal is under scrutiny of Union Finance Ministry. The Ministry of Power has cleared the proposal.

Commission's Comments

Compliance is awaited. The status report on the compliance of the above directive should be submitted to the Commission by September 30' 2014.

Compliance of Directives issued by the Commission in the tariff order for FY 2012-13 dated June 12' 2012

1. **Load Forecasting study**

   The Petitioner is directed to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the load requirements in their area at various periods and submit to the Commission along with the next tariff petition.

   Compliance/Action Takenas per tariff order dated April 10' 2013

   Petitioner's Submission

   '' The load forecasting study would be carried out during the financial year 2013-14 and the same would be submitted to the Hon'ble Commission along with the next ARR petition.''

Commission's Comments

The submission of the Petitioner is noted. The Commission hopes that the submission as stated by the Petitioner is duly adhered to.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The Petitioner has submitted that it is committed to comply as programmed. Short term load forecast will be submitted along with the business plan on approval of the short term forecast, a medium and long term forecast would be prepared.

Commission's Comments

The compliance on the above directive is awaited. Status report on the measures taken to comply with the above directive should be submitted before the Commission by September 30' 2014.

2. **Interest on Security Deposit**

   U/S 47(4) of the Electricity Act 2003, the distribution licensee shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission.

The Commission's regulations provide for the basis of calculation of security deposit to be collected from the different categories of consumers, which ranges from 2 months to 3 months of average past consumption.

ED Puducherry is directed to intimate the Commission the amount of security deposit collected from the consumers as on 31.3.2012 by 30th September 2012. In this regard, the EDP is directed to segregate the amount of the security deposits, meter security deposits and consumer contribution for service lines from the consumers under separate heads of accounts as a first step if currently being accounted under one account head.

The Petitioner is directed to pay interest on consumer security deposit at the applicable bank rate (presently at 9.5% per annum).

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''The PED would comply with directives and necessary arrangement will be made to give interest credit to the respective consumers from 1st April 2012 after modifying the billing program under R-APDRP programme scheme. The H.T consumers would be advised to convert their existing fixed deposits into cash deposits before March 2013 and there on interest would be paid to each H.T consumers.''

Commission's Comments

The process of upgrading the billing software and updating the security deposit records should be completed so that consumers can receive the interest on the security deposits as per the Regulations. The Petitioner has submitted that it does maintain the security deposit from the consumers, so the Petitioner is duty-bound to pay the interest on the collected security deposit. The same should be ensured by the licensee so that payment to all consumers due is made with effect from April 1'2012 for FY 2012-13 at the applicable bank rate and also for FY 2013-14.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

For HT Consumers the payment of interest will be made during the current year for the period 12-13. For LT consumers, data abstraction is being made regarding the Security Deposits and they would be paid interest due for FY 12-13.

Commission's Comments

The submission of the Petitioner is noted. The pending payments due to the consumers for FY 2009-10, FY 2010-11 and FY 2011-12 should be made as directed earlier by the Commission in its previous tariff orders. The Commission, keeping this in mind has provisioned the amount of the interest on security deposit due to the consumers for the previous years in FY 2014-15. This has been done to enable the utility to discharge its obligation of the payment on interest on security deposit for the previous years. Further, the split of the consumer security deposit amount into bank guarantee, fixed deposit and cash forms should be submitted to the Commission during the true-up of the respective year. **The Commission further directs the Petitioner to pay interest on security deposit for FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 and submit the status report by June 30' 2014 failing which the Commission would be constrained to initiate action u/s 142 of Electricity Act 2003.**

3. **Bill Payment:**

The facility of online payments should be introduced. The Petitioner is directed to introduce multiple payment gateways/agencies for online collection and action plan for the implementation of the above program be submitted within three months. In addition, the payment hours should be extended/alternative options explored so that the consumers can make the payment outside the working hours. The bill delivery mechanism should be tuned to provide 15 days time to the consumer to make the payment as per the regulations of the Commission.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

'' Various modes of Collections are proposed to be introduced under R-APDRP such as

(a) Internet payment gateway of various banks;

(b) 24x7 bill collection counter at the customer care centre for any consumer to pay the dues at any time;

(c) Normal bill collection counter at the section offices for any consumer to pay the dues and;

(d) Common bill collection counter proposed to be located at select locations in Puducherry / Karaikal region.

Further the facility for online payment of current consumption bills through Internet Banking offered by the State Bank of India has been introduced for domestic, commercial and industrial categories of consumers of Electricity Department, Puducherry on 28-12-2011. Efforts are on to introduce payment through payment gateways of other banks also. HT bill payment through NEFT/RTGS is also proposed to be introduced shortly. Metering Billing Collection works have commenced and expected to be completed by 31st of March 2013.

