TARIFF ORDER

Business Plan for the MYT period for FY 2015-16 to FY 2017-18

Petition No. 154 of 2014

True up of ARR for FY 2013-14,
Review of ARR for FY 2014-15
And
Determination of Aggregate Revenue Requirement for MYT

Period

FY 2016-17 to FY 2017-18

And

Retail Tariff for FY 2015-16

Petition No. 151 of 2014

For

DNH Power Distribution Corporation Limited

JOINT ELECTRICITY REGULATORY COMMISSION

FOR GOA AND UNION TERRITORIES

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Date: 01st April, 2015

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ABBREVIATIONS

Abbreviation		Full Form
A&G	:	Administration & General Expenses
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
CAGR	:	Compound Annualized Growth rate
Capex	:	Capital Expenditure
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
COD	:	Commercial Operation Date
Commission	:	Joint Electricity Regulatory Commission for the state of Goa and Union territories
CKt. Km	:	Circuit Kilometer
D/C	:	Double Circuit
DS	:	Domestic Supply
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HPP	:	Hired Power Plant
HSD	:	High Speed Diesel Engines
HT	:	High Tension
JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union territories
kVA	:	Kilo Volt Ampere
kWh	:	Kilo Watt Hour
LPS	:	Late Payment Surcharge
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non Domestic Supply
NTPC	:	National Thermal Power Corporation
O/H	:	Over head
O&M	:	Operation & Maintenance
PLF	:	Plant Load Factor

Abbreviation		**Full Form**
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SBI PLR	:	SBI Prime Lending Rate
SPCL	:	Suryachakara Power Corporation Limited
T&D	:	Transmission & Distribution
UoM	:	Unit of Measurement
VAR	:	Volt Ampere Reactive
VC	:	Variable Charges

Before the

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

QUORUM[1]
S.K. Chaturvedi, Chairman
Petition No. 151/2014
Petition No. 154/2014

In the matter of

Approval of Business Plan for the MYT Control Period FY 2015-16 to FY 2017-18 and Truing up of Aggregate Revenue Requirement for FY 2013-14, Review of ARR of FY 2014-15 and Aggregate Revenue Requirement (ARR) for the MYT Period FY 2015-16 to FY 2017-18 and Retail Tariff for FY 2015-16 of the Dadra and Nagar Haveli Power Distribution Corporation Limited.

And in the matter of

Dadra and Nagar Haveli Power Distribution Corporation Limited …………Petitioner.

ORDER

Date: 01st April 2015

[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 the chairperson of the JERC constituted the valid Quorum for the public hearing in respect of the determination of the ARR & tariff for FY 2015-16, due to vacancy in the position of member at that time.

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 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 2nd May 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 30th May 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 Electricity Department, UT of Dadra and Nagar Haveli

Earlier, the Electricity Department, UT of Dadra and Nagar Haveli herein called ED-DNH, was responsible for the procurement, transmission and distribution of electricity to the various consumer categories in the UT of Dadra and Nagar Haveli.

1.3 Notification of Transfer Scheme, Unbundling of ED-DHN and formation of DNHPDCL

The Dadra and Nagar Haveli Electricity Reforms Transfer Scheme 2013 was notified by U.T. Administration vide notification no. 1-1(594)ELE/2013/697 Dated 07th March 2013. Further, UT Administration of DNH vide notification no. 1-1(656)/ELE/2012/700 Dated 08th March 2013 notified the effective date as 01st April, 2013 for the purpose of implementing the Dadra and Nagar Haveli Electricity Reforms Transfer Scheme 2013.

As per the provisions of the notified transfer scheme, clause 4(1) on page no 4, wherein it is stated that:

Subject to the provision of this scheme on and with effect from such date as may be notified by the Administration as effective date of transfer:

(a) **The functions of Distribution and associated divisions of department as set out in Schedule A shall stand out and vested with DNH Power Distribution Corporation Limited** without any further act or things to be done by the Administration or the Company or any other person.

Also as per the provisions of Schedule 'B' (Page 9), **the Assets of 66/11 kV and below have been transferred to DNHPDCL**.

Further, at Point No. 8 on page no. 5, it is stated that:

(8) The functions, duties, personnel, assets , liabilities and proceedings as set out in schedule 'C' shall not be transferred to the company and vest with the Electricity Department.

It is further detailed in schedule 'C' on Page 10 that:

Unless otherwise specified by the Administration, the assets, liabilities, personnel and proceedings in relation to following shall not be transferred to the Company:

1. *Function of generation of electricity except non-conventional source of energy.*
2. *Functions of transmission of electricity.*
3. *Functions of policy making, Planning and Coordination.*
4. *Functions which are not transferred to the Company under this scheme.*

It is also mentioned on page 5, point no 4 that,

(4) The balance sheet of the company shall be drawn as on the Effective Date of Transfer giving effect to the provisions contained herein above, as per the opening balance sheet to be notified by the Administration separately.

The DNH Power Distribution Corporation Limited, herein referred to as DNHPDCL, was incorporated with the Registrar of Companies, Gujarat under the Companies

Act, 1956 on 13th July 2012 and started its functioning as a separate distribution company (Discom) from 01st April 2013 in pursuance to the provisions laid down in transfer scheme.

As submitted by the Petitioner,

"*The present distribution system of DNHPDCL consists of 269 km of 66 kV D/C lines, 830 circuit km of 11 kV lines and 1786 kms of LT lines along with 1930 transformers.*

At present, the UT of Dadra & Nagar Haveli gets power from 400/220 kV substation of PGCIL at Vapi and 100 MW from 220/66 kV Bhilad sub-station of GETCO.

1.4 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) and JERC has also notified JERC (Multi Year Distribution Tariff) Regulation, 2014.

1.5 Filing of Petition by Electricity Department Dadra Nagar Haveli

The Dadra and Nagar Haveli Power Distribution Corporation Ltd (hereinafter referred to as DNHPDCL), a deemed licensee under section 14 of the Electricity Act 2003, is in the business of distribution and retail supply of electricity UT of Dadra & Nagar Haveli.

DNHPDCL has filed its Petitions for approval of Business Plan and for determination of Aggregate Revenue Requirement (ARR) for FY 2015-16 to FY 2017-18 & Retail Tariff for distribution and retail sale of electricity for FY 2015-16 under section 61, 62 & 64 of the Electricity Act, 2003. DNHPDCL filed its Petition for ARR for FY 2015-16 to FY 2017-18 and Tariff determination for FY 2015-16 on 2nd December, 2014.

1.6 Admission of Petition

After initial scrutiny and analysis of the Petitions, the Commission admitted the Petitions on ARR for MYT Period & tariff determination for FY 2015-16 on 4th December, 2014 and numbered as Petition no. 151 and 154/2014. 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 4th December, 2014 stating the admittance of the Petition is enclosed as **Annexure 1** to this order.

1.7 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 1.1: Public Notice Published by the Petitioner

S. No.	Date	Name of newspaper	Language	Place of circulation
1	06.12.2014	Rajasthan Patrika	Hindi	Surat
2	06.12.2014	Gujarat Samachar	Gujarati	Surat
3	06.12.2014	Gujarat Mitra	Gujarati	Surat

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. The copies of the 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 2015-16 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 1.2: Scheduled of Public Hearing at Silvassa

S. No.	Date & Time	Venue of Hearing	Subject
1.	**8th January, 2015** **11:00 am** for all category of consumers	Hotel Yatri Niwas, Silvassa	i. Approval of ARR and tariff proposal for FY 2015-16. ii. True up for FY 2013-14. iii. Review of FY 2014-15

Table 1.3: Public Notice Published by the Commission

S. No.	Date	Name of newspaper	Place of circulation
1.	20.12.2014	Indian Express	Mumbai
2.	20.12.2014	Nav Bharat	Mumbai
3.	20.12.2014	Gujarat Samachar	Surat

The repeat public notices for due intimation of the public hearing were published in the following newspapers, as shown in the table below:

Table 1.4: Repeat Public Notice Published by the Commission

S. No.	Date	Name of newspaper	Place of circulation
1.	05.01.2015	Indian Express	Mumbai
2.	05.01.2015	Nav Bharat	Mumbai
3.	05.01.2015	Gujarat Samachar	Surat

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).

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 t o 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.

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.

1.8 Approval of Business Plan

The Petitioner, DNHPDCL filed the petition for Approval of Business Plan for Control Period FY 2015-16 to FY 2017-18 on 02.12.2014 under Regulation 12.1 of the MYT Regulation 2014. The Petitioner under Regulation 12.1 of the MYT Regulations 2014 was required to submit the Business Plan by 30.09.2014. The Commission under Regulation 13.1 of the MYT Regulation 2014 was required to approve the Business Plan within 30 days from receipt of the complete business plan. Thereafter, as per Regulation 12.2 of the JERC MYT Regulations the Petitioner was required to submit MYT Petition for approval of ARR and Tariff for the Control Period of FY 2015-16 to 2017-18 on the basis of approved Business Plan.

The Petitioner submitted the Business Plan and the MYT Petition on 02.12.2014. The Commission analyzed the petitions. The petitions were admitted on 04.12.2014.

The Commission decided to club both the petitions for approval of Business Plan and approval of MYT ARR and Tariff.

The Commission sent public hearing notices to all the concerned stakeholders and public at large by publication in three news papers on 20.12.2014 and 05.01.2015.

The Commission held a joint Public Hearing of both the petitions for approval of Business Plan and approval of MYT ARR and Tariff on 08.01.2015 at Silvassa.

The Commission analyzed the petitions, representations of the stake holders and response received from the petitioner. The Commission observed that as per Regulation 22 (c) of the JERC MYT Regulations the Petitioner is required to submit detailed supporting documents with the petition for approval of Business Plan. The supporting documents should include purpose of capital investment, capital structure, capitalization schedule, financing plan and cost benefit analysis. The Commission found that the Business Plan was not accompanied with these supporting documents.

The Commission also observed that some of the stakeholders in the Public Hearing represented that the petition for approval of the Business Plan should be filed by

30^{th} September of the year prior to the commencement of the control period and after approval of the Business Plan the licensee should file the MYT petition. Therefore, the approval of the business plan is a prerequisite for filing the MYT Petition. But the petitioner did not file the petition for approval of Business Plan in time and filed the petition for the MYT before approval of the Business Plan.

Regulation 12.11 of the JERC MYT Regulations provides that in case of delay / non-submission of the application for approval of Business Plan and application of Determination of Tariff, as the case may be, additional information, the Commission may initiate Suo-moto proceedings mandating the filing of the petitions and if the petitioner fails to file the application the Commission may on its own decide tariff on the basis of previous year tariff details after incorporating suitable adjustments.

Regulation 9 of the JERC MYT Regulations provides that some of the controllable parameters determining tariff are linked with capital investment plan of the licensee. Therefore, approval of ARR on MYT frame work based on the capital investment plan submitted by the licensee without the supporting documents may affect the retail consumers adversely.

Regulation 38 of the JERC MYT Regulations runs as under

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

In the light of the above facts and circumstances the Commission is of the opinion that it is not possible to approve the Business Plan for the control period FY 2015-16 to FY 2017-18 and consequently it is also not possible to approve MYT ARR and Tariff for the control period FY 2015-16 to FY 2017-18. **Hence the Commission has decided not to implement the JERC (Multi Year Distribution Tariff) Regulations, 2014** as provided under Regulation 38 for the control period FY 2015-16 to FY 2017-18 and **proceeds to approve ARR and determine tariff for FY 2015-16 only** under JERC (Terms and Condition for determination of Tariff) Regulations, 2009.

2. Summary of the True up for FY 2013-14, APR for FY 2014-15 and ARR for MYT Period FY 2015-16 to FY 2017-18 as submitted by the Petitioner

2.1 Introduction

DNHPDCL has filed its Petition for determination of Aggregate Revenue Requirement for FY 2015-16 to FY 2017-18 and Tariff for FY 2015-16 under sections 61, 62 & 64 of the Electricity Act, 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2014.

As discussed at Para 1.5 of Chapter 1, after initial scrutiny & analysis of the ARR and Tariff Petition filed by DNHPDCL for MYT Period FY 2015-16 to FY 2017-18, the Petition was admitted subject to removal of infirmities to the extent possible. The Commission has taken the Petition bearing no. 151/2014 on record.

2.2 Summary of True up for FY 2013-14

The summary of the charges for FY 2013-14 claimed by the Petitioner in the last Petition and as approved by the Commission in the last Tariff Order dated 5th May, 2014 is tabulated below:

Table 2.1: Aggregate Revenue requirement for FY 2013-14

(Rs. Cr)

Particulars	FY 2013-14		
	Approved (Tariff Order dated 25th March, 2013)	Approved (Tariff Order dated 5th May, 2014)	Actual
Power Purchase Cost	2058.00	2040.79	2000.15
O&M Expenses	14.03	16.15	17.97
Depreciation	17.97	16.94	14.05
Interest Cost on Long Term Capital Loans	9.65	10.56	7.60
interest on Working Capital Loans	22.34	21.66	24.30
Return on Equity	10.83	10.24	12.33
Provision for Bad Debt	10.39	0.00	0.00
Interest on Security Deposit	1.58	0.00	3.48
Income Tax	0.00	0.00	49.17
RPO provisioning to cover backlog of the previous years upto current year	0.00	74.98	0.00

Particulars	FY 2013-14		
	Approved (Tariff Order dated 25th March, 2013)	Approved (Tariff Order dated 5th May, 2014)	Actual
Total Revenue Requirement	**2144.79**	**2191.32**	**2132.70**
Less: Non Tariff Income	11.29	11.56	29.35
Aggregate Revenue Requirement	**2133.50**	**2179.76**	**2099.70**

Table 2.2: Revenue for FY 2013-14

(Rs. Cr)

Particulars	FY 2013-14		
	Approved (Tariff Order dated 25th March, 2013)	Approved (Tariff Order dated 5th May, 2014)	Actual
Revenue from retail sale of power	2078.93	2083.43	2115.34
Revenue from Surplus Power Sale	0.00	0.58	0.00
Total Revenue	**2078.93**	**2084.01**	**2115.34**

Table 2.3: Revenue Gap/Surplus for FY 2013-14

(Rs. Cr)

Particulars	FY 2013-14	
	Approved (Tariff Order dated 5th May, 2014)	Actual
Annual Revenue Requirement	2179.76	2099.70
Revenue from Sale of power	2083.43	2115.34
Revenue from Surplus Power Sale	0.58	0.00
Revenue (Gap)/Surplus	(95.75)	15.65
Revenue (Gap)/Surplus carried over	52.31	0.00
Carrying	0.64	0.00
Net Revenue (Gap)/Surplus	(42.80)	15.65

2.3 Summary of the Review for FY 2014-15 filed by the Petitioner

DNHPDCL had submitted the Review Petition for the FY 2014-15 on 151/2014. While submitting the ARR and Tariff Petition for FY 2015-16, DNHPDCL had considered 6 months actual data/ information for power purchase and sales for FY 2014-15 for the purpose of projection. The present filing for Review of FY 2014-15 is based on 6 months of provisional actual data/ information i.e. from April 2014 to September 2015. The ARR for next 6 months is estimated accordingly and revised estimates for FY 2014-15 have been prepared and submitted before the Commission for review.

Table 2.4: Aggregate Revenue Requirement for FY 2014-15

(Rs. Cr)

Particulars	FY 2014-15	
	Approved (Tariff Order dated 5th May, 2014)	Revised Estimates
Power Purchase Cost	2243.68	2250.96
O&M Expenses	17.04	19.30
Depreciation	21.69	22.50
Interest Cost on Long Term Capital Loans	19.08	8.67
interest on Working Capital & Interest on Security Deposit	20.82	27.34
Return on Equity	12.75	12.22
Provision for Bad Debt	10.67	4.50
Interest on Security Deposit	3.86	11.16
Income Tax	0.00	10.00
Total Revenue Requirement	**2379.59**	**2366.65**
Less: Non Tariff Income	12.14	30.81
Aggregate Revenue Requirement	**2337.45**	**2335.83**

Table 2.5: Revenue from Sale of Power at Existing Tariff for FY 2014-15

(Rs. Cr)

Particulars	FY 2014-15	
	Approved (Tariff Order dated 5th May, 2014)	Revised Estimates
Revenue from Retail Sales at Existing Tariff	2380.25	2259.21
Revenue from surplus power	0.00	91.73
Total Revenue	**2380.25**	**2350.94**

Table 2.6: Revenue Gap/Surplus for FY 2014-15

(Rs. Cr)

Particulars	FY 2014-15	
	Approved (Tariff Order dated 5th May, 2014)	Revised Estimates
Annual Revenue Requirement	2337.45	2335.83
Revenue from Sale of power	2380.25	2259.21
Revenue from Surplus Power Sale	0.00	91.73
Revenue (Gap)/Surplus	42.80	15.11
Revenue (Gap)/Surplus carried over	(42.80)	15.65
Net Revenue (Gap)/Surplus	0.00	30.75

2.4 Summary of the ARR for FY 2015-16 to FY 2017-18 filed by the Petitioner

The Petitioner has submitted the estimates for FY 2015-16 to FY 2017-18 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. DNHPDCL has studied the previous trends and taken cognisance of other internal and external developments to estimate the likely performance for FY 2015-16 to FY 2017-18.

The net ARR for FY 2015-16 to FY 2017-18 is Rs. 2542.15 Cr, 2943.19 Cr and Rs. 3315 Cr respectively and the net revenue from sale of power is Rs.2381.93 Cr, Rs. 2571.22 Cr and Rs. 2737.84 Cr respectively.

The summary of the proposal is presented below:

The following Table summarises DNHPDCL aggregate Revenue Requirement for the Mid Term Review Control Period.

Table 2.7: Aggregate Revenue Requirement for the MYT Control Period

(Rs. Cr)

Particulars	FY 2015-16 (Projected)	FY 2016-17 (Projected)	FY 2017-18 (Projected)
Power Purchase Cost	2441.34	2822.89	3175.51
O&M Expenses	23.18	25.88	29.07
Depreciation	25.44	30.53	35.33
Interest Cost on Long Term Capital Loans	13.57	22.17	30.50
interest on Working Capital Loans	20.67	19.95	19.84
Return on Capital Employed	23.90	28.53	33.25
Interest on Security Deposit	4.50	4.50	4.50
Provision for Bad Debt	11.90	12.70	13.55
Income Tax	10.00	10.00	10.00
Total Revenue Requirement	2574.5	2977.15	3351.55
Less: Non Tariff Income	32.35	33.97	35.67
Aggregate Revenue Requirement	2542.15	2943.19	3315.89

Revenue from sale of power for the MYT Control Period is determined based on the energy sales estimated and category wise tariff prevalent in the UT of Dadra and Nagar Haveli as per the tariff notified by the Commission in the Tariff Order for FY 2014-15 dated 5th May, 2014.

The Table below summarises the Revenue from Sale of Power at existing Tariff for the MYT Control Period.

Table 2.8: Revenue from Sale of Power at Existing Tariff for the MYT Control Period

(Rs. Cr)

Particulars	FY 2015-16 (Projected)	FY 2016-17 (Projected)	FY 2017-18 (Projected)
Domestic	27.98	32.02	36.65
Commercial	9.62	10.77	12.05
Agriculture	0.38	0.42	0.46
LT Industry	71.38	77.81	84.82
HT/EHT Industry	2266.88	2114.01	2570.66
Public Lighting	2.50	3.10	3.84
Public Water Works	1.12	1.18	1.24
Temporary Supply	0.65	0.65	0.65
Total	**2380.52**	**2539.96**	**2710.37**
Revenue from surplus power	1.41	31.26	27.47
Total Revenue	**2381.93**	**2571.22**	**2737.84**

Revenue from sale of power within the UT (category-wise) is determined in Table 2.8.

The Table below summarises the ARR for DNHPDCL for FY 2013-14, FY 2014-15 and FY 2015-16 along with the Revenue and the resulting Revenue (Gap)/Surplus. The cumulative gap for the three years is Rs. 129.47 Cr as given in the Table below:

Table 2.9: Revenue Gap for FY 2015-16

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
	Actual	Revised Estimates	Projected
Total ARR	2099.70	2335.83	2542.15
Revenue at existing Tariff	2115.34	2259.21	2380.52
Revenue from surplus power sale	0.00	91.73	1.41
Total Revenue (2+3)	2115.34	2350.94	2381.93
Revenue (Gap)/Surplus (4-1)	15.65	15.11	(160.22)
Previous Years (Gap)/Surplus Carried Over	0.00	15.65	30.75
Total (Gap)/Surplus for three years (5+6)	15.65	30.75	(129.47)

The following Table summarises Average Cost of Supply and total average realization at the existing Tariff approved by the Commission.

Table 2.10: Average Cost of Supply and Revenue Realization

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
	Actual	Revised Estimates	Projected
Average Cost of Supply of DNHPDCL	4.21	4.29	4.59
Average Realization	4.24	4.31	4.30
Revenue (Gap)/Surplus at Existing Tariff	0.03	0.03	(0.29)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
	Actual	Revised Estimates	Projected
Net Revenue (Gap)/Surplus (includes Gap of previous year)	0.03	0.06	(0.23)
Additional Revenue at Proposed Tariff	0.00	0.00	0.24

2.5 Prayer to the Commission

DNHPDCL requests the Hon'ble Commission to:

- Admit and approve the Aggregate Revenue Requirement (ARR) for Multi Year Tariff Determination for the Control Period FY 2015-16 to FY 2017-18 as submitted herewith.
- Approve the proposal for Aggregate Revenue Requirement and Tariff Hike for FY 2015-16.
- Admit and approve the True up ARR for FY 2013-14.
- Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date.
- Submit necessary additional information required by the Commission during the processing of this Petition.
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.

3. APPROACH OF THE ORDER

3.1 Introduction

The Petitioner has submitted the ARR & tariff Petition for MYT Period FY 2015-16 to FY 2017-18.

The Annual Performance Review for FY 2014-15 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 MYT Period FY 2015-16 to FY 2017-18 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. DNHPDCL has studied the previous trends and taken cognisance of other internal and external developments to estimate the likely performance for the MYT Period.

3.2 Approach for True up for FY 2013-14 and Review for FY 2014-15

The Petitioner has submitted the True up for FY 2013-14 based on Annual Audited Accounts for the year. The Commission has reviewed the variation between approvals and actual sale of electricity, income and expenditure from FY 2013-14 based on Audited Accounts and also revised escalation/actual for sale of electricity, income and expenditure for FY 2013-14 as submitted the Petitioner and permitted necessary adjustments in cases where variations are for reasonable justifiable reasons. The detailed analysis and treatment of each component is provided in Chapter -5 (True up for FY 2013-14).

Review for FY 2014-15 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 Review of the respective years is to be carried out as per the provisions of regulation 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

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

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 2014-15 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, Chapter 6 of this Order.

3.3 Approach for Determination of ARR & Tariff for FY 2015-16

In the determination of ARR & tariff for FY 2015-16, various provisions of the JERC's Tariff Regulations 2009 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 is guided by the principles contained in Section 61 of the Act, namely-

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

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

a) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
b) Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;
c) The principles rewarding efficiency in performance;
d) Multi-year tariff principles;
e) 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;

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

g) 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 2014 -15 and revised estimates of FY 2014-15 to form the basis of projection for income and expenditure for FY 2015-16. Further, the Commission has relied on the audited figures of FY 2013-14 and actual available figures of FY 2014-15 provided by the Petitioner for the purpose of analysis of the ARR for FY 2015-16. The detailed analysis &treatment of each component is provided in Chapter 7 - Aggregate Revenue Requirement for FY 2015-16.

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 RAISED, PETITIONER'S RESPONSE AND COMMISSION'S VIEWS

4.1 Public response to the Petition

The Petitioner published the summary of ARR and Tariff proposals in the newspapers, copies of the petition were made available to the general public and the petition was posted on the website of the Petitioner duly inviting comments/objections from the public as per provisions of the JERC (Conduct of Business) Regulations 2009. The stakeholders have also participated in the public hearing held on the petition at Silvassa, Dadra and Nagar Haveli on 8^{th} January, 2015.

4.2 Objections/Suggestions, Response from DNHPDCL and Commission's views

I. True – Up for the year 2013-14

Issue: Distribution Losses

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have submitted that the Petitioner not only failed to reduce the losses but increased them to 4.78% and suggested that there must be an energy audit to reduce the losses.

Response of the Petitioner

For FY 2013-14, the Petitioner achieved the losses target of 4.78% and also filed the report recording monthly energy as Annexure 1 to the ARR Petition. Further the loss level of the Petitioner is the lowest in the country and industrial consumers are getting substantial benefit in the form of lower tariff.

Commission's View

The Commission has considered the target level of distribution losses in true-up exercise.

Issue: Depreciation

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that

(1) The depreciation worked out by the Petitioner is erroneous as it has ignored the consumer's contribution and no depreciation should be allowed till the Petitioner computes the consumer's contribution.

(2) The Petitioner has considered opening GFA as Rs. 424.90 Cr instead of Rs. 301.01 as approved by the Commission. The actual depreciation works to Rs. 9.97 Cr as under:

Particulars	Amount in (Rs. Crs)
Opening GFA	301.01
Addition during year	4.82
Closing	305.83
Average GFA	303.42
Depreciation	9.97

The Commission should allow Rs. 9.97 Cr as depreciation.

Response of the Petitioner

The depreciation for MYT period has been sought for by applying category-wise assets depreciation rates (as per CERC Regulations) on the opening balance of Gross Fixed Assets and average on the addition during each year of the control period. The Petitioner has computed the depreciation considering the opening balance of GFA for FY 2013-14 and subsequently added the assets capitalized in FY 2013-14. Also the Petitioner has gone by the actual gross block and details of capitalisation available in the book.

Commission's View

Depreciation is allowed in accordance with JERC Tariff Regulation, 2009 based on annual accounts for FY 2013-14 and other submissions by the Petitioner.

Issue: Return on Equity

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the return on equity should be restricted to share capital of Rs. 40 Cr and in such a case the return would work out Rs. 6.4 Cr, as the assets do not cover consumer's contribution. Even if the value of assets at the beginning of the block in considered, then also the return should be Rs. 10.24 Cr and not Rs. 12.33 Cr.

Response of the Petitioner

For FY 2013-14 and FY 2014-15, the provisions of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 were in force, and JERC Tariff Regulation 23 provides that the Petitioner is entitled to a return on capital base of 3% on the net block of approved assets. Accordingly the Petitioner has computed the return on capital base at 3% of the net block at the beginning of FY 2013-14.

With regard to MYT period, the Petitioner has followed the MYT Regulations. Return on equity has been computed at 30% of the capital base and the rate of return has been taken as 16% as per the MYT Regulations and the required details have been provided in Table 67 of the Tariff Petition.

It is not correct to state that the assets are contributed by the consumers. The Petitioner has been vested with the assets and liabilities etc under a Statutory Transfer Scheme from the Government and in lieu thereof the Petitioner has issued equity shares.

Commission's View

The return on equity / capital base is approved as per JERC Tariff Regulation 2009 and other submission by the Petitioner after due prudence check.

Issue: Income Tax

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that as the Petitioner has not made available the audited amounts for FY 2013-14, no objections / suggestions could be made. The Petitioner is seeking approval of Income Tax at Rs. 49.17 Cr, as the Petitioner admitted that the profit/surplus before tax was Rs. 163.9 Cr and after deducting tax paid, the Petitioner is left with Rs. 114.73 Cr. Hence the Commission is requested to take note of this while determining tariff for FY 2015-16.

Response of the Petitioner

The Petitioner has submitted the data to the Commission and will provide a copy of the same to the objector.

Commission's View

True-up in this regard is carried out based on JERC Tariff Regulations 2009.

Issue: Interest and Finance Charges

M/s DNH Industries Association, M/s Silvassa Industries and Manufacturer's Association have stated that a sum of Rs. 10.56 Cr has been approved as interest for FY 2013-14 based on the arrangement provided in the Regulation 25 of the JERC Regulations, 2009 that in the absence of loan information, normal amount can be considered while approving review for the year 2013-14. The Commission, in its order dated 5.5.2014, has noted that the assets of the Petitioner have been created out of GoI's budgetary support. Hence JERC Tariff Regulation 25 cannot be applied in the case of Petitioner and the normative computation of loan cannot be done in this case. The interest as well as \`re-payment\` should not be considered.

Response of the Petitioner

The Petitioner has strictly adhered to the provisions of Regulation 25 of JERC (Terms and Conditions for determination of Tariff) Regulation, 2009. The assets and liabilities have been transferred pursuant to the Statutory Transfer Scheme. Tariff consists of various components by which the costs and expenses of the Petitioner are recorded and interest on loan is one of the components. The Petitioner is claiming the normative loan and interest thereon as per provisions of the 2009 Tariff Regulations.

Commission's View

The interest and Finance Charges are allowed on normative loan as per JERC Tariff Regulation 2009 after due verification of Capitalization during the year and applicable interest rate.

Issue: Non-Tariff Income

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the Commission approved Rs. 11.56 Cr as Non-Tariff income but the Petitioner actually received Rs. 29.35 Cr from interest alone, so the Petitioner has shown actual income as Rs. 29.35 Cr, from which Rs. 20.95 Cr is interest and the net Non-Tariff Income worked out to Rs. 8.40 Cr against the amount of Rs. 11.56 and the reasons for this shortfall have not been disclosed. In view of this, it is suggested that the accounts of the Petitioner should be thoroughly investigated. By adding Rs. 11.55 Cr to the interest receipt of Rs. 20.95 Cr, the Non-Tariff-income should be Rs. 32.50 Cr, which shall be approved by the Commission as Non-Tariff income.

Response of the Petitioner

The Petitioner has provided the clear position to the Commission and effect of the same can be taken in the present tariff order.

Commission's View

Non tariff income is considered after due verification of annual accounts and other details given and as provided in JERC Tariff Regulations 2009.

Issue: ARR for FY 2013-14

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the ARR should be Rs. 2037.38 Cr as against Rs. 2099.7 Cr claimed by the Petitioner.

Response of the Petitioner

The Petitioner has already answered the individual issues with respect to the true up for FY 2013-14 and these are only consequential issues and require no separate reply. The Petitioner would reiterate the ARR and revenue gap as stated in the Petition for FY 2013-14.

Commission's View

The ARR under True-up for FY 2013-14 is considered after due prudence check of components of ARR with reference to Annual Accounts.

Issue: Revenue Gap/Surplus for FY 2013-14

M/s DNH Industries Association and M/s Silvassa and Manufacturer's Association have stated that the Petitioner has not given any explanation as to why he has not taken into account Rs. 52.31 Cr as surplus from the previous years and Rs. 0.64 Cr as carrying cost which the Commission has approved. Hence the surplus has to be considered as Rs. 130.91 Cr. Further, a rough estimation of profit before tax is around Rs. 163.9 Cr and Rs. 114.73 after tax. Hence the Commission should approve a surplus of Rs. 130.91 Cr or profit shown after tax in the audited book of account, whichever is higher, and this should be adjusted against the ARR for FY 2014-15 with an interest of 9.5% P.A.

Response of the Petitioner

The Petitioner has already answered individual issues with respect to true up for FY 2013-14 and this is a consequential issue and requires no separate reply. The Petitioner would reiterate the ARR and the revenue gap as stated in the Petition for FY 2013-14.

Commission's View

The Commission has considered the surplus of Rs. 52.31 Crore with carrying cost as carry forwarded surplus.

II Review for FY 2014-15

Issue: Distribution Losses

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have stated that the Petitioner has estimated distribution losses for 2014-15 at 4.75% and the actual is at 4.70% for the period for April `14 to Sep `14. After Commissioning of 220 KV Sub-stations of two major consumers, who buy almost 20% of the power consumption of the UT, their tariff was fixed at a lower rate on the ground that due to supply at 220 KVA, the distribution loss should be lower at least by 20%. But the distribution loss has increased which shows that in spite of 220 KVA substations coming into existence, the losses have not decreased. The objector demands a thorough audit to find out the reasons for not reducing losses. Further it is seen that for the ARR, the Petitioner got a professional study of distribution losses done and that report should be made public by fixing a date.

M/s Alok Industries has stated that the distribution losses should not only be category-wise but also voltage-wise and that EHT consumers have to be defined separately and distribution losses assigned accordingly.

M/s Silvassa Steel Industries Association has stated that while losses of 4.78% are the lowest in the country, when considered in the perspective of the region, it is not difficult to improve and DNHPDCL has not given any justification as to why the target level could not be achieved. The objector has stated that such inefficiency cannot be rewarded by allowing the actual distribution losses and the Commission should allow the distribution loss at the target level only.

Response of the Petitioner

As against approved T&D losses of 4.7%, the Petitioner achieved 4.75% and there is no non-compliance on this aspect. The loss level of the Petitioner is one of the lowest in the country and industrial consumers are getting substantial benefit in the form of yearly tariff, which is much less than the industrial tariff of other States. It is not that since 20% of the consumption got shifted to 220 KV voltage, there will be 20% reduction of distribution losses. The report of study of distribution losses will be submitted to the Commission shortly.

Commission's View

The Commission has considered the loss at 4.70% as approved earlier in the Tariff Order and not agreed to increase the loss level as projected by the Petitioner.

Issue: Gross Fixed Assets

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the Gross Fixed Assets shown by the Petitioner in Table 27 are erroneous and they work out to Rs. 318.20 Cr as below:

Sl. No.	Particulars	As per the Petitioner (Rs. in Cr)	As per the Objector (Rs. in Cr)
1	Opening Balance	429.73	305.83
2	Addition during the year	25.29	25.29
3	GFA at the end of the year	455.02	330.58
4	Average Assets	442.07	318.20

The Petitioner has not accounted for the consumer's contribution.

Response of the Petitioner

There is no error in Table 27 filed by the Petitioner. The Petitioner has given all the figures as per the books which are duly audited.

Commission's View

The opening gross fixed assets are considered after due verification.

Issue: Depreciation

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that computation of depreciation in Table 29 by the Petitioner is faulty as opening gross fixed assets have not been correctly projected. They should be Rs. 305.83 Cr and not Rs. 429.23 Cr and the depreciation works out to Rs. 16.18 Cr as against Rs. 22.50 Cr shown by the Petitioner. The Commission is requested to approve the depreciation at Rs. 16.18 Cr only after making correction to the opening GFA on account of consumer's contribution.

Response of the Petitioner

The depreciation for the MYT control period has been sought by applying category-wise assets depreciation rates (as per CERC Regulations) on the opening balance of gross fixed assets and average of addition during each year of the control period. Depreciation has been computed based on the closing value of GFA for FY 2013-14 as given in the Fixed Asset Register and the estimated capitalisation for FY 2014-15 and the control period.

Commission's View

The depreciation is allowed as per CERC Regulations on gross fixed assets and projected capitalisation approved by the Commission.

Issue: Return on Equity

M/s DNH Industries Association and M/c Silvassa Industries and Manufacturer's Association have stated that opening balance shown in the GFA register is faulty as the consumer's contribution has not been accounted for. Hence the return on equity should be confined to 16% on the share capital of Rs. 40 Cr, which works out to Rs. 6.4 Cr.

Response of the Petitioner

For FY 2014-15, the provisions of the JERC (Terms and conditions for determination of Tariff) Regulations, 2009 were in force and JERC Tariff Regulation 23 thereof provides that the Petitioner is entitled to a return on capital base of 3% on net block of approved assets. Accordingly the Petitioner has computed the return on capital base at 3% of the net block at the beginning of FY 2013-14.

Regarding MYT period, the Petitioner has followed the MYT Regulations and return on equity has been computed on 30% of the capital base. The rate of return has been taken as 16% as per the MYT Regulations and the details for the same have been given in Table 67 of the Tariff Petition.

Commission's Analysis

The return on equity / capital base is allowed as per JERC Tariff Regulation 2009 after due verification.

Issue: Bad Debts

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that there is now no bad debt and the Petitioner has adequate security deposit and other means of recovery. Further 96% are industrial consumers amongst whom there can be no bad debt.

Response of Petitioner

Bad debts are there for all utilities and it is not correct to contend that the Petitioner does not have any bad debts. Provision for bad debts is a well understood concept and included for regulatory tariff determination. The Petitioner has therefore made a provision for the same and the APTEL has also upheld the issue of provision of bad debts.

