



TARIFF ORDER

**Business Plan for the MYT Control Period
FY 2015-16 to FY 2017-18**

And

Determination of Aggregate Revenue Requirement

And

Retail Tariff for FY 2015-16

Petition No. 162/2015

For

Electricity Department, UT of Lakshadweep

JOINT ELECTRICITY REGULATORY COMMISSION

FOR GOA AND UNION TERRITORIES

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Date 17.04.2015

CONTENTS

1.	Introduction	9
1.1	JERC Formation.....	9
1.2	Electricity Department, UT of Lakshadweep	9
1.3	Filing of Petition.....	10
1.4	Admission of Petition	11
1.5	Interaction with the petitioner.....	11
1.6	Quality of Filing.....	12
1.7	Public hearing process.....	13
1.8	Public Hearing.....	13
1.9	Approval of Business Plan.....	14
2.	Brief Summary of ARR & Tariff Petition for FY 2015-16	17
2.1	Introduction.....	17
2.2	Summary of the Petition for Aggregate Revenue Requirement for the MYT Control Period FY 2015-16 to FY 2017-18	18
2.3	Summary of the Tariff Proposal for the Control Period from FY 2015-16 to FY 2017-18 ...	19
2.4	Prayer to the Commission	20
3.	Approach of the Order for Determination of ARR & Tariff for FY 2015-16 to FY 2017-18	21
3.1	Introduction	21
3.2	Approach for Review for FY 2014-15.....	21
3.3	Approach for Determination of ARR & Retail Tariff for FY 2015-16.....	21
4.	Summary of Objections Raised / Suggestions made, Petitioner's Responses and Commission's Views	23
4.1	Public Response to the Petition.....	23
4.2	Objections/Suggestions and response of Electricity Department, Lakshadweep	23
4.2.1	Tariff Related Objections	23
4.2.2	Alternate Sources of Power	24
4.2.3	General Issues.....	25
5.	Aggregate Revenue Requirement for FY 2015-16.....	29
5.1	Background.....	29
5.2	Analysis of Aggregate Revenue Requirement for FY 2015-16.....	30
5.3	Consumers, Connected load and Energy Sales.....	32
5.4	Transmission & Distribution Loss	37
5.5	Energy Balance	39
5.6	Power Quantum and Cost	40
5.7	Operation and Maintenance Expenses	51
5.7.1	Employee Expenses	53
5.7.2	Repair and Maintenance Expenses	55
5.7.3	Administration and General Expenses.....	56
5.7.4	Summary of Operation and Maintenance Expenses.....	57
5.8.	Gross Fixed Assets	57
5.9.	Depreciation	58
5.10.	Return on Capital Base	59
5.11.	Interest and Finance Charges	60
5.12	Interest on Working Capital.....	63
5.13	Interest on Security Deposit	65

5.14	Provision for Bad and Doubtful Debts	67
5.15	Non-Tariff Income.....	67
5.16	Aggregate Revenue Requirement	68
5.17	Revenue at Existing Tariff and Gap for FY 2015-16	69
5.18	Average Cost of Supply	70
6.	Directives	71
6.1	Background.....	71
6.2	New directives	86
7.	Tariff Principles and Design.....	88
7.1	Preamble.....	88
7.2	Tariff Proposal	88
8.	Conclusion of Commission's Order	91
9.	Tariff Schedule	96