With this the consumer will have the option to pay by various modes, will have the flexibility to pay round the clock outside office works and would have sufficient time to pay the bill before the due date.''

Commission's Comments

Commission appreciates the efforts made by the Petitioner in this regard. The progress of the above facilities as mentioned by the Petitioner should be submitted to the Commission by September 2013. The process of speedy implementation of the RAPDRP should be carried out.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Various modes of Collections are proposed to be introduced under R-APDRP such as

(a) Internet payment gateway of various banks;

(b) 24x7 bill collection counter at the customer care Centre for any consumer to pay the dues at any time;

(c) Normal bill collection counter at the section offices for any consumer to pay the dues and;

(d) Common bill collection counter proposed to be located at select locations in Puducherry / Karaikal region.

For LT consumer's arrangements are in place for online payment through SBI and UCO Banks.

Commission's Comments

Submission of the Petitioner has been noted. The status report on the compliance of the above directive should be submitted before the Commission by September 30' 2014.

4. Rural Electrification:

The Petitioner is directed to submit the status of rural electrification in their area along with the detailed plan for rural electrification with the timeline proposed to achieve the complete electrification of rural area. The same should be furnished by 31st October 2012.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''All the villages in the Union Territory of Puducherry had already been electrified and as such, the PED submits no action plan in this regard.''

Commission's Comments

Compliance with the Commission's directive is noted.

Compliance/Action Taken as per the latest submission for this tariff order
Petitioner's Submission
Complied

Commission's Comments
The Petitioner has already complied with the above directive and hence this directive is dropped.

5. **Capital expenditure:**
The Commission directs the utility to furnish the capital expenditure plan of the utility prior to filing the petition for the respective year. The capex for FY 2013-14 as part of the petition for the respective year would not be considered without the prior approval of the Commission.

The capex plan should clearly highlight the cost benefit analysis of each of the schemes envisaged for the year. Benefits accruing to the consumers out of the schemes should be clearly brought out.

The Commission also directs the utility to furnish a certificate to the Commission showing how the capital expenditure of the previous years has benefited the consumers.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission
''The capital expenditure for the year 2013-14 is furnished along with the ARR petition for the year 13-14 highlighting the scheme-wise cost benefits.
The scheme wise cost benefits for the past years would be submitted to the Hon'ble Commission before 31st March 2013.''

Commission's Comments
The submission of the Petitioner is noted. The Commission desires a detailed cost-benefit analysis supporting the capex plan of the Petitioner. The Petitioner should ensure that the same are submitted to the Commission before June 30' 2012.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Committed to comply from the FY 14-15 and the details would be submitted in business plan.

Commission's Comments

A separate detailed capital expenditure plan should be filed before the Commission in terms of the regulations. The scheme-wise year-wise expenditure should be highlighted before the Commission along with the cost-benefit analysis of each scheme and funding sources. Separate approval of the capital expenditure plan should be obtained from the Commission.

6. **Gross Fixed Assets**

The Petitioner is directed to provide the break-up of the Gross Fixed Assets which are being put to active use by the utility. A detailed break-up of the GFA should be provided to the Commission along with the next year's petition.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''The directives of the Hon'ble commission have been complied and the details are furnished in the un-audited accounts for the year 2011-12.
Audited functional wise Asset & Depreciation Registers are available with the department for the year 2009-10 & 2010-11.''

Commission's Comments

The Commission appreciates the efforts made by the licensee in the preparation of the Fixed Asset and the Depreciation Register. The Commission has noted the auditor's observation in the audited accounts that only the fixed assets being put to active use have been considered in the consideration of the Gross Fixed Asset. Compliance is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied

Commission's Comments

The compliance for the above is noted for FY 2009-10 and FY 2010-11. Similar compliance should be ensured for each year for which the true-up is being filed. Fixed Asset Register (FAR) along with the audited accounts should be submitted with the true-up of the respective year.

7. Enforcement Cell:

The Petitioner is directed to submit the status of the functioning of enforcement cell and quarterly progress report detailing number of cases, amount involved, sub-judice cases and reduction in losses consequently.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''During the second quarter of 2012-13, 961 Nos. of LT services were inspected and violations in respect of misuse of tariff have been noticed in 17 Nos. of services. In one of the LT service, the Multiplication Factor of 1 was found to be adopted instead of 1.5. Notices have also been issued for revision of bills. As far as the inspection of HT services, 32 Nos. of HT services have been inspected during the second quarter of 2012-13, and no violations / theft of energy has been noticed. With a view to strengthen the inspection of services, two separate squads have been formed within the department, each headed by an Executive Engineer. Hence, during the quarters to come, the department will intensify the inspection of services and submit the reports to the Hon'ble Commission.''