Commission's View

Bad debts are allowed as per JERC Tariff Regulations 2009.

Issue: Aggregate Revenue Requirement / Revenue gap / surplus

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that

(1) The ARR for FY 2014-15 should be Rs. 2319.2 Cr against Rs. 2335.82 Cr shown by the Petitioner.

(2) The revenue gap/surplus for FY 2014-15 should be Rs. 162.65 Cr as against Rs. 30.75 Cr shown by the Petitioner and the Commission is requested to approve a net surplus of Rs. 162.65 Cr.

Response of Petitioner

The Petitioner has already answered individual issues in regard to true up for FY 2013-14 and these are only consequential issues and require no separate reply. The Petitioner would reiterate the ARR and revenue gap as stated in the Petitioner for FY 2013-14.

Commission's View

The Components of ARR under Review of FY 2014-15 are allowed as per JERC Tariff Regulation 2009.

Issue: Power Tariff for FY 2014-15 for LT motive power

M/s Silvassa Industries and Manufacturer's Association has stated that the Petitioner has proposed to enhance the tariff for LT motive power from Rs. 3.45/unit to Rs. 3.55/unit and enhancement to LT consumers is 3%. There are about 3000 LT consumers hardly consuming 3% of the total power who are providing more than 50% of the total employment in the U.T. These consumers are mostly of MSME Union and Government of India is supporting this sector. The Commission is requested not to enhance the tariff to LT consumers, which will not fetch any significant revenue.

Response of Petitioner

The proposed increase in tariff is commensurate with the increase in cost of supply and only a few categories of consumers cannot bear the burden of increase. The fact that MSME is only consuming a little power is immaterial. The tariff increase is justified.

Commission's View

The Commission will take appropriate decision on tariff determination for each category of consumer as per provisions of the Electricity Act 2003.

III ARR and the MYT for the control period FY 2015-16 to FY 2017-18

Issue: Distribution Losses

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the Petitioner considered 4% losses for the entire control period and requested the Commission to appoint a professional agency to find out the reasons as to why distribution losses have not come down in spite of commissioning of 2 Nos. 220 KVA substations by two large consumers who consume almost 20% of the energy of the U.T. The Commission is requested not to allow distribution loss of more than 3%.

Response of Petitioner

The Petitioner has followed the provisions in Regulations 15 and 16 of the MYT Regulations to the full extent. Based on the said methodology, the Petitioner has proposed a loss reduction target of 4.70%. It is not possible to reduce the loss beyond the same and if such reduction is required, there has to be huge capital expenditure and it may not be worthwhile to pass on so much additional burden on consumers just for incremental loss reduction.

Commission's View

The Commission has fixed distribution loss trajectory after taking all the factors in to consideration.

Issue: Power Purchase Cost

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have stated that the Petitioner has projected the requirement of power and its cost more than what is estimated by the objectors as under.

Year	Requirement		Cost (Rs in Cr)	
	Projection MU	Estimated MU	Projection Cr	Estimated Cr
2015-16	6020.66	5099.22	2441.34	2401.34
2016-17	6509.79	6404.42	2822.89	2777.20
2017-18	6937.70	6824.42	3172.51	3123.66

Response of the Petitioner

Power Purchase cost has been proposed based on past years experience and expected loss levels.

Commission's View

Energy sales to each category of consumer are arrived at based on past trends and considering the factors which are likely to affect consumption. The practice is an established and accepted one and it is only an estimate subject to actuals under True-up.

Issue: Gross Fixed Assets/depreciation

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that since the Register of Fixed Assets does not cover the consumer's contribution, no depreciation should be allowed and the Petitioner should be directed to disclose the consumer's contribution and then only claim for depreciation should be allowed.

Response of Petitioner

GFA has been proposed as per books of Petitioner only.

Commission's View

As per Regulation 26 of the JERC Tariff Regulations, 2009, depreciation shall be provided on the value of historical cost of the asset excluding value of land on straight line method at the depreciation rates specified by the CERC. The Commission accordingly considers the depreciation for the purpose of ARR.

Issue: Return on Equity

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that in the absence of correct Fixed Assets Register showing consumer's contribution, return on equity should be allowed only on share capital of Rs. 40 Cr restricting to Rs. 6.4 Cr.

Response of Petitioner

Claim has been made in accordance with MYT Regulations and hence the same may be allowed.

Commission's View

Return on equity is allowed as per JERC Tariff Regulations 2009.

Issue: Bad and Doubtful Debts

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that since security provisions are available, there should not be any bad and doubtful debts during the MYT period.

Response of the Petitioner

Claim has been made in accordance with MYT Regulations and hence the same may be allowed.

Commission's View

Bad and doubtful debts are allowed as per JERC Tariff Regulations 2009.

Issue: Aggregate Revenue Requirement/Gap/Surplus

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have reworked the ARR/Gap/Surplus as indicated below:

ARR	By Petitioner (Rs. Cr)	By Objectors (Rs. Cr)
FY 2015-16	2542.15	2506.05
FY 2016-17	2943.18	2856.269
FY 2017-18	3315.18	3217.283
Net Gap/Surplus	(-)129.47	37.74

As against the net gap/surplus proposed by the Petition of (-) Rs. 129.47 Cr, the objectors have worked out surplus of Rs. 37.74 Cr.

M/s DNH Industries Association and M/s Silvassa industries and Manufacturing Association have requested the Commission to approve a surplus of Rs. 37.74 Cr and revise the tariff for 2015-16 downwards.

M/s Silvassa Steel Industries Association has stated that on the basis of data available in the application, it is clear that for the last 2 years the licensee has a surplus of Rs. 30.75 Cr and that by projecting an ARR of Rs. 2542.15 Cr for 2015-16, without any basis or historical justification, the licensee has arrived at a completely notional revenue gap of Rs. 160.22 Cr, which is extremely high, particularly when the licensee has been earning profit of Rs. 15 Cr every year for the past 2 years and thus managed, by showing a revenue gap of Rs. 160.22 Cr, to wipe out the surplus of Rs. 30.75 Cr of the last 2 years. The licensee has furnished a table of average cost without any details to show as to how the same has been arrived at, particularly to actual category-wise cost of supply.

Response of the Petitioner

The claim has been made in accordance with MYT Regulations and hence the same may be allowed.

Commission's View

The components of ARR are regulated in accordance with JERC Tariff Regulations 2009. The components of projected ARR and the revenue at existing tariff are subject to True-up based on actuals.

General Issues

Issue: Quality of Power

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturing Industries have stated that there are many unannounced interruptions in electricity supply and considerable delay in changing equipment while attending to line faults.

The Petitioner may be directed to pay special attention and improve the quality of supply of power.

Response of the Petitioner

The Commission has notified the JERC (Standards of Performance) Regulations, 2009 which are binding on the Petitioner. If there is a specific grievance, the consumers concerned should approach the Commission with proper data and proof for violation of the above Regulations instead of making allegations.

Commission's View

The suggestion by the Industries Association and response of the Petitioner is noted.

Issue: Augmentation of Infrastructure

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have requested the Commission to direct the Petitioner to pay attention for augmentation of lines, equipment and substations.

Response of Petitioner

The Objector should come out with details instead of making allegations.

Commission's View

The Petitioner is investing considerable amount on augmentation of transmission and distribution network to improve the quality of supply and reduce T&D losses. If there are any specific cases for improvement the Association may bring them to the notice of the Commission.

Issue: Slab based Tariff

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that prior to 2014-15, there was slab based tariff for HT consumers and the consumers who consumed less power paid lesser rates. This procedure should be restored with the following slabs.

(i) Up to 50,000 Units

(ii) 50001 to 3,00,000 Units

(iii) 3,00,001 to 5,00,000 Units

(iv) 5, 00,001 and above.

Response of the Petitioner

The Commission has already considered this issue in detail in its order dated 5.5.2014.

Commission's View

The suggestion of the Association will be examined and appropriate decision taken.

Issue: Rebate to 220 KV Consumers

M/s DNH Industries and Association and M/s Silvassa Industries and Manufacturer's Association have requested the Commission not to grant rebate this year to consumers who have 220 KV sub-stations, pending decision of APTEL on the Petition filed by them against the orders of the Commission, in case the two consumers approach the Commission during the hearing. In case the consumers make any submissions, copies of the same may be provided to them to give their replies in order to protect the interests of large number LT consumers.

Response of the Petitioner

The Petitioner is in agreement with the submission made by the objectors. Though the Commission has already dealt with the issue in Tariff order for FY 2014-15 dated 5.5.2014, the Petitioner is in a special position wherein most of the consumption is industrial and only a small portion is domestic and agriculture. Hence the special category and tariff rebate being given to consumers of 220 KV voltage cannot be replicated in the case of the Petitioner.

Further as the tariff of the Petitioner is very competitive and much less compared to the industrial consumers in other states, no additional benefit need be given to Alok Industries for operating at 220 KV. Hence Petitioner has not proposed any separate tariff for the consumers taking 220 KV supply.

Commission's View

The consumer utilizing power at higher voltage is normally given rebate or marginal reduction in power tariff as drawal of power at higher voltage involves additional cost to the consumer. Further supply at a higher voltage to the consumer shall result into lower investment for the licensee and comparatively better distribution losses.

Issue: RPO backlog should not be loaded on consumers

M/s DNH Industrial Association and M/s Silvassa Industrial and Manufacturer`s Association have stated that in its Tariff order dated 5.5.2014 the Commission had worked out at RPO backlog at Rs. 70 Cr. DNHPDCL has not made any provision to clear this backlog. This should not be charged to the consumers and the Commission should direct DNHPDCL to meet this obligation from other sources as it was not on account of any inaction on the part of consumers and they should not be penalized.

Response of Petitioner

The Petitioner has not refused any renewable energy generator from execution of PPA but merely purchasing RECs, without any default on the part of the Petitioner which would result in unjust consequences. If the Petitioner is forced to purchase RECs, the same will automatically have to be passed on to the consumers in the tariff. If the Commission passes directives to comply with RPO backlog any associated costs should be passed on to the consumers. Considering the circumstances of the case, the Commission may relax the compliance of the RPO.

Commission's View

The Petitioner has to meet the RPO obligation as per Regulation, by purchase of power from non conventional energy sources – solar and non solar or purchase certificates if energy is not available to meet the obligation.

Issue: CGRF Vacancies

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have stated that the Consumer's Forum has only one member for the last six months and no grievance of consumers could be settled for want of quorum. Hence the Commission is requested to fill up the vacancies early.

Response of the Petitioner

CGRF has been constituted and is functioning as per the E.A, 2003. Retirement and appointment of members is a continuous process and all efforts are being made to appoint the members of CGRF. DNHPDCL has published an advertisement for the vacant post of the member.

The post of Chairman has been filled and the quorum is complete now.

Commission's View

The response of the Petitioner is noted. Appropriate directive to the petitioner is issued in this regard.

Issue: Non-Observance of SOP in changing transformers / CTPT / Meters / line faults

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have stated that DNHPDCL is not following SOP prescribed by the Commission in respect of changing of transformers / CTPT / meters or in attending line faults. The Commission is requested to issue directives to the Petitioner to follow SOP and make the data available on website.

Sri. Ravi N. Pandey representing Silvassa Industries Manufacturer's Association has stated that the Petitioner is not maintaining any record of time and date of receipt of complaint, time and date of redressal etc. In the absence of such record it is not possible for consumers to know that what is the time prescribed in rules and what is the time taken to attend to complaints. The Commission is requested to direct the Petitioner to ensure compliance of Electricity Rules, 1956 and guidelines issued by the Commission.

Response of the Petitioner

The Commission has already notified the SOP Regulations and if there is any violation thereof, it is for the concerned consumer to approach the Commission with specific Petition and details.

Commission View

The objection of the Association is noted. It will be examined in the suo-moto hearing by the Commission on SOP.

Issue: GFA – Accounting of consumer's contribution

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that the GFA register of DNHPDCL does not show consumers contribution which the consumers contributed for majority of goods and assets. The Commission should direct DNHPDCL to assess the consumer's contribution in time bound schedule and make it public.

Response of the Petitioner

GFA has been proposed as per the books of the Petitioner only.

Commission's View

The objection of the consumer and response of the Petitioner is noted.

Issue: Supervision Charges

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that wherever laying of any new line/equipment etc is carried out, a supervision charge of 15% is taken from the consumers on total project cost even though the Commission had made it clear that it should be only labour component. DNHPDCL should refund back the charges taken in excess.

Further, the Petitioner is charging service tax on the supervision charges without issuing service tax notice or giving break up for it which is mandatory. The Petitioner may be directed to comply with the law and provide tax notice and break-up for service tax.

Response of the Petitioner

This aspect has nothing to do with ARR and tariff. Supervision charges are charged as per provisions of JERC (Electricity Supply Code) Regulations, 2010, which have a separate provision for supervision charges. If the objector is aggrieved, he can file an appropriate Petition without making a general allegation.

Commission's View

The objection and response of the Petitioner is noted.

Issue: Professional study into line and distribution losses

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have stated that the DNHPDCL has mentioned in the ARR that they got a professional study carried out into the line and distribution losses in compliance of the direction of the Commission. This report may be made public by giving a date and if the report is accepted, it should be implemented early to reduce energy losses.

Response of the Petitioner

If the Commission so directs, the report will be given to the objector.

Commission's View

The Commission had given directions for getting a study to be conducted on T&D losses. The report on the study is awaited. The Commission will take appropriate action on receipt of the report.

Issue: Solar Energy – Incentives to generators

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have suggested that consumers should be given incentives to install their solar energy system on the roof tops of their factories and the energy generated from such system should be purchased by DNHPDCL by giving rebate in their normal tariff.

Response of the Petitioner

The cost of solar power is very high and if the Petitioner purchases it, its actual costs will be passed on to all consumers including members of the objector.

Commission` View

The Central Government is already giving incentives for setting-up solar energy units by individual consumers / organization. The Association and its member may avail the facility.

Issue: Open Access

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturers Association have stated that as the consumers in DNH are not using open access facility, a study should be conducted to find out the reasons for the same. According to the Association, the consumers are compelled to surrender equal amount of sanctioned load, which is unfair and contrary to the very purpose of open access.

It is agreed that the Petitioner has to buy minimum guarantee energy under PPA, and if the consumer fails/declines to accept the energy supplied, than that much energy not availed will remain with the Petitioner. However, even if this logic is accepted, the Petitioner should not decline proposals for open access till it reaches the minimum generated level of purchase under PPA. The Commission should review it and pass appropriate orders to motivate consumers to go for open access, as it will reduce load on DNHPDCL and benefit consumers at large.

Response of the Petitioner

It is now settled that open access is not an absolute right but subject to other provisions of the Act, including contracts entered into by the generating companies and consumers, the availability of the system and other constraints faced by the licensee. When appropriate Petition comes before the Commission, it needs to be considered based on its merits.

Commission's View

The distribution licensee has to provide open access to consumers without any discrimination subject to network constraints. The Association may bring any specific cases of discrimination to the notice of the Commission.

Issue: Publication of complaint handling data on Website

M/s DNH Industries Association and M/s Silvassa Industries Manufacturer`s Association have suggested that the information data on complaints should be posted on the website to enable the Association to inspect it and offer suggestions/objections.

Response of the Petitioner

The Petitioner has improved substantially the complaint handling system. The issue needs to be decided in appropriate proceedings after proper hearing and considering the implications including cost of issuing such directions.

Commission's View

The issue raised by the Association is noted.

Issue: Interest on Security deposits – prior to corporatisation

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that a large amount paid as security deposit prior to corporatization is still lying with the Government. This should be transferred to the DNHPDCL and it should pay regular interest on it as is being paid after corporatization.

Response of the Petitioner

As per sections 130 and 131 of E. Act, 2003 it is the prerogative of the State Government to notify a transfer scheme and the contents of such scheme are binding on all including the Commission. No directive can be sought or given against such a transfer scheme.

Commission View

The issue raised by the Association is noted.

Issue: Payment of Security Deposit in instalments

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association has suggested that security deposit, wherever consumers so demand, should be taken in instalments, as this will not cause any financial implication on DNHPDCL but will facilitate the consumer to run his unit with ease.

Response of the Petitioner

The Petitioner is charging the security deposit as per the provisions of the Regulations notified by the Commission and no extra benefit can be extended to the objector.

Commission's View

The issue raised is noted.

Issue: Classification of continuous and Non-continuous industries

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that DNHPDCL has delayed submission of proposals on classification and non-continuous industries to ensure uninterrupted power supply to continuous nature of industries. The report mentioned by the Petitioner should be made public by giving a date and if not, the Commission should take appropriate action.

Response of the Petitioner

The Petitioner is trying to expedite the report on the issue and it will be submitted to the Commission on its receipt.

Commission's View

The Petitioner is directed to expedite the report for taking further action.

Issue: Energy Audit

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have requested to expedite finalization of audit assigned to M/s Panaceon Energy Solutions, Mumbai by giving a time frame to the company.

Response of the Petitioner

The Petitioner is trying its best to expedite the report and it will be submitted on its receipt to the Commission.

Commission's View

The Petitioner has already been directed to expedite the report. This will be followed-up.

Issue: Asset Verification

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer's Association have stated that asset verification by DNHPDCL is still pending and it is unlawful and unfair to charge consumers depreciation, return on equity, normative interest on `assets` verified on sample basis.

Response of the Petitioner

The objector has to seek appropriate orders of the Commission with adequate proof in terms of JERC Tariff Regulations 2009 notified by the Commission.

Commission's View

The Petitioner is directed to expedite the third party verification of fixed assets and submit a report on the verification as directed in earlier tariff orders.

Issue: Enlarging scope of rebate for advance payment

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturer`s Association have suggested that the scope of rebate on advance payment should be enhanced. It should be made two months in advance and the rebate should be increased proportionately.

Response of the Petitioner

Rebate is being charged in accordance with the MYT Regulations of the Commission and no exception can be made to the obligator. The rebate is linked to interest on working capital and no unilateral benefit can be extended.

Commission's View

The issue raised is noted.

Issue: Refund of Registration fee

M/s DNH Industries Association has stated that the Petitioner is not following guidelines of the Commission on refund of registration fees after releasing power connection to consumers. The Commission should direct the Petitioner to clear all dues in a time bound manner in all old cases and in future to refund the fee properly.

Response of the Petitioner

The objector needs to seek appropriate orders with adequate proof in terms of the Regulations notified by the Commission.

Commission's View

The Association is required to file a complaint before the CGRF for appropriate resolution of the grievance.

Issue: Recovery of different amount of high voltage category

M/s DNH Industries Association and M/s Silvassa Industries and Manufacturers Association have stated that in the Tariff order dated 5/5/2014, the Commission had created a separate category for high voltage consumers and fixed their tariff at 20 Paisa/unit less than other categories. It was neither justified nor lawful and warranted. Hence an appeal was filed with APTEL by the Association and the matter is in progress. The Commission is therefore requested to give directions to recover the differential amount and keep it as reserve with DNHPDCL so that when the APTEL decides the case in favour of Association, the other consumers can be given adjustments/ refund immediately.

Response of the Petitioner

This issue will be settled depending on the outcome of the appeal filed and pending before the APTEL.

Commission's View

As the matter is pending before Hon'ble APTEL, the Commission will take appropriate action based on the judgement of the APTEL.

Issue: Loading of income tax on consumers

M/s DNH Industries Association has stated that in the absence of audited books of account, the objector is not able to offer any suggestion. However it is observed that the Petitioner is seeking approval of income tax of Rs. 49.17 Cr while admitting that was profit/surplus before tax was Rs. 163.9 Cr. After deduction of the proposed tax the Petitioner is still left with surplus of Rs. 114.73 Cr and the Commission is requested to take notice of this while determination of tariff for FY 2015-16.

M/s Silvassa Industries and Manufacturer's Association has stated that the income tax on the Petitioner's income is not the liability of the consumers as it is not paid on their behalf hence it should not be recovered from the consumers. The Commission is requested to issue guidelines to prevent the Petitioner from charging the consumers.

Response of the Petitioner

There is no merit in the submission made by the objector. Income tax is a pass through in all tariff proceedings and the MYT Regulations provide that the income tax paid on the distribution business is an expense valid by incurred and need to be compensated through tariff. This is a settled principle of tariff determination throughout the country.

Commission's View

Income tax limited to RoE portion only is allowed in accordance with JERC Tariff Regulations 2009.

Issue: Reduction in tariff corresponding to cost of supply.

M/s Alok Industries Limited has stated that

(a) Tariff has to reflect the cost of supply progressively and the Act, 2003 does not speak of 'average' preceding the words "cost of supply"

(b) The tariff as per National Tariff policy has to be fixed within +/- 20% of the average cost of supply although cost of supply does not mean by itself average cost supply

(c) The tariff is to be based on the cost of supply of electricity to each category of consumer receiving supply at a particular voltage level and there shall be no cross- subsidy amongst different categories of consumers. There cannot be any quarrel with the proposition that the ultimate aim is to go by the cost of supply plus basis of supply to various categories and class of consumers. No road map has been submitted by the Petitioner to reach to cost of supply.

(d) In DNH the entire sale is metered and based on planned network and the network costs can be split into partial costs of the different voltage levels and the cost of supply at a particular voltage level. It would be prudent to work out voltage- wise cost of supply taking into account Distribution losses at different voltage levels. Further apportioning of the Power Purchase Cost at different voltage levels taking the transmission and distribution losses, both commercial and technical, for the relevant voltage level and upstream system will facilitate determination of voltage cost of supply, though not very accurate and practical method to reflect the actual cost of supply

(e) The difference between the losses allowed in ARR and that determined by the system studies may have to be apportioned to different voltage levels in proportion to annual gross energy consumption at the respective voltage level. The annual gross energy consumption at a voltage level will be the sum of energy consumption of all consumer categories connected plus technical and distribution losses corresponding to that voltage level and worked out by the system studies. The total losses allowed in ARR can be apportioned to different levels including EHT consumers connected to the transmission system.

(f) It is a well known fact that there is always reduction in T&D losses when electricity is transmitted/ distributed at a higher KV. If T&D losses come down due to the efforts by the consumer, the tariff of the consumer has to come down or at least a rebate would be given on the same.

(g) The Petitioner has also stated that the Petitioner has claimed O&M expenses much higher than last year and that O&M Expenses, which obviously include losses, have to be computed category wise and voltage wise. Hence the Commission has to be devise and prescribe another category which is receiving power as per the supply code and the benefit in the shape of rebate or discount needs to be given. To incentivize a consumer to switch over to supply of higher voltage, various states have either given rebate or give concession in tariff and the Commission also has done it in the previous tariff.

(h) The Petitioner has proposed a tariff hike from Rs 4.10 to Rs 4.40 and fixed charges from Rs 100 to Rs 130 per Kva without any justification. Even as the basis of average cost of supply tariff cannot be beyond Rs 4.10, rather much less, if the cross subsidy to other LT& HT category is discounted.

M/S Reliance Industries Limited has stated that many States provide for lower tariff/Energy charges for EHV level (220KV) compared to lower voltage levels. The

Commission is requested that similar differential tariff at reduced rate be provided to EHT consumers of 220KV level as compared to lower voltage consumers.

Response of the Petitioner

The Petitioner has submitted as under on the above points raised M/s Alok Industries Limited.

(a) The Commission, in its order dated 5.5.2014, has already given a separate tariff to Alok Industries limited since its operation at 220KV voltage. Therefore there is already a reduced tariff to Alok Industries Limited.

(b) The principle of +/- 20% in tariff does not apply to a Union Territory and this also has been held by the APTEL in previous judgments that for the Union Territory where the industrial consumption is above 95% or more, the principle of tariff being +/- 20% of average cost of supply does not apply.

(c) The issue of voltage wise cost of supply is also not mandatory in other States. This has been held by the APTEL in the following judgments.

    (1) Bihar chamber of commerce v/s BERC & Batch (Judgement dated 28.5.2014 in appeals no's 131,134,151 of 185 of 2012)

    (2) Mawana Sugars LTD VS Punjab state Electricity Regulatory Commission (Judgement dated 17.12.2014 in appeal No 142 of 2013 and batch) In any event, Alok Industries Limited is already getting the benefit of receiving supply at 220 KV in view of special dispensation laid down by the Commission and the issues raised have no merit.

(d) The reliance by the Petitioner on the studies in other countries has no relevance to the present issues wherein the issues are to be considered in accordance with the provisions of the Electricity Act, the policies and regulations framed there under and the decisions of the APTEL and the Commission.

(e) When APTEL has already held that the principle of +/- 20% of the average cost of supply does not apply to the union territory, there is no merit in the contention of the objector. The issue of voltage wise cost of supply does not arise for the reason that the union territory is placed in unique position.

(f) There is no merit in any issue sought to be raised by Alok Industries Limited for FY 2014-15. As against approved transmission and distribution loss of 4.7% the Petitioner has achieved 4.75% and there is no non- compliance on this aspect.

(g) The operation and maintenance expenses cannot be computed category wise and voltage wise as being contended. These are to be added to the total costs of the Petitioner which is in line with the settled principles of tariff and MYT Regulations.

The tariff hike proposed for EHT category is justified as detailed in the tariff Petition. There is an increase of average cost of supply and only a corresponding increase has been proposed in the tariff of Alok Industries Limited.

Commission's view

All the issues raised by the objector and the response of the Petitioner are examined by the Commission and appropriate decision has been taken wherever necessary.

Issue: Voltage category wise average cost of supply

M/S Sanathan Textiles Pvt. Ltd has stated that the Petitioner has not furnished average cost of supply. The Commission shall direct the Petitioner to revise the proposals in accordance with the judgement of APTEL prior to determination of the tariff proposals.

M/S Reliance Industries has suggested that the consumer tariff shall be fixed based on "Actual cost of supply" and not on the "average cost of supply"

Response of the Petitioner

It is not possible to provide for voltage wise tariff for all categories in view of the highly skewed nature of electricity consumption in the Union Territory which is predominantly industrial.

Considering the nature of consumption in the Union Territory, it may not be appropriate to have a separate voltage wise industrial tariff. It is an accepted fact that there should not be any additional burden on domestic and agricultural consumers in the Union Territory.

Commission's View

The objections of the consumer and response of the Petitioner is noted.

Issue: Adjustment of tariff for HT/EHT downwards

M/s Sanathan Textiles Pvt. Limited has stated that it is seen from the proposals for FY 15-16, that the total sales are 5529.44MU and out of this, the HT/EHT category consumes 5158.36 MU which is 93.3%. For the power share of 93.3% the Revenue Share is 95.23% and there is great deal of cross – subsidisation built in tariff particularly considering the low cost of supply in respondent's category. Further the proposed hike of 25% in fixed cost and 20% in Energy charges, overlooking the fact that the existing tariff is already high, is unjust, irrational, arbitrary and against provisions of EA 2003 and also Tariff Policy.

Hence the existing tariff of respondent's category needs to be adjusted downwards.

Response of the Petitioner

The tariff proposal submitted by the Petitioner in tariff Petition be considered by the Commission for FY 2015-16.

Commission's View

The issue raised by the objector is examined and appropriate decision has been taken.

Issue: Capital expenditure for FY 14-15.

M/S Sanathan Textiles Pvt. Ltd has stated that the Petitioner made a provision of Rs 50.66 Cr for various items in table 25. But there is no item for improving availability and reliability of power to 66 KV consumers and particularly Continuous Process Industries which contribute to a substantial portion of revenue. The Commission is therefore requested to issue direction for capex provision for improving efficiency, availability and reliability of system operations.

Response of the Petition

The Petitioner each year drafts an annual plan for the capital investment on new schemes and continuing schemes which it proposes to incur in the ensuing year. The aim of the Annual plan is to incur CAPEX to ensure better functioning infrastructure and to improve efficiency, availability and reliability of the system operations

Commission's view

The Petitioner is investing for augmentation of the transmission and distribution network every year to improve the quality of supply and reduce T&D loss in the system, covering all categories of consumers, not specific to 66 KV consumers.

Issue: Non – compliance of directives

M/s Sanathan Textiles Pvt. Ltd has stated that the Petitioner is not serious in implementing the directives of the Commission.

Directive 13: Road map in reduction of cross subsidy.

Even though the Commission fixed the last date i.e. 31-7-2014 for submission of the roadmap, the Petitioner failed to comply with the direction. The Commission is therefore required to suo moto take action in regard to all such directions where repeated non compliance is observed.

Response of the Petitioner:

The Petitioner has noted the submission of the objector

Commission's view

The Petitioner is directed again to expedite the report.

Issue: Rebate in energy charges to high voltage consumers.

M/s Sanathan Textiles Pvt. Ltd has stated that last year incentive was given to consumer supplied power at 220 KV. A consumer availing supply at higher voltage contributes to reduction of losses and investment for creating infrastructure at his own cost and reduces the cost to the Petitioner while unconditionally handing over the created infrastructure to the Petitioner.

The creation of higher voltage network helps in reduction of O&M costs also. While considering incentive for consumers availing supply at 220 KV this was not given to consumers availing 66 KV. The data of cost to serve for all categories of consumers is not provided as the same should be provided to ascertain the eligibility of incentive to be passed on to consumer. The Petitioner also has not followed the directive of the Commission for proposing industrial tariff voltage wise and the proposal of the Petitioner now is to go back to old norms without giving any reason.

The Commission is therefore requested to pass on the benefit availed by the Petitioner by giving rebate in energy charges and demand charges.

Response of the Petitioner:

It is not possible to provide voltage wise cost of supply for all categories in view of the highly skewed nature of electricity consumption in the union territory and predominant being industrial consumption. There should not be any additional burden on the domestic and agricultural consumers in the union territory. While the Commission may take a view of the same, considering the nature of consumption in the union territory, it may not be appropriate to have a voltage wise industrial tariff.

Commission's View.

The Commission has taken a decision to give incentives to the consumers drawing power at 220 KV after taking all factors into consideration.

Issue: Direction to Government to provide Rs 41.81 Cr which was wrongly collected

M/s Silvassa Industries and Manufacturer's Association has requested the Commission to issue directions to the Government to make Rs 41.81 Cr available to DNHPDCL towards the wrongly recovered surcharges.

Response of the Petitioner

Payment of Rs 41.81 Cr can be made provided the funding is given to the applicant for the same.

Commission's view:

Appropriate decision has been taken.

Issue: Recovery of Fixed charges

M/s Silvassa steel Industries Association has stated that;

(a) Fixed charges relate to recovery of fixed costs or controllable expenditure and though the proposals do increase controllable expenditure it does not justify massive increase in fixed charges. The data available would justify a decrease in the fixed charges for all categories of consumers.

(b) Further the steel industry is undergoing tremendous depression and more than 50% of steel industries are either shut down or being shut down condition. Hence heavy levy of fixed charges is pushing the steel industry to bankruptcy and is completely unviable. Also fixed charges are levied even when the steel plants are idle, which is resulting in a situation leading to shutting down of units.

(c) Fixed charges are levied either on 75% of the contracted load or actual monthly demand whichever is higher even when machine is idle. The objector has requested the Commission to pass an order directing DNHPDCL to levy monthly fixed charges during the period when the machinery of HT(B) (Ferro) category consumer remains idle and if required a condition be stipulated that consumer shall give advance notice that its machinery is idle. The minimum fixed charges can be set at the level that is applicable in HTA category of consumers.

(d) HT (B) Ferro alloys hardly 15% of the total minimum fixed charges and this proposal will not impact DNHPDCL adversely, but it will go a long way in ameliorating the condition of the steel industry in the territory.

Response of the Petitioner

(a)& (b) Fixed charges are levied for the purpose of keeping the demand contracted at all times and if the steel industry wishes to maintain the contract demand, the fixed charges have to be paid.

(c) Merely because the industry gives a notice that its machine will be idle cannot help the Petitioner to avoid fixed charges. PPAs are entered into for a period of 25 years and it cannot be that an industry chooses to be idle and therefore, the demand charges are not charged on them.

(d) There is no merit in the contention that since HT (B) forms only 15% of the total consumption, the minimum fixed charges can be waived off. The APTEL upheld the charging of monthly minimum demand charges in its judgment dated 10.5.2012 in Appeal No. 14 of 2011.

Commission's view

The Objection and response is noted.

Issue: Assessment of cross – subsidy

M/S Silvassa Steel Industries Association has stated that the level of cross- subsidies has to be arrived at based on the actual cost of supply and not on average cost of supply. This has been upheld in the case of Tata Steels Limited V/s OERC in appeal Nos 102 of 2012 and bench by the APTEL at para 27 (P40) and para 29 (P45). In the case of M/S SIEL vs. PSERC and others in Appeal No's 4, 13 else of 2005, the APTEL made it mandatory that the Commission must first determine the actual cost of supply and the average cost of supply must be also determined and once these figures are known they must be juxtaposed with the actual tariff set by the Commission (page 110-1130). Thus not only the average cost of supply but also the actual cost of supply must be determined. In view of this, tariff for each category of consumer must be determined without taking into account any subsidies promised or cross subsidies proposed. The amount and level of cross subsidy can be levied only after juxtaposing the average and actual cost of supply on the actual tariff arrived at by the Commission.

Response of the Petitioner

The cross subsidy is compensatory for the loss in cross subsidy when the consumers take supply from other sources apart from the distribution licensee. This is well established position of law. This was also upheld by the Supreme Court in the case of SESA Sterlite Limited VS OERC (2014) 8 sec 444. Unless the consumers are in a position to point out that the cross subsidy surcharge is not compensatory in nature, the question of challenging the same does not arise.

Commission's views

The objection and response is noted.

Issue: Data of consumption levels of HT-B and cost to serve

M/S Silvassa Steel Industries Association has stated that under HT/EHT categories of consumers, there is further categoristation of consumers including HT-B (Ferro) category and DNHPDCL has been permitted to levy different tariff for HT-B category. In the Petition, DNHPDCL has not furnished data regarding cost to serve for this category of consumers. Further, it has not even furnished data regarding the consumption levels of HT-(B) Ferro.

Response of the Petitioner

No comments.

Commission's view

The Petitioner has provided the energy sales, revenue etc to all categories of consumers including HT (B) consumers for FY 2013-14 in format – 26 of the Petition.

Issue: Maintenance of application for ARR and Tariff.

M/s Silvassa Steel Industries Association has stated that the application for ARR and Tariff in the present form cannot be maintained as the Regulations make it mandatory to get the Business Plan approved first. This has not been complied with by DNHPDCL and there is no basis for projection of ARR and tariff for the control period.

Response of the Petitioner

There is no bar on the Petitioner filing the Business Plan and ARR Petitions simultaneously. It is just that if the Commission approves the Business Plan first and based thereon, the ARR and tariff can be approved.

Commission's View

The appropriate decision has been taken and the petitioner is directed to revise the Business Plan and resubmit it with the supporting details as provided in the JERC Tariff Regulations 2009.

Issue: Compensating provisions for consumers drawing power at 220KV

M/S Reliance Industries Ltd have stated that

(1) The Petition does not propose any rebate / incentive to those drawing power at 220KV over others drawing power at low voltage level and no compensating provisions are envisaged.

(2) The consumers drawing power at 220KV have very low T&D losses as compared to other consumers drawing power at 11KV and 33KV. Hence while assessing losses of the system, the losses need to be segregated voltage level wise to assess exact reduction in losses due to 220 KV consumers.

Response of Petitioner:

(1) The Petitioner is in a special position where most of the consumption is industrial and only a small portion is domestic and agriculture. Hence the special category and tariff being given to consumers at 220 KV In other states cannot be replicated. The tariff of the Petitioner is very competitive and much less as compared to industrial consumers in other States and no additional benefit need be given to RIL for operating at 220 KV

(2) The Commission has already given a special reduced tariff to Reliance Industries for drawing power at 220KV. The losses at 220KV are lesser but that this automatically translates into a rebate for taking power at 220KV is not correct, as there is no supporting data for claiming such rebate. It is seen from the copies of tariff orders filed by RIL that States whose examples are given have a common tariff and not a reduced tariff to consumers at 220KV. Thereafter the rebate is given as an incentive. Also in some states, certain consumers need to take power at a particular voltage but are upgraded to a higher voltage and therefore such a rebate is proposed. Since there is a special reduced tariff for RIL at 220 KV, there can be no further rebate allowed to RIL.