LIST OF TABLES

Table 1.1: Formal Interactions with the Petitioner	11
Table 1.2: Details of public notice published by the Petitioner.....	13
Table 1.3: Schedule of public hearing at Lakshadweep.....	13
Table 2.1: Aggregate Revenue Requirement submitted by the Petitioner for FY 2015-16 to FY 2017-18	18
Table 2.2: Average Cost of Supply and Average Revenue Realization submitted by the Petitioner.	19
Table 5.1: Energy Sales submitted by petitioner during the past years (MU).....	33
Table 5.2: No. of Consumers for FY 2015-16 submitted by the Petitioner	34
Table 5.3: Energy Demand for FY 2013-14 submitted by the Petitioner.....	34
Table 5.4: CAGR of Category wise Sales upto FY 2013-14.....	35
Table 5.5: Category wise sales approved for FY 2015-16 (MUs)	35
Table 5.6: Number of Consumers approved by the Commission for FY 2015-16	36
Table 5.7: Connected Load approved by the Commission for FY 2015-16.....	37
Table 5.8: T&D losses submitted by the Petitioner for FY 2015-16.....	37
Table 5.9: Energy Requirement FY 2015-16 projected by the Petitioner.....	39
Table 5.10: Projected and Approved Energy balance for FY 2015-16	40
Table 5.11: Existing installed capacity of DG sets for FY 2013-14 submitted by the Petitioner.....	41
Table 5.12: Existing Installed Capacity (SPV Plants) for FY 2013-14	41
Table 5.13: Details of Own generation and Fuel cost projected by the petitioner for FY 2015-16...42	
Table 5.14: Petitioner’s Submission: DG set wise Generation, Fuel cost, Lubrication oil cost and Solar Generation- H1 of FY 2014-15	42
Table 5.15: Average fuel purchase cost for H1 of FY 2014-15 submitted by the Petitioner	44
Table 5.16: Specific Oil Consumption - DG set wise	45
Table 5.17: Weighted Average Lube Oil Consumption - DG set wise.....	47
Table 5.18: Summary of own generation cost for FY 2015-16 -Commission’s Approval	50
Table 5.19: WPI inflationary index.....	53
Table 5.20: Inflation Index of O&M Expenses	53
Table 5.21: Employee expenses approved for FY 2015-16.....	54
Table 5.22: R & M expenses approved for FY 2015-16.....	55
Table 5.23: A & G expenses approved for FY 2015-16	56
Table 5.24: O&M expenses approved for FY 2015-16.....	57
Table 5.25: Gross Fixed Assets projected for FY 2015-16 (Rs. Crore).....	57
Table 5.26: Gross Fixed Assets approved for FY 2015-16 (Rs. Crore).....	58
Table 5.27: Depreciation projected for FY 2015-16 (Rs. Crore).....	58
Table 5.28: Depreciation approved for the FY 2015-16 (Rs. Crore)	59
Table 5.29: Return on capital base projected for FY 2015-16 (Rs. Crore)	59
Table 5.30: Return on Capital Base approved for FY 2015-16 (Rs. Crore).....	60
Table 5.31: Interest and finance charges projected for FY 2015-16 (Rs. Crore).....	60
Table 5.32: Interest and Finance Charges approved for FY 2015-16 (Rs. Crore).....	63
Table 5.33: Interest on Working Capital projected for FY 2015-16 (Rs. Crore).....	64

Table 5.34: Interest on working capital approved for FY 2015-16 (Rs. Crore)	65
Table 5.35: Interest on Security Deposit	66
Table 5.36: Interest on Security Deposit approved	66
Table 5.37: Aggregate Revenue Requirement projected by the Petitioner for FY 2015-16.....	68
Table 5.38: Aggregate Revenue Requirement approved for FY 2015-16 (Rs. Crore).....	68
Table 5.39: Projected Revenue Gap at existing Tariff FY 2015-16 (Rs. Crore).....	69
Table 5.40: Revenue Gap at existing Tariff as approved for FY 2015-16 (Rs. Crore).....	70
Table 5.41: Average Cost of Supply for FY 2015-16.....	70
Table 5.42: Approved average Cost of Supply for FY 2015-16	70
Table 7.1: Energy charges Existing v/s proposed Tariff for FY 2015-16 submitted by the Petitioner	89
Table 7.2: Tariff approved by the Commission for FY 2015-16	90
Table 8.1: ARR approved by the Commission for FY 2015-16	91
Table 8.2: Revenue gap at Revised Tariff as approved by the Commission for FY 2015-16.....	92
Table 8.3: Revenue Gap for FY 2014-15 and FY 2015-16	93
Table 8.4: Tariff approved by the Commission for FY 2015-16	93