Commission's Comments

Submission is noted. Quarterly progress reports on the status of the functioning of the enforcement cell should be submitted to the Commission. The concerned officials should see that the inspection of services is carried out regularly and status reports submitted to the Commission in a timely manner.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Quarterly progress report is being furnished by the department.

Commission's Comments

The submission of the Petitioner is noted. Quarterly status reports should be submitted regularly to the Commission.

8. Voltage wise Categorization:

There should be two major categorizations LT and HT based on voltage of supply.Within each voltage class, sub-categorisationshould be according to use by different consumer categories. This should be proposed in next ARR i.e. voltagewise, consumerwise and category wise.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''The directive of the Hon'ble Commission is considered in the ARR for the year 2013-14.''

Commission's Comments

The compliance is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied.

Commission's Comments

The submission of the Petitioner is noted. This directive is therefore dropped.

9. Data on the consumption and load profile of Advertisement Hoardings, Sign boards, Signages etc.

The Petitioner is directed to separately capture the data regarding consumption and the load profile of the users of advertisement hoardings, signboards, signages etc. and propose tariff for this category separately in the next tariff filing, so that differential tariff for this category could be set as they draw power during the peak hours.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''Preliminary assessment at Puducherry is less than 1% and hence it is not possible to fix separate tariff for the category.''

Commission's Comments

The submission of the Petitioner is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied

Commission's Comments

The submission of the Petitioner is noted.

10. Supply of energy to agriculture consumers

The Petitioner has mentioned in the petition that no connection is given without a meter. It is, however, seen that the meters have not been used either for working out consumption or for billing. It is not understood what purpose such meters serve when the same are not used. It may be mentioned that the cost of meters is borne by consumers directly or indirectly. So while the consumers have been burdened with the cost, no benefit is being derived from such assets.

Although the Petitioner has not offered any explanation in this regard, one of the possibilities could be that the meters may not be in proper working condition. Also, there could be the issue of reading such meters periodically, say once in 3-4 months, which are located in remote rural areas.

While the Commission is of the view that it is the responsibility of the licensee to ensure proper up keep of meters as well as periodic meter reading, the Commission recognizes that it is not as easy as it appears to be. In some other states, a very large number of agriculture consumers were provided with individual meters but the same had to the removed in a short time due to the fact that either the meters became unfunctional or were tampered thus not allowing recording actual consumption. Keeping the ground realities in view, the Commission directs the Petitioner to come up with a viable scheme, keeping the provisions of the Electricity Act as well as their practical difficulties in view, to suggest billing of such consumers on the basis of actual consumption and not on the basis of present practice of billing on assessed consumption. One option could be to provide meters on distribution transformers coupled with the consumer indexing.Thus the actual consumption recorded by the DTR meters and apportioning the total consumption in the ratio of load (in terms of horse-power) of individual consumers could be the basis for billing. This would alleviate the need to maintain and read large number of individual meters at consumer premises and would also satisfy the legal requirement of supply through a correct meter as provided in the Electricity Act 2003.

The Commission directs the Petitioner to prepare a proper scheme and submit to the Commission by 30th September 2012.

Compliance/Action Takenas per tariff order dated April 10’ 2013

Petitioner’s Submission

''As directed by the Hon'ble Commission, the PED has taken initiatives to provide the meters at the distribution transformers feeding power supply predominantly to the Agriculture consumers and assess the actual energy consumption per HP of agriculture consumers. The PED submits that as per the directions given by the Hon'ble Commission to provide meters to an extent of 10% of the Distribution transformers exclusively feeding agriculture consumers. The PED has already initiated action to complete metering of 20% of these Distribution Transformers during the year 2012-13 and has programmed to complete metering of 40 % of these Distribution Transformers during each of the years 2013-14 and 2014-15.
The PED has provided 82 nos. of Energy meters at DTRs feeding predominantly agricultural consumers. Necessary study would be made to ascertain the agriculture consumption after a period of one agri-year.''

Commission's Comments

The Commission notes that the Petitioner has taken steps in this direction; however the Petitioner has not supported its submission with the actual data on the implementation of the above directive. The Petitioner is directed to submit the data of actual energy consumption per HP of consumers fed from such representative DTRs and support its submission with the number of DTRs that are planned to be metered in the coming years. The progress/status report on the same be submitted to the Commission by September 2013.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

As directed by the Hon'ble Commission, the PED has taken initiatives to provide the meters at the distribution transformers feeding power supply predominantly to the Agriculture consumers and assess the actual energy consumption per HP of agriculture consumers. The PED submits that as per the directions given by the Hon'ble Commission to provide meters to an extent of 10% of the Distribution transformers exclusively feeding agriculture consumers.