Commission's View

The appropriate decision has been taken.

Issue: Segregation of tariff

M/s Reliance Industries Limited has stated that in tariff schedule V for HT/EHT category (page 116) the tariff for consumer category drawing power at 11KV and 33KV system is provided but tariff for consumers drawing power at 220 KV has not been provided. The Commission is requested to give a direction to DNHPDCL to segregate tariff for EHT 220KV consumers as per supply voltage level reflecting EHT incentive.

Response of Petitioner

At present there are only 2 consumers in UT drawing power at 220KV and that too only for part of the year. The APTEL in its previous judgments held that for UT where the industrial consumption is about 95% or more, the principle of tariff being +/- 20% of the average cost of supply does not apply. RIL is getting the benefit of receiving supply at 220KV in view of the special dispensation laid down by the Commission and the issues raised have no merit in the case of RIL.

Commission's View.

The appropriate decision has been taken while deciding the applicable tariff schedule.

5. TRUE-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2013-14

5.1 Preamble

The Petitioner, in its True up petition for FY 2013-14 has submitted the details of expenditure and revenue for the financial year based on the audited accounts for that year, enclosed with the petition. The Petitioner compared actual revenue and expenditure for that year against each head, with the revenue and expenditure for that year as approved by the Commission duly giving reasons for deviations.

The Commission has reviewed the variations between approvals and actuals of sale of electricity, power purchase expenses, income, financing cost covering interest on term loan and working capital, depreciation and expenditure for FY 2013-14 with reference to the final actual figures as per the audited accounts submitted by the Petitioner along with Asset and Depreciation Registers and has permitted necessary adjustments in the case where variations are for justifiable reasons.

5.2 Energy Sales

Petitioner's submission:

The Petitioner has furnished the category-wise actual energy sales of 4960.53 MU for FY 2013-14 as per the audited accounts. The Energy sales as approved in Tariff Order dated 25th March, 2013, Review Order dated 5th May, 2014 and actuals for FY 2013-14 are given in the Table below:

Table 5.1: Category wise Energy Sales for FY 2013-14

(MU)

Particulars	FY 2013-14		
	Approved (T.O. dated 25th March 2013)	Approved (T.O. dated 5th May, 2014)	Actual
Domestic	85.71	80.20	80.64
Commercial	31.68	31.15	29.79
Agriculture	3.40	4.05	4.40
LT Industry	160.88	175.63	176.52
HT/EHT Industry	4934.90	4668.02	4,661.27
Public Lighting	6.48	5.32	5.89

Particulars	FY 2013-14		
	Approved (T.O. dated 25th March 2013)	Approved (T.O. dated 5th May, 2014)	Actual
Temp. Supply	2.18	2.52	2.01
Total Sales	**5,225.23**	**4,966.89**	**4,960.53**

The Petitioner has submitted that the actual sales for FY 2013-14 were marginally lower than the sales approved in the Tariff Order dated 5th May, 2014.

Commission's Analysis

The Petitioner had forecast the energy sales of 5190.39 MU in its ARR and tariff petition for FY 2013-14, and the Commission had approved sales of 5225.23 MU in its ARR and tariff order dated 25th March, 2013 considering an overall increase of 8.42% based on the actual consumption in FY 2012-13 as per the Petitioner's submission. Further, the Commission during the Review of ARR of FY 2012-13 had approved sales for the period FY 2013-14 at 4966.89 MU at Para 6.4 of Commission's Order dated 5th May, 2014. The Petitioner has submitted the energy sales of 4960.53 MU to be considered for truing up of FY 2013-14.

The Petitioner has included the sale of power for the LIG category as 3.11 MU indicating the number of consumers under the LIG category as 14097 in FY 2013-14. As per the guidelines considered by the Commission in the previous orders including that at Para 5.3 of the T.O. dated 5.5.2014 the computation of sale to LIG category shall be normative , considering a load of 2*40 W per consumer with a usage of 6 hours per day. Accordingly, the Commission approves a normative sale of 2.47 MU for the 14097 LIG consumers against 3.11 MU sought by the Petitioner. Accordingly the total actual sale figure of energy in DNHPDCL area comes to 4959.89 MU.

The overall variation between the actual sales now submitted and that approved by the Commission in the Order dated 5th May, 2014 is 7 MU (4966.89-4959.89 MU) and the variation is only marginal. Further, the Commission finds the energy sales for the other consumer categories (other than the LIG category) to be an uncontrollable factor. The variation in sales from the approved values as per Tariff Order dated 5th May, 2014 is at 7 MU due to reduction in energy sales in industrial HT category, which accounts for about 93.97% of the total energy consumption of DNHPDCL. **In the light of the above, the Commission approves the total sales of 4959.89 MU for FY 2013-14 after adjusting the consumption of LIG consumers considered as explained above, from the actual sale figures submitted by the Petitioner**.

5.3 Surplus Energy Sale/UI sales

Petitioner's Submission

The Petitioner has submitted in the True up petition filed for 2013-14, that there was a surplus of energy of 31.52 MU sold to common pool consumers/UI.

Commission's Analysis

The Petitioner's claim for sale of surplus energy is for 31.52 MU against 44.24 MU indicated in the review petition filed for FY 2013-14 and 6.64 MU approved by the Commission in the TO dated 5.5.2014 issued on the Review petition filed for FY 2013-14.

For the purpose of this order, Commission has considered the sale of surplus energy of 31.52 MU under UI mechanism for FY 2013-14 as furnished by the Petitioner.

5.4 Inter-State Transmission losses

Petitioner's Submission

The Petitioner has submitted the energy balance for FY 2013-14, wherein the Petitioner has considered the actual pool losses as 192.49 MU constituting 3.69%.

Commission's Analysis

The Commission in its Review Order on ARR for FY 2013-14 dated 5th May 2014 had approved the loss level of 3.67% as per the inter-state loss of ED-DNH considering the 52 weeks moving average of regional losses of the Western Region for the week ending 20th October 2013, as per the data available on the WRLDC site. Now with the introduction of the new POC transmission charges and losses, the methodology for the apportionment of losses of the region to the beneficiaries has undergone a change. Accordingly, the Commission has considered inter-state transmission losses based on energy made available at the periphery of the utility (as given in the data furnished by WRPC) and the concerned energy despatched at the ex-bus end of generators.

The gross energy purchase of 5433.81 MU which includes UI over-drawal of 183.99 MU considered to compute the Inter-State transmission losses of 192.49 MU and it comes to an average level of 3.55%. **The Commission considers the inter-state transmission loss of 192.49 MU as claimed by the Petitioner since it is stated to be the actual loss and approves the same for True up of FY 2013-14 as the same is beyond the control of utility.**

5.5 Distribution losses

Petitioner's submission

The Petitioner has submitted that the actual Distribution loss level achieved in FY 2013-14 is 4.78% as against the loss level of 4.70% approved by the Commission in its review order dated May 5th 2014 on ARR of FY 2013-14.

Commission's Analysis

The Commission in its ARR and Tariff Order dated March 25th 2013 and review of ARR for FY 2013-14 in the Order dated May 5th 2014 had approved the targeted T&D loss level of 4.70%. However, the Petitioner in the petition for the True up of ARR of FY 2013-14, has submitted the intra-state transmission and distribution loss at 4.78% for FY 2013-14 based on the actual figures of Sales and Power purchase, as per the audited accounts of FY 2013-14.

During the review for FY 2013-14 against the proposal of the Petitioner for T&D loss level of 5.25% for 2013-14, the Commission had approved the loss levels at 4.70% as the Commission viewed that the loss levels as approved for DNH in the ARR for 2013-14, at 4.70%, are already at optimal levels. As such, the Commission considers the intra-state transmission and distribution loss for the True up of FY 2013-14 at 4.80% as shown in the table below:

Table 5.2: Variation of Intra-State Transmission and Distribution Losses (%)

Sl. No.	Particulars	Approved in T.O. 25.03.2013	Approved in T.O.	Petitioner's Submission for True-Up	Approved by the Commission in True-up
	ENERGY REQUIREMENT (in MU)				
1	Energy sales within the State/UT (in MU)	5225.22	4966.89	4960.53	4959.89
2	**Total sales within the State/UT**	5225.22	4966.89	**4960.53**	4959.89
3	**Distribution losses**				
	%	4.70%	4.70%	**4.78%**	4.80%
	In MU	257.7	244.96	249.27	249.91
	Energy available at the state periphery for retail sale	5482.92	5211.84	5209.80	5209.80

The Commission has approved T&D loss at 4.70% in both the ARR order and review order for 2013-14. However actual loss levels achieved is 4.80%, based on the submission of the Petitioner pertaining to the energy sales and actual energy drawal of FY 2013-14. The Commission therefore in accordance with the Regulation 9 of JERC Tariff Regulations, 2009 (reproduced below) finds it reasonable to disallow the excess power purchase cost in view of the under-achievement of the norms laid down for losses by the Commission.

"9. Excess or Under Recovery with Respect to Norms and Targets

1) *The generating company or the licensee, as the case may be, shall pass on to the consumers, the 70 % of the gain arising from over achievement of the norms laid down by the Commission in these Regulations or targets set by the Commission from time to time and retaining balance 30% with themselves.*
2) *The generating company or the licensee, as the case may be, shall bear the entire loss on account of its failure to achieve the norms laid down by the Commission or targets set by the Commission from time to time."*

Consequent to the increase in percentage losses over the target approved by the Commission, the power purchased in actual is more than that corresponding to the approved % of losses in the review order for ARR for 2013-14, for the same sale of power. The excess in the power purchase cost due to the higher percentage losses is to be deducted from the power purchase cost to be allowed in the Trued up Aggregate Revenue Requirement of FY 2013-14.

Table 5.3: Assessment of losses for FY 2013-14

Particulars	FY 2013-14	
	Power requirement with T&D Loss Approved in T.O for FY 2013-14	Power requirement with actual loss considered in True up
Retail sales within the UT (MU)	4959.89	4959.89
T&D Loss within the UT	4.70%	4.80%
Energy required at UT Periphery for Sale to Retail Consumers (MU)	5204.50	5209.80
Add: UI sales (MU)	31.52	31.52
Gross Power Purchase Requirement at UT periphery (MU)	5236.02	5241.32
Interstate Transmission Losses	3.55%	3.55%
Gross Power Purchase Requirement at Generator End	5428.74	5433.81
Extra Power Purchase	5.07 MU	
Approved Per unit Power Purchase Cost	(Rs.2000.15 Crore/5433.81 MU) = 3.68	
Penalty for under achievement	**1.87 Crore**	

The Commission observes that the loss of Rs. 1.87 Crore shall be deducted from the power purchase cost considered in the Aggregate Revenue Requirement of FY 2013-14 for the purpose of truing up of FY 2013-14.

5.6 Energy Requirement

Petitioner's submission

The Petitioner has submitted the energy requirement for FY 2013-14, based on the actual sales, power purchase quantum and actual losses for FY 2013-14 as 5441.17 MU.

Commission's Analysis

The Energy requirement for the FY 2013-14 is drawn based on the approved inter-state and intra-state transmission & distribution losses and the approved energy sales. The gross energy requirement approved for FY 2013-14 is shown in the table below, along with the energy requirement submitted by the Petitioner in True-up petition for ARR of FY 2013-14.

Table 5.4: Energy Requirement approved by the Commission and actuals submitted by the Petitioner for FY 2013-14

(MU)

Sl. No.	Particulars	Approved in T.O. 25.03.2013	Petitioner's submission for review	Approved in T.O. 5.05.14	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	**Total sales within the state/UT**	5225.22	4977.33	4966.89	4960.53	4959.89
2	Distribution losses					
	%	4.7%	5.25%	4.7%	4.78%	4.80%
	MU	257.7	275.79	.79	249.27	249.91
3	**Energy required at State Periphery for Sale to Retail Consumers**	5482.92	5253.12	5253.12	5209.80	5209.80
A	Sales outside state/UT: UI/ (in MU)	0.00	44.21	6.64	31.52	31.52
B	Sales (in MU)	0.00	0.00	0.00	0.00	0.00
	a) To electricity traders (MU)					
	b) Through PX (MU)					
C	Sales to other distribution licensees	0.00	0.00	0.00	0.00	0.00
	a) Bilateral Trade (MU)					
	b) Banking Arrangement (MU)					
4	**Total Energy Requirement for State**	5482.92	5297.33	5218.49	5241.32	5241.32
5	Transmission losses					
i)	%	3.55%	3.56%	3.67%	3.69%	3.69%
i)	MU	201.97	188.83	198.58	192.49*	192.49*
	ENERGY REQUIRED AT GENERATOR	**5684.89**	**5486.17**	**5417.06**	**5433.81**	**5433.81**

* DNHPDCL has submitted that the actual interstate transmission losses stood at 192.49 MU during FY 2013-14. Since this is based on actual measurement the Commission considers these losses.

The total energy requirement approved at 5433.81 MU in truing up for FY 2013-14.

5.7 Power Purchase Quantum & Cost for FY 2013-14

Petitioner' Submission

The Petitioner has submitted that the actual Power Purchase Cost for FY 2013-14 is Rs. 2000.15 Crore to procure 5433.81 MU of energy for FY 2013-14 (including energy purchased through UI over drawal), as against the power purchase cost of Rs. 2040.79 Crore to procure 5417.06 MU as approved by the Commission in its ARR and tariff order dated 25th March 2013.The audited annual accounts for 2013-14 show the power purchase cost as Rs. 2122.87 Crore, which includes Rs.74.97 Crore to fulfil RPO obligation as determined by the Commission in the tariff order dated 5.5.2014. This amount has been deducted from the purchase cost in the petition for True up as the obligation has not been met, Rebates worth Rs.37.19 Crore obtained on purchase bills has been included in the other income and deducted from the power purchase cost. Further another Rs.10.59 Crore has also been deducted from the power purchase cost on account of stores and spares consumed by the DNHPDCL during 2013-14. The variation between the approved and actual power purchase costs is mainly due to the variations in the sales, variations in the actual cost relevant to the basic rates and procurement of power from short term sources.

Commission's Analysis

The Commission had approved the Power Purchase Cost at Rs 2040.79 Crore for purchase of 5417.06 MU in its review order on ARR dated 5th May, 2014. Further, the Commission during the approval for the ARR of FY 2013-14 in its ARR and tariff order dated 25th March 2013 had also recorded the revised estimates of power purchase of 5295.50 MU for the period FY 2013-14 at Table 7.7.2 of the said order.

The Petitioner in its True-up petition has submitted that the actual power purchase cost for FY 2013-14 is Rs. 2000.15 Crore including transmission costs during FY 2013-14 to procure 5433.53 MU for FY 2013-14 (including UI over-drawal). The Petitioner has submitted that the power purchase cost as per the audited accounts of FY 2013-14 is Rs. 2122.87 Crore as indicated in the True-up which includes the cost of RPO obligation of Rs. 74.97 Crore covered in the Review order for ARR of FY 2013-14, rebate received of Rs. 37.19 Crore on prompt payment and Rs.10.59 Crore on account of stores and spares consumed by the DNHPDCL. All these costs totalling up to Rs.122.75 Crore have been deducted from the power purchase cost by the Petitioner in the petition for True up for the ARR of 2013-14, limiting the claim against actual power purchase cost at Rs. 2000.15 Crore. The claim also covers UI over-drawal of 183.99 MU and UI under-drawal of 31.52 MU (as sales).

The Commission as a part of prudence check verified the station-wise bills of Power purchase Cost to the extent submitted by the Petitioner for FY 2013-14 on random sample selection basis and has observed that among the UI bills an amount of Rs. 13.46 Lakhs was paid towards additional UI charges, levied when there is an over drawal at a time when the frequency is less than 49.7 Hz. This amount is a penal charge and will not be allowed in terms of CERC Regulations. Thus, power purchase cost allowed is Rs. 2000.02 Crore (i.e. Rs. 2000.15 Crore – Rs. 0.13 Crore) in truing for FY 2013-14.

The summary of Power purchase quantum for FY 2013-14 as approved by the Commission after the True-up is given in the Table below:

Table 5.5: Power Purchase Units approved by the Commission and actuals submitted by the Petitioner for FY 2013-14

(MU)

Sl. No	Particulars	Approved in T.O. 25.03.2013	Approved in T.O. 5.05.14	Petitioner's Submission for True-Up	Now Approved in True-up
1	Power Purchase				
a	From Renewable Sources	Nil	Nil	Nil	Nil
b	Unscheduled Interchange	Nil	84.57	183.99	183.99
c	Power Purchase from other sources	5684.89	5332.49	5249.82	5249.82
2	**PXIL (Buy) to match the energy**				
3	**Total power purchase (in MUs)**	5684.89	5417.06	5433.81	5433.81

5.8 Power Purchased from UI and Power Exchanges

The Petitioner in its True-up petition has submitted that it had procured Power from short-term sources like Power exchanges, and UI mechanism to meet demand. However, as per the CERC (Unscheduled Interchange charges and related matters) Principal Regulation and its amendments thereof applicable for FY 2013-14, and the Press Notification issued by Ministry of Power on 23rd July 2009, penal charges have to be imposed on the utility as per the UI regulations of CERC (as amended from time to time) for drawal during the period when the frequency was below 49.2 Hz (amended to 49.5 Hz w.e.f. 3rd May 2010 and later on amended to 49.7 Hz w.e.f. 5th March 2012) and it will not be a pass through in the True-up of aggregate revenue requirement of the Petitioner for FY 2013-14. In the Tariff order dated May 5th 2014 the Commission has directed that penal rates which have been imposed on Unscheduled Interchange charges should be stated separately and very clearly since those payments which are in the nature of penal charges should not be shown as purchase of Power because it is on account of improper management of Load by DNHPDCL.

In the True up petition and audited accounts a drawal of 183.99 MU of UI, at a total cost of Rs.23.10 Crore has been included in the power purchase cost. Out of the above, the additional UI charge of Rs. 13.46 Lakhs paid is being disallowed for the reasons stated above.

5.9 Renewable Purchase Obligation

As per JERC (Procurement of Renewable Energy) Regulations 2010 Regulation 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 Petitioner had to purchase 3% of total power purchase from renewable sources for FY 2013-14 including 0.40% for Solar and 2.60% for Non-Solar. The Petitioner has submitted that they have not procured Renewable Energy Certificates for FY 2013-14 despite a provision of Rs.74.97 Crore made in the review order on ARR 2013-14 dated 5.5.2014. The Commission had directed DNHPDCL to comply with the RPO obligation and the cumulative shortfall up to 2013-14 to be made up by procuring certificates to the extent of 60.67 MU of solar and 123.68 MU of non-solar Renewable Energy.

The JERC (Procurement of Renewable Energy) Regulations 2010 regulation 4 prescribes the penalty to be imposed for not fulfilling the RPO obligation.
It provides that-
"4. Consequences of Default:
If the obligated entity does not fulfil the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by State Agency, such amount as the Commission may determine on the basis of the shortfall in units of RPO and the

forbearance price. It shall also be liable for penalty as may be provided by the Commission under Section 142 of Electricity Act, 2003.

Provided

1. *That the fund so created shall be utilized as may be directed by the Commission for purchase of the certificates.*
2. *Further that the Commission may empower an officer of the State Agency to operate the fund and procure from the Power Exchange the required number of certificates to the extent of the shortfall in the fulfilment of the obligations, out of the amount in the fund.*
3. *That the obligated entities shall be in breach of its license condition if it fails to deposit the amount directed by the Commission within 15 days of the communication of such direction.*
4. *That in case of genuine difficulty in complying with the renewable purchase obligation because of non- availability of certificates, the obligated entity can approach the Commission for carry forward of compliance requirement to the next year."*

Accordingly, in the TO order dated 5th May 2014, the Commission directed the utility to deposit an amount of Rs.110 Crore with the designated State Agency by 30th September, 2014. On appeal by the utility, the Commission in its order dated 12.11.2014 directed the utility to submit a plan for meeting the RPO obligation up to FY 2014-15 by 9.2.2015 and clearing the back log in RPO in FY 2014-15, failing which, action under Regulation 4, of the JERC Regulations on 'Renewable Energy Obligation, 2010 would be enforced.

Since there is a variation in the total sale of energy during the True up of ARR for FY 2013-14, the revised figures for the RPO for 2013-14 are given below for based on actual sales.

Table 5.6: Renewable Purchase Obligations for FY 2013-14

Sl. No.	Particulars	As provided in the Review order dated 5.5.2014	As per True up
1	Total sale within the state	4966.89	4959.99
2	RPO For solar at 0.40%	19.87 MU	19.84 MU
3	Non solar at 2.6%	129.14 MU	128.98 MU
4	Floor price for REC-Solar	Rs. 9300/MWH	Rs. 9300/MWH
5	Non solar	1500/MWH	1500/MWH
6	Cumulative up to 2013-14 solar	60.67 MU	60.63 MU
7	Non solar	123.68 MU	123.52 MU
	Provision for RPO compliance (Rs. Crore)		
	Solar	56.42	56.38
	Non solar	18.55	18.53
	Total	**74.98**	**74.91**

5.10 Trued Up Power Purchase Cost for FY 2013-14

The Commission, after verification of the audited accounts, deducting the cost of excess power purchase of Rs.1.87 Crore (as computed in table 5.3) consequent to the failure to achieve the distribution losses at 4.70% as approved in the order on the review of ARR for FY 2013-14 dated May 5th 2014, considers the cost of power purchase as Rs. 1998.15 Crore (Rs. 2000.02 Crore – Rs. 1.87 Crore) for the purpose of True-up of ARR for FY 2013-14 towards the purchase of 5433.81 MU as discussed earlier.

As per the sub-regulation 2 (i) of Regulation 8 of JERC Tariff Regulations 2009**, the Commission has considered the final actual figures of cost of Power purchase and has approved Rs. 1998.15 Crore as per the audited accounts and prudence check as reasonable and approves the same for True-up of FY 2013-14.**

5.11 Operation and Maintenance Expenses

Petitioner's submission

The Petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

a. **Employee Expenses** which include salary, dearness allowance, other allowances and retirement benefits paid to the employees;

b. **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and

c. **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees for such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

The Petitioner has claimed the Operation and Maintenance expenses of Rs.17.97 Crore in True- up for FY 2013-14. The Petitioner has submitted the details of O&M for FY 2013-14 as given in the Table below:

Table 5.7: O&M expenses projected for FY 2013-14 (Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May, 2014	Petitioner's submission
Employees cost	8.27	8.16
R&M expenses	4.68	5.31
A&G expenses	3.20	4.50
Total O&M expenses	**16.15**	**17.97**

Commission's Analysis:

The Commission has approved O&M expenses at Rs.16.15 Crore in review for FY 2013-14 in the Tariff Order dated 5th May 2014.

The Commission has examined the O&M expenses and observed that Petitioner has claimed the O&M expenses based on actual employee expenses, R&M expenses and A&G expenses reported in the audited accounts for FY 2013-14. It is observed the employee expenses are within the levels of expenses approved in review for FY 2013-14. However, the Petitioner has incurred higher R&M expenses (Rs.0.63 Crore) and A&G expenses (Rs.1.30 Crore) over and above the expenses approved in review for FY 2013-14. It is noticed that the increase in A&G expenses is mainly on account of preliminary expenses written off Rs.0.41 Crore, prior period expenses Rs.0.16 Crore and normal increase in other office expenses.

The Petitioner has submitted that R&M expenses are very vital for the smooth running of the distribution system and help in reduction of breakdowns in the system and requested the Commission to approve the same. The Commission has considered the R&M expenses in review based on the actual R&M expenses of FY 2012-13 with escalation of 5.68% in the review for FY 2013-14. The Commission has examined the details of the R&M expenses considered in the review vis-a-vis actual as per audited accounts and considers the increase in R&M expenses reasonable and accordingly, approves the same in True up for FY 2013-14.

The Commission has approved the O&M expenses in True up for FY 2013-14 as given in the Table below:

Table 5.8: O & M Expenses approved for FY 2013-14 (Rs. Crore)

Particulars	Petitioner's submission	Approved in True-up for FY 2013-14
Employees cost	8.16	8.16
R&M expenses	5.31	5.31
A&G expenses	4.50	4.50
Total O&M expenses	**17.97**	**17.97**

5.12 Capital Expenses and Capitalization

Petitioner's submission

The Petitioner has submitted the capital expenditure at Rs.13.21 Crore and capitalization at Rs.4.82 Crore based on audited accounts for FY 2013-14 and requested the Commission to approve the same.

Commission's Analysis

The Commission has approved capital expenditure at Rs.164.32 Crore and capitalisation at Rs.66.86 Crore in review for FY 2013-14 in Tariff Order dated 5th May 2014.

As per the submission, the Petitioner has incurred capital expenditure of Rs.13.21

Crore during FY 2013-14. It is observed that the actual capital expenditure during the year is substantially lower than the capital expenditure planned. In the past the Petitioner submitted that due to lower allocation of funds from the Government of India as compared with the requested funds, the actual capital expenditure had been lower than the planned capital. Therefore, the capital expenditure for the subsequent years is higher as it includes the schemes for which the funds were not allocated in the previous capital expenditure proposal. It is very important for DNHPDCL to project the realistic capital expenditure for the distribution licensee and also to get the timely financial sanctions and allocations from the competent authority.

The Commission in True up for FY 2013-14 considers the capitalisation of Rs. 4.82 Crore as per the audited accounts.

5.13 Depreciation

Petitioner's submission

The Petitioner has submitted that depreciation has been worked out in terms of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The Petitioner has computed the depreciation for 2013-14 as given in the Table below.

Table 5.9: Depreciation projected for FY 2013-14

(Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
Opening GFA	301.01	424.90
Addition during the year	66.86	4.82
Closing GFA	367.96	429.73
Average GFA	334.53	427.31
Weighted average rate of depreciation	5.06%	3.29%
Depreciation during the year	16.94	14.05

Commission's Analysis

Regulation 26(1) (i) of the JERC Tariff Regulations, 2009 specifies "*the value base for the purpose of depreciation shall be the historical cost of the assets, that is actual* *expenses limited to approved capital cost where such capital cost has been approved by the Commission*".

The Commission has approved Rs.301.10 Crore as closing value of GFA in True up for FY 2012-13 in the Tariff Order dated 5th May 2014 and the same is considered as opening GFA as on 1st April 2013. As per the audited accounts of FY 2013-14, the depreciation is at Rs.14.05 Crore. Accordingly, the Commission has considered the depreciation for FY 2013-14 based on audited accounts.

The Commission considered depreciation in True up for FY 2013-14 as given in the Table below:

Table 5.10: Depreciation approved for FY 2013-14

(Rs. Crore)

Particulars	Approved in True up for FY 2013-14
Opening GFA	301.10
Addition during the year	4.82
Closing GFA	305.92
Average GFA	303.51
Weighted average rate of depreciation	4.63%
Depreciation for the year	14.05

5.14 Interest and Finance Charges

Petitioner's submission

The Petitioner has considered the Opening Balance of Loans for FY 2013-14 as approved by the Commission in review for FY 2013-14 in the Tariff Order dated 5th May 2014. The normative loan addition in FY 2013-14 has been computed at 70% of the capitalization for FY 2013-14. Repayment of loan is considered at 10% of the opening loan in line with the approach adopted by the Commission in the previous Tariff Orders. Further the rate of interest has been considered as equal to the SBI PLR of 14.45%. The Petitioner has claimed the interest and finance charges in True up for FY 2013-14 as given in the Table below:

Table 5.11: Interest and finance charges projected for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
1	Opening Normative Loan	52.31	52.31
2	Normative additions during the year (70% of Net additions to GFA)	46.80	3.37
3	**Less**: Loan Repayment	5.23	2.78
4	**Closing Normative Loan**	**93.88**	**52.90**
5	Average Normative Loan	73.10	52.61
6	Interest Rates – actual	14.45%	14.45%
7	Interest on Loan	10.56	7.60

Commission's Analysis

Regulation 25 of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies

"(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 the 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".

The Commission has approved closing loan of Rs.52.31 Crore in True up for FY 2012-13 in Tariff Order dated 5th May 2014, accordingly, the same is considered as opening loan for FY 2013-14. The addition to loan is considered at 70% of the capitalisation and rate of interest is considered at 14.58% at the weighted average. The Commission has computed the interest and finance charges in True up for FY 2013-14 as given in the Table below:

Table 5.12: Interest and finance charges approved for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved in True up for FY 2013-14
1	Opening Normative Loan	52.31	52.31
2	Normative additions during the year (70% of Net additions to GFA)	3.37	3.37
3	Less: Loan Repayment	2.78	5.23
4	Closing Normative Loan	52.90	50.45
5	Average Normative Loan	52.61	51.38
6	Interest Rates - actual	14.45%	14.58%
7	Interest on Loan	7.60	7.49

5.15 Interest on Working Capital

Petitioner's Submission

The Petitioner has computed the interest on working capital for FY 2013-14 on the normative principles outlined by the Commission in the JERC (Terms and Conditions for determination of Tariff), Regulations, 2009 as given in the Table below:

Table 5.13: Interest on Working capital projected for FY 2013-14

(Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
O&M expenses per month	1.35	1.50
Power purchase cost for one month	170.02	166.68
Fuel cost	---	---
Less: Security Deposit	21.47	---
Working capital requirement after deducting Security Deposit	**149.89**	**168.18**
Rate of interest	14.45%	14.45%
Interest on working capital	21.66	24.30

Commission's Analysis

As per Regulation 29 of JERC Tariff Regulations on working caital and interest rate on working capital *for a Distribution utility*

> *"Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:*
>
> - Power purchase cost.

- Employees cost.
- Administration & general expenses and
- Repair & Maintenance expenses.

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 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 observed that as per audited accounts of FY 2013-14, Rs.55.06 Crore is available towards Security Deposits with the Petitioner. Accordingly, the Commission has considered the same and adjusted against the working capital requirement during FY 2013-14. The Commission has considered the rate of interest at 14.45% (SBI Advance Rate (PLR) as on 1st April 2013).

The Commission has computed the interest on working capital in True up for FY 2013-14 as given in the Table below:

Table 5.14: Interest on Working Capital approved for FY 2013-14

(Rs. Crore)

Particulars	**Petitioner's submission**	**Approved in True up for FY 2013-14**
O&M expenses per month	1.50	1.50
Power purchase cost for one month	166.68	166.51
Fuel cost	---	---
Less: Security Deposit	---	55.06
Working capital requirement after deducting Security Deposit	**168.18**	**112.96**
Rate of interest	14.45%	14.45%
Interest on working capital	24.30	16.32

5.16 Interest on Security Deposit

Petitioner's submission

The Petitioner has submitted that in terms of Section 47(4) of the Electricity Act, 2003 "*the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission"*. The Petitioner has submitted that interest on security deposit of Rs.3.48 Crore is paid to consumers during FY 2013-14 and accordingly claimed in the True up.

Commission's Analysis

The Commission observes that the Petitioner has paid Rs.3.48 Crore towards interest on security deposit to its consumers during FY 2013-14 and accordingly, the Commission approves Rs.3.48 Crore in True up for FY 2013-14.

5.17 Return on Capital Base/Return on Equity

Petitioner's Submission

The Petitioner has computed the Return on Capital Base as the Regulation 23 of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and claimed Rs12.33 Crore in the True up for FY 2013-14 as given in the Table below:

Table 5.15: Return on Capital Base projected for FY 2013-14

(Rs. Crore)

Particulars	**Approved in Tariff Order dated 5th May 2014**	**Petitioner's submission**
Gross block at the beginning of the year	301.10	424.90
Less: Accumulated depreciation at the beginning of the year	40.25	13.96
Less: Accumulated Consumer contribution at the beginning of the year	---	
Net block at the beginning of the year	341.35	410.94
Rate of Return	3.00%	3.00%
Return on Capital Base	10.24	12.33

Commission's Analysis

Regulation 23 of the JERC (Terms and Conditions for Determination of Tariff)

Regulations, 2009 specifies "in case of an integrated utility, till the time it remains integrated utility, it shall be entitled to return on capital base as per Schedule VI of the Electricity (Supply) Act, 1948".

The Petitioner is an integrated utility with Transmission and Distribution functions and in terms of Regulation 23 of the JERC Tariff Regulations, 2009, the Petitioner is entitled to Return on Capital Base.

The Commission has considered opening value of GFA at Rs.301.10 Crore based on the closing value of GFA considered in True up for FY 2012-13 in Tariff Order dated 5^{th} May 2014.

The Commission while adopting the value of GFA and accumulated depreciation for the first tariff year of FY 2009-10 has considered the GFA and accumulated depreciation at 50% of the value of GFA and depreciation reported in the audited accounts of the Petitioner for FY 2009-10. The GFA and Depreciation thereon is updated based on capitalisation and depreciation approved by the Commission in the Tariff Orders year on year. Accordingly, the Commission has arrived at the accumulated depreciation of Rs.128.69 Crore up to the end of tariff year FY 2012-13 and the same is considered as the accumulated depreciation at the beginning of the year 2013-14.

The Commission accordingly, has computed the Return on Capital Base in True up for FY 2013-14 as given in the Table below:

Table 5.15: Return on Equity approved for True-up of FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved in True up for FY 2013-14
1	Gross block at the beginning of the year	424.90	301.10
2	**Less**: Accumulated depreciation at the beginning of the year	13.96	128.69
3	**Less**: Accumulated Consumer contribution at the beginning of the year		

Sl. No.	Particulars	Petitioner's submission	Approved in True up for FY 2013-14
4	**Net block at the beginning of the year**	410.94	172.41
5	Rate of Return	3.00%	3.00%
6	Return on Capital Base	12.33	5.17

5.18 Income Tax

Petitioner's submission

The Petitioner has submitted that as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 "obligatory taxes, if any, on the income of the licensee from its core/licensed business shall be computed as an expense and shall be recovered from the customers/consumers". It is submitted that Rs.49.17 Crore is paid towards income tax, as per the audited accounts during 2013-14.

Commission's Analysis

Regulation 31 (2) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies "*subject to True-up based on the actual, tax on income, if actually liable to be paid, shall be limited to tax on return on equity allowed excluding incentives*".

As per the regulation, the income tax shall be allowed at actuals or limited to the tax on return on equity. The Commission has allowed return on capital base to the Petitioner and hence, the tax shall be limited to tax on return on capital base or actual whichever is lower.

The Commission accordingly, approved/allowed income tax in True up for FY 2013-14 as given in the Table below:

Table 5.16: Income Tax Return on Capital Base approved for True-up of FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	Petitioner's submission	Approved in True up for FY 2013-14
1	Return on Capital base	12.33	5.17
2	Rate of income tax (30% + surcharge 10% + education cess 3% on tax + surcharge)		33.99%
3	Gross up return on capital base for tax [1 / (1-33.99%)]		7.83
4	Income Tax (3-1)	49.17	2.66

5.19 Non-Tariff Income

Petitioner's submission

The Petitioner has submitted that the actual Non-tariff income is at Rs.29.35 Crore for FY 2013-14 and requested the Commission to consider the same in True up.