LIST OF ANNEXURES

Annexure 1 Admission of the ARR and Tariff Petition for FY 2015-16 by the Commission

Annexure 2 List of objectors

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
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
LED	:	Lakshadweep Electricity Department
LPS	:	Late Payment Surcharge
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
O&M	:	Operation & Maintenance
PLF	:	Plant Load Factor
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance

Abbreviation		Full Form
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SBI PLR	:	SBI Prime Lending Rate
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

QUORUM¹
S.K. Chaturvedi, Chairman

Petition No. 162/2015

In the matter of

Petition filed by Electricity Department of Lakshadweep for approval of Business Plan for the MYT Control Period FY 2015-16 to FY 2017-18 and Aggregate Revenue Requirement (ARR) & Retail Tariff for the MYT Control Period FY 2015-16 to FY 2017-18

And

In the matter of

Electricity Department of Lakshadweep -----**Petitioner**

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.

ORDER

Date 17.04.2015

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 May 2’ 2005. Later on with the joining of the state of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” as notified on May 30’ 2008. The Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Andaman & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry) started functioning with effect from September 2008. Office of the Commission is presently located in the district town of Gurgaon, Haryana.

1.2 Electricity Department, UT of Lakshadweep

The Electricity Department, UT of Lakshadweep herein called LED, is responsible for power supply in the Union Territory of Lakshadweep. The Electricity Department of Lakshadweep (LED) is engaged in generation, transmission and distribution of electricity to the various consumer categories in the UT of Lakshadweep. As submitted by the Petitioner –

Quote

“The Union Territory (UT) of Lakshadweep is an archipelago consisting of 12 atolls, three reefs and five submerged banks. It is a uni-district Union Territory with an area of 32 Sq. Kms and is comprised of ten inhabited islands, 17 uninhabited islands attached islets, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni, Bangaram and Minicoy.”

Unquote

The Electricity Department of Lakshadweep (LED) is engaged in generation, transmission and distribution of electricity to the various consumer categories in the UT of Lakshadweep. As the UT is an archipelago consisting of 10 inhabited islands and located far from the mainland of India, Lakshadweep is entirely dependent on its own generation for supply of power. The power in the UT of Lakshadweep is generated mainly from its Diesel Generating (DG) sets.”

1.3 Filing of Petition

The Commission in this regard would like to place reference to Section 64 of the Electricity Act, 2003 which requires the licensee to file the Tariff petition as per the regulations notified under the Act. The relevant section is reproduced below:

Quote “64. (1) An application for determination of tariff under section 62 shall be made by a generating company or licensee in such manner and accompanied by such fee, as may be determined by regulations.” **Unquote**

Also based on the Clause 12 of Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009 licensee is required to file its petition before 30th November each year. The extracts of the same is provided below:

Quote“12. Filing (1) Each generating company and the licensee shall file Tariff Application on or before 30th November each year with the Commission, in the format as may be laid down by the Commission which shall include statements containing calculation of the expected aggregate revenue from charges under its currently approved tariff and the expected cost of providing services i.e. Aggregate Revenue Requirement (ARR) during the Previous Year, Current Year and Ensuing Year. The information for the Previous Year should be based on audited accounts, if available” **Unquote**

The Electricity Department of Lakshadweep filed its petition on 10th February 2015 which was admitted by the Commission on 10.02.2015. As the data contained in

the petition would be used for the analysis of this order the Commission has considered the Petition.

1.4 Admission of Petition

After initial scrutiny and analysis of the petition, the Commission as per its letter dated 12.02.2015 sent the initial data gaps for approval of Aggregate Revenue Requirement (ARR) and retail Tariff for MYT period FY 2015-16 to FY 2017-18.