The department has proposed to award the task of analysis of unmetered services consumption as a part of ARR consultancy.

Commission's Comments

The submission of the Petitioner is noted; however, full compliance with the above directive is awaited. Status report on the progress of the above directive should be submitted before the Commission by September 30' 2014.

11. Assessment of the open access consumers

The Petitioner is directed to provide an assessment of the number of open access consumers greater than 1 MW to the Commission by 30th September 2012.The Petitioner to provide the detailed scheme to operationalise open access scheme including setting up of the STU and SLDC (nodal agency) by the power department of the appropriate government.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''The road map for setting up of STU and SLDC has been furnished in the open access petition along with the proposed open access tariff by the Electricity Department to the Hon'ble commission on 7.12.2012.''

Commission's Comments

Submission of the Petitioner is noted. Quarterly progress reports on the status of the implementation of the open access in the licensee area should be submitted to the Commission in a time-bound manner.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The facility for short term and long term open access is available at PED and the commission has also fixed the applicable charges for the same in the tariff order 13-14.

Commission's Comments

The submission of the Petitioner is noted. Status report on the progress of implementation of open access in the licensee area should be submitted before the Commission by September 30' 2014.

12. Connected Load/Contract Demand based fixed charges for LT Industrial and Commercial categories

The Petitioner should furnish the connected load/contract demand data for the LT Industrial and Commercial categories and propose tariff based on connected load/contract demand to the Commission in the next tariff proposal.

The Fixed Charges for the LT industrial and Commercial (greater than 20 kW) should be based on connected load/contract demand.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''On full implementation of R-APDRP programme the fixed charges based on the connected load would be implemented for both LT /Commercial and Industrial consumers.''

Commission's Comments

The Commission notes the submission of the Petitioner. Efforts to expedite the implementation of the R-APDRP schemes should be made and connected load/contract demand data for the LT Industrial and Commercial categories should be furnished alongwith the next ARR filing. The fixed charges should accordingly be proposed in the next tariff proposal before the Commission.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

On full implementation of R-APDRP programme the fixed charges based on the connected load would be implemented for both LT /Commercial and Industrial consumers.

Commission's Comments

The submission of the Petitioner is noted. The pending compliance as submitted by the Petitioner should be ensured.

13. True-up Petition for the respective years

The Petitioner is directed to file 'true-up' for FY 2009-10, FY 2010-11 and FY 2011-12 and 'Review' for FY 2012-13 alongwith the petition for ARR and tariff determination for FY 2013-14.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''*The True-up petitions for the year 2009-10 & 2010-11 had already been submitted to the Hon'ble Commission on 07-01-2013.The accounts on accrual basis for 2011-12 have been prepared by the PED and submitted along with this petition for 2013-14. The true-up petition for the year 2011-12 would be submitted after the audit of 2011-12 accounts. The revised estimates of 2012-13 is submitted along with the ARR of 2013-14.''*

Commission's Comments

Commission appreciates the efforts of the licensee. The compliance is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied with the tariff petition for FY 13-14.

Commission's Comments

The submission of the Petitioner is noted. However, in absence of the audited accounts for FY 2011-12 & FY 2012-13, the true-up for the respective years have yet not been filed before the Commission. The same should be submitted before the Commission in order to correctly assess the revenue gap of the utility. It was expected that the true-up for FY 2011-12 & FY 2012-13 would be filed before the Commission this time along with the tariff petition for FY 2014-15. The Commission does not appreciate the delay in filing the true-up petitions for the respective years and the same should be filed before the Commission on time. It is expected that the future true-ups would be submitted on time, in order to carry forward the past gaps. The Commission would take strict action in case the true-ups are not submitted on time and no benefit would be allowed as a pass through to the Petitioner on account of delay in filing the true-up petitions.

14. Short-term procurement of power by the licensee

As per the Ministry of Power Resolution dated 15th May 2012, the licensee is directed to comply with the guidelines for short term procurement of power by distribution licensees through tariff based bidding process.

Compliance/Action Takenas per tariff order dated April 10' 2013

Petitioner's Submission

''At present the department is not facing any power crisis in the Puducherry UT and the department is not buying any short term power. If any power crisis is faced by the Department the Department would follow the directives of the Hon'ble Commission.''

Commission's Comments

The submission of the Petitioner is noted.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

Complied

Commission's Comments

The submission of the Petitioner is noted. This directive is therefore dropped.