Commission's Analysis

The Commission has observed, as per audited accounts for FY 2013-14, the total non-tariff income is at Rs.66.51 Crore which includes Rebate on Power purchase earned of Rs.37.16 Crore. The Rebate on power purchase is adjusted against the power purchase cost and net power purchase cost is considered in True up for FY 2013-14. Hence, the Commission has considered non-tariff income at Rs.29.35 Crore (Rs.66.51 Crore – Rs.37.16 Crore) in True up for FY 2013-14 as given in the table below:

Table 5.17: Non tariff income approved in True up for FY 2013-14 (Rs. Crore)

S. No.	Particulars	Approved in True up for FY 2013-14
1	Total Non-tariff income as per audited accounts	66.51
2	**Less**: Rebate on power purchase considered separately and adjusted against the power purchase cost	37.16
3	**Net non-tariff income considered in True up**	**29.35**

5.20 Aggregate Revenue Requirement for FY 2013-14

The Commission based on the detailed analysis of the cost parameters of the ARR has considered and approved revenue requirement of FY2013-14 in True up as given in the Table below:

Table 5.18: Aggregate Revenue Requirement approved for True up of FY2013-14 (Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order dated 05.05.2014	Petitioners submission	Approved in True up for FY 2013-14
1	Cost of power purchase for full year	2040.81	2000.15	1998.15
2	Provision for RPO compliance	74.98	-	-
3	Employee costs	8.27	8.16	8.16
4	Administration and General Expenses	3.20	4.50	4.50

Sl. No.	Particulars	Approved in Tariff Order dated 05.05.2014	Petitioners submission	Approved in True up for FY 2013-14
5	Repair and Maintenance Expenses	4.68	5.31	5.31
6	Depreciation	16.94	14.05	14.05
7	Interest and Finance charges	10.56	7.60	7.49
8	Interest on Working Capital	21.66	24.30	16.32
9	Return on NFA/Equity	10.24	12.33	5.17
10	Interest on Security Deposit	00.00	3.48	3.48
11	Income tax	00.00	49.17	2.66
12	**Total Revenue Requirement**	**2191.34**	**2129.05**	**2065.29**
13	Less: Non Tariff Income	11.56	29.35	29.35
14	Less: Revenue from surplus power sale/UI	0.58		
15	**Net Revenue Requirement (12-13-14)**	**2179.20**	**2099.70**	**2035.94**

Table 5.19: (Surplus)/Gap approved for Truing up for FY 2013-14

(Rs. Crore)

S. No.	Particulars	Approved in Tariff Order dated 05.05.2014	Petitioners submission	Approved in True up for FY 2013-14
1	Net ARR	2179.20	2099.70	2035.94
2	Revenue from sale of power	1942.79	2115.34	2115.34
3	Recovery on account of PPC	140.64	0.00	0.00
4	Revenue Gap / (Surplus)	95.75	(15.65)	(79.40)
5	Previous years Revenue Gap / (Surplus)	(52.31)	0.00	(52.31)
6	Carrying Cost @ 14.145%	(0.64)	0.00	(7.56)
7	**Net Revenue Gap / (Surplus)**	**42.80**	**(15.65)**	**(139.27)**

The Commission considers the True up surplus of Rs.139.27 Crore up to FY 2013-14 including previous year revenue surplus. This revenue surplus is carried over to the next year and has, accordingly, been considered in the Review of ARR for FY 2014-15.

6. REVIEW OF ARR FOR FY 2014-15

6.1 Background

The Commission had approved the Aggregate Revenue Requirement for FY 2014-15, vide its ARR and Tariff Order dated 5th May, 2014 as per the provisions of the JERC Tariff Regulations, 2009. The Petitioner has submitted the revised estimates of sale of electricity, income and expenditure of FY 2014-15 for the review of ARR of FY 2014-15, which include the actuals of the first half of FY 2014-15 and estimates for the balance year.

For the Review of FY 2014-15, the Commission has considered the following:

a. Actual Performance in FY 2013-14 (audited figures);
b. Category wise sales and Revenue, Consumers and Connected Load for FY 2014-15 from April 2014 to September 2014, in comparison with those in 2013-14.
c. The Actual Power Purchase Quantum and Cost for FY 2014-15 from April 2014 to September 2014;
d. Revised estimates of FY 2014-15 of O&M Expenses and Capital Expenditure, based on 6 month actuals of FY 2014-15;
e. Non-Tariff Income
f. Depreciation, Interest and Finance Charges, Interest on Working Capital, Interest on Security Deposit, and Return on Net Fixed Assets, which have been computed as per the JERC Tariff Regulations, 2009.

6.2 DNH Electricity Reforms Transfer Scheme, 2013

Consequent to the notification of Transfer Scheme, ED-DNH was unbundled into two separate entities, i.e., ED-DNH for the Transmission Business and DNHPDCL for the Distribution Business, both are functional since 1st April, 2013.

This Petition was filed by DNHPDCL for Distribution Business and Transmission business together for FY 2014-15 and separately for the Distribution business for

MYT Period and Transmission Business for FY 2015-16, as instructed vide letter No. 1-1(56)/PDCL-AE-(Commercial)/2013/3099 dated 20th December, 2013 from the Commissioner of DNH.

The Commission earlier took the Petition on record on 4th December 2014 and proceeded with processing the Review Petition for FY 2014-15 filed by DNHPDCL on consolidated basis for ED-DNH and DNHPDCL. **Accordingly, the Commission is currently undertaking the review for FY 2014-15, considering the ED-DNH as a single entity only.**

6.3 Review of Aggregate Revenue Requirement for FY 2014-15

The review of aggregate revenue requirement involves assessment of the quantum of energy sales, energy loss, power purchase, etc., along with various costs under different heads like power purchase, O&M, interest cost, depreciation, etc. The procedure includes analysis of the actual data for the first 6 months of FY 2014-15 under the heads of power purchase cost, sales, O&M expenses, interest, depreciation and other items stated above and relevant estimated figures for the second half of 2014-15, both of these together form the revised estimate for the FY 2014-15. In the Petition for review of FY 2014-15, as submitted by the Petitioner, the method adopted by the Petitioner is to indicate the actuals of the first 6 months of FY 2014-15 under each head and almost two times of first half to arrive at the Revised Estimates for 2014-15.

In the ensuing Paragraphs, each of the following heads are discussed in detail to cover the Petitioner's submission, analysis of the Commission and approval under each head:

- Review of Energy Requirement:
  1. Sales Projections
  2. Loss Trajectory
  3. Energy Balance
  4. Power Purchase quantum and cost

 Review of the Aggregate Revenue Requirement

i. Power Purchase Cost and Transmission Charges;
ii. Operation and Maintenance Expenses:
   - Employee Expenses
   - Administration & General Expenses
   - Repairs & Maintenance Expenses
iii. Capital Expenditure and Asset Capitalisation
iv. Gross Fixed Assets;
v. Depreciation;
vi. Interest on Long Term Loans;
vii. Interest on Working Capital and Security Deposits;
viii. Return on Capital Base/ Net Fixed Assets;
ix. Provision for Bad and Doubtful Debts
x. Contingency Provision
xi. Other Expenses and Non-Tariff Income

6.4 Energy Sales

Petitioner's Submission

The Petitioner has submitted the category wise actual sale figures in the DNH area for the first six months of the FY 2014-15 totalling up to 2588.63 MU. The Revised Estimates for 2014-15 have been arrived at by doubling the actuals of the first 6 months (April to September, 2014). The sales work out to 5177.26 MU. The Petitioner has informed that HT/EHT industries consume nearly 96% of the total sales. The information furnished by the Petitioner is tabulated as given below:

Table 6.1: Revised Estimate of Sales for FY 2014-15

(MU)

Consumer Category	As approved in the ARR& Tariff Order dated 5.5.2014	Actuals from April to September, 2014	Petitioner's Revised Estimate for 2014-15
Domestic	91.09	50.72	101.43
Commercial	35.71	14.19	28.38
Agriculture	4.91	2.19	4.38
L.T. Industry	18626	94.86	189.73
HT/EHT Industry	5060.10	2421.77	4843.53
Public Lighting	6.63	3.36	6.73
Public water works	-	1.4	2.8
Temporary supply	2.91	0.14	0.27
Total	**5387.61**	**2588.63**	**5177.26**

Commission's Analysis

As per Regulation 8 of JERC Tariff Regulations, 2009, the estimated figures for the second half year of the financial year under review 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. These adjustments must be specifically defined, justified and documented.

The Commission has considered the actual audited figures for the second half of FY 2013-14 and, accordingly, estimated the sales of the second half of the current financial year (FY 2014-15), based on the actual audited figures of the second half of FY 2013-14, keeping in view the overall adjustments which are indicative and measurable changes expected to occur.

The Petitioner has not followed the methodology suggested in the Tariff Regulations, 2009. Category-wise consumption for the latter-half of the previous years was also not provided.

As such, the Commission has derived/obtained the category-wise consumption for the latter-half of the previous year, i.e., 2013-14 from the respective audited figures and True Up. From the sales figures of the latter half of the previous year, i.e., FY 2013-14 the ratio on the sales between the second half of 2013-14 and that in the first half of FY 2014-15 has been arrived at, category-wise, and the same ratio is applied to arrive at the sales for the second half of FY 2014-15 and revised estimate for FY 2014-15 as given below:

Table 6.2: Category-wise estimated Sales for FY 2014-15 (RE)

(MU)

Consumers	First Half of FY 2014-15	Second Half of FY 2014-15	Total FY 2014-15 (RE)
Domestic	50.72	44.23	94.95
Commercial	14.19	13.17	27.36
Agriculture	2.19	2.56	4.75
LT Industry	94.86	96.19	191.05
HT/EHT Industry	2,421.77	2472.63	4894.40
Public Lighting	3.36	4.91	8.27
Public Water Works	1.4	1.40	2.80
Temporary Supply	0.14	0.15	0.29
Total	**2,588.63**	**2635.23**	**5223.86**

Thus, based on the above, the Commission approves the sale figures against each category of services in the RE for the FY 2014-15, as shown in the Table below:

Table 6.3: Approved Sales for FY 2014-15 (RE)

Category	As approved in the ARR & Tariff Order dated 5.5.2014	Petitioner's Revised estimate for FY 2014-15	Approved by the Commission for FY 2014-15 (RE)
Domestic	91.09	101.43	94.95
Commercial	35.71	28.38	27.36
Agriculture	4.91	4.38	4.75
L.T. Industry	18626	189.73	191.04
HT/EHT Industry	5060.10	4843.53	4894.40
Public Lighting	6.63	6.73	8.27
Public water works	-	2.80	2.80
Temporary supply	2.91	0.27	0.29
Total	**5387.61**	**5177.26**	**5223.86**

The Commission considers the revised sales at 5223.86 MU for FY 2014-15 against 5177.26 MU submitted by the Petitioner.

6.5 Intra-State Transmission and Distribution Losses

Petitioner's Submission

The Petitioner has considered the distribution losses of 4.75% for FY 2014-15 (RE) as compared to 4.70% approved by the Commission in the Tariff Order dated 5th May 2014 for FY 2014-15.

Commission's Analysis

The Commission, in its ARR and Tariff Order for FY 2014-15, had approved the targeted T&D loss level of 4.70%.The Petitioner neither furnished any reason for the estimation of T&D losses at 4.75% for the FY 2014-15, nor the actual loss figures for the first half of FY 2014-15.

The Commission is of the view that the T&D loss level in DNH, currently approved for FY 2014-15, i.e., 4.70%, is at optimal level. The Commission considers that with better implementation of the system improvement schemes and DSM and energy conservation measures, the target set at 4.7% for 2014-15 is well within the reach of the utility, particularly since 94-95% of sales are to the EHT/HT industries. **Thus, for the purpose of Review of FY 2014-15, the Commission has retained the loss level of 4.70% against 4.75% submitted by the Petitioner.**

6.6 Inter-State Transmission Losses

Petitioner's Submission

The Petitioner has considered the average regional losses available at the level of 3.56% for estimating the power availability at the periphery, without providing any supporting evidence.

Commission's Analysis

In its ARR and Tariff Order for FY 2014-15, the Commission had considered the 52-week moving average of regional losses up to 10th August, 2014 for FY 2014-15 at 3.71%.

The Commission, accordingly considers the interstate transmission losses at 3.71% for review of ARR of FY 2014-15.

6.7 Energy Balance

Petitioner's Submission

The Petitioner has projected the overall energy requirement of 5435.45 MU at the state periphery and energy required as 5919.17 MU at generation end for FY 2014-15 (RE) for a sale of 5177.26 MU, considering the T&D losses within its periphery at 4.75% and interstate transmission losses at 3.56%.

Commission's Analysis

Considering the variations in the sale figures and loss levels approved in this Order, the Energy balance approved for FY 2014-15 (RE) is as under:

Table 6.4: Energy Requirement Approved for FY 2014-15

Sl. No.	Particulars	2014-15			
		(Petitioner's submission)	Approved in T.O. 5.05.14	Petitioner's submission for review	Approved by the Commission
A)	**ENERGY REQUIREMENT (MU)**				
1	Energy sales within the State/UT	5374.90	5387.61	5177.26	5223.86
2	**Distribution losses**				
i)	%	5.00%	4.70%	4.75%	4.70%
ii)	MU	282.89	265.71	258.18	257.63
3	**Energy required at State Periphery for Sale to Retail**	**5657.79**	**5653.32**	**5435.45**	**5481.49**
4	**Surplus Power**	-	-	273.00	218.08
5	Transmission losses				
i)	%	3.56%	3.67%	3.56%	3.71%
i)	MU	208..9	215.12	210.72	219.60
B)	Energy required at Generator's end	5868.01	5868.44	5919.17	5919.17

6.8 Power Purchase Quantum and Cost

Petitioner's Submission

The Petitioner has furnished the revised estimates of FY 2014-15, based on six months actuals from April, 2014 to September, 2014 and projection for the remaining six months for FY 2014-15, considering the firm and infirm allocations from various generating stations. The submission includes variable costs, fixed costs and other charges for the remaining period and these have been considered at the same level as to that in the first six months. Power purchase arrears for the next 6 months have been considered as nil, for want of relevant bills from the generators and transmission licensees.

The Petitioner has further submitted that under allocation from the Ministry of Power, Government of India, RGPPL is supplying 2% (38 MW) power to the Petitioner on a long-term basis and MSETCL transmits the same. Due to non-availability of technical minimum schedule to run the plant, Maharashtra, which has 95 % allocation, is not scheduling any power from this plant and presently there is no generation from the plant. As per the terms of the PPA signed with RGPPL, the Petitioner will have to pay the capacity charges for the allocated capacity share from the plant.

The utility has planned to procure 32.33 MUs from solar renewable energy sources and 145.47 MU from non-solar renewable energy sources, to meet the requirements of JERC's Procurement of Renewable Energy Regulations, 2010. The Petitioner has also stated that it has set apart Rs. 37.49 Crore towards meeting the RPO backlog from 2010-11 to 2013-14.

The Petitioner had, accordingly, projected Rs. 2250.96 Crore in the Revised Estimates towards purchase of 5708.45 MU.

Energy Allocation

The power allocation to DNPDCL from various sources is given in the Table below:

Table 6.5: Power allocation from Central Generating Stations

(MW)

Name of the plant	Weighted average infirm allocation	Weighted Average Firm allocation	Weighted average total allocation
KSTPP	53.99		53.99
KSTPP-III	20.77	2.2	22.97
VSTPP-I	39.25	5	44.25
VSTPP-II	29.66	4	33.66
VSTPP-III	29.66	6	35.66
VSTPP-IV	41.52	5.55	47.07

Name of the plant	Weighted average infirm allocation	Weighted Average Firm allocation	Weighted average total allocation
KAWAS	56.24	25	81.24
GGPP	56.75	2	58.75
Sipat-I	82.24	9	91.24
Sipat-II	28.19	4	32.19
KHSTPP-II	3.5	3.5	7.00*
MOUDA I (MSTPS)	41.53	5.55	47.08
NPCIL-KAPS	10.8	2	12.8
NPCIL- TAPP 3&4	36.52	7	43.52
TOTAL	530.62	80.8	611.42
NSPCL Bhilai		100	100
RGPPL		38	38
EMCO Energy Ltd. (GMR Group)		200	200

**Total of the column corrected*

The Petitioner has submitted the actual power purchase and cost for the 6 months April to September, 2014, as given below:

Table 6.6: Power Purchase Quantum and Cost for the First Six Months of FY 2014-15

Source	Units Purchased	Fixed charges	Variable charges	Other charges other than penal charges	Penal charges Paid for belated payments	Total charges	Per unit cost
NTPC Stations							
KSTPP	186.07	10.45	19.38	-0.24		29.59	1.59
KSTPP-III	195.52	12.83	8.14	0.47		21.44	1.10
VSTPP-I	139.84	9.41	21.09	1.17		31.67	2.26
VSTPP-II	109.32	7.26	15.6	2.47		25.33	2.32
VSTPP-III	116.96	13.38	16.24	0.53		30.15	2.58
VSTPP-IV	159.01	22.25	22.54	0.67		45.46	2.86
KGPP	113.33	23.04	28.48	-1.48		50.04	4.42
GGPP	63.26	21.97	19.63	-0.52		41.08	6.49
Sipat-I	316.44	46.56	46.84	2.42		95.82	3.03
Sipat-II	108.87	14.73	16.26	5.65		36.64	3.37
Mauda	48.69	23.87	23.77	-0.01		47.63	9.78
FSTPS	0.00	0.00	0.00	-0.1		0.10	0.00
KHSTPP I	0.00	0.00	0.00	0.00		0.00	0.00
RSTPS	0.00	0.00	0.00	-0.48		-0.48	0.00
TSTPS	0.00	0.00	0.00	0		0.00	0.00

Source	Units Purchased	Fixed charges	Variable charges	Other charges other than penal charges	Penal charges Paid for belated payments	Total charges	Per unit cost
KHSTPS II	8.65	1.16	2.46	0.03		3.65	4.22
Subtotal- NTPC	**1565.98**	**206.90**	**240.44**	**10.58**		**457.91**	**2.92**
NSPCL Bhilai	369.15	57.46	81.25	4.34		143.05	3.88
NPCIL							
KAPS	41.24	0.00	9.55	0.00		9.55	2.32
TAPS	166.13	0.00	45.93	0.24		46.17	2.78
Subtotal	**207.37**	**0.00**	**55.48**	**0.24**		**55.72**	2.69
Others							
RGPPL	0.07	12.42	0.02	0.00	1.21	13.65	1950.00
EMCO Energy Ltd. (GMR Group)	755.57	192.57	125.11	1.78		319.46	4.23
Subtotal	**755.64**	**204.99**	**125.13**	**1.78**	**1.21**	**333.11**	**4.41**
Power purchase from Other sources							
Indian E. Exchange/ Bilateral	0.00	0.00	0.00	0.00		0.00	0.00
UI	32.75	0.00	12.58	0.00		12.58	3.84
SOLAR	0.00	0.00	0.00	0.00		0.00	0.00
NON SOLAR	0.00	0.00	0.00	0.00		0.00	0.00
SUB-TOTAL	**32.75**	**0.00**	**12.58**	**0.00**		**12.58**	**3.84**
Misc. Arrears							
Total Power Purchase	**2930.90**	**469.41**	**514.89**	**16.94**	**1.21**	**1002.38**	**3.42**
External Losses	104.34						
Availability at ED-DNH Periphery	**2826.56**	**413.1**	**433.63**	**12.6**		**1002.38**	**3.55**
Grand total of charges	2826.56	413.1	433.63	12.6	1.21	1002.38	**3.84**
PGCIL CHARGES						79.6	
POSOCO						0.39	
WRPC						0.00	
Reactive Charges						1.44	
MSTCL					0.70	1.75	
Intra-state transmission charges						0.00	
Grand total of charges	**2826.56**	**413.1**	**433.63**	**12.6**	**1.91**	**1085.56**	**3.84**

Based on the actual power purchase cost for the first 6 months of FY 2014-15, the projected figures for the remaining 6 months, the estimated power purchase quantum and cost for FY 2014-15 as projected by the Petitioner, are given in the Table below:

Table 6.7: Revised Estimate of Power Purchase Cost for FY 2014-15

SOURCE	Units Purchased (MU)	Fixed Charges	Variable Charges	Other Charges	All Charges Total	Per unit cost
NTPC STATIONS						
KSTPP	373.31	20.91	38.89	-0.48	59.32	1.59
KSTPP-III	275.17	25.66	11.46	0.94	38.06	1.38
VSTPP-I	294.99	18.83	44.49	2.34	65.66	2.23
VSTPP-II	227.34	14.52	32.44	4.94	51.9	2.28
VSTPP-III	241.99	26.75	33.59	1.05	61.39	2.54
VSTPP-IV	324.04	44.49	45.93	1.34	91.76	2.83
KGPP	308.81	46.07	77.61	-2.96	120.72	3.91
GGPP	218.95	43.93	67.94	-1.04	110.83	5.06
Sipat-I	584.52	93.13	86.53	4.83	184.49	3.16
Sipat-II	203.47	29.46	30.4	11.3	71.16	3.50
Mauda	55.65	47.73	27.16	-0.02	74.87	13.45
FSTPS	0.00	0.00	0.00	-0.19	-0.19	0.00
KHSTPP I	0.00	0.00	0.00	0.00	0.00	0.00
RSTPS	0.00	0.00	0.00	-0.95	-0.95	0.00
TSTPS	0.00	0.00	0.00	0.00	0.00	0.00
KHSTPS II	18.38	2.33	5.22	0.05	7.6	4.13
Sub-total- NTPC	**3126.62**	**413.81**	**501.66**	**21.15**	**936.62**	**3.00**
NSPCL Bhilai	724.17	114.91	159.4	8.68	282.99	3.91
NPCIL						
KAPS	88.01	0.00	20.37	0.00	20.37	2.31
TAPS	298.69	0.00	82.59	0.48	83.07	2.78
Sub-total	**386.7**	**0.00**	**102.96**	**0.48**	**103.44**	**2.67**
Others						
RGPPL	0.07	27.26	0.02	0.00	27.28	3897.14
Tata Power - Haldia	0.00	0.00	0.00	0.00	0.00	0.00
EMCO Energy Ltd. (GMR Group)	1471.05	385.14	243.59	3.57	632.3	4.30
Sub-total	**1471.12**	**412.4**	**243.61**	**3.57**	**659.58**	**4.48**
Power purchase from Other sources						
Indian E. Exchange/ Bilateral	0	0	0	0	0	0.00
UI	32.75	0	12.58	0	12.58	3.84

SOURCE	Units Purchased (MU)	Fixed Charges	Variable Charges	Other Charges	All Charges Total	Per unit cost
SOLAR	32.33	0	30.07	0	30.07	9.30
NON SOLAR	145.47	0	21.82	0	21.82	1.50
RPO Provision					37.49	
Sub-total	**210.55**	**0**	**64.47**	**0**	**101.96**	**14.64**
Misc. Arrears						
Total Power Purchase	5919.16	941.12	1072.1	33.88	2084.59	3.52
External Losses	210.72				0	0.00
Availability at ED-DNH Periphery	5708.44	941.12	1072.1	33.88	2084.59	3.65
PGCIL CHARGES					159.21	
POSOCO					0.79	
WRPC					0	
Reactive Charges					2.89	
MSTCL					3.5	
Others					0	
Intra state Transmission					-	
Grand Total	**5708.44**	**941.12**	**1072.96**	**33.88**	**2250.6**	**3.80**
Purchase cost alone	5708.44	941.12	1072.09	33.88	2250.96	

Commission's Analysis

The Commission vide its Tariff Order dated 5th May 2014 had approved the power purchase quantum of 5868.44 MU at a power purchase cost of Rs. 2191.80 Crore, including transmission charges for FY 2014-15.

As a part of the prudence check of the station-wise power purchase bills enclosed by the Petitioner for FY 2014-15 for the first six months, the Commission has verified the actual quantum of power purchased from the REA reports on actual basis. The Commission has considered the actual rebate availed by DNHPDCL on power purchase bills of first six months and the actual arrears paid as part of review of FY 2014-15. Also, in several cases, penal charges were paid for the belated payments. The Commission has verified quantum of Power Purchase units and cost, including transmission charges and found the quantum of power purchase and cost for the first 6 months submitted by the Petitioner are in order.

6.9 Power Purchase Quantum and Cost for the remaining six months of FY 2014-15

Central Generating Stations –NTPC, NPCIL, NSPCL

The Petitioner has firm allocation in the Central Sector Generating Stations of NTPC, NPCIL, and NSPCL from the following stations:

- Korba Super Thermal Power Station - I, II, and III
- Vindhyachal Super Thermal Power Station - I, II , III & IV
- Kawas Gas Power Station
- Gandhar Gas Power Station
- Sipat Super Thermal Power Station- I &II
- Ratnagiri Gas and Power
- Kahalgaon Super Thermal Power Station - II (Eastern Region)
- Kakrapara Atomic Power Station (KAPS)
- Tarapur Atomic Power Station (TAPS)
- NSPCL-Bhilai
- Manda(MSTPS)
- Other Power Stations
- EMCO-GMR

While estimating the energy availability from the above stations, the Commission has considered the following assumptions:

- Firm and infirm allocations from each of the above stations.
- The gross energy availability from the existing stations has been estimated, based on the installed capacity and the average Plant Load Factor for the past years. The availability from each station has been considered, based on Merit Order Dispatch. However, the fixed charges have been considered for full allocation since the same is based on availability declaration made by the generating stations in the day ahead scheduling. 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, 2009.

- **Energy Available to the Petitioner:** The effective share from the stations has been applied on the Net energy available at the ex-bus to be sent out, limiting it to the relevant share of the Petitioner to arrive at the energy available for the Petitioner from the respective stations. This has been corroborated with the monthly REA statements from WRLDC.

  The Commission has considered the following assumptions to arrive at the Power purchase cost for the remaining six months of FY 2014-15 from the NTPC stations:

  (i) **Fixed Charges:** The fixed charges have been calculated based on the formula specified for the stations in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges for each station have been taken as per the latest Tariff Orders for the respective stations, as applicable. However, the fixed charges of EMCO have been taken as per the approved PPA.

  (ii) **Variable Charges:** The average variable cost per kWh for the period from April 2014 to September 2014 as verified from the power purchase bills submitted by the Petitioner is considered for the remaining six months of FY 2014-15.

The Commission has verified the availability from the CEA report on the likely availability.

As per CEA's Report, the likely availability for the whole year 2014-15 is 5535.52 MU and that from October, 2014 and March, 2015 is 2709 MU. The total availability as per Petitioner, from April to September, 2014 is 2826.56 MU and added likely availability from October, 2014 to March, 2015 of 2709 MU the total availability, for FY 2014-15 would be 5535.52 MU.

In view of what is stated above, the Commission considers that the power purchase quantum and cost for FY 2014-15 (RE) as projected by the Petitioner are in order.

6.10 Power Purchase Cost

For determining the power purchase cost, the Merit Order Dispatch Principles have been applied.

The Transmission Charges for FY 2014-15 for the last six months have been estimated as per the POC charges applicable for the first six months of FY 2014-15, as per the submissions made by the Petitioner.

In accordance with the foregoing paragraphs, the Commission has considered the following Power Purchase Costs, based on the variable costs and fixed costs, as given in the respective bills.

Based on the above, the total power purchase quantum and cost from various sources, including over-drawal of Power under UI mechanism and transmission charges), as considered for review of FY 2014-15 is given below:

Table 6.8: Revised Power Purchase Cost approved for FY 2014-15

Source	Energy (MU)	Fixed Costs	Variable Costs	Other Costs	Gross Total	Per unit cost
NTPC & Other stations						
KSTPP	373.31	20.91	38.89	-0.48	59.32	1.59
KSTPP-III	275.17	25.66	11.46	0.94	38.06	1.38
VSTPP-I	294.99	18.83	44.49	2.34	65.66	2.23
VSTPP-II	227.34	14.52	32.44	4.94	51.9	2.28
VSTPP-III	241.99	26.75	33.59	1.05	61.39	2.54
VSTPP-IV	324.04	44.49	45.93	1.34	91.76	2.83
KGPP	308.81	46.07	77.61	-2.96	120.72	3.91
GGPP	218.95	43.93	67.94	-1.04	110.83	5.06
Sipat-I	584.52	93.13	86.53	4.83	184.49	3.16
Sipat-II	203.47	29.46	30.4	11.3	71.16	3.50
Mauda	55.65	47.73	27.16	-0.02	74.87	13.45
KSTPP	373.31	20.91	38.89	-0.48	59.32	4.13
Sub-total- NTPC	**3126.62**	**413.81**	**501.66**	**21.15**	**936.62**	**3.00**
NSPCL Bhilai	724.17	114.91	159.4	8.68	282.99	3.91
NPCIL						
KAPS	88.01	0	20.37	0	20.37	2.31
TAPS	298.69	0	82.59	0.48	83.07	2.78
Sub-total	**386.7**	**0**	**102.96**	**0.48**	**103.44**	**2.67**
Others						
RGPPL	0.07	27.26	0.02	0	27.28	3897.14
EMCO Energy Ltd.(GMR Group)	1471.05	385.14	243.59	3.57	632.3	4.30
Sub-total	**1471.12**	**412.4**	**243.61**	**3.57**	**659.58**	**4.48**
Power Purchase from						

Source	Energy (MU)	Fixed Costs	Variable Costs	Other Costs	Gross Total	Per unit cost
other sources						
(Non – Solar RPO (IEX) (2.70%))	145.47	0.00	21.82	0.00	21.82	
Solar (0.6%)	32.33	0.00	30.07	0.00	30.07	
RPO Provision	-				37.49	
UI	32.75	0.00	12.58	0.00	12.58	
Total Power Purchase	**5919.17**	**941.12**	**1073.86**	**33.88**	**2084.59**	**3.52**
External Losses at 3.71%	219.60				0.00	0.00
Availability at ED-DNH Periphery	5699.57	941.12	1073.86	33.88	2084.59	3.65
PGCIL CHARGES					159.21	
POSOCO					0.79	
WRPC					0	
Reactive Charges					2.89	
MSTCL					3.5	
Others					0	
Intra state Transmission					-	
Grand Total	**5699.57**	**941.12**	**1073.86**	**33.88**	**2250.96**	**3.80**
Less: belated payment penalty					1.91	
Purchase cost allowed	**5699.57**	**941.12**	**1073.86**	**33.88**	**2249.05**	**3.95**

The Commission considers the Power purchase cost for FY 2014-15 of Rs. 2249.05 Crore for procurement of 5699.57 MU of energy at DNHPDCL periphery as reasonable and considers the same for Review of FY 2014-15.

6.11 Renewable Energy Obligation

DNHPDCL has submitted that power purchase of 32.33 MU and 145.47 MU from solar and non-solar renewable energy sources respectively as per the JERC's Procurement of Renewable Energy Regulations, 2010. Further, DNHPDCL has provided Rs. 37.49 Crore against the RPO backlog to be met by DNHPDCL for the period FY 2010-11 to FY 2013-14.

Commission's Analysis

The Commission agrees for the proposal of DNHPDCL subject to True up.

6.12 Operation and Maintenance Expenses

O&M Expenses

Petitioner's submission

The Petitioner has submitted that the Operation and Maintenance Expenses comprise of the following heads:

Employees Expenses, which include the salaries, dearness allowance, dearness pay, other allowances and retirement benefits paid to the staff;

Repair and Maintenance (R&M) Expenses, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and

Administrative and General Expenses, which include all expenditure, such as telephone charges, regulatory and consultancy fees, energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc., incurred in operating a business

The Petitioner has projected the O&M expenses in review for FY 2014-15 as given in the Table below:

Table 6.9: O&M expenses projected for FY 2014-15 (RE)

(Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May, 2014	Petitioner's submission
Employees Expenses	8.73	8.76
Repair and Maintenance (R&M) Expenses,	4.93	5.70
Administrative and General Expenses	3.38	4.84
Total O&M expenses	**17.05**	**19.30**

Commission's Analysis

The Commission has kept in abeyance the JERC (Multi Year Tariff) Regulations 2014 and made applicable the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 for the Tariff year 2015-16.

As per Regulation 27 (3) of JERC (Terms and Conditions for Determination of Tariff) Regulations 2009 specify

27 (3) "O&M expenses for distribution functions shall be determined by the Commission as follows:

(a) O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;

(b) Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the wholesale price index as on 1st April of the relevant year.

(c) In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expense for subsequent years for individual companies on the basis of such estimation and above principle".

As specified in Regulation 27(3)(b) of JERC Regulations, 2009 the O&M expenses shall be adjusted according to variation in rate of WPI per annum to determine the O&M expenses for subsequent year. The WPI Inflation Index used for computation of Employee Cost, A&G Expenses and R&M Expenses, is given in the Table below:

WPI inflationary index

S. No.	Financial year	Average WPI
1	FY 2013-14	177.64
2	FY 2012-13	167.62
3	Increase over previous year % [(1-2)/2]*100	5.98%

Accordingly, the Commission has computed the cost parameters of O&M expenses based on the costs considered by the Commission in True up for FY 2013-14 duly escalating for increase in inflation index for FY 2014-15. The Commission has considered the inflationary index for employee cost, A&G Expenses and R&M expenses to the increase in WPI per annum as given in Table below:

Table 6.10: Inflation Index of O&M Expenses

O&M Expenses	Inflation Index
Employee Cost	5.98%
A&G Expenses	5.98%
R&M Expenses	5.98%

The Commission based on the O&M expenses considered in True up for FY 2013-14 has computed the O&M expenses for FY 2014-15 duly factoring for the increase in the inflationary index as given below:

Table 6.11: O&M expenses approved for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved in True up for FY 2013-14	Inflationary index	Inflationary increase	Approved in review for FY 2014-15 (RE)
1	**2**	**3**	**4**	**5 (3*4)**	**6 (3+5)**
1	Employee Expenses	8.16	5.98%	0.49	8.65
2	A&G Expenses	4.50	5.98%	0.27	4.77
3	R&M Expenses	5.31	5.98%	0.32	5.63
4	**Total O&M Expenses**	**17.97**		**1.08**	**19.05**

6.13 Capital Expenditure and Capitalisation

Petitioner's Submission

The Petitioner submits that each year it prepares an Annual Plan for the capital investment for new schemes and ongoing schemes which it plans to implement in the ensuing year. The Petitioner has projects to take up various capacity of Solar Power Plants, 66/11 KV substations, construction of Corporate Office Building, etc. in 2014-15 at a total cost of Rs 50.66 Crore. The capitalisation of new schemes has been considered at 40% of the planned capital expenditure in the same year, while the balance 60% has been proposed to be capitalised in the subsequent year. The capital expenditure and capitalisation projected in review for FY 2014-15 is as given in the Table below:

Table 6.12: Capital Expenditure and Capitalisation for FY 2014-15

(Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
Capital expenditure	75.30	50.66
Asset capitalization	114.74	25.29

Commission's Analysis

The Commission observes that the capital expenditure and the capitalisation submitted by the Petitioner for FY 2014-15 is required to maintain the power supply of quality, continuity and reliability to the consumers of UT of Dadra and Nagar Haveli,. at reduced losses, to make power more affordable.

Regulation 21 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specify the licensee shall propose in their filings, a detailed capital investment plan, showing separately ongoing projects that will spill into the ensuing year and new projects (along with their justification) and the schemes that will commence in the ensuing year. The Petitioner has not submitted the scheme-wise details of capital expenditure incurred/capitalised. However, for the purpose of ARR computation, the Commission provisionally approves the capital expenditure at Rs.50.66 Crore and capitalisation at Rs.25.29 Crore, subject to True up based on audited accounts in review for FY 2014-15 as given in the Table below:

Table 6.13: Capital Expenditure and Capitalisation approved for 2014-15

(Rs. Crore)

Particulars	Petitioner's submission	Approved in review for FY 2014-15
Capital expenditure	50.66	50.66
Asset capitalization	25.29	25.29

6.14 Gross Fixed Assets

Petitioner's Submission

The Petitioner has submitted that the opening balance of Gross Fixed Assets (GFA) is at Rs.429.73 Crore for FY 2014-15. Capitalisation is estimated based on actual capitalisation of the first six months of FY 2014-15 projected for the year at Rs.25.29 Crore. The Petitioner has projected the value of GFA, additions to GFA and closing GFA for FY 2014-15 as given in the Table below:

Table 6.14: GFA projected for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order Dated 5th May 2014	Petitioner's submission
1	Opening GFA	367.96	429,73
2	Additions during the year	114.74	25.29
3	Gross Fixed Assets at the end of year	482.70	455.02

Commission's analysis:

The Commission has approved closing GFA at Rs.305.92 Crore in True up for FY 2013-14 and the same is adopted as opening GFA for FY 2014-15. The Commission has approved capitalisation at Rs.25.29 Crore for FY 2014-15 in the preceding paragraph.