1.5 Interaction with the petitioner

This Order has referred at numerous places to various actions taken by the “Commission”. It is pertinent to mention for the sake of clarity, that the term “Commission” unless otherwise specified in most of the cases refers to the Staff of the Commission for carrying out the technical due diligence & validation of data of the petitions filed by the utilities, obtaining and analyzing information and clarifications received from the utilities and submitting relevant issues for consideration of the ‘Commission’.

The Commission’s Staff held discussions with the Petitioner/Petitioner’s representative on reply given by LED on the initial data gaps. Accordingly, as per the discussion held, additional information and clarification was sought from ED.

The Commission’s staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the tariff petition. The Commission’s staff and the Petitioner also covered key issues related to the petition, which included Power purchase cost, estimated sales and revenue submitted to the Commission, etc.

Table 1.1: Formal Interactions with the Petitioner

Sl. No.	Date	Subject
1	23.02.2015	Queries & additional data sought by the Commission
2	03.03.2015	Further queries & data sought by the Commission
3	06.03.2015	Additional data/information sought by the Commission
4	11.03.2015	Further response received for additional data/information
5	17.03.2015	Reply from Electricity Department Lakshadweep on status on compliance of directives issued in Tariff Order for FY 2014-15

1.6 Quality of Filing

Absence of Audited Data

The LED has not provided audited information for FY 2012-13 or FY 2013-14, which was sought by the Commission for analysis purpose. Further, most of the calculations done by the Petitioner for the purpose of projecting ARR and retail tariff for FY 2015-16 are not based on any audited historical data as per the Tariff Regulation of 2009.

The extract of the same is provided below:

“(2) The data should be provided for three years.

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

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

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

As per the above Regulation, the Utility is required to present its audited figures for the previous year and in the absence of such data the audited figures of immediately preceding year should be provided along with the petition.

1.7 Public hearing process

The Commission specified to the Petitioner, to publish the summary of the ARR and Tariff proposal in the abridged form and manner as approved in accordance with section 64 of the Electricity Act, 2003 to ensure public participation.

The Notice for Public hearing was read out on Public address system and run on the local TV channels during 3 days prior to the Public hearing.

Table 1.2: Details of public notice published by the Petitioner

Sl. No.	Action Taken
1	Public was informed through local news channels and PA system

The petitioner uploaded the petition on the U.T. of Lakshadweep website (<http://www.lakshadweep.gov.in>) and on the Electricity Department, Lakshadweep website – <http://powerlak.gov.in> for inviting objections and suggestions on their petition.

Interested parties / stakeholders were requested to file their objections / suggestions on the petition.

1.8 Public Hearing:

Table 1.3: Schedule of public hearing at Lakshadweep

Sl. No.	Date & Time	Venue of Hearing	Subject & Category of Consumer
1	26 th February 2015 10:00 Hrs Onwards	LHW Recreation Hall, Near Western Jetty, Kavaratti	All Categories of Consumers. Petition no. 162/2015 (i) Approval of Business Plan; and (ii) Approval of ARR & Tariff for FY 2015-16 to FY 2017-18

The public notice was published on the website of the Commission (www.jercuts.gov.in).

During the public hearing, each person filing objection/ suggestion was provided an opportunity to present his/ her 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 an opportunity to express their views. The list of

objectors is attached as **Annexure 2** to this order. The issues and concerns expressed by stakeholders have been examined by the Commission.

The major issues discussed during the public hearing, the comments/replies of the Utility and the views of the Commission thereon, have been summarized in **Chapter 4** of this Order.

The list includes the stakeholders:

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

All these objections / suggestions were responded to by the Licensee in addition to prior written replies, during the hearing itself. Licensee submitted written reply to all written objections / suggestions of the stakeholders.

1.9 Approval of Business Plan

The Petitioner – ED, Lakshadweep filed the petition for Approval of Business Plan and Multi Year Tariff for the Control Period FY 2015-16 to FY 2017-18 on 10.02.2015 under Regulation 12.1 of the MYT Regulations, 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 Regulations, 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.