Directive issued in tariff order dated April 10' 2013

1. Proposal of the Energy Charges for the agriculture category

The Commission desires the Petitioner to make an assessment of the agriculture category in the licensee area and make a proposal for the inclusion of energy charges for the agriculture category, both for the small farmers and the 'other farmers'. Differential tariff should be proposed for this category based on the size of the agriculture land holdings.

Compliance/Action Taken as per the latest submission for this tariff order

Petitioner's Submission

The land holding patterns of the agricultural service category are being studied. The proposal for differential tariff for the above category would be made in tariff petition for FY2015-16.The proposal for inclusion of energy charges for agricultural category would be made in the tariff petition for FY 2015-16.

Commission's Comments

The submission of the Petitioner is noted. The same should be submitted as per the time-line mentioned by the Petitioner.

New Directive

1. **The Petitioner is directed to convene monthly meetingswith the consumers to discuss/sort out issues of consumers in the licensee area related to the supply of power/electricity/connections by ED-Puducherry.**

11. CONCLUSION OF COMMISSION'S ORDER

Having considered the Petition of Electricity Department of UT Puducherry for approval of Aggregate Revenue Requirement (ARR) and determination of retail tariffs for supply of energy, the Commission approves the Aggregate Revenue Requirement (ARR) and the tariff schedule for ED Puducherry.

1. The break-up of the Aggregate Revenue Requirement (ARR) approved for ED Puducherry for FY 2014-15 is given below.

S. No.	Particulars	Approved by the Commission (Rs. Crores)
1	Cost of power purchase	962.58
2	Employee Costs	68.53
3	A&G expenses	4.19
4	R&M Expenses	19.12
5	Depreciation	26.45
6	Interest & Finance Charges	15.63
7	Interest on Working Capital + Int on CSD	9.60
8	Provision for bad debts	NIL
9	Return on NFA @ 3% of NFA	10.00
10	Provision for interest on security deposit	9.78
11	Less: Non Tariff Income	0.50
12	**Aggregate Revenue Requirement**	**1,125.39**
13	Revenue from existing tariff	1092.86
14	**Revenue Gap for the year at existing tariff**	**32.53**
15	Past years gap	258.81
16	**Additional revenue from revised tariff**	**41.73**
17	Less: Revenue from Surcharge at revised tariff	113.19
18	**Cumulative Gap at approved tariff(14+15-16-17)**	**136.42**

2. The Commission approves the revenue gap at Rs 42.62Crores for Review of ARR for FY 2013-14.

3. The approved retail tariff (as given below) for FY 2014-15 shall be in accordance with the tariff schedule specified in this order.

S.No.	Category/Consumption Slab/month	Approved Tariff for FY 2014-15 (in Rs.)			
		Fixed Charges (Rs per month per connection/kVA/HP)	Energy/Variable Charges (Rs/kWh)	Average tariff (Rs./Unit)**	K Factor[14] for FPPCA formula for FY 2014-15
1	**Domestic**				
	OHOB	25.00	-	1.07	N/A
	0 – 100	30.00	1.05	1.26	0.28
	101 – 200	30.00	1.60	1.81	0.40
	201 – 300	30.00	3.10	3.25	0.72
	>300	30.00	3.85	3.96	0.87
2	**Commercial**				
	0 – 100	70.00	3.85	4.06	0.90
	101 – 250	70.00	4.55	4.76	1.05
	> 250	70.00	5.00	5.21	1.15
3	**Agriculture Services**				
	Agriculture				
	Small farmers	8.00	-	0.10	N/A
	Other farmers	25.00	-	0.31	N/A
4	**Public lighting**	50.00	4.40	5.42	1.20
5	**LT Industrial and Water Tank**				
	For all units	80.00	4.50	4.52	0.99
6	**Temporary supply – LT**	-	9.00	9.00	N/A
7	**HT 1 Industrial and Commercial**				
	Contracted maximum demand upto 5000 kVA	220.00	4.70	5.40	1.19
8	**HT 2 - Government & water tank**	220.00	4.80	5.55	1.22
9	**HT 3 - EHT**	240.00	4.70	5.37	1.18
10	**Hoardings / Sign Boards**	100.00	7.00	-	2.00

14 FPPCA is not applicable (N/A) for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as N/A.

4. As regards to the recovery of the past gap the Commission hereby approves an additional surcharge of 10% to be levied to all consumers on the fixed and energy charges (excluding taxes etc.) at the above approved tariff rates. However, the Agriculture and OHOB category would be excluded from the levy of this surcharge.

5. The approved tariff shall come in force with effect from 1st April2014 and shall remain valid till the issuance of the next tariff order.All existing provisions which are not modified by this order shall continue to be in force. The licensee shall publish the revised tariff structure and the salient features of tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply.