The Commission, accordingly, considers the GFA for FY 2014-15 as given in the Table below:

Table 6.15: GFA approved for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved in review for FY 2014-15
1	Opening GFA	367.96	305.92
2	Additions during the year	114.74	25.29
3	Closing GFA	482.70	331.21

6.15 Depreciation

Petitioner's Submission

The Petitioner has submitted that Depreciation is charged on straight-line method on the original cost of Assets following the depreciation rates as per the CERC Tariff Regulations for FY 2009-14. The Petitioner has computed the depreciation for FY 2014-15 as given in the Table below.

Table 6.16: Depreciation projected for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order Dated 5th May 2014	Petitioner's submission
1	Opening GFA	367.96	429,73
2	Additions during the year	114.74	25.29

Sl. No.	Particulars	Approved in Tariff Order Dated 5th May 2014	Petitioner's submission
3	Gross Fixed Assets at the end of year	482.70	455.02
4	Average GFA	425.33	442.37
5	Depreciation	21.69	22.50

Commission's analysis:

The Commission has approved opening GFA, additions to GFA and closing GFA in the preceding paragraph. The Commission has considered the rate of depreciation at 5.06% in review for FY 2013-14 in the Tariff Order dated 5th May 2014. The Commission considers the rate of depreciation at 5.06% in review for FY 2014-15 and computed the depreciation, subject to True up based on audited accounts for FY 2014-15 as given in the Table below.

Table 6.17: Depreciation approved for FY 2014-15

(Rs. Crore)

Sr. No.	Particulars	Petitioner's submission	Approved in review for FY 2014-15
1	Opening GFA	429.37	305.92
2	Additions during the year	25.29	25.29
3	Closing GFA	455.02	331.21
4	Average GFA	442.37	318.57
5	Rate of Depreciation		5.06%
6	Depreciation	22.50	16.12

6.15 Interest on Long Term Loan

Petitioner's Submission

The Petitioner has submitted that normative interest on long-term/capital loans and interest charges for FY 2014-15 are as given in the Table below.

Table 6.18: Interest charges projected for FY 2014-15

(Rs. Crore)

Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
Opening normative loan	93.88	52,90
Add: Normative loan during the year	80.32	17.71
Less: Normative loan repayment limited to Depreciation	9.39	3.53

Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
Closing normative loan	164,81	67.08
Interest charges	19.08	8.67

Commission's Analysis

The Commission has considered closing loan of Rs.50.45 Crore in True up for FY 2013-14 and the same is considered as opening loan as on 1st April 2014.

The addition to loan during FY 2014-15 is considered at 70% of the capitalisation in terms of Regulations 23(1) of JERC Tariff Regulations, 2009. The rate of interest is considered at 14.75% prevailing SBI Advance rate (PLR) in terms of Regulation 25(2) of the JERC Tariff Regulations, 2009. The repayment of loan is considered equivalent to depreciation considered for FY 2014-15. The Commission, accordingly, has computed the interest charges in review for FY 2014-15 as given in the Table below.

Table 6.19: Interest charges approved for FY 2014-15 (Rs. Crore)

Sr. No	Particulars	Petitioner's submission	Approved in review for FY 2014-15
1	Opening Normative Loan	52.90	50.45
2	**Add**: Normative Loan during the year	17.71	17.70
3	**Less**: Normative Repayment	3.53	16.12
4	Closing Normative Loan	67.08	52.04
5	Average Normative Loan	59.99	51.24
6	Rate of Interest (@SBAR advance (PLR) rate)	14.45%	14.75%
7	Interest charges	8.67	7.56

6.16 Interest on Working Capital

Petitioner's Submission

The Petitioner has computed the Interest on Working Capital for FY 2014-15, on normative principles in terms of Regulation 29(2) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The Petitioner has considered rate of interest at 14.45% for computation of interest on working capital in review for FY 2014-15.

Table 6.20: Interest on Working Capital projected for FY 2014-15 (Rs. Crore)

Sr. No	Particulars	Approved in Tariff Order dated 5th May 2014	Petitioner's submission
1	Power Purchase Cost for one month	182.65	187.58
2	Employee Cost for one month	0.73	0.73
3	A&G Expenses for one month	0.28	0.40
4	R&M Expenses for one month	0.41	0.48
5	**Total Working Capital for one month**	**184.07**	**189.19**
6	**Less**: Security Deposit	42.94	--
7	Total Working capital requirement after deduction of Security Deposit	141.13	189.19
8	SBI Advance Rate	14.75%	14.45%
9	Interest on Working Capital	20.82	27.34

Commission's Analysis

As per Regulation 29 (2) of the JERC tariff Regulations, 2009, the working capital for distribution business shall be the sum of one month requirement for meeting:

- *Power Purchase Cost*
- *Employees Cost*
- *Administration & General Expenses*
- *Repair & Maintenance Expenses.*

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

The Commission has considered the security deposit at Rs.55.06 Crore in True up for FY 2013-14 accordingly, the same is considered as available with the Petitioner for FY 2014-15. The Commission has adjusted this amount against the working capital requirement of FY 2014-15 for computation of interest on working capital. The Commission has considered rate of interest at 14.75% (SBI advance (PLR) rate) as on 1st April 2014.

The Commission accordingly has computed the interest on working capital for

FY 2014-15 as given in the Table below:

Table 6.21: Interest on Working Capital approved for FY 2014-15 (Rs. Crore)

Sl. No	Particulars	Petitioner's submission	Approved in review for FY 2014-15
1	Power Purchase Cost for one month	187.58	187.42
2	Employee Cost for one month	0.73	0.72
3	A&G Expenses for one month	0.40	0.40
4	R&M Expenses for one month	0.48	0.47
5	**Working Capital for one month**	**189.19**	**189.01**
6	**Less**: Security Deposit	-	55.06
7	Net working capital requirement after deduction of Security Deposit	189.19	133.95
8	SBI Advance Rate	14.45%	14.75%
9	Interest on Working Capital	27.34	19.76

6.17 Interest on Consumer Security Deposit

Petitioner's Submission

The Petitioner has stated that it has made a provision to pay Rs.4.50 Crore towards interest on the consumer security deposits for FY 2014-15.

Commission's Analysis

Section 47 (4) of the Electricity Act, 2003, stipulates that the distribution licensee shall pay interest on security deposit collected from consumers at the bank rate, or more, as may be specified by the Commission.

The Commission has considered Rs.55.06 Crore towards security deposit in True up based on the audited accounts for FY 2013-14. The Commission considers the security deposit at the same level for FY 2014-15 subject to True up based on audited accounts of FY 2014-15. The rate of interest is considered at 9% (RBI Rate) for FY 2014-15. Accordingly, the Commission has computed the interest on security deposit in review for FY 2014-15 as given in the Table below:

Table 6.22: Interest on security deposit approved for FY 2014-15 (Rs. Crore)

Sr. No	Particulars	Petitioner's submission	Approved in review for FY 2014-15
1	Opening security deposit		55.06
2	Addition during the year		--
3	Closing security deposit		55.06
4	Average security deposit		55.06
5	RBI Rate		9.00%
6	Interest on security deposit	4.50	4.96

6.18 Return on Equity/Capital Base

Petitioner's Submission

The Petitioner has submitted that as per Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 Return on Capital Base at 3% on net block of assets is claimed for FY 2014-15. The Petitioner has claimed Return on Capital Base at Rs.12.22 Crore in review for FY 2014-15.

Commission's Analysis

As per Regulations 23 (2) of JERC Tariff Regulations, 2009 specify in case of integrated utility, till the time it remains integrated utility, it shall be entitled to return on capital base as per Schedule VI of the Electricity (Supply) Act, 1948.

The Commission has considered closing GFA at Rs.305.92 Crore in True up for FY 2013-14 and the same is considered as opening GFA as on 1st April 2014. The Commission has considered the accumulated depreciation in line with the opening accumulated depreciation allowed in FY 2013-14. The Commission has accordingly, computed the Return on Capital Base in review for FY 2014-15 as given in the Table below:

Table 6.23: Return on capital base approved for FY 2014-15

(Rs. Crore)

Sr. No	Particulars	Approved in review for FY 2014-15
1	Gross block at the beginning of the year	305.92
2	Less: Accumulated depreciation	142.74

Sr. No	Particulars	Approved in review for FY 2014-15
3	Less: Consumers contributions at the beginning of the year	---
4	Net block at the beginning of the year	163.18
5	Rate of Return on Capital Base	3.00%
6	**Return on Capital Base**	**4.90**

6.19 Provision for Bad and Doubtful Debts

Petitioner's Submission

The Petitioner submitted that a provision of Rs.24.57 Crore at 1% of the receivables is considered in ARR for FY2014-15.

Commission's Analysis

Regulation 28 of the JERC Tariff Regulations, 2009 specifies "*the Commission may, after the licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in revenue requirement of the licensee*".

The Commission opines that as per the Regulation bad debts shall be allowed based on audited accounts of the petitioner. Since, the figures for FY 2014-15 are projections and not based on the audited accounts, no amount is considered towards bad debts for FY 2014-15. However, the same shall be considered in True up based on audited accounts of the relevant years.

6.20 Income Tax

Petitioner's Submission

The Petitioner has submitted that as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 "obligatory taxes, if any, on the income of the licensee from its core/ licensed business shall be computed as an expense and shall be recovered from the customers/consumers". The Petitioner has made a provision of Rs.10 Crore towards tax on income and requested the Commission to approve the same for FY 2014-15.

Commission's Analysis

Regulation 31 (2) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies "*subject to True-up based on the actual, Tax on income, if actually liable to be paid, shall be limited to tax on return on equity allowed excluding incentives*".

As per the Regulation, the Income Tax shall be allowed at actuals or limited to the tax on return on equity. The Commission has allowed return on capital base to the Petitioner and hence, the tax shall be limited to tax on return on capital base or actual whichever is lower.

The Commission accordingly, considers tax on return on capital base (grossed up for tax) in review for FY 2014-15 as given in the Table below:

Table 6.24: Income Tax Return on Capital Base approved for True-up of FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved in True up for FY 2014-15
1	Return on Capital base		4.90
2	Rate of income tax (30% + surcharge 10% + education cess 3% on tax + surcharge)		33.99%
3	Gross up return on capital base for tax [1 / (1-33.99%)]		7.42
4	Income Tax (3-1)	10.00	2.52

6.21 Non-Tariff Income

Petitioner's Submission

The Petitioner has submitted that non-tariff income includes meter rent/service line rentals recovery of theft of power/malpractices, miscellaneous charges from consumers. Other income includes interest on staff loans and advances, delayed payment charges from consumers, interest on advances to suppliers/contractors, etc. The Petitioner has projected the non-tariff income at Rs.12.14 Crore with an escalation of 5% over the actual non-tariff income for FY 2013-14, as given in the Table below:

Table 6.25: Non Tariff Income projected for FY 2014-15 (Rs. Crore)

Particulars	Petitioner's submission
Non-tariff income	30.81

Commission's Analysis

The Commission has approved non-tariff income at Rs.29.35 Crore for FY 2013-14 in True up. Accordingly the same is considered with an escalation of 5% and is projected as non-tariff income for FY 2014-15.

The Commission has considered Non-Tariff Income for FY 2014-15 as given in the Table below:

Table 6.26: Non Tariff Income approved for FY 2014-15 (Rs. Crore)

Particulars	Approved in review for FY 2014-15
Non-tariff income	30.81

6.22 Revenue from Sale of Surplus Power

Petitioner's Submission

The Petitioner has projected a sale of surplus energy of 273 MU for FY 2014-15 (RE) at Rs. 91.73 Crore through the UI mechanism.

Commission's Analysis

Variation in the estimated sales during FY 2014-15 between those assessed by the Commission and those projected by the Petitioner resulted in reduction in the amount of surplus energy available for sale to 218.08 MU, in order to keep the energy available at the generator end the same. The Petitioner has stated that the transaction was under UI mechanism. Considering the additional energy available as per allocations from different stations, the utility can sell the same under trading/ UI mechanism and the benefits obtained thereon can be passed on to the consumers, thereby bringing down the tariff. As seen from the Petition, the Utility has not sold any surplus energy in the first half of FY 2014-15.

Based on the weighted average cost, the sale value of 218.08 MU under UI mechanism comes to Rs. 91.73*218.08/273= Rs 73.28 Crore.

Hence, the Commission considers the benefit out of UI transaction for FY 2014-15 at Rs.73 Crore through the Sale of 218.08 MU as reasonable and approves the same for the Review of ARR for FY 2014-15. However, the Utility shall ensure that it shall not lose under this process. The final actual figures, as per the audited accounts, shall be considered at the time of True up.

6.23 Revenue at the Approved Retail Tariff of FY 2014-15

Petitioner's Submission

The Petitioner has submitted the projection of revenue of Rs. 2,350.84 Crore (including Rs. 27.90 Crore as part of FPPCA variations, 0.4 Crore under other charges and Rs. 91.73 Crore through sale of surplus energy) from the sale of 5177.36 MUs (as per the detailed statement given on Page 161 of the Petition) The sale cost of 5177.36 MUs comes to Rs.2230.92 Crore.

Commission's Analysis

The Commission has estimated the likely sales figure for the FY 2014-15 as 5223.86 MU, as against 5177.26 MU projected by the Petitioner. The revenue from sale of 5223.86 MU, at the existing tariff of FY 2014-15, comes to Rs.2264.37 Crore. The Commission has considered the number of consumers and connected load as projected by the petitioner.

Further, against 273 MUs sale under surplus energy at a cost of Rs. 91.73 Crore considered by the Petitioner, sale of 218.08 MU fetching revenue of Rs.73.28 Crore is approved by the Commission.

The Commission has considered Rs. 27.90 Crore on account of FPPCA of the first half of FY 2014-15 as submitted by the Petitioner. The Commission has also considered Rs. 0.40 Crore on account of 'other charges' as projected by the Petitioner.

The Commission considers revenue from sale of Power, estimated at Rs. 2264.37 Crore from retail sale of power, plus Rs 73.28 Crore obtained from the sale of surplus power plus Rs. 28.30 Crore from FPPCA and other charges, totalling to Rs. 2365.94 Crore for FY 2014-15 as reasonable and approves the same for review of FY 2014-15.

6.24 Review of Aggregate Revenue Requirement for FY 2014-15

The Commission based on the detailed analysis of the cost parameters has considered and approved the revised ARR for FY 2014-15 as detailed in the Table below:

Table 6.27: Aggregate Revenue Requirement Approved for FY 2014-15 (RE)

Sl. No.	Particulars	Petitioner's submission	Approved in FY 2014-15 (RE)
1	Cost of power purchase	2250.96	2249.05
2	Employee cost	8.76	8.65
3	R&M expenses	5.70	5.63
4	A&G Expenses	4.84	4.77
5	Depreciation	22.50	16.12
6	Interest & Finance Charges	8.67	7.56
7	Interest on working capital	27.34	19.76
8	Interest on Security Deposit	11.16	4.96
9	Provision for Bad debts	4.50	-
10	Return on NFA	12.22	4.90
11	Income Tax	10.00	2.52
12	**Gross Aggregate Revenue Requirement**	**2366.65**	**2323.92**
13	Less: Non tariff income	30.81	30.81
14	**Net Aggregate Revenue Requirement**	**2335.84**	**2293.11**

The estimated (surplus)/gap, including the carrying cost, have been mentioned in the following Table:

Table 6.28: Revenue Gap / (Surplus) considered in review for FY 2014-15 (Rs. Crore)

S. No	Particulars	Approved in review for FY 2014-15
1	**Net Revenue Requirement**	**2293.11**
2	Revenue from Retail Sales at Existing Tariff	2365.94
3	**Net Gap / (Surplus) (1-2)**	**(72.83)**
4	Recovery on account of PPC variations	-
5	**Gap / (Surplus)after adjusting PPC variations**	**(72.83)**
6	Gap/(Surplus) for the previous year (FY 2013-14)	(139.27)
7	Carrying Cost	(20.54)
8	Past Arrears/Refunds to Consumers	

S. No	Particulars	Approved in review for FY 2014-15
9	**Total Gap/ (Surplus)**	(232.64)
10	Additional revenue from proposed tariff	
11	**Revenue Gap/ (Surplus), if any, after proposed tariffs**	(232.64)
12	Budgetary Support from Government	-
13	**Net Final Revenue Gap/ (Surplus)**	(232.64)

The Commission considers the surplus of Rs.232.64 Crore and approves the same in review of FY 2014-15. This surplus is carried over to the next year and accordingly, has considered in the Aggregate Revenue Requirement of FY 2014-15 (RE).

7. Aggregate Revenue Requirement for FY 2015-16

7.1 Background

The Petitioner, DNHPDCL submitted the ARR for the MYT control period, FY 2015-16 to FY 2017-18, for approval, as required under Regulation 4.2 of JERC Tariff Regulations, 2014 on 2nd December 2014.

As discussed in Para 1.8 earlier, the Commission has taken a decision to approve ARR and determination of tariff for FY 2015-16 considering various provisions of JERC Tariff Regulations, 2009. Hence, the projections shown for FY 2015-16 by the Petitioner are only considered for analysing and approving the various components of the ARR in this chapter.

There are some variations in the data presented in the Business Plan Petition and the Tariff Petition. However, for the purpose of consideration of approval of the ARR, the Commission has considered the data furnished in the Tariff Petition only, wherever the figures were found to be different from those given in the Business Plan in respect of:

- Performance in FY 2013-14 (Trued-up figures as per the audited accounts);
- Revised estimates of FY 2014-15 including the category wise sales, revenue and expenditure and
- Aggregate Revenue Requirement for MYT Control Period.

  The Petitioner has submitted the following elements for FY 2015-16 for determination of ARR.

- Assessment of Energy Requirement
  - Sales Projections
  - Loss Trajectory
  - Energy Balance
  - Power Purchase Sources

- Assessment of the Aggregate Revenue Requirement

  i) Operation and Maintenance Expenses;
     - Employee Expenses
     - Administration & General expenses
     - Repairs & Maintenance Expenses

  ii) Capital Expenditure and Asset Capitalization

  iii) Gross Fixed Assets;

  iv) Depreciation;

  v) Interest on Long Term Loans;

  vi) Interest on Working Capital & Security Deposits;

  vii) Return on Capital Base/ Net Fixed Assets;

  viii) Provision for Bad and Doubtful Debts

  ix) Income Tax

  x) Non-Tariff Income

The submission of Petitioner on each of the above items and Commission's analysis are discussed in the following paragraphs.

7.2 Category-wise Connected Load, Number of Consumers and Sales projected

7.2.1 Load growth

Petitioner's submission

The Petitioner has submitted the actual of category-wise load growth from FY 2011-12 to FY 2013-14, projected load growth for FY 2014-15 (RE) and for FY 2015-16 as given in the Table 7.1 and 7.2 below:

Table 7.1: Past Year's Load Growth (kVA)

Consumer Category	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual
Domestic	60,610.79	75,277.00	85,016.98
LIG/ Kutir Jyoti	-	1,110.00	1,150.00
Commercial	20,496.36	21,897.00	28,234.26
Agriculture	3,836.33	3,750.00	4,330.84

Consumer Category	FY 2011-12	FY 2012-13	FY 2013-14
LT Industry	108,569.36	74,409.00	87,090.53
HT/EHT Industry	869,606.00	903,736.00	1,081,678.00
Public Lighting	1,603.81	1,177.00	1,593.69
Public Water Works	-	-	0.00
Temp. Supply	3,467.36	889.00	2,523.81
Total	**1,068,190.01**	**1,082,245.00**	**1,291,618.11**

The Petitioner has also submitted that highest growth of 18.43% has been seen in domestic category. Since the growth for the UT has been 9.96%, to project the load growth for the different consumer categories, normalised CAGR has been considered for FY 2015-16. The CAGR considered along with the projected load for FY 2015-16 has been given in the Table below:

Table 7.2: Projected load growth for FY 2014-15 (RE) & FY 2015-16

(kVA)

Consumer Category	FY 2014-15 (RE)	FY 2015-16 (Projected)	CAGR
Domestic	88,548.01	97,402.81	10.00%
LIG/Kutir Jyoti	1,210.00	1,258.40	4.00%
Commercial	31,260.81	32,823.85	5.00%
Agriculture	4,372.33	4,590.95	5.00%
LT Industry	90,244.45	94,756.67	5.00%
HT/EHT Industry	1,107,921.00	1,179,935.87	6.50%
Public Lighting	1,642.58	1,683.64	2.50%
Public Water Works	1,418.23	1,489.14	5.00%
Temporary	2,773.52	2,912.20	5.00%
Total	**1,329,390.93**	**1,416,853.53**	

Commission's analysis

The Commission has considered the load growth rates adopted by the Petitioner as mentioned in the Table 7.2 above and considered the justification provided as reasonable and adopted the connected load of various categories as projected in the Table above.

7.2.2 Projection of Consumer Growth

Petitioner's submission

The Petitioner has furnished the actual of consumer growth for FY 2009-10 to FY 2013-14 and the projected consumer growth for FY 2014-15 (RE) and FY 2015-16 as given in Table below:

Table 7.3: Past Years' Consumer Growth (No's)

Consumer Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Actual	Actual	Actual	Actual	Actual
Domestic	30523	32326	34,170	35,656	37,294
LIGH	13847	14000	14,110	13,870	14,097
Commercial	6495	6683	6,852	7,007	7,070
Agriculture	968	1023	1,048	1,077	1,125
LT Industry	2485	2548	2,306	1,866	1,912
HT/EHT Industry	771	811	830	859	872
Public Lighting	289	289	227	237	274
Public Water Works	0.0	0	0	0	0
Temp. Supply	-	422	200	168	251.0
Total	**55,378**	**58,102**	**59,743**	**60,740**	**62,895**

The Petitioner has submitted that the annual growth of consumers for FY 2015-16 is projected on the basis of YoY growth in consumers across differ categories. The projected consumer growth for FY 2014-15 (RE) and for FY 2015-16 is given in Table below:

Table 7.4: Projected consumer growth for FY 2014-15 (RE) and for FY 2015-16

Consumer Category	FY 2014-15 (RE)	FY 2015-16 Projected	CAGR
Domestic	37,944	39893	5.14%
LIGH	14,153	14216	0.45%
Commercial	6,834	6980	2.14%
Agriculture	1,134	1177	3.83%
LT Industry	1,962	2060	5.00%
HT/EHT Industry	879	906	3.13%
Public Lighting	287	301	5.00%
Public Water Works	259	272	5.00%
Temp. Supply	263.0	276	5.00%
Total	**63,715**	**66,083**	

Commission's analysis

The Commission has considered the consumer growth rates adopted by the Petitioner as mentioned in the Table 7.4 above and considered the justification provided as reasonable and adopted the number of consumers for different categories as projected in the table above.

7.2.3 Energy Sales

Petitioner's Submission

The Petitioner has submitted that the category-wise actual energy sales from FY 2009-10 to FY 2013-14 are as under:

Table 7.5: Category wise sales from FY 2009-10 to FY 2013-14

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	4 year CAGR 13-14 to 09-10	3 year CAGR 13-14 to 10-11	2 year CAGR 13-14 to 11-12	1 year CAGR 13-14 to 12-13
Domestic	47.00	54.13	53.74	70.13	80.64	14.45	14.21	22.50	14.99
Commercial	19.00	20.69	27.81	26.87	29.79	11.90	12.92	3.50	10.87
Agriculture	3.00	2.26	3.00	3.36	4.40	10.05	24.87	21.11	30.95
LT Industry	125.00	147.23	152.19	161.66	176.52	9.01	6.23	7.70	9.19
HT/EHT Industry	3131.00	3668.28	3990.20	4322.68	4661.27	10.46	8.31	8.08	7.83
Public Lighting	2.50	2.74	5.12	4.45	5.89	23.89	29.06	7.26	32.36
Public Water Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temp. Supply	1.50	1.64	0.00	1.97	2.01	7.59	7.02	0.00	2.03
Total	**3329.00**	**3896.97**	**4232.06**	**4591.12**	**4960.52**				

The DNHPDCL is of the view that the factors affecting the actual consumption of electricity are numerous and often beyond the control of the utility including factors such as Government Policy, economic climate, weather conditions and force majeure events like natural disasters, etc. DNHPDCL, therefore for projecting the category-wise consumption for FY 2015-16, has considered the past growth trends in each of the consumer category including growth trend in number of consumers and connected load.

The energy sales for FY 2015-16 have been determined based on CAGR for past years in various consumer categories. Since the energy sales in each category depends upon a number of factors like growth in economy, climate, Government policies, etc, normalization in sales has been undertaken in order to remove any wide fluctuations.

A CAGR of 6.50% has been considered for estimation of sales in the HT/EHT industry category.

For the domestic consumers, the DNHPDCL has projected the energy sales for FY 2015-16 by applying a Compounded Annual Growth Rate (CAGR) of 14.45% on the estimated sales for FY 14-15. Whereas, a CAGR of 11.90% has been considered for estimation of sales in commercial category.

For the agriculture and LT industry, the DNHPDCL has projected the energy sales for FY 2015-16 by applying a CAGR of 10.04% and 9.01% respectively on the estimated sales for FY 2014-15.

DNHPDCL has projected the sales for FY 2015-16 over the estimated sales (Revised estimate) of FY 2014-15 for each category of consumer at different CAGR which is considered appropriate.

The CAGRs adopted by the Petitioner are as below.

Category	**CAGR considered**
Domestic	14.45%
Commercial	11.90%
Agriculture	10.04%
LT Industry	9.01%
HT/EHT Industry	6.50%
Public Lighting	23.90%
Public Water works	5.00%
Temporary Supply	7.59%

Table 7.6: Projected category-wise energy sales for FY 2015-16

(MU)

Consumers Category	**FY 2015-16 (Projected)**
Domestic	116.09
Commercial	31.76
Agriculture	4.82
LT Industry	206.82
HT/EHT Industry	5158.36
Public Lighting	8.33
Public Water works	2.94
Temporary Supply	0.9
Total	5529.44

The category-wise sales analysed for the projection for FY 2015-16 are discussed below:

Commission's analysis

Domestic

The sales of the category constitute about 1.6% of total sales. The Petitioner has adopted 4 Year CAGR of 14.45% over the sales of FY 2014-15 (RE). 4 year, 3 year and 2 year CAGR were 14.45%, 14.21% and 22.5%, respectively. Considering the growth potential of 4 Year CAGR of 14.45% adopted by the Petitioner as reasonable, the same has been considered for projection of sales for FY 2015-16. Accordingly approved sales for the domestic category as given in Table 7.6 below:

Table 7.7: Approved sales for FY 2015-16 for the Domestic Category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
Domestic	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
	101.43	14.45%	116.09	94.95	14.45%	108.67

Commercial

The sales to this category constitute about 0.55% of total sales. The Petitioner has adopted 4 Year CAGR of 11.90% over the estimated sales FY 2014-15 (RE). 4 year, 3 year and 2 year CAGR were 11.9%, 12.92%, 3.5% respectively. Considering the potential for growth of 4 year CAGR of 11.90% adopted by the Petitioner as reasonable, the same has been considered by the Commission for projection of energy sales for FY 2015-16. Accordingly, the approved sales for commercial category are given in the Table below:

Table 7.8: Approved Sales for FY 2015-16 the Commercial category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
Commercial	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
	28.38	11.90%	31.76	27.36	11.90%	30.62

Agriculture

The sales for this category constitute about 0.08% of total sales. The Petitioner has adopted 4 year CAGR of 10.04%, over the estimated sales of FY 2014-15 (RE). 4 year, 3 year, the 2 year CAGR, are 10.05%, 24.87% and 21.11% respectively for the category. The Commission considers 4 year CAGR as adopted by the Petitioner is reasonable for projection for agriculture over the sales of FY 2014-15 (RE). The contribution of the category is only 0.08%. The approve sales for the agriculture category in the table below:

Table 7.9: Approved Sales for FY 2015-16 the Agriculture category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
Agriculture	**FY 2014-15 (RE)**	**CAGR adopted**	**FY 2015-16**	**FY 2014-15 (RE)**	**CAGR adopted**	**FY 2015-16**
	4.38	10.04%	4.82	4.75	10.05%	5.23

LT Industry

The sales of this category constitute about 3.66% total sales. The Petitioner has adopted 4 year CAGR of 9.01% over the estimated sales of FY 2014-15 (RE). 4 year CAGR, 3 year CAGR and 2 year CAGR are 9.01%, 6.23%, 7.7% respectively for the category.

The Commission considers 4 year CAGR of 9.01% as adopted by the Petitioner for projection of sales for FY 2015-16. Considering the stable growth of sales to the category as reasonable, the sales for FY 2015-16 to the LT industry have been considered by applying CAGR of 9.01% over the sales of FY 2014-15 (RE). The approved sales for the LT industry category are as given in the table below.

Table 7.10: Approve sales for FY 2015-16 to LT Industry category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
LT Industry	**FY 2014-15 (RE)**	**CAGR adopted**	**FY 2015-16**	**FY 2014-15 (RE)**	**CAGR adopted**	**FY 2015-16**
	189.73	9.01%	206.82	191.04	9.01%	208.25

HT/EHT Industry

The sales of the category constitute about 93.55% of total sales. The Petitioner has projected the sales at 6.5% over the sales of FY 2014-15 (RE) against the sales CAGR of 4 year, 3 year and 2 year of 10.46%, 8.31% and 8.08% respectively. The Commission considers it reasonable to adopt CAGR of 6.5% considering some consumers may opt for open access. The Commission projects the sales for FY 2015-16 at 6.5% CAGR over the estimated sales of FY 2014-15 (RE). Accordingly, the approved sales for HT/EHT industry category for FY 2015-16 are given below:

Table 7.11: Approved Sales for FY 2015-16 for the HT/EHT Industry category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
HT/EHT Industry	4843.53	6.5%	5158.36	4894.40	6.5%	5212.54

Public Lighting

The sales of the category constitute about 0.13% of total sales. The Petitioner adopted 4 year CAGR of 23.86%. 4 year, 3 year and 2 year CAGR, were 23.89%, 29.06% and 7.26% respectively. YOY growth for FY 2013-14 over FY 2012-13 is 32.36%. The Petitioner has not explained the reason for adopting such large growth. However the Commission considers 4 year CAGR of 23.90% adopted by the Petitioner for projection for FY 2015-16 to public lighting category in view of consistent growth over the last 4 years. Accordingly, the sales for FY 2015-16 have been considered by applying CAGR of 23.90% over the sales of FY 2014-15 (RE).

Table 7.12: Approved sales for FY 2015-16 of public lighting category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
Public Lighting	6.73	23.90%	8.34	8.27	23.90%	10.25

Public Water works

The sales of the category constitute about 0.05% of total sales. The Petitioner has adopted the growth of 5.0%. The energy sales to the category were `NIL' over the last 5 years up to FY 2013-14. However, the Petitioner has considered the sale of 2.80 MU for FY 2014-15 (RE). This is stated to be based on actual sales of 1.40 MU during the first half 2014-15. Though there is no past trend, the Commission considers the growth of 5% over the estimate sales of 2.80 MU of FY 2014-15 (RE). Accordingly, the sales for FY 2015-16 have been considered by applying CAGR of 5% over the estimated sales for the FY 2014-15 (RE).

The approved sales for Public Water works category are as given in table below:

Table 7.13: Approved sales for FY 2015-16 to Public water works

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
Public Water works	2.80	5.0%	2.94	2.80	5.0%	2.94

Temporary Supply

The sales for the category during the last 5 years are in the range of 1.50 MU to 2.00 MU. The Petitioner has adopted 4 year CAGR of 7.59%. 4 year, 3 year and 2 year CAGR were 7.59%, 7.02% and 0% CAGR respectively. The Commission considers the CAGR of 7.59% adopted by the Petitioner of the projection of sales for FY 2015-16. The sales of the category are hardly about 0.005%. Accordingly the Commission approves the sales for the category as projected by the Petitioner. Thus the approval sales for the Temporary Supply category are as given in table below:

Table 7.14: Approved sales for FY 2015-16 for Temporary Supply category

(MU)

Category	Projected by the Petitioner			Approved by the Commission		
	FY 2014-15 (RE)	CAGR adopted	FY 2015-16	FY 2014-15 (RE)	CAGR adopted	FY 2015-16
Temporary Supply	0.27	7.59%	0.29	0.29	7.59%	0.31

Based on the above analysis, the category wise sales for the FY 2015-16 as projected by the Petitioner and approved by the Commission are given in the table below:

Table 7.15: Category sales for FY 2015-16 as projected and as approved (MU)

Category	Projected by the Petitioner for FY 2015-16	Approved for FY 2015-16 by the Commission
Domestic	116.09	108.67
Commercial	31.76	30.62
Agriculture	4.82	5.23
LT Industry	206.82	208.25
HT/EHT Industry	5158.36	5212.54
Public Lighting	8.34	10.25
Public Water Works	2.94	2.94
Temporary Supply	0.29	0.31
Total	**5529.42**	**5578.81**

7.3 Intra-State Transmission & Distribution Loss

Petitioner's submission

The Petitioner has submitted that significant reduction in transmission & distribution losses is achieved. The Petitioner further submitted that the system improvement works executed every year under the plan schemes as well as increase in energy sales quantum at higher voltages has resulted in the reduction of T&D losses. It is submitted that T&D Loss below 4.75% will involve significant amount of capital expenditure by DNHPDCL to bring down the loss level further down. DNHPDCL has submitted that it will make efforts to bring down T&D loss further in the subsequent years. The loss level for FY 2015-16 is as given in Table below:

Table 7.16: Proposed T&D Loss for FY 2015-16

Particulars	FY 2014-15 (Estimated)	FY 2015-16 (Projected)
T&D Loss	4.75%	4.70%

The Petitioner has considered the T&D loss of 4.75% for FY 2014-15 (RE) and 4.70% for FY 2015-16.

Commission's Analysis

The Commission is of the view that the loss levels proposed by the Petitioner are on higher side keeping in view of the typical consumer mix of UT of Dadra and Nagar Haveli. Further, in view of the fact that the M/s Alok Industries and M/s Reliance Industries have already switched over to 220 kV level, as per the information provided by the Petitioner, these two industries alone contribute more than 25% of total sales of Petitioner and the T&D Losses are less at the 220 kV level, the overall losses are bound to reduce. However as the losses approved for FY 2013-14 i.e. 4.70% are already very competitive as compared to national level loss levels, the Commission finds it appropriate to retain the loss level of 4.70% for the FY 2015-16. **The Commission has therefore considers the T&D loss level at 4.70% as reasonable and approves the same level for FY 2015-16.**

7.4 Inter-State Transmission Loss

Petitioner's submission

The Petitioner has submitted that it has considered the interstate transmission losses of 3.56%.

Commission's view

The Commission has considered the recent 52-week moving average of regional losses available and found the inter-state transmission losses to be 3.71% for FY 2014-15 and FY 2015-16.

The Commission considers inter-state transmission losses of 3.71% for the FY 2015-16 as reasonable and approves the same for the FY 2015-16 subject to further consideration at the time of True up when actual data becomes available.

7.5 Energy Requirement

Petitioner's submission

Based on the proposed loss levels and projected energy requirement within the State, the energy required at generation end is presented for FY 2015-16 in the following Table:

Table 7.17: Energy Balance for FY 2015-16 as projected by the Petitioner

Particulars	FY 2015-16
Energy Sales (MU)	5529.44
Distribution Loss (%)	4.7%
Distribution Loss (MU)	272.70
Energy Required	5802.14
Surplus power sale (MU)	4.19
Interstate Transmission loss (MU)	214.34
Energy available	6020.66

Commission's analysis

Based on the approved Energy sales, Transmission & Distribution Losses for FY 2015-16 as discussed in earlier Para, the energy required at the UT periphery and at the generation end is given in the Table below:

Table 7.18: Energy Requirement approved by the Commission for FY 2015-16

Sl. No.	Particulars	FY 2015-16
1	Energy Sales	1999
(i)	T&D Loss (%)	4.70
(ii)	T&D Loss MU)	275.13
2	Energy Requirement at the UT's periphery for sale to retail consumers	5853.92
3	Inter State Transmission loss	
	%	3.71
	MU	225.55
4	Energy required at generation end	6079.47

7.6 Energy Purchase (availability)

Petitioner`s Submission

7.6.1 Power Purchase Quantum

The Petitioner has submitted that Dadra & Nagar Haveli has no generating stations of its own and relies on the firm and infirm allocation of power from Central Generating Stations like Korba, Vindhyachal, Kahalgaon, Kawas, Sipat, Tarapur, Kakrapar etc. to meet its energy requirement.