The Petitioner failed to submit the Business Plan on or before 30.09.2014. Therefore, the Commission directed the Petitioner to submit the MYT Petition for approval of ARR and Tariff for the Control Period of FY 2015-16 to 2017-18.

The Petitioner submitted a common petition for approval of the Business Plan and the Multi Year Tariff on 10.02.2015. The Commission analyzed the petitions. The petitions were found as per the Electricity Act, 2003 and Regulations framed there under. The common petition for approval of Business Plan and the MYT petition was admitted on 12.02.2015.

The Commission on 12.02.2015 decided to club both the petitions for approval of Business Plan and approval of MYT ARR and Tariff.

The Notice for Public Hearing was read out on public address system and run on the local TV channels during three days prior to the Public Hearing.

The Commission held a joint Public Hearing of both the petitions for approval of Business Plan and approval of MYT ARR and Tariff on 26th February, 2015 at LHW Recreation Hall, Near western Jetty, Kavaratti.

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.

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 is 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. Further, the Commission has decided to proceed to approve ARR and determine tariff for FY 2015-16 only under JERC (Terms and Condition for determination of Tariff) Regulations, 2009.

2. Brief Summary of ARR & Tariff Petition for FY 2015-16

2.1 Introduction

In exercise of powers conferred on Joint Electricity Regulatory Commission for the Goa and Union Territories under Section 61 read with Section 181 of the Electricity Act, 2003 and all other powers enabling it on this behalf, the Joint State Electricity Regulatory Commission for the State of Goa and Union Territories notified the (Terms and Conditions for Determination of Tariff) Regulations, 2009. These Regulations were applicable to the State of Goa and the Union Territories of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Pondicherry.

As covered in Para no. 1.3 and 1.4 of Chapter no. 1 of this Tariff Order, the Electricity Department, UT of Lakshadweep filed its common petition for determination of Aggregate Revenue Requirement and Tariff for MYT Control Period FY 2015-16 to FY 2017-18 to the Commission on 10th February, 2015 under Sections 61, 62 & 64 of the Electricity Act 2003 and as per Regulation 4.2 of JERC (MYT Tariff) Regulations, 2014. In accordance with the directions given by the Commission, the LED had also submitted its revised estimates of FY 2014-15 along with actuals of FY 2013-14. The data was not supported by any audited figures. The LED has not submitted the True up Petition for FY 2013-14 in the absence of audited accounts for FY 2013-14. The Petitioner has not submitted the Review Petition for FY 2014-15 along with MYT petition; however the review petition for FY 2014-15 was submitted through email by the petitioner only on 6th March, 2015 after the Public Hearing of the Business Plan and MYT Petition.

After initial scrutiny & analysis of the information submitted with ARR and Tariff Petition filed by LED; the petition was admitted subject to removal of infirmities to the extent possible. The Commission has taken the aforesaid petition on record as petition No. 162/2015 dated 10th February, 2015.

2.2 Summary of the Petition for Aggregate Revenue Requirement for the MYT Control Period FY 2015-16 to FY 2017-18

The Petitioner has submitted the ARR & tariff petition for MYT Control Period FY 2015-16 to FY 2017-18 based on the actual of FY 2013-14 and revised estimates of FY 2014-15. The Petitioner has submitted that it has considered the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2014-15 to FY 2017-18. Based on the estimates and projections for FY 2014-15, the ARR for LED for FY 2015-16 to FY 2017-18 has been proposed at Rs. 154.77 Cr, 175.85 Cr and Rs. 200.05 Cr respectively. The summary of the proposal is presented below.