6. The licensee will compute fuel and power procurement cost variations and adjustments shall be made in consumer bills based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula/regulation separately notified by the Commission. For the purpose of calculation using FPPCA formula, **the approved per unit cost of power purchase ($R_{approved}$) for use in the FPPCA formula (paisa per unit) is 358paisa per unit for FY 2014-15**.

7. Copy of this order may be sent to Petitioner, CEA and Administration of UT of Puducherry. It shall be placed on the website of the Commission.

Sd/-
(S.K.Chaturvedi)

Chairman

Certified Copy

(Rajeev Amit)
Secretary

Place: Gurgaon
Date: April 25’ 2014

12. Tariff Schedule

TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION AND HIGH TENSION

GENERAL

1. The tariff indicated in this tariff schedule is the tariff rate payable by the consumers of Union Territory of Puducherry.

2. 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.

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

4. 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.

5. If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances, fittings, it shall not fall under Section 126 and Section 135 of the EA 2003.

6. **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 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 0.01 in power factor upto 0.7(lagging)

(b) In case the monthly average power factor of the consumer is more than 95% (0.95 lagging),a power factor incentive @ 0.5% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging)

(c) If the average power factor falls below 0.70 (lagging) consecutively for 3 months, the licenseereserves the right to disconnect the consumer's service connection without prejudicefor the levy of the surcharge.

(d) The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95

7. 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 after giving 15 days' notice as per provision of the Act & Supply Code Regulation.

8. 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.

9. The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% 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*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.

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

9. **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. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paisa shall be ignored and amount of 50 paisa or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only upto the month of permanent disconnection.

10. **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. **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.

12. **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.

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:

(a) TOD tariff shall be **optional** unless otherwise specifically stated to the contrary in the tariff order.

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

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

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

13. The adjustment on account of Fuel and Power Purchase Cost variation shall be calculated in accordance with FPPCA formula separately notified by the Commission under the Regulation. Such charges shall be recovered / refunded in accordance with the terms and conditions specified in the FPPCA formula.

14. As regards to the recovery of the past gap the Commission hereby approves an additional surcharge of 10% to be levied to all consumers above tariff rates on the fixed and energy charges (excluding taxes etc.) towards the recovery of the past accumulated deficit. However, the Agriculture and OHOB category would be excluded from the levy of this surcharge.

14. The values of the 'K' factor applicable for the different consumer categories for use in the FPPCA formula shall be as specified in this Tariff Order for FY 2014-15.

15. Schedule of service charges and other charges would be as approved in this tariff order.

The detailed tariff schedule is as below.

A. LOW TENSION SUPPLY

Domestic Purposes

1.0 Domestic Purposes (A2)

1.1 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 organisations.
d) Youth hostels, Harijan hostels, Rehabilitation Centres, Anganwadies and Balwadies run by Social Welfare Department.
e) For own residences where one room is set apart for the purpose of consultation by doctors, lawyers, engineers, architects and auditors.
f) To handloom in residence of handloom weavers (regardless of the fact whether outside labour is employed or not) and to handloom in sheds erected.
g) 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).

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

Consumption range	Fixed Charges Rs/connection/month	Energy charge Rs/KWh
0-100 units per month	30.00	1.05
101-200 units per month	30.00	1.60
201-300 units per month	30.00	3.10

Above 300 units per month	30.00	3.85

The method of billing of charges shall be as explained below.

(a) Say units billed in a month are 80 units. Then the fixed charges will be Rs 30/month and energy charges Rs (80 units X Rs 1.05/unit)
(b) In case the units billed are 275, then the fixed charges will be Rs 30/month and energy charges will be Rs (100 units X 1.05 + 100 units X 1.60 + 75 units X 3.10)

2.0 HUT SERVICES (A3)

2.1 For supply to bonafide hut services with only two numbers of 40 W Florescent Tube lights.

2.2 The charges for hut service (OBOH) are as indicated in Table below:

Description	Fixed charges
Hut Services	Rs 25.00 per connection per month

NOTE:

1. Hut is defined as a living place not exceeding 300 sq. ft. or 27.87 sq.m. with mud wall/brick wall or thatched wall and thatched roof only. Hut does not include farm huts. If any of the conditions is changed at a later stage, this concessional supply will be discontinued and the consumer will have to take metered supply.

2. The tariff under this item is also applicable for houses constructed for economically weaker sections under the "Chief Minister's 5000 houses programme" and houses constructed by the District Rural Development Agency under Indira AwaasYojana and by the AdiDravidar Welfare Department having a living space not exceeding 300 sq. ft. or 27.87 sq.