The DNHPDCL for the purpose of estimation of the power availability during the FY 2015-16 has considered the following sources of power:

- NTPC Western Region Generating Stations
- NTPC Eastern Region Generating Stations
- NSPCL (NTPC-SAIL Power Company Ltd)
- Nuclear Power Corporation of India Limited
- Ratnagiri Gas Power Plant (RGPPL)
- Private Sector Power Generating Companies
- Renewable energy sources – Solar and Non-Solar
- Other market sources

The Petitioner has further submitted that D&NH has allocation from Western as well as Eastern region from coal, gas and nuclear power stations. However, for meeting the supply-demand gap during the peak hours, the Petitioner has relied on over-drawal from the Grid (UI).

For projecting of the energy availability for FY 2015-16, energy availability, firm and infirm allocation from various generating stations, has been considered. Detailed methodology and projecting the power availability to the Petitioner from various sources is summarized below.

Dadra & Nagar Haveli has firm and infirm allocated share in Central Sector Generating Stations (CSGS) of NTPC, Nuclear Power Corporation of India Ltd (NPCIL), and NTPC Sail Power Company Ltd (NSPCL).

The firm and infirm allocation available to DNHPDCL is as per the allocation specified in the notification No. WRPC/Comm-I/6/Alloc/2014/7872 dated 22.08.2014 of Western Regional Power Committee. A summary of the same is given in the table below:

Table 7.19: Energy Allocation from Central Generating Stations

(MW)

Name of the Plant	Weighted average infirm allocation	Weighted Average Firm allocation	Weighted average total allocation
KSTPP	53.99	-	53.99
KSTPS-3	20.77	2.2	22.97
VSTPP-I	39.25	5.00	44.25
VSTPP-II	29.66	4.00	33.66
VSTPP-III	29.66	6.00	35.66
VSTPP-IV	41.52	5.55	47.07
KAWAS	56.24	25.00	81.24
GGPP	56.75	2.00	58.75
Sipat-I	82.24	9.00	91.24
Sipat-II	28.19	4.00	32.19
KHSTPP-II	3.50	3.50	3.50
Mouda (MSTPS)	41.53	5.55	47.08
NPCIL - KAPS	10.80	2.00	12.80
NPCIL - TAPP 3&4	36.52	7.00	43.52
Total	**530.62**	**80.80**	**607.92**
NSPCL Bhilai		100.00	100.00
RGPPL		38.00	38.00
EMCO Energy Ltd.		200.00	200.00
(GMR Group)			

The Petitioner has further submitted that:

- The Government of India, Ministry of Power has allocated 2% (38 MW) power to DNHPCL on a long term basis from RGPPL. DNHPDCL has executed PPA with RGPPL and Transmission Service Agreement (TSA) with MSETCL for transmission of above allocated power of RGPPL. The State of Maharashtra has 95% share allocation from RGPPL and they are not scheduling power due to non-availability of natural gas to this project. Due to non-availability of technical minimum schedule to run the plant, presently there is no generation from the plant. Therefore, for the MYT Control Period, DNHPDCL has not considered any power purchase from RGPPL. However, as per the terms of the PPA signed with RGPPL, DNHPDCL will have to pay the capacity charges for the allocated capacity share from the plant. Therefore the fixed charges have been considered for the MYT Control Period from RGPPL.
- DNHPDCL is expected that capacity from the following plants will also be allocated to DNHPDCL. The details of the plants and the capacity to be allocated to DNHPDCL are given in the table below:

Table 7.20: Energy Allocation from Upcoming Central Generating Stations for FY 2015-16

Particulars	Plant Capacity (MW)	DNHPDCL Allocation (MW)	Avg. DNHPDCL Allocation (%)
NTPC Stations			
VSTPS -V	500	3.24	65%
LARA	4,000	5.29	13%
Gadarwara	2640	25	95%
BARH	1320	5.50	42%
Dhuwaran	1980	25	1.26%
Subtotal	10440	64.03	
NSPCL Rourkela	250	50	
Grand Total	**10690**	**114.03**	

- Additionally, the DNHPDCL is procuring power from EMCO Energy Limited (GMR) power plant in Maharashtra. DNHPDCL will receive 200 MW power from EMCO. For projection of power purchase from EMCO, DNHPDCL has projected 90% PLF and 9% auxiliary consumption.
- Power purchase quantum from the NTPC stations for FY 2015-16 has been calculated based on the installed capacity of each plant and by applying the

average of previous one and half years PLF. For NSPCL, an average PLF of 90% has been considered in line with the actual PLF for the first six months of FY 2014-15.

- For gas based generating stations i.e. Kawas (KGPP) and Gandhar (GGPP) weighted average PLF of the last one and half year have been taken into account.
- Auxiliary consumption of 9% and 3% has been considered for coal and gas based generating stations, respectively.
- For computing the power availability at the periphery, 3.56% external transmission losses have been applied on the gross power purchase for FY 2015-16.

Purchase of Renewable Energy

The DNHPDCL has submitted that the DNHPDCL had filed a petition with the Commission in respect of Request For Proposal (RFP) for procurement of non-solar renewable energy of 170 MUs on yearly basis as per the case-I RE bidding guidelines for Tariff Based Competitive Bidding Process for grid connected power projects based on renewable energy sources issued by the Government of India. The Commission has approved RFP document for the bidding vide its Order dated 28.08.2014. The DNHPDCL is in the process of inviting bids for the same and it is expected that from FY 2015-16 the Petitioner will be able to procure the non solar energy through this process. Further, the DNHPDCL will also procure renewable energy certificates of 100 MU each during the FY 2015-16 to fulfil its non-solar renewable power obligation.

To meet the solar obligation for FY 2015-16, the Petitioner is in the process of installing solar plants of capacity 3.37 MW. It is expected that the plants will be commissioned by March, 2015. The per MW unit generation form the solar plants will be approximately 1.60 MU and will procure about 120 MU from solar power procurement under case–I bidding during the next 2-3 years. Therefore, DNHPDCL has considered purchase of solar renewable energy of 5.39 MU during FY 2015-16, to meet its solar RPO target through this route.

Source-wise Power Purchase for FY 2015-16

DNHPDCL has projected the station-wise purchase of power for the FY 2015-16 as given below:

Table 7.21: Power Purchase for FY 2015-16 as submitted by the Petitioner

(MU)

Source	FY 2015-16 (Projected)
NTPC Stations	
KSTPS	375.52
KSTPS 3	159.73
VSTPP-I	311.15
VSTPP-II	236.68
VSTPP-III	250.74
VSTPP-IV	330.96
KGPP	417.88
JGPP	332.81
Sipat-I	537.65
Sipat-II	189.72
Mauda	14.87
VSTPS-V	21.95
LARA	0.00
Gadarwara	0.00
Barh	0.00
Dhuwaran	0.00
FSTPS	0.00
KHSTPS I	0.00
RSTPS	0.00
TSTPS	0.00
KHSTPP-II	19.52
Subtotal - NTPC	**3199.17**
NSPCL - Bhilai	758.93
NNSPCL - Rourkela	0.00
NPCIL	
KAPS	93.27
TAPS	264.40
Subtotal	**357.67**
Others	
RGPPL	0.00
Tata Power - Haldia	0.00
EMCO Energy Ltd. (GMR Group)	1529.50
Sub total	**1529.50**

Source	FY 2015-16 (Projected)
Power Purchase from Other Sources	
Indian E. Exchange/ Bilateral	
UI	0.00
Solar	5.39
Non Solar	170.00
RPO provisioning	
Subtotal	**175.39**
Total Power Purchase	**6020.66**
External Losses	214.34
Availability at DNHPDCL Periphery	5806.33

The Petitioner has requested the Commission to approve the Power Purchase quantum as estimated in the Table above.

7.7 Power Purchase Cost

Petitioner's submission

The Petitioner has submitted that the cost of purchase of power from the central generating stations for FY 2015-16 is estimated based on the following assumptions:

1. Fixed cost for FY 2015-16 has been projected considering a 5% escalation over the estimated fixed cost of various stations for FY 2014-15.
2. Variable cost for each NTPC generating stations for FY 2015-16 has been projected based on the increase in the actual average variable cost per unit for the first six months of FY 2014-15.
3. The DNHPDCL has projected other charges (tax, incentives, etc) for the Control Period at similar level as estimated for full year of FY 2014-15.
4. For nuclear plants i.e. KAPP and TAPP single part tariff increase in the actual average variable cost per unit for the first six months of FY 2014-15 has been taken into consideration.
5. For NTPC-SAIL Bhilai unit 1 & 2, an escalation 5% has been taken to project the fixed cost for the Control Period and for projecting the variable cost the increase in the actual average variable cost per unit for the first six months of FY 2014-15 has been taken into consideration.

6. For power purchase from renewable energy sources, the DNHPDCL has outsourced the maintenance cost of the solar plants to BHEL. For the purchase through Case-I bidding, Commission's approved tariff for non-solar power in the Tariff Order for FY 2014-15 has been taken into account for projecting the cost during FY 2015-16.

The Total Power Purchase cost for various sources for FY 2015-16 Period is summarized in the Table below:

Table 7.22: Projected Power Purchase Cost for FY 2015-16

(Rs. Crore)

Sl. No.	Source	FY 2015-16 (Projected)
I	**NTPC Stations**	
1	KSTPP	66.06
2	KSTPS III	32.09
3	VSTPP-I	74.85
4	VSTPP-II	58.45
5	VSTPP-III	65.41
6	VSTPP-IV	101.53
7	KGPP	165.66
8	GGPP	173.39
9	Sipat-I	185.17
10	Sipat-II	70.54
11	Mauda	65.14
12	VSTPS-V	7.35
13	LARA	0.00
14	Gadarwara	0.00
15	BARH	0.00
16	Dhuwaran	0.00
18	FSTPS	0.00
19	KhSTPS I	0.00
20	RSTPS	0.00
21	TSTPS	0.00
22	KHSTPP-II	4.19
23	**Subtotal - NTPC**	**1,069.99**
24	**NSPCL - Bhilai**	302.77
25	NSPCL- Rourkela	0.00
II	**NPCIL**	
27	KAPPS	21.56
28	TAPP	72.56
29	**Subtotal**	93.98
III	**Others**	
30	RGPPL	29.98
31	Tata Power - Haldia	0.00
32	EMCO	666.92

Sl. No.	Source	FY 2015-16 (Projected)
33	**Subtotal**	**696.90**
IV	**Power Purchase from Other Sources**	
34	Indian E. Exchange/Bilateral	0.00
35	UI	0.00
36	Solar	0
37	Non Solar	
38	RPO provisioning	
39	**Subtotal**	**83**
40	Misc. Arrears	
41	**Total Power Purchase**	**2246.65**

7.8 Transmission and Other Charges

Petitioner's submission

It is submitted by the Petitioner that Transmission charges payable to PGCIL are based on the total capacity allocation in the transmission network. DNHPDCL has a mix of firm and infirm capacity allocation from various Central Generating Stations which is revised by Ministry of Power at regular intervals. Therefore, considering the changing capacity allocation, DNHPDCL has estimated the transmission charges. For FY 2015-16 the transmission charges payable to the EDDNH (Transmission Division) have also been considered by the DNHPDCL.

For projecting the PGCIL transmission charges for FY 2015-16, an escalation of 10% over the estimated FY 2014-15 transmission charges has been considered in view of the increase in transmission charges. Further, DNHPDCL has taken into account the additional capacity share in the new stations while estimating the Inter-State transmission charges for FY 2015-16

Table 7.23: Total Purchase Cost for FY 2015-16

Particulars	FY 2015-16 (Projected)
Total Power Purchases	2246.65
PGCIL CHARGES	171.95
POSOCO	0.85
WRPC	0.00
Reactive Charges	3.12
MSTCL	3.78
Others	15.00
Total Power Purchase Cost including Transmission Charges	**2441.34**

The total Power Purchase cost including transmission and other charges projected by the Petitioner is Rs. 2441.34 Crore for FY 2015-16.

7. 9 Commission's Analysis of Power Purchase Quantum and Cost for FY 2015-16

7.9.1 Power Purchase Quantum and Cost

Central Generating Stations

The Petitioner has firm allocation in the following Central Sector Generating Stations of NTPC.

- Korba Super Thermal Power Station - I, II and III.
- Vindhyachal Super Thermal Power Station - I, II, III & IV.
- Kawas Gas Power Station
- Gandhar Gas Power Station
- Sipat Super Thermal Power Station- I &II
- Ratnagiri Gas and Power
- Kahalgaon Super Thermal Power Station - II (Eastern Region)
- Mauda Thermal Power Station
- NPCIL
    - KAPS
    - TAPP 3&4
    - NSPCL - Bhilai

Apart from the above, the Petitioner also has PPA for 200 MW with the EMCO-GMR and for 100 MW with NSPCL, Bhilai.

The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above NTPC stations, except Kahalgaon STPS-II, as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2014/7872 dated 22nd August, 2014 The allocation for Kahalgaon STPS-II is considered as per the notification of the Eastern Region power Committee.

- **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. The availability from each station has been considered based on merit order dispatch. However the fixed charges are approved on full allocation. 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, 2009. The energy availability from EMCO-GMR station has been considered at 200 MW during the Control Period.
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the Petitioner from respective stations.

7.9.2 Power Purchase Cost

The CERC has not issued the Tariff Orders for the FY 2014-15 for the central generating stations. The Tariff Regulations for the years post FY 2013-14 have been finalized by CERC but Tariff Orders are yet to be issued by CERC. In the absence of such information this Commission has considered the following assumptions to arrive at the power purchase cost for the Control Period.

- **Fixed Charges:** No escalation has been considered in the fixed charges for FY 2015-16 over the estimated fixed charges of FY 2014-15 for various stations.
- **Variable Charges:** The Commission has considered the average variable cost for the period April, 2014 to September 2014 submitted by the Petitioner (verified from the bills) for consideration of the per unit variable charges for the Control Period without escalation and variable charges for new stations have been computed with the charges for similar station and as per the submission made by the Petitioner.

Accordingly, the Commission approves the availability from NTPC stations based on the merit order dispatch principles.

- **Central Generating Stations – Nuclear Power Corporation of India Limited**

The Petitioner has firm allocation in the Central Sector Generating Stations of NPCIL from the following stations.

- Kakrapara Atomic Power Station (KAPS)
- Tarapur Atomic Power Station (TAPS)

The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2014/7872 dated 22nd August, 2014.

- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing NPCL stations based on the installed capacity and the average Plant Load Factor for the past years. The Net energy sent out is considered after reducing the recent available levels of auxiliary consumption.

- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the Petitioner from respective stations.

  The Commission has considered the following assumptions to arrive at the single part tariff for the NPCIL stations during the Control Period.

- **Variable Charges:** The Commission has considered the average cost for the period April, 2014 to September 2014 submitted by the Petitioner for consideration of the per unit charges for the Control Period.
- **Merit order Dispatch**: The Commission has considered the nuclear plants as must run and has not subjected them for merit order dispatch.

NSPCL

The Petitioner has firm allocation from the following station of NSPCL- Bhilai

The Commission has considered the following assumptions to arrive at the Power purchase cost for the FY 2015-16 from the NSPCL station.

- **Fixed Charges:** The fixed charges are equivalent to fixed charges approved by CERC for FY 2013-14 as the Tariff Order for FY 2014-15 is yet to be issued by CERC.

- **Variable Charges:** The Commission has considered the average variable cost for the period April, 2014 to September 2014 submitted by the Petitioner for consideration of the per unit variable charges for the Control Period.

- **Merit Order Dispatch**: Since, the Petitioner is having an arrangement/ agreement for 100 MW from IPP stations, the energy availability is considered as projected by the Petitioner.

EMCO Energy Limited

The Petitioner has submitted that the Power purchase agreement has been executed with EMCO Energy Limited Power Plant. Commission vide order dated February 19'2013 had approved the PPA to be entered between DNHPDCL and EMCO Energy Limited for procurement of 200 MW power on long term basis as per the case-I bidding guidelines of Ministry of Power. The Commission has considered the power availability from EMCO Energy Limited as projected by the Petitioner.

The Commission, for the purpose of ARR for FY 2015-16, has considered the energy availability from this source at the per unit capacity charges already approved in the Power Purchase Agreement between EMCO and DNHPDCL. Further, The Commission has considered the average variable cost for the period April, 2014 to September 2014 submitted by the Petitioner (verified from the bills) for consideration of the per unit variable charges for the Control Period.

The Commission has considered the submission of the Petitioner and accordingly, the power purchase quantum and cost approved from various sources under merit order dispatch for the Control Period is given in Table 7.22.

Transmission and Other Charges

DNHPDCL has to pay the transmission charges to DNH Transmission system as the Distribution business of DNH has been corporatized and a separate corporation, DNHPDCL created. The transmission system of DNH is being managed by DNH Administration. Hence, DNHPDCL has to pay transmission charges to DNH Transmission. The DNH Transmission division has filed a separate Petition for transmission and the Commission has to approve the transmission charges for FY 2015-16. The transmission charges of Rs. 17.25 Crore as approved by the Commission are considered for FY 2015-16.

The PGCIL transmission charges and other charges for FY 2015-16 are considered at the costs approved in FY 2014-15 revised estimates based on actual for first 6 months of FY 2014-15 any variation will be considered in the truing up.

The charges approved by the Commission for FY 2015-16 are as given below:

Particulars (Rs. Crore)	FY 2014-15	FY 2015-16
PGCIL charges	159.21	159.21
POSOCO Charges	0.79	0.79
DNH Transmission charges	-	17.25
Reaction Charges	2.89	2.89
MSTCL	3.50	3.50
Total	**166.39**	**183.64**

7.9.3 Total Power purchase quantum & cost approved for FY 2015-16

The power purchase quantum and the cost for purchase of from various sources for FY 2015-16 is given in Table below:

Table 7.24: DNH Power Purchase Quantum and Power Purchase Cost for FY 2015-16

Sl. No	Source	Capacity (MW)	PLF (in %)	Gross Generation (MU)	Auxiliary Consumption (%)	Net Generation (MU)	Firm allocation (%)	Purchase FY 2015-16 (MU)	VC (Ps/kWh)	VC (Rs. Cr)	FC (Rs. Cr)	Total Gross (Rs. Crore)
A	**Central sector Power Station**											
	NTPC											
1	KSTPP 1&2	2100	88.00%	16188.48	8.50%	14812.46	2.57%	381	104.18	39.66	20.91	60.57
2	KSTPS 3	500	88.00%	3854.40	6.50%	3603.86	4.59%	165	41.64	6.89	25.66	32.55
3	VSTPP-I	1260	88.00%	9713.09	6.50%	9081.74	3.51%	319	150.83	48.08	18.83	66.91
4	VSTPP-II	1000	88.00%	7708.80	6.50%	7207.73	3.37%	243	142.7	34.66	14.52	49.18
5	VSTPP-III	1,000	88.00%	7708.80	6.50%	7207.73	3.57%	257	138.81	35.72	26.75	62.47
6	VSTPP-IV	500	88.00%	3854.40	6.50%	3603.86	9.41%	339	141.75	48.07	44.49	92.56
7	KAWAS	656	61.00%	3505.40	3.00%	3400.24	12.38%	421	251.32	105.79	46.07	151.86
8	JGPP	657	67.00%	3856.06	3.00%	3740.38	8.94%	334	310.28	103.75	43.93	147.68
9	Sipat-I	1,320	73.00%	8441.14	8.50%	7723.64	6.91%	534	148.04	79.01	93.13	172.14
10	Sipat-II	1,000	73.00%	6394.80	6.50%	5979.14	3.22%	193	149.38	28.76	29.46	58.22
11	MSTPL 1	500	50.00%	2190.00	8.50%	2003.85	0.70%	14	488.15	6.85	47.73	54.58
12	VSTPS-V	500	85.00%	3723.00	6.50%	3481.01	0.65%	23	124	2.81	0	2.81
13	LARA	4,000	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
14	Gadarwara	2,640	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
15	BARH	1,320	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
16	Dhuwaran	1,980	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
17	Kharagaon	1,320	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
18	FSTPS	0	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
19	KHSTPS I	0	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
20	RSTPS	0	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
21	TSTPS	0	0.00%	0.00	8.50%	0.00	0.00%	0	0	0	0	0.00
22	KHSTPP-II	1,000	70.00%	6132.00	6.50%	5733.42	0.35%	20	284.07	5.70	2.33	8.03
	Subtotal	**23253**		**83270.37**		**77579.05**		**3242.50**		**545.75**	**413.81**	**959.56**
B	**NSPCL**											
1	NSPCL - Bhilai	500	91.54%	4009.45	9.00%	3648.60	20.00%	758.93	220.11	167.05	114.91	281.96
2	NSPCL- Rourkela	250	85%	1861.50	9.00%	1693.97	0.00%	0	0	0.00	0	0.00
	Sub Total	**750**		**5870.95**		**5342.57**		**758.93**		**167.05**	**114.91**	**281.96**

Sl. No	Source	Capacity (MW)	PLF (in %)	Gross Generation (MU)	Auxiliary Consumption (%)	Net Generation (MU)	Firm allocation (%)	Purchase FY 2015-16 (MU)	VC (Ps/kWh)	VC (Rs. Cr)	FC (Rs. Cr)	Total Gross (Rs. Crore)
C	**NPCIL**											
1	KAPPS	440	92.92%	3581.51	10.00%	3223.36	2.91%	94	231	21.67	0	21.67
2	TAPP 3&4	1080	80.49%	7615.00	10.00%	6853.50	4.03%	276	276	76.23	0	76.23
	Subtotal	**1520**		**11196.5**		**10076.9**		**370.00**		**97.90**	**0.00**	**97.90**
D	**Others**											
1	RGPPL	1967	82%				1.93%	0	263.2	0.00	27.26	27.26
2	Tata Power - Haldia	120	95%				58.33%	0	0	0.00	0	0.00
3	EMCO (GMR)	200	90%	1529.50		1529.5	100.00%	1529.5	165.59	253.27	385.14	638.41
	Subtotal	**2287**		**1529.50**		**1529.5**		**1529.5**		**253.27**	**412.40**	**665.67**
	Power Purchase from other sources											
1	Indian E. Exchange/Bilateral							0			0	0
2	Bilateral							0			0	0
3	Solar							5.39			0	0
4	Non Solar							170		83	0	83
5	RPO provisioning							0			0	0
	Subtotal							**175.39**			**0**	**83.00**
	UI							3.16	300	0.95	0	0.95
	Power Purchase Cost	**27810.00**		**101867.33**		**94527.98**		**6079.47**		**1063.96**	**941.12**	**2089.03**
1	External Losses							225.55				
	Availability at ED-DNH Periphery							**5853.92**				
	PGCIL Charges											159.21
	POSOCO											0.79
	DNH Transmission charges											17.25
	Reactive charges											2.89
	MSTCL											3.50
	Grand Total of Charges							**5853.92**				**2272.67**

7.10 Power Purchase Cost Approved for FY 2015-16

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.

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 formula will be applicable for FY 2014-15 and for FY 2015-16.

The licensee will 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. For the purpose of calculation using FPPCA formula notified by the Commission, the approved per unit cost of power purchase (approved) for use in the FPPCA formula (paisa per unit) is 375 paisa per unit for FY 2015-16. The approved per unit cost of power purchase for FY 2014-15 and for FY 2015-16 to be considered in the FPPCA formula excludes transmission charges of PGCIL, SLDC charges, RLDC charges and charges for reactive energy.

The Commission thus considers the total power purchase cost of Rs. 2272.67 Crore for FY 2015-16 for purchase of 6079.47 MU.

7.11 Operation and Maintenance Expenses

Petitioner's Submission

The Petitioner has submitted that the Operation and Maintenance expenses comprise the following heads:

- **Employees Expenses** which include the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution

assets; and

- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

Commission's Analysis

The Commission has kept in abeyance the JERC (Multi Year Tariff) Regulations 2014 and made applicable the JERC Tariff Regulations, 2009 for the Tariff year 2015-16.

Regulation 27 (3) of JERC Tariff Regulations 2009 specifies

"O&M expenses for distribution functions shall be determined by the Commission as follows:

(a) O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;

(b) Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the wholesale price index as on 1st April of the relevant year.

(c) In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expense for subsequent years for individual companies on the basis of such estimation and above principle".

Accordingly, the O&M expenses shall be adjusted according to variation in rate of WPI per annum to determine the O&M expenses for subsequent year. The WPI inflation Index used for computation of Employee Cost, A&G Expenses and R&M Expenses, is given in Table below:

WPI inflationary index

Sl. No.	Financial year	Average WPI
1	FY 2013-14	177.64
2	FY 2012-13	167.62
3	Increase over previous year % [(1-2)/2]*100	5.98%

Accordingly, the Commission has computed the cost parameters of O&M expenses based on the costs considered by the Commission in True up for FY 2013-14 duly escalating for increase in inflation index for FY 2014-15. The Commission has considered the inflationary index for employee cost, A&G Expenses and R&M expenses to the increase in WPI per annum as given in Table below:

Table 7.25: Inflation Index of O&M Expenses

O&M Expenses	Inflation Index
Employee Cost	5.98%
A&G Expenses	5.98%
R&M Expenses	5.98%

7.11.1 Employee Expenses

Petitioner's Submission

The Petitioner has submitted that employee expenses comprise of all costs related to employees like basic salary, dearness allowances, medical cost, leave travel allowances, honorarium, etc. It is stated that the cost related to leave salary contribution and pension of the employees is not maintained and will claim the same at an appropriate time when the respective costs become payable.

The Petitioner has claimed employee expense for FY 2015-16 based on employee expense of FY 2014-15 with escalation for WPI inflationary index increase at 7.43% based on three years weighted average.

The Petitioner has claimed Rs.9.41 Crore towards employee expenses for FY 2015-16 and requested the Commission to approve the employee expense as projected.

Commission's Analysis

As specified in Regulation 27(3)(b) of JERC Regulations, 2009, the O&M expenses shall be adjusted according to variation in rate of WPI per annum to determine the O&M expenses for subsequent year. The Commission has considered WPI inflation Index at 5.98% per annum in the preceding paragraph. The Commission has considered employee expenses in review for FY 2014-15 at Rs.8.65 Crore.

Accordingly, the Commission has considered employee expenses for FY 2015-16 as given in the Table below:

Table 7.26: Employee expenses approved for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	Employee Expenses (as per FY 2014-15 (RE)	8.65
2	Inflationary index	5.98%
3	Inflationary increase	0.52
4	**Employee expenses for FY 2015-16**	**9.17**

7.11.2 Repair and Maintenance Expenses

Petitioner's Submission

The Petitioner has submitted that Repairs and Maintenance (R&M) expenses comprise expenses incurred for maintenance and upkeep of the transmission and distribution system and adequate R&M activities help in reduction of transmission and distribution losses and breakdowns in the system.

The Petitioner has claimed R&M expenses for FY 2015-16 based on the R&M expenses of FY 2014-15 with escalation for WPI inflationary index increase at 7.43% based on three years weighted average.

The Petitioner has claimed Rs.8.46 Crore towards R&M expenses for FY 2015-16 and requested the Commission to approve the same.

Commission's Analysis

As specified in Regulation 27(3)(b) of JERC Regulations, 2009, the O&M expenses shall be adjusted according to variation in rate of WPI per annum to determine the O&M expenses for subsequent year. The Commission has considered WPI inflation Index at 5.98% per annum in the preceding paragraph. The Commission has considered R&M expenses in review for FY 2014-15 at Rs.5.63 Crore. Accordingly, the Commission has considered R&M expenses for FY 2015-16 as given in the Table below:

Table 7.27: R&M expenses approved for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	R & M expenses (as per FY 2014-15 (RE)	5.63
2	Inflationary index	5.98%
3	Inflationary increase	0.34
4	**R&M expenses for FY 2015-16**	**5.97**

7.11.3 Administration and General Expenses

Petitioner's Submission

The Petitioner has submitted that Administrative and General (A&G) expense comprise of various sub-heads including the following:

- Telephone, postage & telegrams charges;
- Travel and conveyance expenses;
- Consultancy and regulatory fees; and
- Consumer indexing fee

The Petitioner has claimed A&G expenses for FY 2015-16 based on the A&G expenses of FY 2014-15 with escalation for WPI inflationary index increase at 7.43% based on three years weighted average.

The Petitioner has claimed Rs.5.20 Crore towards A & G expenses for FY 2015-16 and requested the Commission to approve the same.

Commission's Analysis

As specified in Regulation 27(3)(b) of JERC Regulations, 2009, the O&M expenses shall be adjusted according to variation in rate of WPI per annum to determine the O&M expenses for subsequent year. The Commission has considered WPI inflation Index at 5.98% per annum in the preceding paragraph. The Commission has considered A&G expenses at Rs.4.77 Crore in review for FY 2014-15. Accordingly, the Commission has considered A&G expenses for FY 2015-16 as given in the Table below:

Table 7.28: A&G expenses approved for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	A & G expenses (as per FY 2014-15 (RE))	4.77
2	Inflationary index	5.98%
3	Inflationary increase	0.28
4	**A & G expenses for FY 2015-16**	**5.05**

Summary of Operation and Maintenance Expenses

The Commission based on the O&M expenses considered in true up for FY 2013-14 has computed the O&M expenses for FY 2014-15 duly factoring for the increase in the inflationary index as given below:

Table 7.29: O&M expenses approved for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Employee Expenses	9.41	9.17
2	A&G Expenses	5.20	5.05
3	R&M Expenses	8.46	5.97
4	**Total O&M Expenses**	**23.07**	**20.19**

7.12 Capital Expenditure and Capitalization

Petitioner's submission

The Petitioner has submitted that it is engaged in procurement, transmission and distribution of electricity to the various consumer categories in the Union Territory of Dadra and Nagar Haveli. Apart from the upcoming Solar Plants, it does not have its own Power Generating Station and completely rely on the Central Sector Generating Stations (CSGS) in Western Region to meet its energy demand. The Capex Plan (Scheme wise) for FY 2015-16 has been formulated in order to effect better planning, budgeting and monitoring at macro and micro levels. The schemes are divided under the following two categories:

i) Ongoing Schemes

ii) New Schemes

The Petitioner has proposed a total capital investment of Rs.163.85 Crore for FY 2015-16 under ongoing schemes Rs.37.98 Crore and under new Schemes

Rs.125.87 Crore. The capital expenditure and capitalisation proposed by the Petitioner for FY 2015-16 is as given in the Table below:

Table 7.30: Capex and Capitalisation proposed for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Petitioner's submission
1	Capital expenditure	163.85
2	Capitalisation	85.79

Commission's Analysis

The Commission observes that the business plan submitted by the Petitioner is under active consideration of the Commission for approval. The Commission pending approval of the investment plan, provisionally approves the capital expenditure and capitalisation at Rs.163.85 Crore and Rs.85.79 Crore as proposed by the Petitioner for FY 2015-16.

7.13 GFA and Depreciation

Petitioner's submission

The Petitioner based on the capital expenditure plan and capitalisation has projected the opening GFA, additions to GFA and Closing GFA for FY 2015-16 as given in the Table below:

Table 7.31: Gross Fixed Assets (GFA) projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Opening GFA	455.02
Additions during the year	85.79
Closing GFA	540.81

Commission's analysis:

The Commission has approved closing GFA at Rs.331.21 Crore for FY 2014-15 in review and the same is adopted as opening GFA for FY 2015-16. The Commission has provisionally approved capitalisation at Rs.85.79 Crore for FY 2015-16 in the preceding paragraph.

The Commission, accordingly, considers the value of GFA for FY 2015-16 as given in the Table below:

Table 7.32: Gross Fixed Assets (GFA) approved for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Opening GFA	455.02	331.21
2	Additions during the year	85.79	85.79
3	Closing GFA	540.81	417.00

7. 14 Depreciation

Petitioner's Submission

The Petitioner has submitted that depreciation is charged on straight line method on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is computed on the original cost of the Gross Fixed Assets following depreciation rates as specified in the CERC (Terms and Conditions of Tariff) Regulations for FY 2009-14.

Table 7.33: Depreciation rate

Asset Category	Depreciation Rate %
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Computers & Others	6.33%
Land	0.00%

Depreciation is determined by applying aforesaid depreciation rates on the opening balance of Gross Fixed assets and average of the addition during the year as given in the Table below:

Table 7.34: Depreciation projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Opening GFA	455.02
Additions	85.79
Closing GFA	540.81
Average GFA	497.91
Depreciation Amount	25.44
Average Depression Rate	4.70%

Commission's analysis

The Commission has approved opening GFA, additions to GFA and Closing GFA in the preceding paragraph. The Commission has considered rate of depreciation provisionally at 5.06% as was considered in review for FY 2014-15 for computation of depreciation for FY 2015-16. The Commission based on the approved value of GFA has computed the depreciation for FY 2015-16 as given in the Table below:

Table 7.35: Depreciation approved for FY 2015-16 (Rs. Crore)

Sr. No	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Opening GFA	455.02	331.21
2	Additions	85.79	85.79
3	Closing GFA (1+2)	540.81	417.00
4	Average GFA (1+3)/2	497.91	374.11
5	Average Rate of Depreciation	4.70%	5.06%
6	Depreciation	25.44	18.93

7.15 Interest on Loan

Petitioner's submission

The Petitioner has submitted that assets capitalized during the year are considered in the debt-equity ratio of 70:30 as per the JERC Tariff Regulations, 2014. Interest rate is considered at 14.45% (prevailing SBI PLR) for computation of interest for FY 2015-16. The Petitioner has projected the interest charges for FY 2015-16 as given in the Table below:

Table 7.36: Interest charges projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Opening Loan	67.08
Addition to loan (70% of capitalisation)	60.05
Repayment	6.36
Closing Loan	120.77
Average Loan	93.93
Rate of interest	14.45%
Interest charges	13.57

Commission's analysis

The Commission has approved closing loan of Rs.52.04 Crore in review for FY 2014-15 and the same is considered as opening loan for FY 2015-16. Addition to loan is considered at 70% of the capitalisation in terms of Regulation 23 (1) of the JERC Tariff Regulations, 2009. The rate of Interest is considered at 14.75% (SBI (PLR) advance rate) as on 1st April 2015. Repayment of loan is considered equivalent to Depreciation allowed during the year as the depreciation is the cost of repayment of loan. The Commission accordingly, has computed the interest for FY 2015-16 as given in the Table below:

Table 7.37: Interest charges approved for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Opening Loan	67.08	52.04
2	Addition to loan (70% of capitalisation)	60.05	60.05
3	Repayment	6.36	18.93
4	Closing Loan (1+2-3)	120.77	93.16
5	Average Loan (1+4)/2	93.93	72.60
6	Rate of interest	14.45%	14.75%
7	Interest charges (5*6)	13.57	10.71

7.16 Interest on working Capital

Petitioner's submission

The Petitioner has submitted that working capital requirement for FY 2015-16 has been computed considering the following parameters as per JERC (Multi Year Distribution Tariff) Regulations, 2014.

- Receivables of two month of billing
- Less Power Purchase Cost of one month
- Less Consumer Security Deposit but Bank Guarantee/Fixed Deposits.
- Inventory for two months based on annual requirement for previous year.

Rate of interest of 14.75% (SBI PLR) has been considered on the working capital requirement and computed the interest on working capital for FY 2015-16 as given in the Table below:

Table 7.38: Interest on working capital projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Receivables of two months of billing	396.75
Less: Power purchase cost of 1 month	203.45

Particulars	Petitioner's submission
Less: Consumers security deposit	55.06
Inventory for two months based on annual requirement of previous year	4.79
Total working capital requirement	143.04
Rate of interest	14.45%
Interest on working capital	**20.67**

Commission's analysis

The Commission has kept in abeyance the JERC (Multi Year Distribution Tariff) Regulations, 2014 and made applicable the JERC Tariff Regulations, 2009for FY 2015-16.