3. The consumer under this category should use only two numbers of 40 watts florescent tube lights. He should not use bulbs/tube lights of higher wattage or connect any other electrical equipment/ appliances other than those mentioned above. Supply from such services should not be tapped for any other purposes including functions, public meetings and also for neighboring huts. If at any time, any unauthorized load or extension, use of

higher wattage bulbs or use of service for other purposes is detected, the service will be disconnected forthwith.

3.0 COMMERCIAL (A1)

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

a) Non-domestic and non-industrial consumers, trade and commercial premises.

b) Educational institutions, hostels, public libraries.

c) Hotels, Restaurants, Boarding and Lodging Homes

d) Hospitals, Private clinics, Nursing Homes, Diagnostic Centres, X-ray Units etc.

e) IT related development Centres and Service centres.

f) Common services for Stair-case, lifts, water tanks etc in the purely commercial / combination of commercial and domestic.

3.2 The charges are as indicated in the table below:

Consumption range	Fixed Charges Rs/connection/month	Energy charge Rs./KWh
0-100 units per month	70.00	3.85
101-250 units per month	70.00	4.55
Above 250 units per month	70.00	5.00

Note: The method of calculation of charges shall be same as explained in para 1.2 above

4.0 AGRICULTURE SERVICES (D)

Agriculture/Cottage Industries etc.

4.1 Agriculture (D1)

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

Description	Fixed Charges
Small Farmers	Rs 8.00 per HP per month

Other Farmers	Rs 25.00per HP per month Plus Service Charges Rs 225 per service per annum

NOTE:

1. 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 both wet and dry lands, two acres of dry land shall be taken as equivalent to one acre of wet land.

2. The above concession will be withdrawn if resale of energy or unauthorized load / extension or use for other purpose is detected by the Department.

3. Agricultural power loads below 3 H.P. will be charged underTariff 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.

4. Power supply to Farm Houses shall be metered separately and charged under domestic tariff (A2).

Payment of Tariff Charges by Agriculture Consumers

1. 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. The service charges of Rs 225 per annum shall also be collected in three installments of Rs. 75, Rs. 75 and Rs. 75 along with installment of fixed charges in April, August and December months.
2. 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.

4.2 Cottage Industries /Poultry Farms/ Horticulture/Pisiculture (D2)

It is applicable to bonafidecottage industries, horticultural nurseries including plant tissue culture media, bona fide poultry farms and pisiculture.

The charges are as indicated in the table below:

Consumption range	Fixed Charges Rs/connection/month	Energy charge Rs/kWh
0-100 units per month	30.00	1.05
101-200 units per month	30.00	1.60
201-300 units per month	30.00	3.10
Above 300 units per month	30.00	3.85

Note:

(a) Cottage industries

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

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

(b) Poultry farms

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

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

(c) Horticultural/Pisiculture

(1) The applications of the beneficiary seeking such concession shall be verified and recommended by the Director, Agriculture Department. For Pisiculture, applications of the beneficiary seeking such concession shall be verified and recommended by the Director, Fisheries Department.

5.0 Public Lighting

5.1 The tariff for public lighting shall be as follows:

Description	Fixed Charges Rs/pole/month	Energy charge Rs/KWh
Public Lighting	50.00	4.40

5.2 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.

6.0 LT Industrial (C)

6.1 Applicable to low tension industrial consumers including lighting in the industrial services and Water Tanks including lighting in the premises maintained by State Government Departments / Undertakings and Local Bodies.

6.2 The charges are as indicated in the table below.

Consumption range	Fixed Charges Rs/connection/month	Energy charge Rs/KWh
All units	80.00	4.50

<u>LT Supply Limit for all LT categories</u>

For single phase connection, the connected load shall not exceed 4 kW, and for 3 phase connection, the connected load shall not exceed 130 HP or 97 kW.

B. HIGH TENSION SUPPLY

7.0 High Tension – I

7.1 High Tension I (a)

Applicable to industrial establishments, IT and ITES based Companies registered under Factories Act/ Companies Act with Contracted maximum demand upto 5000 kVA.

High Tension I (b)

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 upto 5000 kVA.

7.2 The Demand and the Energy Charges are as indicated in the table below:

Description	Charges
HT (I) (a) For contract demand upto5000 kVA	
Fixed (Demand) Charges	Rs 220.00per kVA per month
Energy Charges	
All units	Rs 4.70/kWh
HT (I) (b) For contract demand upto 5000 kVA	
Fixed (Demand) Charges	Rs 220.00 per kVA per month
Energy Charges	Rs 4.70/kWh

7.3 The billing shall be on the maximum demand recorded during the month or 75% 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 will be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal energy 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 units, then the consumption corresponding to the contract demand will be 10,000 units (12000 X 100/ 120) and consumption corresponding to the excess demand will be 2000 units. This excess demand of 20 kVA and excess consumption of 2000 units will be billed at twice the respective normal rate. E.g. in case of HT(I) (a) category, excess demand and consumption will be billed at the rate of Rs 440 per kVA per month and Rs 9.40/kWh respectively.

8.0 High Tension – II

8.1 Applicable to State and Central Government establishments of non-industrial and non-commercial nature.

8.2 The fixed/demand charges and energy charges are as indicated in the table below.

Description	Charges
Fixed (Demand) Charges	Rs 220.00 per kVA per month
Energy Charges	Rs 4.80/kWh

8.3The billing shall be the maximum demand recorded during the month or 75% 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 will be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal energy 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. Refer para 7.3 for illustration.

9.0 High Tension – III

9.1 Applicable to all types of industries supplied at 110 KV or 132 KV as the case may be.

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

Description	Charges
Fixed (Demand) Charges	Rs 240.00 per kVA per month
Energy Charges	Rs 4.70/kWh

9.3The billing shall be the maximum demand recorded during the month or 75% 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 will be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal energy 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.Refer para 7.3 of this schedule for illustration.

Supply Voltage for all HT categories

The supply voltage for HT consumer'supto 5000 kVA 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.

C. TEMPORARY SUPPLY

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

S.No.	Category	Tariff Applicable	Minimum Charges
(a)	Lights or combined installation of lights and fans, motive power, heating and others	Entire Consumption: Rs 9.00/kWh	Rs 200 per connection per month or part thereof
(b)	Special Illumination	Entire Consumption: Rs 9.00/kWh	Rs 500 per connection per month or part thereof
(c)	Construction and testing purpose for load exceeding 130 HP or 97 kW	Entire Consumption: Rs 9.00/kWh	Rs 500 per connection per month or part thereof

NOTE:

(1) 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.

(2) 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.

(3) Wherever such Special illumination is done unauthorisedly, a penal charge of Rs.500 for service shall be levied in addition to the existing tariff of the installation.

(4) Other conditions for connection of line and service connection charges, dismantling, security deposit etc. will be as per the rules now in force.

(5) For supply required at short notice that is within three days from the date of application for temporary service connections, an urgency charge of Rs. 50 shall be paid along with other normal tariff charges.

D. Hoardings/Signboards

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.

Energy Charges Paise / kWh	Fixed Charge
700	Rs 100 per kVA per month or part thereof

13. Schedule of Services and Charges

Charges for service connections

		Category	Charges [Rs]
(A)	New LT overhead service lines	(i) One hut one Bulb	Nil
		(ii) Other single phase Services	250
		(iii) Three phase Services	500
		(iv)L.T C.T operated Meter services	3000
		(v) H.T Services	5000
(B)	New LT underground service lines	(i) Single Phase services -	500
		(ii) Three phase Services	1000
(C)	Rating / re-rating of services	(i)Single phase Services	125
		(ii)Three phase Services	250
		(iii) L.T C.T operated Meter service	1500
		(iv) H.T Service	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.

Testing of installation

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.

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

Testing of meters & metering arrangements

For testing of meter at the instance of the consumer:

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

Testing of HT/EHT consumer protective equipment

	Charges (Rs.)
Testing charges for protective relays (Earth fault, line fault etc.)	4500
Testing charges for one set of current transformer.	4500
Testing charges for one set of potential transformers.	4500
Testing charges for one set of circuit breaker	4500
Testing charges for measurement of earth resistance.	3000
Testing charges for Transformer oils	500

Disconnection / Re-connection charges

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

Title transfer of services

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

Furnishing of certified copies

(To be issued to the consumer only)

	Charges (Rs.)
Issue of duplicate Monthly bills for a month.	10.00
(ii) Contractor's completion-cum-test report	10.00
(iii) Ledger extract	20.00 / calendar year or part thereof.
(iv) Agreement	50.00
(v) Estimate	50.00

Meter rent charges

S. No.	Particulars	Charges (Rs.)
(i)	single-phase meter	10/- per meter/ month. or part thereof
(ii)	Three phase meter	25/- per meter/ month. or part thereof
(iii)	LT C.T operated meters	200/- per meter/ month. or part hereof
(iv)	HT/EHT metering equipments	500/- per meter/ month .or part thereof

Fuse renewal charges

	Charges (Rs.)
(i) Domestic	-NIL
(ii) Commercial	50

(iii) L.T Industrial	50
(iv) High Tension/Extra High Tension installation	250

Shifting of meter board at consumer's request

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