Regulation 29 (2) of JERC Tariff Regulations, 2009specifies "*subject to prudence check, the working capital for distribution business 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.

29(4) 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 Commission has considered security deposit for FY 2015-16 available with the Petitioner at the level of security deposit considered in review for FY 2014-15. The rate of interest is considered at 14.75% (prevailing SBI (PLR) advance rate as on 1.4.2014).

The Commission based on the approved cost parameters has computed the working capital requirement and interest on working capital for FY 2015-16 as given in the Table below:

Table 7.39: Interest on working capital approved for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	Power purchase (1 month)	189.39
2	Employee cost (1 month)	0.76
3	Administration & General expenses (1 month)	0.42
4	Repairs & Maintenance Expenses (1 month)	0.50

Sl. No.	Particulars	Approved for FY 2015-16
5	**Less**: Security Deposit	55.06
6	**Net working capital requirement (1+2+3+4-5)**	**136.01**
7	Rate of interest	14.75%
8	**Interest on working capital (6*7)**	**20.06**

7.17 Interest on Security Deposit

Petitioner's submission

The Petitioner has submitted that a provision to pay Rs. 4.50 Crore as interest on consumer security deposit is made for FY 2015-16.

Commission's Analysis

The Commission has considered security deposit available with the Petitioner at Rs.55.06 Crore for FY 2014-15 in review and accordingly considered the security deposit at the same level for FY 2015-16. The Commission has considered interest on security deposit at 8.50% (RBI Rate) as on 1st April 2015 and computed the interest on security deposit. The interest on security deposit works out to Rs.4.68 Crore (on average SD of Rs.55.06 Crore). However, the interest on security deposit is considered at Rs.4.50 Crore for FY 2015-16 as projected by the Petitioner, subject to True up based on audited accounts and payment to consumers.

7.18 Provision for Bad and Doubtful debts

Petitioner's submission

The Petitioner has made a provision towards for Bad & Doubtful debts at Rs.11.90 Crore @ 0.5% of receivables for FY 2015-16 and requested the Commission to approve the same.

Commission's Analysis

Regulations 28 of the JERC Tariff Regulations, 2009 specifies "*the Commission may, after the licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the licensee*".

The Commission opines that as per the Regulation bad debts shall be allowed based on audited accounts of the Petitioner. Since, the figures for FY 2015-16 are projections and not based on the audited accounts, no amount is considered towards bad debts FY 2015-16. However, the same shall be considered in true up based on audited accounts of the relevant years.

7.19 Return on Equity

Petitioner's submission

The Petitioner has submitted that as per the JERC (Multi Year Distribution Tariff) Regulations, 2014, Return on Equity has been computed at 16% on 30% of capital base at Rs.23.90 Crore for FY 2015-16.

Commission Analysis

The Commission has kept in abeyance the JERC (Multi Year Distribution Tariff) Regulations, 2014 and made applicable the JERC Tariff Regulations, 2009 for FY 2015-16.

Regulations 23 (2) of JERC Tariff Regulations, 2009 specifies that in the case of an integrated utility, till the time it remains integrated utility, it shall be entitled to return on capital base as per Schedule VI of the Electricity (Supply) Act, 1948.

The Commission has considered closing GFA at Rs.331.21 Crore in review for FY 2014-15 and the same is considered as opening GFA as on 1st April 2015. The Commission has considered the opening accumulated depreciation based on the opening accumulated depreciation and depreciation allowed in FY 2014-15. The Commission has accordingly, computed the Return on Capital Base for FY 2015-16 as given in the Table below:

Table 7.40: Return on capital base approved for FY 2015-16 (Rs. Crore)

Sr. No	Particulars	Approved for FY 2015-16
1	Gross block at the beginning of the year	331.21
2	Less: Accumulated depreciation	158.86
3	Less: Consumers contributions at the beginning of the year	---
4	Net block at the beginning of the year	172.35
5	Rate of Return on Capital Base	3.00%
6	**Return on Capital Base**	**5.17**

7.20 Income Tax

Petitioner's submission

The Petitioner has submitted that provision of Rs.10.00 Crore is made towards tax on income for FY 2015-16 and requested the Commission to approve the same.

Commission's analysis:

Regulation 31 (2) of the JERC Tariff Regulations, 2009 specifies "*subject to true-up based on the actual, Tax on income, if actually liable to be paid, shall be limited to tax on return on equity allowed excluding incentives*".

As per the regulation, the Income Tax shall be allowed at actuals or limited to the tax on Return on Equity. The Commission has allowed return on capital base to the Petitioner and hence, the tax shall be limited to tax on return on capital base or actual whichever is lower.

The Commission accordingly, considers tax on return on capital base (grossed up for tax) for FY 2015-16 as given in the Table below:

Table 7.41: Income Tax approved for FY 2015-16

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2015-16
1	Return on Capital base	5.17
2	Rate of income tax (30% + surcharge 10% + education cess 3% on tax + surcharge)	33.99%
3	Gross up return on capital base for tax [1 / (1-33.99%)]	7.83
4	**Income Tax (3-1)**	**2.66**

7.21 Non-Tariff Income

Petitioner's submission

The Petitioner has submitted that the non-tariff income includes meter rent/service line rentals, recovery for theft of power/malpractices, miscellaneous charges from consumers. Other income includes Interest on Staff loans & advances, Delayed payment charges from consumers, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

The Petitioner has projected the non-tariff income at Rs.32.35 Crore with an escalation of 5% over the actual non-tariff income for FY 2014-15, as given in the Table below:

Table 7.42: Non Tariff Income projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Non-tariff income	32.35

Commission's Analysis

The Commission has approved non-tariff income at Rs.30.81 Crore for FY 2014-15 in review accordingly, the same is considered with an escalation of 5% and projected non-tariff income for FY 2015-16.

The Commission has considered Non-Tariff Income for FY 2015-16 as given in the Table below:

Table 7.43: Non Tariff Income approved for FY 2015-16 (Rs. Crore)

Particulars	Approved for FY 2015-16
Non-tariff income	32.35

7.22 Revenue from Sale of Surplus Power

Petitioner's submission

During FY 2014-15, the petitioner has estimated a surplus power of 4.19 MUs based on the energy available and sale to various consumer categories. Revenue from sale of surplus units during FY 2015- 16 has been computed at Rs 1.41 Crore.

Commission's analysis

The Commission as discussed in the section of power purchase has applied merit order dispatch principles in estimating the power procurement requirement of the utility. Based on this, the Commission has only allowed power purchase as required to meet the power requirements as approved in this order for FY 2015-16 and has not considered any sale from surplus power.

7.23 Revenue from Retail Sale of Power

Petitioner's submission

Revenue from sale of power for FY 2015-16 to FY 2017-18 is determined based on the energy-estimated sales and category wise tariff prevalent in the UT of Dadra & Nagar Haveli.

Revenue from sale of power at existing tariff is estimated to be Rs. 2381.93 Crore for FY 2015-16. The fuel purchase adjustment surcharge approved by the Commission is being levied on all the consumer categories except Domestic, LIG and Agriculture consumers, and has also been included in the revenue estimation for the Control period.

Table 7.44: Revenue from sale of Power at Existing Tariff for FY 2015-16 proposed by the Petitioner

Particulars	FY 2015-16 (Rs. Crore)
Domestic	27.98
Commercial	9.69
Agricultural	0.88
LT Industry	71.38
HT/EHT Industry	2266.88
Public Lighting	2.50
Public Water Works	1.12
Temp. Supply	0.65
Total	**2380.52**
Revenue from surplus power	**1.41**
Total Revenue	**2381.93**

Commission's Analysis

The Commission has considered the revenue from sale of power is estimated at Rs. 2415.61 Crore for FY 2015-16 from retail sale of power for ARR as shown in the table below:

Table 7.45: Revenue from sale of Power at Existing Tariff for FY 2015-16 approved by the Commission

Particulars	FY 2015-16 (Rs. Crore)
Domestic	26.19
Commercial	9.28
Agricultural	0.41
LT Industry	71.87
HT/EHT Industry	2303.01
Public Lighting	3.08
Public Water Works	1.12
Temp. Supply	0.65
Total	**2415.61**
Revenue from surplus power	**0.00**
Total Revenue	**2415.61**

7.24 Aggregate Revenue Requirement and Revenue Gap / (Surplus)

The Commission based on the detailed analysis of the cost parameters has considered and approved the revised ARR for FY 2014-15 as detailed in the Table below:

Table 7.46: Aggregate Revenue Requirement approved for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission	Approved for FY 2015-16
Power Purchase Cost	2,441.34	2,272.67
O&M Expense	23.18	20.19
Depreciation	25.44	18.93
Interest charges	13.57	10.71
Interest on Working Capital	20.67	20.06
Return on Capital Employed	23.90	5.17
Interest on Security Deposit	4.50	4.50
Provision for Bad Debt	11.90	0.00
Income Tax	10.00	2.66
Gross Aggregate Revenue Requirement	**2574.50**	**2,354.8989**
Less: Non-Tariff Income	32.35	32.35
Net Aggregate Revenue Requirement	**2542.15**	**2,322.54**

Table 7.47: Revenue Gap for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	**Net revenue requirement**	**2,322.54**
2	Revenue @ Existing Tariff	2,415.61
3	Revenue from Surplus Power Sale	0.00
4	**Total Revenue (2+3)**	**2,415.61**
5	**Revenue Gap / (Surplus) (1-4)**	**(93.07)**
6	**Covered By**	
7	Previous years' Gap / (Surplus) Carried Over	(232.64)
8	**Total Gap / (Surplus) (5-7)**	**(325.71)**

8. DIRECTIVES

8.1 Compliance of Directives

The Commission vide Tariff Order dated 5th May, 2014 had issued a set of directives to be followed by DNHPDCL to comply with the JERC (Terms and Conditions of Determination of Tariff) Regulations, 2009.

8.2 Commission's Observation

The details of compliance of directives as submitted by the Petitioner and Commission's observation on it as mentioned in previous tariff orders along with the latest status of compliance now submitted by the Petitioner and the Commission's view are given below:

(A) Compliance of directives issued by the Commission in the Tariff Order on Petition No 92/2012 for FY 2013-14 dated 25th March, 2013

Directive 1: Segregation of T&D losses and loss reduction trajectory:

The Petitioner is directed to furnish segregation of losses into transmission and distribution losses in the first instant and further segregate distribution losses into technical and commercial losses separately in their next ARR and tariff Petition, along with the status report on energy accounting and T&D losses.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The ED-DNH has evaluated T&D losses for the financial year 2011-12 on the basis of total power purchase at DNH peripheral and total units billed to the various categories of consumers. Moreover ED-DNH has also invited tenders for implementing energy audit and evaluating component wise AT &C losses along with GIS mapping.

In addition to above a scheme for integrated solution for the electricity has also been approved by Central Electricity Authority & SFC (still awaited). This scheme in turn will provide overall solution for the energy auditing and evaluation of AT&C losses as well as indexing of all categories of consumers by implementing GIS mapping & simulation of all related data.

Commission's Comments

Action taken is noted and the Petitioner is directed to submit the status report and progress by September 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the consultant appointed for the task has submitted their draft report. The said report is being reviewed by DNHPDCL. Upon finalization of the report, DNHPDCL will submit the report before the Commission.

Commission's Comments

Action taken is noted. As the Petitioner has failed to submit the report by September 2013 as per earlier direction, the Commission now directs the Petitioner to submit the final report before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the department got a study conducted to assess the AT&C losses of the DNHPDCL and to segregate the distribution losses into technical and commercial losses. The draft report of the study has been received by the department and is under review. The DNHPDCL will submit the final report to the Hon'ble Commission as soon as it is finalized.

Commission's Comments

This is going on for the last 2 years. DNHPDCL is still studying the draft report of the consultant. It is not clear when it will be finalized and submitted to the Commission. The DNHPDCL shall submit the report on segregation of T&D loss in to Technical and Commercial losses by 20th September, 2015 positively.

Directive 2: 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 Commission along with next ARR and tariff Petition.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The ED-DNH has already appointed M/s Panacean Energy Solutions Pvt. Ltd., Mumbai to carry out the 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. The department will submit the report to the Commission by the end of January 2013.

Commission's Comments

Action taken is noted and the Petitioner is directed to submit the status report and progress in this regard by September 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that M/s Panacean Energy Solutions Pvt. Ltd., Mumbai has been appointed to undertake 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 future load requirements of DNHPDCL. The department will submit the load forecasting before the Hon'ble Commission by May, 2014.

Commission's Comments

Action taken is noted. As Petitioner has failed to submit any detailed justification for inordinate delay of submission of report as per its own commitments and has also failed to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the Petitioner to submit the final report before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the department is going to conduct the system study of the network of U.T Dadra and Nagar Haveli and is in the process of engaging PGCIL for the same. The department will submit the report to the Hon'ble Commission as soon as it is finalised. Further, an extract from the **18th Electric Power Survey of India** conducted by CEA is being enclosed along with this Petition as **Annexure II** wherein the demand forecast of the UT of Dadra and Nagar Haveli has been done till the FY 2021-22.

Commission's Comments

The load forecast study for such a small distribution utility should not have taken so much time. DNHPDCL may study the 18th Power Survey Report for guidance but the study being carried out by DNHPDCL shall be an independent study.

Directive 3: Renewable Purchase obligation:

The Petitioner is directed to stagger the purchase over the year to avoid bunching of purchase at high cost towards the end of the year.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

ED-DNH would like to submit that the Ministry of Power is in a process to formulate the guidelines for the procurement of Renewable Energy through competitive bidding process. ED-DNH will explore the possibility of purchase the power from Solar Energy after the guidelines are finalized by MOP.

Moreover ED-DNH has also invited tenders by following e-tendering process to procure Non-Solar Energy to the tune of 150 MU. The lowest bidder was selected for procurement of 61 MU i.e M/s. Betul Non-Convention Energy Pvt. Ltd for the year 2013-14. The Petition is already filed for the approval of PPA for the procurement of 61 MU before JERC.

ED-DNH has procured 80,000 Non-Solar Certificates amounting to Rs. 14.50 Crore to meet the RPO obligation for the year 2012-13 upto October 2012.

ED-DNH is also exploring the possibility to establish Solar Power Plant of its own at Velugam village as sufficient land is available at proposed 66/11 KV Velugam Sub-Station. The ED-DNH has invited an offer from BHEL, a Government undertaking for establishment of the said Solar Power Plant. The capacity of the proposed power plant will be approximately 5MW."

Commission's Comments

Action taken is noted. It is observed that the Petitioner has not made any renewable energy purchase during FY 2011-12 and first half of FY 2012-13. The Petitioner should ensure that its RPO obligations as per the JERC Procurement of Renewable Energy Regulations 2010 are met for FY 2012-13 and FY 2013-14. The RPO obligations in respect of both solar and non-solar power purchase should be ensured separately by the licensee.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the department is fully committed to comply with the RPO guidelines issued by the Hon'ble Commission. In this regard DNHPDCL has already submitted a compliance report before the Commission vide letter no. 1-1(536)/ELE/2011/2280 dated 27th

September, 2013. In the said compliance report DNHPDCL has submitted its plan to meet the RPO. Key extracts of the compliance report are presented below:

- Installation of 3 MW grid connected Solar PV plant at Velugam, Silvassa. Bids are invited from the parties (Tender id – 124850) and the contract is expected to be awarded by March, 2014. But as the model code of conduct came into force in the month of March 2014 the contract is now expected to be awarded by May, 2014. The Solar Plant is expected to generate 4.8 MU annually. DNHPDCL also plans to install more grid connected Solar PV projects of kW scale as well as solar roof-top in its territory.

- Purchase of 5 MW solar power from JNNSM. DNHPDCL has already shown its willingness to procure 5 MW solar power from JNNSM vide letter no. 1-1 (38)/PDCL-AE (Comml.)/2013/2003 dated 7th September 2013.

Further, the DNHPDCL is already buying approximately 10,000 (ten thousand) RECs on monthly trading session at power exchange.

Commission's Comments

Action taken is noted. The Commission appreciates the efforts made by the Petitioner to bridge the gap between peak demand and supply for the users within its territory. However, as detailed in para 6.9 of this order, the Commission has approved a provision of RPO Compliance of Rs. 74.98 Crore for the review of FY 2013-14 along with penalty for Non-Compliance**.**

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it has already filed an affidavit in the Petition No.61/2012 in respect of Compliance of Renewable Power Purchase Obligation showing the detailed roadmap of renewable power obligation.

Commission's Comments

The Commission has noted the action taken by DNHPDCL for procurement of Non Solar Renewable Energy through case-I bidding, and solar energy by installation of its own plants and from JNNSM through Case-I bidding by 2015-16. It shall be ensured that the renewable energy will be available as projected. The DNHPDCL should procure renewable energy and not RE certificates.

Directive 4: 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, amount of revenue fines recovered, (to be shown separately in ARR), sub-judice cases, and reduction in losses as a consequence.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

It is submitted that the Electricity Department Dadra and Nagar Haveli has a separate division for Lab & Vigilance to monitor and conduct vigilance check on all consumer categories. The quarterly progress report will be submitted to the Commission shortly.

Commission's Comments

Action taken is noted and hereby the Petitioner is directed to submit the status report of the progress made in this direction on a quarterly basis. The report of the quarter ending March 31'2013 should be sent by April 15'2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit that the quarterly progress report will be submitted to the Hon'ble Commission shortly.

Commission's Comments

As Petitioner has failed to submit any detailed justification for inordinate delay of submission of report and has also failed to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the

Petitioner to submit the quarterly progress report upto 31st March 2014 before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the Enforcement i.e. Lab & Vigilance department is looking after the work of vigilance activity throughout the territory in respect of all the categories of consumers. The vigilance check has been kept for metering arrangement of the consumers, their consumption as per their contractual power demand etc.

If any irregularity is observed, the same will be informed to the Commission.

Commission's Comments

Action taken is noted. As directed already, quarterly reports shall be submitted on the cases detailed by enforcement cell and revenue recovered.

Directive 5: 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 Petition, so that the differential tariff for this category could be set as they draw power during the peak hours.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

It is submitted that the department does not maintain any record separately for the consumption and load profile of the users of advertisement, hoardings, signboards, signages etc. The initiative has been taken to segregate such type of consumers and evaluate the data regarding consumption and load profile of such users so that the same can be accommodated with differential tariff for this category to draw power during the peak hours.

Commission's Comments

The Commission understands that as per the existing tariff schedule there is no separate category for the users of advertisement, hoardings, signboards, signages etc. The Petitioner was directed to separately capture the data regarding consumption and the load profile of these users so that differential tariff for this category could be set.

As the directive has not been adhered to, the Commission re-directs the Petitioner to separately capture the data regarding consumption and the load profile of the users of advertisement hoardings, signboards, signages etc. in its licensee area and submit the same to the Commission by July 31' 2013, failing which the Commission would be forced to take serious action.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the department is in the process of segregating the data related to the consumption and load profile of the users of advertisement, hoardings, signboards, signages etc. Previously, the said data was not maintained by the department as there was no separate consumer category for this type of users. However, in compliance to the directive of the Commission, DNHPDCL has initiated the process to segregate the data for the same and will submit the same to the Commission shortly.

Commission's Comments

As Petitioner has failed to submit any detailed justification for failure to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the Petitioner to submit the information up to 31st March 2014 before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the UT Dadra and Nagar Haveli does not have the kind of load profile which pertains to Advertisement Hoardings, Sign boards, Signages etc. Only a few Sign Boards and Hoardings exist in the territory.

Commission's Comments

The difficulty in recording the consumption of advertising, hoardings and sign boards is not understood. The consumption may be negligible, but could be recorded and submitted to the Commission for taking a decision on separate tariff. It may now be recorded for 3 months i.e., April to June, 2015 and submitted to the Commission by 15^{th} July, 2015 without fail.

Directive 6: Assessment of 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 September 30' 2012. The Petitioner is to provide the detailed scheme to operationalize open access including setting up of the STU and SLDC (nodal agency) by the power department of the appropriate government.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

It is submitted that the department has notified the procedure for according open access for the long term and short term open access. The list of consumers 1 MW and above has been evaluated and submitted to the Hon'ble Commission. The matter for evaluation of wheeling charges, losses charges and cross subsidiary etc for Open Access Customers is under progress in consultation with M/s Panacean Energy Solutions Pvt. Ltd, Mumbai. The U.T Dadra & Nagar Haveli already has notified State Transmission Utility (STU) and has established SLDC with a nodal officer i.e. Deputy Engineer (N/Z).

Commission's Comments

The process of operationalization of open access in the licensee's area should be expedited and the Commission should be updated about the progress of the same by September 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the task of preparing the road map for operationalization of open access consumers has been initiated. The said road map will be submitted to the Hon'ble Commission shortly.

Commission's Comments

As Petitioner has failed to submit any detailed justification for failure to ensure adequate compliance of directions issued by the Commission in previous tariff order, the Commission now directs the Petitioner to submit the roadmap before 31st July 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the DNHPDCL has notified the procedure for according "Short-Term" and "Long-Term" procedure. The Hon'ble Commission has also issued tariff for Open Access in the Tariff Order of FY 2014-15.

Commission's Comments

The action taken is noted.

As and when any consumer opts for open access, the DNHPDCL shall report it to the Commission.

Directive 7: Standards of Performance:

The Commission has notified the JERC (Standards of Performance) Regulation 2009, wherein the guaranteed and overall standards of performance are prescribed to ensure the quality of supply. 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 2011-12 within one month from the issue of this order. Further, the licensee should ensure timely submission of the information as per the requirement laid down in the JERC (Standards of Performance) Regulation, 2009.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The SOP data upto August, 2012 has been submitted to the Hon'ble Commission and from now onwards the quarterly data as per the requirement will be submitted to the Hon'ble Commission. The ED-DNH is in the process to develop software for availing the data of each complaint centre and office details on month on month basis.

Commission's Comments

The submission of the Petitioner is noted. Timely submission as per the requirements laid down in the JERC (Standards of Performance) Regulation, 2009 should be duly adhered to. The process of developing the software for availing the data of each complaint centre and office details should be expedited so that data collection can happen in a timely manner.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the process of developing the software for availing the data of each complaint centre is being expedited so that data collection can happen in a timely manner.

Commission's Comments

As Petitioner has failed to submit any specific deadline for roll out of software for availing data of each complaint centre and office details, the Commission feels that the Petitioner has failed to ensure adequate compliance of directions issued by the

Commission in previous tariff order. The Commission now directs the Petitioner to roll out this software before 15th August 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003. In case there is any issue in adhering to this deadline by the Petitioner, the Petitioner should submit, within 1 month of the issue of this tariff order, the actual date of roll out of the software detailing the reasons for further delay.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the DNHPDCL has prepared software in consultation with consultant M/s Panacean Energy Solutions and provided the same at each Complaint Centre to maintain and entry of the day to day Complaints as per requirement of SOP regulations of JERC.

Commission's Comments

Action taken on the implementation of the directive is noted.

Directive 8: Security Deposit

The Commission in its previous order had directed DNHPDCL to follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from that provided in the Regulation, the same be replaced by those as specified therein. The Petitioner is directed to submit the present status versus regulations requirement.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The ED-DNH would like to submit that it has issued a notice that all the concerned consumers who have submitted bank guarantee shall replace their bank guarantees with either cash or banker's cheque or fixed deposit. The Silvassa Industries Association has filed a Petition with the Hon'ble Commission to continue with the bank guarantees in the future.

Commission's Comments

The submission is noted; adherence to the Regulations should be ensured by the Licensee before September 30'2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that as per the order issued by the Hon'ble Commission dated 13.08.2013 on the Petition seeking relaxation of Regulation 6.10 (2) of JERC (Electricity Supply Code) Regulations, 2010 to the extent of allowing payment of Security Deposit in the form of Bank Guarantee instead of Demand Draft or Banker's Cheque, the Hon'ble Commission has allowed security in the form of Bank Guarantee and fixed deposit for LT, HT, EHT and Micro, Small and Medium Entrepreneurs Consumers (MSME) for the existing and new connections of consumers to the respondent viz., ED-DNH. Accordingly, the DNHPDCL has also stopped the conversion of security deposit in the form of Bank Guarantee to Demand Draft or Banker's Cheque.

Commission's Comments

The Commission had issued the second amendment to the JERC (Electricity Supply Code) Regulations 2010 on 10th October 2013, which is reiterated as below:

Amendment of Regulation 6.10 (2) principal regulation to be replaced as under:

Consumer shall have the option to make advance payment and in such a event security amount shall be proportionately fixed. The procedure for the determination of security deposit, for different categories of consumers, shall be determined by the licensee and approved by the Commission. The deposit shall be accepted in the form of cash, cheque, draft or bank guarantee in case of LT Consumers and in the form of draft, banker's cheque or bank guarantee in case of HT/EHT Consumers. The licensee shall maintain a separate head of account of such security deposits. On termination of the agreement, the security deposit will be refunded to the consumer after adjustment of the amount, if any, remaining payable to him.

As detailed above, the Commission has specified various modes of consumer security deposits. However it is evident from submission of the Petitioner that considerable amount of consumer security deposits exist in the form of fixed deposits which is not the acknowledged form of the consumer security deposit as per the provisions of the JERC (Electricity Supply Code) Regulations 2010. The Commission now directs the Petitioner to keep consumer security deposits in approved forms only and submit the compliance report before 30th June 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit that as per the order of Commission the security deposits are being accepted in the form of Bank Guarantee, etc and the record of Security Deposit is being maintained regularly. The Date of validity of Security Deposit is also displayed on the monthly Electricity Bills issued to the Industrial Consumers.

Commission's Comments

The compliance is noted.

Directive 9: Forecasting Power requirements

The licensee is directed to improve the forecasting of the requirement of Energy basically for the Industry to help plan for Power Purchase at a reasonable cost, rather than spot purchase.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

ED-DNH would like to submit that it has already appointed M/s Panacean Energy Solutions Pvt. Ltd., Mumbai to carry out the study for load forecasting for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) to improve the forecasting of the requirement of energy so that it procures energy at a reasonable rate. Further looking at the existing and pending power applications the department has invited competitive bids for procurement of 200 MW power on long term basis, following e-tendering process as per Standard Bidding Guidelines of Ministry of Power under Case-I route. The lowest bidder was finalized and the Petition for the approval of PPA in respect of procurement of 200 MW power on Long Term basis has been filed before Hon'ble Commission.

Commission's Comments

The status and the progress of the load forecasting study should be submitted to the Commission by September 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that M/s Panacean Energy Solutions Pvt. Ltd., Mumbai has been appointed for this task and the department will submit the report as soon as it is finalized.

Commission's Comments

As Petitioner has failed to submit any specific deadline for submission of study report, the Commission feels that the Petitioner has failed to ensure compliance of direction issued by the Commission in previous tariff order. The Commission now directs the Petitioner to submit the load forecasting studying before 31st July 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the department is going to conduct the system study of the network of U.T Dadra and Nagar Haveli and is in the process of engaging PGCIL for the same. The department will submit the report to the Commission as soon as it is finalised. Further, an extract from the 18th Electric Power Survey of India conducted by CEA is being enclosed along with this Petition as Annexure II wherein the demand forecast of the UT of Dadra and Nagar Haveli has been done till the FY 2021-22.

Commission's Comments

This is already covered by Directive - 2.

Directive 10: Energy Audit Expenses

The Petitioner is directed to submit all the documents establishing capability and rate reasonability for awarding the work of energy audit within two weeks of issuance of this Tariff order so as to check the reasonableness of the expenditure. The matter has been discussed in relevant Chapters of this order.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

ED-DNH has invited tenders for implementing energy audit and evaluating component wise AT & C losses along with GIS mapping. As soon as the tendering process is complete ED-DNH will submit all the relevant documents to the Hon'ble Commission.

Commission's Comments

Action taken is noted and hereby the Petitioner is directed to file status report of the progress made in this direction on quarterly basis by September 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the energy audit is under process and the department will submit the report as soon as it is finalized.

Commission's Comments

As Petitioner has failed to submit any specific deadline for submission of study report, the Commission feels that the Petitioner has failed to ensure compliance of direction issued by the Commission in previous tariff order. The Commission now directs the Petitioner to submit the energy audit report before 31st July 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the work of preparation of energy audit report has been given to consultant M/s Panacean Energy Solutions Mumbai and the report will be submitted to the Hon'ble Commission as soon as soon as it is finalised.

Commission's Comments

DNHPDCL is directed to intimate the present status of the study and the likely date of report submitted by the consultant by 30th April, 2015. It is also directed to report results and conclusions of the study by 30th September, 2015.

Directive 11: Continuous & Non-Continuous Industries

A scheme is to be framed by the Petitioner to meet industry demand for uninterrupted supply & commercial mechanism.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

ED-DNH is in a process for framing a scheme to meet industry demand for uninterrupted supply & its commercial mechanism. As soon as the scheme is finalized, ED-DNH will submit it to the Commission for its approval.

Commission's Comments

Action taken is noted. The Petitioner is hereby directed to submit the status report of the progress made in this direction by September 30, 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it is preparing the status report for the aforementioned and will submit the same to the Hon'ble Commission shortly.

Commission's Comments

As Petitioner has failed to submit any specific deadline for submission of status report, the Commission feels that there is serious non-compliance of direction issued by the Commission in previous tariff order considering the fact that the industries constitute more than 90% of total share of DNHPDCL. The Commission now directs the Petitioner to submit the scheme before 30th June 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it has received the draft report and the same is under scrutiny by the department. The DNHPDCL will submit the final report to the Hon'ble Commission as soon as the same is finalized.

Commission's Comments

Since DNHPDCL has reported that it has received draft report, it is directed to finalise and submit the report by 30th June, 2015 positively.

Directive 12: Assets verification

The third party physical verification is required to be done by a competent firm of Chartered Accountants. The assets not employable for delivery of service to the consumer as useful assets should be written off.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

ED-DNH would like to submit that third party physical verification of its assets is being done by a competent firm of Chartered Accountants. The Fixed Asset Register is being enclosed along with this Petition as Annexure II.

Commission's Comments

Action taken is noted and Commission appreciates the effort made by the Petitioner in this regard. It was observed that the Fixed Asset Register submitted did not have any mention of the actual physical verification of the assets by the Chartered Accountant. The same was pointed out to the Petitioner during the technical validation session dated 17th January 2013, but the Petitioner did not respond to the same. The Petitioner was required to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the physical verification of the fixed assets has been done while preparing the asset register for FY 2012-13. The certificate of Charter Accountant has also been submitted to the Hon'ble Commission.

Commission's Comments

Action taken is noted and Commission appreciates the effort made by the Petitioner in this regard. On going through the submission of the Petitioner, it was observed that the Fixed Asset Register submitted did not have any mention of the actual physical verification of the assets by the Chartered Accountant. The same was pointed out to the Petitioner during the technical validation session dated 20th December 2013, but the Petitioner did not respond to the same. The Petitioner was required to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof. However, in absence of concrete reply on the same, the Commission now directs the Petitioner to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof before 31st July 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the asset verification is under process and will be submitted to the Hon'ble Commission shortly.

Commission's Comments

The DHNPDCL is directed to report the present status of asset verification and the date when the verification will be completed by 30th June, 2015.

Directive 13: Roadmap for reduction in cross-subsidy

The Petitioner is directed to propose a road map for determining in the tariff rate which progressively reduces the gap between per unit tariff and the average cost of supply over a period of 5 years in two phases i.e. first 3 years from FY 2012-13, FY 2013-14 and FY 2014-15 a review thereafter and further reduction during FY 2015-16 and FY 2016-17.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The ED-DNH will submit the roadmap to the Commission shortly.

Commission's Comments

Action taken is noted. The Petitioner is directed to file the roadmap latest by 31st July, 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that it is preparing the roadmap for reduction in cross subsidy and will submit the same to the Commission shortly.

Commission's Comments

As Petitioner has failed to submit any specific deadline for submission of roadmap, and as 2 years have already passed without any concrete action in this context, the Commission feels that there is serious non-compliance of direction issued by the Commission in previous tariff order. The Commission now directs the Petitioner to submit the roadmap before 31st July 2014 failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Commission that the Cross Subsidy will be reduced in a phased manner and the department will submit roadmap to the Hon'ble Commission shortly.

Commission's Comments

The road map for reduction of cross subsidy is yet to be submitted. The road map should be submitted by 30th June, 2015.

Directive 14: Capital expenditure:

The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in the subsequent quarter.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

It is submitted that the status of capital expenditure incurred during the first 2 quarters for the current financial year i.e. April, May, June – 2012 and July, August, September – 2012 has been prepared and is being enclosed along with the Petition as Annexure III.

Commission's Comments

The submission of the Petitioner is noted. The timeline stipulated for the submission as per the direction should be adhered to and quarterly submissions should be made for the remaining quarters of FY 2012-13 and going forward for the coming years.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the actual capital expenditure for FY 12-13 has already been submitted along with the true-up Petition. The proposed capital expenditure for FY 13-14 and FY 14-15 has also been submitted in the ARR Petition for FY 2014-15. Further, the DNHPDCL will submit the quarterly progress report of capital expenditure as directed by the Hon'ble Commission.

Commission's Comments

The submission of the Petitioner is noted. The timeline stipulated for the submission as per the direction should be adhered to and quarterly submissions should be made for the remaining quarters of FY 2013-14 and going forward for the coming years.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that the progress Report of Quarterly Capital Expenditure will be submitted to the Hon'ble Commission shortly.

Commission's Comments

Compliance is noted. The quarterly reports on capital expenditure and capitalization shall be reported regularly.

Directive 15: Overdrawals/Underdrawals beyond the frequency band specified by CERC

As per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof applicable for FY 2011-12 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. 5.21 Crores against the UI over-drawal/under drawal beyond 49.5 Hz frequency from April 2011 to March 2012, and they will not be a pass through in the aggregate revenue requirement of the Petitioner for FY 2011-12. The penal rate which has been imposed as unscheduled interchange charges should be stated separately and very clearly and those payments which are in the nature of damages should not be shown as purchase of Power because it is on account of poor management of load by ED-DNH. The ED-DNH is directed to forecast their demand more precisely and plan the Power purchase in advance. The burden of additional UI charges would have to be borne by the Petitioner from their own finances and it will not be allowed to pass this on to the consumers. Therefore, the Commission directs the licensee to separately show the date wise/time wise details of all short-term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawals/underdrawals.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The details of the UI over drawals/under drawals are being enclosed along with the tariff Petition (soft copy).

Commission's Comments

The Petitioner's Submission is noted; the Commission would like to reiterate that overdrawals/underdrawals beyond the frequency band specified by CERC attract penal charges and would not be allowed as a pass-through in the ARR. This puts undue burden on the grid and should be avoided by the licensee through proper load management and appropriate load forecasting.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

DNHPDL is mostly complying with this directive.

Commission's Comments

Submission is noted. The Commission would like to reiterate that overdrawals/ underdrawals beyond the frequency band specified by CERC attract penal charges and would not be allowed as a pass-through in the ARR. This puts undue burden on the grid and should be avoided by the licensee through proper load management and appropriate load forecasting.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it has arranged the scheduling and drawal of power on a day to day basis so as to avoid such penal charges due to over drawal from the grid beyond the frequency band specified by the CERC.

Commission's Comments

The compliance of the directive is noted. The DNHPDCL shall ensure that it will not draw power from the system when the frequency is lower than the band fixed by the CERC.

Directive 16: Interest on Security Deposit

As per Clause 47(4) of the Electricity Act, 2003 and as specified in Regulation 25 of JERC Tariff Regulations 2009, the distribution licensees shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more, as may be specified by the Commission. On account of provisions mentioned in the Act and the Regulation, the Commission directs the Petitioner to pay the interest on consumer security deposit for FY 2012-13 at the Bank Rate (i.e. 9.5026% per annum applicable as on 1st April 2012) with effect from 1st April 2012 to the consumers irrespective of Petitioner's constraints and should explicitly mention the same as the 'Interest on security deposit for FY 2012-13' on the bills of the consumers. **Any non-compliance in this regard shall be viewed seriously by the Commission.**

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2013-14:

Petitioner's Submission:

The ED-DNH has already directed consumers to replace the bank guarantees with fixed deposits. Further, the Silvassa Industries Association has filed a Petition before Commission to retain the procedure for accepting the bank guarantee.

Commission's Comments

Action taken is noted. The Commission has observed that the Petitioner has not paid any interest to the consumers on the security deposit held during FY 2011-12. Though Commission appreciates the effort made by the Petitioner for conversion of BGs into Deposits but still this mode of consumer security deposit is different from those provided in the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010. The Bank guarantees should be replaced by those specified therein, and interest paid as per section 47(4) Electricity Act, 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2014-15:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that as per the order issued by the Hon'ble Commission dated 13.08.2013 on the Petition seeking relaxation of Regulation 6.10 (2) of JERC (Electricity Supply Code) Regulations, 2010 to the extent of allowing payment of Security Deposit in the form of Bank Guarantee instead of Demand Draft or Banker's Cheque, the Hon'ble Commission has allowed security in the form of Bank Guarantee and fixed deposit for LT, HT, EHT and Micro, Small and Medium Entrepreneurs Consumers (MSME) for the existing and new connections. Accordingly, the DNHPDCL has also stopped the conversion of security deposit in the form of Bank Guarantee to Demand Draft or Banker's Cheque.

Commission's Comments

Action taken is noted. The Commission has observed however that the Petitioner has not paid any interest to the consumers on the security deposit held during FY 2012-13. The Commission would like to emphasize that fixed deposits as mode of consumer security deposit is different from those provided in the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that generally bank guarantee and fixed deposit are taken as a security deposit as per the Hon'ble Commission's Order and interest on the security deposit is being paid to the consumer.

Commission's Comments

Compliance is noted.

Directive 17: Filing of separate Petitions for Transmission and Distribution Businesses:

As DNHPDCL now has been entrusted with Transmission Business, the Commission now directs the Electricity Department, Dadra and Nagar Haveli to file a separate Petition for transmission business before 30th November 2014 for FY 2015-16 onwards. As DNHPDCL now has been entrusted with Distribution Business, the Commission now directs the Dadra and Nagar Haveli Power Distribution Corporation Limited to file a separate Petition for distribution business before 30th November 2014 for FY 2015-16 onwards.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it is filing separate Petition for its distribution business for the MYT Control Period FY 2015-16 to FY 2017-18 and transmission business for FY 2015-16.

Commission's Comments

It is noted that separate Petitions for transmission and distribution have been filed for FY 2015-16.

Directive 18: Maintaining separate accounts for Transmission and Distribution Businesses

The Commission directs both ED-DNH and DNHPDCL to maintain separate accounting of its businesses w.e.f. 01st April 2013.

Compliance/Action taken mentioned in ARR and tariff Petition for FY 2015-16:

Petitioner's Submission:

The DNHPDCL would like to submit to the Hon'ble Commission that it is maintaining separate accounting for its business w.e.f. 01st April, 2013.

Commission's Comments

Compliance is noted.

8.3 New Directives

Directive 19: 100% Metering

Under Section 55(1) of the Electricity Act 2003, no licensee shall supply electricity after expiry of 2 years from the appointed date except through installation of correct meter in accordance with the Regulations to be made in this behalf by the Authority. Accordingly, metering is required to be done in line with the CEA (installation and operation of meters) Regulations 2006 to all consumers.

Action plan to install meters for all the unmetered connections may be given by 31st July, 2015.

Directive 20: Demand Side Management and Energy of Conservation

Demand Side Management and Energy Conservation are very important areas, which should be in focus for DNHPDCL. DNHPDCL has not submitted any scheme in this regard. DNHPDCL is therefore directed to implement such schemes (e.g. LED bulbs, Peak Load Shaving, Demand Response etc.) at the earliest.

The Petitioner is further directed to submit the time bound action plan for the above, by 31st May, 2015.

Directive 21: Strengthening of the Consumer Grievance Redressal System

The Commission directs the Petitioner to find a way to dispose all pending applications as per the provisions under section 43 of the Electricity Act, and relevant JERC Regulations, other than the cases pending due to lack of documentary evidence of legal heirs after the death of original owner of the premises.

The Commission also directs the Petitioner to follow strictly the Standards of Performance notified by the Commission and the status report on all new/shifting connection applications pending for more than 45 days, with the reason for their pendency be submitted to the Commission by 31st July, 2015.

The Petitioner is directed to promote and give publicity to the functioning of the Consumer Grievance Redressal Forum (CGRF), so that consumers can approach CGRF for redressal of their grievances.

The Commission also directs the Petitioner to publicize the benefit to consumers, highlighting the steps and necessary documents required for redressal of complaints and to initiate action on the following:

- Complaints against fast meters/defective meters
- Application for shifting of electricity connection
- Application for new Connection
- Complaints regarding no-supply.
- Any other complaints

Directive 22: Safety Measures undertaken

The DNHPDCL is directed to submit a report on the safety measures initiated by it to prevent fatal/ non fatal accidents for the departmental persons and general public, by 31st July, 2015.

The Petitioner is also directed to submit quarterly reports on departmental/ non-departmental, fatal/ non fatal accidents which have occurred and steps taken to prevent recurrence of the same.

The first quarterly report should be submitted by 31st July, 2015.

Directive 23: Business Plan for MYT Control Period

As elaborated in para 1.8 of this Tariff Order, the details in the Business Plan submitted by the utility is insufficient. The supporting data such as, Scheme-wise cost benefit analysis, financing plan, loss reduction trajectory have not been adequately submitted. In view of the same the Commission is constrained to defer the implementation of Multi-Year Tariff and concomitant business plan. The petitioner is therefore directed to submit the revised Business Plan for the period FY 2016-17 to FY 2018-19, along with requisite detail as provided in JERC (Multi Year Tariff) Regulations, 2014, latest by 31st July, 2015. **No further extension will be given as the MYT Petition would be required to be prepared only after approval of the Business plan. The MYT Petition submission deadline remains 30th November.**

9. OPEN ACCESS CHARGES FOR FY 2015-16

The DNHPDCL has not submitted the Open Access Charges for FY 2015-16 in the Petition.

The Commission in order to facilitate Open Access to the consumer has approved the Open Access Charges for the period FY 2015-16.

Allocation Matrix

The Commission has considered it prudent to consider the allocation matrix for bifurcation of wheeling and retail ARR as proposed in the "Staff paper on operatinalisation of open access in the State of Goa & the UTs" in September 2012. The allocation between wheeling and retail supply business for FY 2015-16 to FY 2017-18 as per the ARR approved in the order is provided in the Table below:

Table 9.1: Allocation of ARR between Wheeling and Retail Supply

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)	FY 2015-16		
				Wire Business Cost (Rs. Crore)	Retail Supply Cost (Rs. Crore)	Total Cost (Rs. Crore)
1	Cost of Power Purchase	0%	100%	0.00	2272.67	2272.67
2	Employee Cost	70%	30%	6.42	2.75	9.17
3	A&G expenses	90%	10%	4.55	0.51	5.05
4	R&M Expenses	50%	50%	2.99	2.99	5.97
5	Depreciation	90%	10%	17.04	1.89	18.93
6	Interest & Fin Charges	90%	10%	9.64	1.07	10.71
7	Interest on Working Capital	22%	78%	4.41	15.65	20.06
8	Interest on S.D.	0%	100%	0.00	4.50	4.5
9	Return on NFA	90%	10%	4.65	0.52	5.17
10	Provision for bad debt	0%	100%	0.00	0.00	0
11	Income Tax	90%	10%	2.39	0.00	2.66
12	**Total Revenue Requirement**			**49.69**	**2302.54**	**2354.89**
13	Less: NTI	0%	100%	0.00	32.35	32.35
14	Less: Revenue from surplus sale of power	0%	100%	0.00	0.00	0.00
16	**Net Revenue Requirement**			**49.69**	**2270.19**	**2322.54**

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)	FY 2015-16		
				Wire Business Cost (Rs. Crore)	Retail Supply Cost (Rs. Crore)	Total Cost (Rs. Crore)
17	Energy Sales (MU)					5602.06
18	Avg. Cost of Supply (Rs/kWh)					**4.15**

Table 9.2: Determination of input energy for network usage Percentage

Sl. No.	Particulars	Units	Formula	FY 2015-16
1	Total Input	MU	A	5,853.92
2	Input for HT & EHT	MU	B=G/(1-E)	5,373.75
3	% of Total Input	%	C=B/A	91.80%
4	Losses for HT & EHT (% of Total Input)	%	D=F/A	2.75%
5	Losses for HT & EHT (% of HT Input)	%	E=F/B	3.00%
6	Losses	MU	F=B-G	161.21
7	Sales at 11KV & Above	MU	G	5,212.54
8	Input for LT	MU	H=A-B	
9	% of Total Input	%	I=H/A	480.17
10	Losses at LT level % of LT Input	%	J=K/H	8.20%
11	Losses	MU	K=H-L	23.72%
12	Sales at 11KV & below	MU	L	113.92

Accordingly the wheeling cost has been considered in the ratio of 92:8 and the wheeling charge so arrived has been shown in the Table below:

Table 9.3: Wheeling Charges for FY 2015-16

Particulars	UoM	Formula	FY 2015-16
Wheeling Cost	Rs. Cr	a	49.69
Wheeling Cost at EHT and HT	Rs. Cr	b=a*92%	45.72
Wheeling Cost at LT	Rs. Cr	c=a*8%	3.98
Energy Input at DISCOM	MU	d	5,853.92
Energy input at EHT and HT Level	MU	e=i/(1-g)	5,373.75
Wheeling Charge at EHT and HT Level	**(Rs./kWh)**	**f=b/e*10**	**0.09**
EHT and LT Losses	%	g	3.00%
EHT and LT Losses	MU	h=e-i	161.21
Sales at EHT and LT Level	MU	i	5,212.54
Energy Input at LT	MU	j=d-e	480.17
Wheeling Charge at LT Level	**(Rs./kWh)**	**k=c/j*10**	**0.08**
Sales at LT Level	MU	l	366.25

Particulars	UoM	Formula	FY 2015-16
LT Losses	MU	m=j-l	113.92
LT Losses	%	(m/j)*100	23.72%
Total Losses	**MU**	**n=h+m**	**275.13**
	%	**(n/d)*100**	**4.70%**

Cross Subsidy Surcharge

The Cross-Subsidy surcharge is based on the following formula as given in the Tariff Policy:

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

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 excluding liquid 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 as below:

Calculation of "T"

Table 9.4: Calculation of T

HT Industrial	Sales (MU)	Revenue from Approved Tariff	Average Tariff (Rs./kWh)
FY 2015-16	5212.54	2303.01	4.42

Calculation of "C"

Table 9.5: Calculation of "C"

Particulars	Energy Procured (MU)	Average Rate (Rs./kWh)	Total Power Purchase Cost (Rs. Crore)
FY 2015-16			
NSPCL-Bhilai	295.05	3.71	109.46

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

Table 9.6: Approved Cross Subsidy Surcharge for FY 2015-16

Particulars	UoM	FY 2015-16
T	Re. per kWh	4.42
C	Re. per kWh	3.71
D	Re. per kWh	0.09
L	%	3.00%
Surcharge		**0.51**

10. Tariff Philosophy and category-wise tariffs for FY 2015-16

10.1 Preamble

The Commission in determining the aggregate revenue requirement and retail supply tariff for the financial year 2015-16 has been guided by the provisions of the Electricity Act, 2003, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Hon'ble 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.

10.2 Revenue Gap/Surplus for FY 2015-16 and Recovery

The Petitioner has projected a revenue gap of Rs. 129.47 Crore for FY 2015-16 and considering the previous year surplus of Rs. 30.75 Crore, the cumulative gap of Rs 129.47 Crore at the end of FY 2015-16 has been projected at the existing tariff. The Petitioner has requested to increase the tariff to bridge revenue gap for FY 2015-16.

The Commission in this Tariff Order for FY 2015-16 has estimated the cumulative revenue surplus at the end of FY 2015-16 at Rs. 325.72 Crore at the existing tariff.

10.3 Tariff for FY 2015-16

Petitioner's Submission:

The Petitioner has projected a revenue gap of Rs. 129.47 Crore at the end of FY 2015-16 and considering the cumulative surplus of Rs.30.75 Crore for the previous years. In view of the estimated gap at the end of FY 2015-16, the Petitioner has proposed tariff hike for FY 2015-16. The Petitioner has requested the Commission to increase the tariff to bridge the revenue gap for FY 2015-16.

The category wise existing and proposed tariff submitted by the Petitioner is as under:

Table 10.1: Existing and Proposed Tariff for FY 2015-16 proposed by the Petitioner

Tariff Structure	Existing (FY 2014-15)		Proposed (FY 2015-16)	
	Energy Charges (Rs/kWh)	Fixed Charges	Energy Charges (Rs/kWh)	Fixed Charges
LT-D/Domestic				
1st 50 Units	1.20		1.20	
51 to 200 Units	1.80		1.80	
201 to 400 Units	2.20		2.20	
Beyond 401 units	2.55		2.55	
LIGH		Rs.10/HP/month		Rs.10/HP/month
LT-C/Commercial				
1st 100 Units	2.55		2.55	
Beyond 100 Units	3.35		3.35	
LT- Ag/ Agriculture				
Upto 10 HP per unit	0.70		0.70	
Beyond 10 HP per unit	1.00		1.00	
LTP Motive Power (Including Public water work)				
Up to 20 HP of connected load	3.45		3.55	
Above 20HP connected load	3.45	Rs 25.00/HP/month	3.55	Rs 25.00/HP/month
LT-Public Water Works				
Up to 20 HP of connected load	3.70		3.70	
Above 20HP connected load	3.70	Rs 25.00/HP/month	3.70	Rs 25.00/HP/month
LT-PL/Public Lighting				
Public Lighting	3.00		3.10	
HT				
HTA (A)- General (11KV or 66KV)				
For all units	4.20	Rs. 105/KVA/month	4.40	Rs. 130/ KVA/month*
HTA(A)-General (above 66kv)				
For all units	4.10	Rs. 100/ KVA/month		
HT(B) Ferro				
For all units	4.10	Rs. 375/ KVA/month	4.30	Rs. 400/ KVA/month
Hoardings / Advertisements	7.00	Rs. 100/ KVA/month	7.00	Rs. 100/ KVA/month

DNHPDCL has requested the Commission to approve the fuel purchase adjustment formula including the “K” factor for FY 2015-16 as well, which can take care of any variation in the ARR over and above the approved level by the Commission for FY 2015-16.

Commission's analysis

The Commission has determined the retail tariff for FY 2015-16 in view of the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy, the suggestions/ objections of the stakeholders in this regard and the Petitioner's submission as discussed above.

Further, keeping in view the relevant directions given by the Hon'ble APTEL in the judgment in O.P. no.1 of 2011 as mentioned below, the Commission has taken a considered view in this regard.

The relevant section from tariff policy is as under:

"8.3 Tariff design: Linkage of tariffs to cost of service

It has been widely recognized that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61 (g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross-subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross-subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively. Accordingly, the following principles would be adopted:

1. *In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.*

2. *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply.*

The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

For example if the average cost of service is Rs 3 per unit, at the end of year 2010-2011 the tariff for the cross subsidised categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross-subsidising categories should not go beyond Rs 3.60 per unit.

3. While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending of the condition of the ground water Table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water Table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage

4. Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water Table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable levels of user charges are levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. Metering of supply to agricultural/rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of self closing load limitors may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity.

Directions given by the Hon'ble APTEL in the Judgment in O.P. no. 1 of 2011 are as follows:

1) …………………….

2) …………………….

3) ……………………..

4) In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.

5) Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.

6) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism."

In view of the cumulative surplus of Rs.325.72 Crore at the end of FY 2015-16, at the existing tariff levels, the Commission is of the view that the tariff hike for FY 2015-16 is not required and for the present, the existing tariff for FY 2014-15 may be continued further for the period FY 2015-16.

Table10.2: Commission's Approved Tariff for FY 2015-16

S. No.	Category/ Consumption Slab	Approved Tariff for FY 2015-16			
		Energy Charges (Rs/kWh)	Fixed Charges	Average tariff (Rs/Unit)	"K" factor for FPPCA formula for FY 2015-16
1	**LT-D/Domestic**				
	1st 50 Units	1.20		1.20	0.28
	51 to 200 Units	1.80		1.80	0.42
	201 to 400 Units	2.20		2.20	0.51
	Beyond 401 units	2.55		2.55	0.59
	Low Income Group		Rs.10/Connection/ month		
2	**LT-C/Commercial**				
	1st 100 Units	2.55		2.55	0.59
	Beyond 100 Units	3.35		3.35	0.77
3	**LT- Ag/ Agriculture**				
	Upto 10 HP per unit	0.70		0.70	0.16
	Beyond 10 HP per unit	1.00		1.00	0.23
4	**LTP Industrial**				
	For the category	3.45	Rs 25.00/HP/ month	3.45	0.80
5	**LT-PL/Public Lighting**				
	Public Lighting	3.00		3.00	0.69
6	**LT-Public Water Works**				
	For the category	3.70	Rs 25.00/HP/ month	3.81	0.88
7	**HT**				
A	**HTC General Industrial / Motive Power 11KV or 66KV having CMD above 100KVA**				
	Up to 66 kV	4.20	Rs. 105/KVA/ Month	4.43	1.02
	Above 66 kV	4.10	Rs. 100/KVA/ Month	4.28	0.99
B	**HT Industrial (Ferro Metallurgical/ Steel Melting/Steel Rerolling Power Intensive)**				
	For all units	4.10	Rs. 375/KVA/ month	4.65	1.07
8	**Hoardings / Sign Boards**				
	For all units	7.00	Rs. 100/KVA/	-	2.00

S. No.	Category/ Consumption Slab	Approved Tariff for FY 2015-16			
		Energy Charges (Rs/kWh)	Fixed Charges	Average tariff (Rs/Unit)	"K" factor for FPPCA formula for FY 2015-16
			month		

** 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

10.4 Average Cost of Supply

The Commission has worked out the Average Cost of Supply (ACoS) as Rs.4.10/kWh as per trued-up ARR of FY 2013-14 and Rs.4.15/kWh for FY 2015-16. The ACoS as approved in the Tariff Order dated May 1' 2014 for FY 2014-15 was Rs.4.34/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.4.15/kWh approved in this tariff order for FY 2015-16 is as shown in the Table below:

Table 10.3: Comparison of average revenue realization with ACOS for FY 2015-16 vis-à-vis FY 2014-15 **

S. No	Category/ Consumption Slab	Average revenue realization for FY 2014-15 (Existing Tariff)	Average revenue realization as a percentage of ACOS for FY 2014-15 (Existing tariff)	Average revenue realization for FY 2015-16 (Approved tariff)	Average revenue realization as a percentage of ACOS for FY 2015-16 (Approved tariff)
1	**LT-D/Domestic**	1.99	46%	2.41	58.07%
	1st 50 Units				
	51 to 200 Units				
	201 to 400 Units				
	Beyond 401 units				
2	**LT-C/Commercial**	3.20	74%	3.03	73.01%
	First 100 Units				
	Beyond 100 Units				
3	**LT- Ag/ Agriculture**	0.96	22%	0.79	19.04%
	Upto 10 HP per unit				
	Beyond 10 HP per unit				
4	**LTP Industrial**				
	For the category	3.61	83%	3.45	83.13%
5	**LT-PL/Public Lighting**				

S. No	Category/ Consumption Slab	Average revenue realization for FY 2014-15 (Existing Tariff)	Average revenue realization as a percentage of ACOS for FY 2014-15 (Existing tariff)	Average revenue realization for FY 2015-16 (Approved tariff)	Average revenue realization as a percentage of ACOS for FY 2015-16 (Approved tariff)
	Public Lighting	3.00	69%	3.00	88.24%
6	**LT-Public Water Works**				
	For the category	-	-	3.81	72.29%
7	**HT**				
A	**HTC General Industrial / Motive Power 11KV or 66KV having CMD above 100KVA**				
	Upto 66 kV	4.66	107%	4.43	106.75%
	Above 66 kV	4.20	97%	4.28	103.13%
B	**HT Industrial (Ferro Metallurgical/ Steel Melting/Steel Rerolling Power Intensive)**				
	For all units	4.81	111%	4.65	112.05%
8	**Hoardings / Sign Boards**				
	For all units	-	-	-	-

** Average Revenue Realization is defined as the revenue for the category divided by the sales for the category i.e. it is inclusive of both the fixed charges and the variable charges

10.5 Tariff Initiatives

10.5.1 Promotion of Solar Energy

Petitioner's submission

The Department has installed grid interactive roof top solar panels on the government buildings in Dadra and Nagar Haveli.

In order to encourage the use of solar power the department proposes to purchase excess power from all the consumers having grid interactive roof top solar panels at the rate of Rs. 4.06 /Unit.

Commission's view

The Commission has taken note of the submissions of the Petitioner and directs DNHPDCL to follow the Commission's Orders and Regulations in this regard applicable from time to time.

10.5.2 Power Factor Incentive

In order to equate the incentive for better power factor with the surcharge for poor power factor, the Commission decided to revise the incentive for better power factor as follows:

For HT consumers- The monthly average power factor of the supply shall be maintained by the consumer not less than 90% (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 this normal tariff @ 1% on billed and energy charges for each fall of 0.01 in power factor up to 0.7 (lagging).

In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 1% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).

10.6 Estimated Revenue and Surplus/Deficit at approved tariff for FY 2015-16

The estimated Revenue at approved tariff for FY 2014-15 works out to be as under.

Table 10.4: Total Revenue estimated by the Commission at approved tariff for FY 2015-16

(Rs. Crore)

Sl. No.	Category/ Consumption Slab	Revenue at approved tariff for FY 2015-16
1	**LT-D/Domestic**	
	1st 50 Units	0.02
	51 to 200 Units	2.60
	201 to 400 Units	2.63
	Beyond 401 units	20.93
2	**LT-C/Commercial**	
	1st 100 Units	3.12
	Beyond 100 Units	6.15
3	**LT- Ag/ Agriculture**	
	Upto 10 HP per unit	0.25
	Beyond 10 HP per unit	0.16
4	**LT Industrial**	
	For the category	71.87
5	**LT-PL/Public Lighting**	
	Public Lighting	3.08
6	**LT-Public Water Works**	
	For the category	1.12
7	**HT**	

Sl. No.	Category/ Consumption Slab	Revenue at approved tariff for FY 2015-16
A	**HTC General Industrial / Motive Power 11KV or 66KV having CMD above 100KVA**	
	For all units	2108.92
B	**HT Industrial (Ferro Metallurgical/ Steel Melting/Steel Rerolling Power Intensive)**	
	For all units	194.09
8	**Hoardings / Sign Boards**	
	For all units	-
	Total	**2415.61**

The estimated surplus for FY 2015-16 is given in the following Table.

Table 10.5: Estimation of ARR Gap/ (Surplus) at approved tariff for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16 with Tariff applicable from 1st April 2015
1	Net Revenue Requirement	2322.54
2	Less: Revenue from Retail Sales at Existing Tariff	2415.61
3	Less: Revenue from Surplus Power Sale/UI	0.00
4	Net Gap/(Surplus)	(93.07)
5	Gap for the previous year/ (Surplus) including carrying cost for FY 2014-15	(232.65)
6	Carrying Cost	-
7	Total Gap/(Surplus) at the existing tariff	(325.72)
8	Additional Revenue from revised tariffs	-
9	Revenue Gap/(Surplus) after revised tariffs	(325.72)

11. Conclusion of Commission's Order

The Commission has considered the submissions made by DNHPDCL for approval of Business Plan bearing petition no. 154 of 2014 and for Truing-up of Aggregate Revenue Requirement of FY 2013-14, Review of FY 2014-15 and Aggregate Revenue Requirement (ARR) and determination of retail tariff for FY 2015-16 bearing petition no. 151 of 2014 and has accordingly approved the Aggregate Revenue Requirement (ARR) and the tariff structure for FY 2015-16.

1. The break-up of the Aggregate Revenue Requirement approved for DNHPDCL for FY 2015-16 is given below:

Sl. No.	Particulars	Approved for FY 2015-16 (Rs. Crore)
1	Power Purchase Cost	2272.67
2	Employee Costs	9.17
3	Administration and General Expenses	5.05
4	Repair and Maintenance Expenses	5.97
5	Depreciation	18.93
6	Interest and Finance charges	10.71
7	Interest on working capital	20.06
8	Interest on security deposit	4.50
9	Return on NFA	5.17
10	Income Tax	2.66
11	**Total Revenue Requirement**	**2354.89**
12	Less: Non Tariff Income	32.35
13	**Net Revenue Requirement**	**2322.54**
14	Less: Revenue from Retail Sales at Existing Tariff	2415.61
15	Less: Revenue from Surplus Power Sale/UI	0.00
16	**Net Gap/(Surplus) for the year**	**(93.07)**
19	Previous years surplus including Carrying Cost	(232.65)
21	**Total Gap/(Surplus) at the existing tariff**	**(325.72)**
22	Additional Revenue from proposed tariffs	-
23	**Revenue Gap/(Surplus) after proposed tariffs**	(325.72)

2. The approved retail tariff (as given below) for FY 2015-16 shall be in accordance with the tariff schedule specified in this order.

S. No.	Category/ Consumption Slab	Approved Tariff for FY 2015-16			
		Energy Charges (Rs/kWh)	Fixed Charges	Average tariff (Rs/Unit)	"K" factor for FPPCA formula for FY 2015-16
1	**LT-D/Domestic**				
	1st 50 Units	1.20		1.20	0.28
	51 to 200 Units	1.80		1.80	0.42
	201 to 400 Units	2.20		2.20	0.51
	Beyond 401 units	2.55		2.55	0.59
	Low Income Group		Rs.10/Connection/ month		
2	**LT-C/Commercial**				
	1st 100 Units	2.55		2.55	0.59
	Beyond 100 Units	3.35		3.35	0.77
3	**LT- Ag/ Agriculture**				
	Upto 10 HP per unit	0.70		0.70	0.16
	Beyond 10 HP per unit	1.00		1.00	0.23
4	**LTP Industrial**				
	For the category	3.45	Rs 25.00/HP/ month	3.45	0.80
5	**LT-PL/Public Lighting**				
	Public Lighting	3.00		3.00	0.69
6	**LT-Public Water Works**				
	For the category	3.70	Rs 25.00/HP/ month	3.81	0.88
7	**HT**				
A	**HTC General Industrial / Motive Power 11KV or 66KV having CMD above 100KVA**				
	Up to 66 kV	4.20	Rs. 105/KVA/ Month	4.43	1.02
	Above 66 kV	4.10	Rs. 100/KVA/ Month	4.28	0.99
B	**HT Industrial (Ferro Metallurgical/ Steel Melting/Steel Rerolling Power Intensive)**				
	For all units	4.10	Rs. 375/KVA/ month	4.65	1.07
8	**Hoardings / Sign Boards**				
	For all units	7.00	Rs. 100/KVA/ month	-	2.00

3. The approved tariff of FY 2015-16 shall be the same as the existing tariff level and

will be continued for the FY 2015-16 and shall remain valid till issuance of the next tariff order. The licensee shall publish the present approved 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.

4. The licensee will compute fuel and power procurement cost variations and adjustments shall be made in the consumer bills based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified by the Commission as per the Regulation. **The approved per unit cost of power purchase ($R_{approved}$) for use in the FPPCA formula (paisa per unit) is 375 paisa per unit for FY 2015-16**.

5. Copy of this order may be sent to Petitioner, CEA and Administration of UT of Dadra and Nagar Haveli. It shall be placed on the website of the Commission.

Sd/-
(S.K. Chaturvedi)
Chairman

Place: Gurgaon
Date : 01st April, 2015

Certified Copy

(Keerti Tewari)
Secretary

12. Tariff Schedule

General Terms and Conditions:

1. The tariffs are exclusive of electricity duty, taxes and other charges levied by the Government or other competent authority from time to time which are payable by the consumers in addition to the charges levied as per the tariffs.

2. Unless otherwise agreed to, these tariffs for power supply are applicable for supply at one point only.

3. Supply to consumers having contracted load between 100 KVA to 4000 KVA (including licensee common feeders and express feeders/dedicated feeders) shall generally be at 11 KV and for more than 4000 KVA up to 25000 KVA at 66 KV. The consumer who requires load more than 25000 KVA load, the supply voltage shall be at 220 KV level. However, wherever the existing feeders are required to be augmented, the Electricity Department shall carry out such augmentation by 30th September, 2014. This satisfies the grievances of 97% of the total consumers having connected load above 1500 kVA.

4. 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 increase of load or due to replacement of lamps, fans, fuses, switches, low voltage domestic appliances, fittings, etc it shall neither fall under unauthorized use of electricity (Section 126 of EA 2003) nor under theft of electricity (Section 135 of EA 2003).
6. 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.

7. 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.

8. 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.

9. Unless specifically stated to the contrary, the figures of energy charges relates to paisa per unit (kWh) charge for energy consumed during the month.

10. 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 paise shall be ignored and amount of 50 paise or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.

11. **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.

12. **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.

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. 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 other charges approved in this Tariff Order will remain in force till 31st March .

The detailed tariff Schedule is outlined as under:

DETAILED TARIFF SCHEDULE

I. (A) Domestic Category

Applicable to private houses, hostels, hospitals run on Non-commercial lines, Charitable, Educational and Religious Institutions for light, Fans, Radios, domestic heating and other household appliances including water pumps up to 2 HP.

I. ENERGY CHARGES

Usage (Units/Month)	Energy charge (Ps./Unit)
0-50 units	120
51-200 units	180
201-400 units	220
401 and above	255

(B) Power Supply to Low Income Group (Up to 2x40 W bulbs only)

Power supply to low income group connections will be charged at **Rs. 10.00/- per service connection per month**. For any unauthorized increase in the load beyond 2x40 watts, penal charges at the rate of Rs. 20.00 per month per point will be levied and the installation will be liable for disconnection.

II. Non-Domestic Category/Commercial

This includes all categories, which are not covered by other tariff categories including Domestic Category, Power Supply to low Income Group, Industrial LT, HT/EHT Category (A&B), Agriculture and Poultry, Public Lighting.

Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting, clubs and other Commercial installations.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
1-100 units	255
101 units and above	335

III. LT INDUSTRIAL/LT MOTIVE

Applicable to all Low Tension Industrial Motive Power Connections including water works/pumps except LT Public Water Works with sanctioned load up to 99 HP.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	345

II. Fixed Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
Up to 20 HP	Nil
For loads above 20 HP	Rs. 25/- per HP or part thereof

I. Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain Power Factor 0.90 as per the Commission's regulation 11/2010 shall be charged extra 2.5 % of units consumed as additional power factor charges. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. ED-DNH reserves the right to install a suitable capacitor at its own cost and recover the cost thereof as arrears of energy charges. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

IV. LT PUBLIC WATER WORKS

Applicable to all Low Tension Public Water Works/Pumps with sanctioned load up to 99 HP.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	370

II. Fixed Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
Up to 20 HP	Nil
For loads above 20 HP	Rs. 25/- per HP or part thereof

II. Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain Power Factor 0.90 as per the Commission's regulation 11/2010 shall be charged extra 2.5 % of units consumed as additional power factor charges. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. ED-DNH reserves the right to install a suitable capacitor at its own cost and recover the cost thereof as arrears of energy charges. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

V. HT/EHT CATEGORY

A. High Tension Consumer HT(A) – I

Applicable to all Industrial/Motive power consumers drawing through 11 kV and 66 kV systems having contract demand of 100 kVA and above.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 105/-
In Excess of Contract Demand	Rs. 210/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
All units	420

iii. Penalty Charges: Twice the applicable Charges**.**

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co – relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. Power Factor Charges

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 up to 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 @ 1% 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 licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

v. Billing Demand

Billing demand will be the highest among the following:

a) 100 kVA

b) 75% of the Contract demand c) Actual Demand Established

B. High Tension Consumer HT(A) – II

Applicable to all Industrial/Motive power consumers drawing above 66 kV systems having contract demand of 100 kVA and above.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 100/-
In Excess of Contract Demand	Rs. 200/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
All units	410

iii. Penalty Charges: Twice the applicable Charges**.**

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co – relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. Power Factor Charges

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 up to 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 @ 1% 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 licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

v. Billing Demand

Billing demand will be the highest among the following:

a) 100 kVA

b) 75% of the Contract demand c) Actual Demand Established

C. HT Industrial HT(B) (Ferro Metallurgical/ Steel Melting/ Steel Rerolling Power Intensive)

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 375/-
In Excess of Contract Demand	Rs. 750/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	410

iii. **Penalty Charges** Twice the applicable Charges.

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co–relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

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 up to 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 @ 1% 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 licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

VI. AGRICULTURE AND POULTRY

Agriculture or poultry loads up to 99 HP sanctioned load will be considered in this category.

i. Energy Charges

Usage	Energy charge (Ps./Unit)
For connected load up to 10 HP	70
Beyond 10 HP and up to 99 HP connected load	100

VII. PUBLIC LIGHTING

i. Energy Charges

Usage	Energy charge (Ps./Unit)
For all units	300

VIII. 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

IX. **Temporary Supply:** Tariff for Temporary Connection shall be Fixed / Demand charges (if any) plus energy charges (for relevant slab if any) under corresponding permanent supply category plus 50% of both.

For multi activity pursuit, applicable tariff for temporary connection shall be with reference to that of non-domestic category for permanent supply.

The Temporary Tariff are applicable for temporary period of supply up to 1 (one) month, which can be extended for another period of supply up to maximum period of 2 years.

X. Schedule of Other Charges

a. Meter Rent

S. No.	Meter Type	Tariff (in Rs.) / month or part thereof
1	Single Phase	10
2	Three Phase	25
3	LT Meter with MD indicator	200
4	Tri- vector Meter	500

Note: The type of meters to be installed in consumer premises will be decided by the department. Generally, the consumers having connected load above 50 HP will be provided with L.T.M.D. meters

b. Reconnection Charges

S. No.	Connection Type	Tariff (in Rs.)
1	Single Phase	50
2	Three Phase	100
3	HT	1000

c. Service Connection Charges

S. No.	Connection Type	Tariff (in Rs.)
1	Single Phase	250
2	Three Phase	1000
3	HT (First 500 KVA)	10000
4	HT (Beyond 500 KVA)	Rs 1000 per 100 KVA or part thereof

d. Extra Length Charge

S. No.	Connection Type	Tariff / Meter (in Rs.)
1	Single Phase	25
2	Three Phase	50

Extra length Chargeable will be beyond permissible 30 meters free length from existing network for new connection for all categories except Agriculture. Free length in respect of New Agriculture consumer is 300 meters

e. Cost of HT connection

Entire Cost of setting up HT connection would be borne by the consumer and the agreement period would be two years for the category. 15% supervision charges shall be recovered by DNHPDCL.

f. **Testing Fee for various Metering Equipment for FY 2013-14**

S. No.	Connection Type	Fee Per Unit (in Rs.)
1	Single Phase	100
2	Three Phase	300
3	Three Phase Tri-vector Meter (0.5 Class) Industrial LT Consumer	500
4	Three Phase Tri-vector Meter (0.5 Class) 11 KV HT Consumer	500
5	Three Phase Tri-vector Meter (0.2 Class) 66KV EHT Consumers	1000
6	Combined CTPT Unit for 11 KV Consumer	500
7	66 KV CT / PT Unit	500
8	Three Phase CT Block	300
9	CT Coil	100

g. **Fees (Non-refundable) for submission of Test Report of wiring Completion**

S. No.	Connection Type	Fee Per Unit (in Rs.)
1	Single Phase Lighting / Domestic	10
2	Three Phase Lighting /Domestic	25
3	Single Lighting / Domestic	50
4	Three Phase Lighting / Domestic	100
5	Three Phase LT Industries	250
6	Single Phase / Three phase Agriculture /Streetlight / Public Lighting & other	50
7	HT Industries up to 500 KVA	1000
8	HT Industries up to 2500 KVA	5000
9	HT Industries above 2500 KVA	10000