Table 2.1: Aggregate Revenue Requirement submitted by the Petitioner for FY 2015-16 to FY 2017-18

(Rs Cr)				
Sl. No.	Particulars	FY 2015-16	FY 2016-17	FY 2017-18
1	2	3	4	5
1	Cost of Fuel	108.72	125.94	145.93
2	Cost of Power purchase	0.00	0.00	0.00
3	Employee costs	13.24	14.03	14.87
4	R&M expenses	2.47	2.61	2.77
5	Administration and general expenses	1.27	1.34	1.42
6	Depreciation	7.32	8.05	8.83
7	Interest charges (including interest on working capital)	18.78	20.71	22.82
8	Return on NFA/Equity	3.25	3.45	3.70
9	Provision for Bad Debt	0.15	0.16	0.18
10	Total revenue requirement	155.19	176.30	200.52
11	Less: Non-tariff income	0.43	0.45	0.47
12	Net revenue requirement	154.77	175.85	200.05
13	Revenue from tariff	13.26	14.55	15.97
14	Gap	141.50	161.30	184.08
15	Gap for the previous years	0.00	0.00	0.00
16	Total gap (14+15)	141.50	161.30	184.08
17	Revenue surplus carried over	0.00	0.00	0.00
18	Additional revenue from proposed tariff	1.56	1.81	1.99
19	Regulatory asset	0.00	0.00	0.00
20	Energy sales (MU)	50.31	55.51	61.26

Further, the Petitioner has submitted the Average Cost of Supply (ACOS) and the average revenue realization per unit as below.

Table 2.2: Average Cost of Supply and Average Revenue Realization submitted by the Petitioner

Average Realization & Cost of Supply	FY 2015-16	
	Existing	Proposed
Average Cost of Supply of the LED	30.76	30.76
Average Realization	2.64	2.95
Revenue Gap at Existing Tariff	28.12	27.81

2.3 Summary of the Tariff Proposal for the Control Period from FY 2015-16 to FY 2017-18

The Petitioner has proposed tariff revision for the control period from FY 2015-16 to FY 2017-18. The Table below shows the existing tariff and proposed tariff:

Existing			Proposed		
Category	Energy Charge (Rs. Kwh)	Fixed Charges	Category	Energy Charge (Rs./Kwh)	Fixed Charges
BPL/Kutir Jyoti		Rs. 25/- per service connection per month or part thereof	BPL/Kutir Jyoti		Rs. 25/- per service connection per month or part thereof
Domestic Connection			Domestic Connection		
-0 to 50 units	1.00	Rs. 10/- per connection per month or part thereof single phase Rs. 50/- per connection per month or part thereof for three phase	-0 to 100 units	1.25	Rs. 10/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase
-51 to 100 units	1.25		-101 to 200 units	2.50	
-101 to 200 units	2.50		-201 to 300 units	4.00	
-201 units & above	4.00		-301 units & above	5.10	
Commercial			Commercial		
0-100 Units	4.25	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase	0-100 units	5.00	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase
101 to 200 Units	5.00		101 to 200 units	6.00	
201 units & above	6.00		201 units & above	7.00	
Industrial	4.50	Rs. 30/- Per KVA per month or part thereof	Industrial	4.95	Rs. 30/- per KVA per month or part thereof

Existing			Proposed		
Category	Energy Charge (Rs. Kwh)	Fixed Charges	Category	Energy Charge (Rs./Kwh)	Fixed Charges
HT Consumers	6.00	Rs. 100/- per KVA per month or part thereof	HT Consumers	6.60	Rs. 100/- per KVA per month or part thereof
Public Lighting	4.00		Public Lighting	4.40	
Temporary Connection	7.00		Temporary Connection	7.70	

2.4 Prayer to the Commission

The Petitioner has respectfully prayed to the Commission as follows:

Quote

“Approve the Business Plan and MYT for the control period of three financial years from April 1, 2015 to March 31, 2018 for LED formulated in accordance with the guidelines outlined as per the Regulations of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations.

Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and LED may please be permitted to add/change/modify/alter the Petition;

Permit LED to file additional data/information as may be necessary;

Pass such further and other orders as the Hon’ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case”

Unquote

3. Approach of the Order for Determination of ARR & Tariff for FY 2015-16 to FY 2017-18

3.1 Introduction

As covered in an earlier section of this order, Electricity Department of UT Lakshadweep has filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2015-16 to FY 2017-18 to the Commission vide affidavit submitted on 10th February 2015 in accordance with Sections 61, 62 & 64 of the Electricity Act, 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009 and JERC (Multi Year Distribution Tariff) Regulations, 2014.

3.2 Approach for Review for FY 2014-15

The Petitioner has not filed the true up petition for the FY 2013-14 due to the lack of audited accounts. The Commission in its previous order had stressed upon the requirement of the audited accounts to bring in more accuracy in the estimates of the Commission. The JERC Tariff regulation also requires the licensee to file the true up along with the audited accounts in the filing. The Petitioner has not filed the Review petition for FY 2014-15 along with the MYT Petition for the Control Period FY 2015-16 to FY 2017-18. However, ED-Lakshadweep submitted the Review Petition by email on 06th March, 2015, much after the Public Hearing of the Business plan and MYT Petition which was held on 26th February, 2015. As such the Commission has not taken cognizance of the Review petition for FY 2014-15.

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

In this regard various provisions of the JERC's Tariff Regulations 2009 and JERC MYT Tariff Regulations 2014 pertaining to business of the integrated Utility are relevant and Commission is guided by the principles contained in Section 61 of the Act among other things to examine the Sales forecast, Power purchase quantum, Self-generation and other income & expenditure.

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

- a. The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
- b. The generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- c. The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- d. Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;
- e. The principles rewarding efficiency in performance;
- f. Multi-Year Tariff principles.
- g. That the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;
- h. The promotion of co-generation and generation of electricity from renewable sources of energy;
- i. The National Electricity Policy and tariff policy;
 - In addition to above the Commission is bound by the Renewable Energy purchase obligations, as specified in JERC (Procurement of Renewable Energy) Regulations, 2010, and
 - The Relevant directions given by the Hon'ble APTEL in the judgment in O.P. no. 1 of 2011.

The Commission has considered the actual unaudited figures of income & expenditure submitted by the Petitioner for FY 2013-14 to form the basis of projection of income and expenditure for FY 2015-16. The detailed analysis & treatment of each component is provided in **Chapter 5 (Aggregate Revenue Requirement and Tariff for FY 2015-16) of this order.**

4. Summary of Objections Raised / Suggestions made, Petitioner's Responses and Commission's Views

4.1 Public Response to the Petition

In response to the public notice, inviting objections/suggestion from the stakeholders, on the petition filed by Electricity Department, Lakshadweep (LED) for Determination of Tariff for FY 2015-16, no written objections were received. As per the schedule, the Public Hearing was conducted at LHW Recreation Hall, Near Western Jetty, Kavaratti on 26th February, 2015. Seven (7) stakeholders submitted before the Commission (orally) their objections/suggestions on the tariff petition filed by LED.

4.2 Objections/Suggestions and response of Electricity Department, Lakshadweep

4.2.1 Tariff Related Objections

Stakeholders objections/comments

Mr. Rafeeq , (Member of Power Samithi) requested the Commission to exempt domestic consumers from tariff hike as most of the consumers in the area are poor.

Mr. Badar Ul Muneer (Member of Village Dweep Panchayat) has requested the Commission to reduce tariff to domestic category of consumers.

Mr. P. Muhsin (General Secretary, National Congress Party) and Mr. Badar Ul Muneer (Member of Village Dweep Panchayath) submitted that cost of HSD oil has come down and so the reduced cost of generation of power should be considered for fixing the Tariff.

Mr. Abdul Razzak and Mr. Syed Abdullah Koya submitted that after installation of bulk oil storage facility at Kavaratti, transportation cost of diesel is decreased and it should be reflected in the Tariff.

Petitioner's Responses

Following are the replies provided by the Petitioner during the hearing:

- Under Lakshadweep Electricity Department, 82% consumers are in Domestic Category and the impact of tariff increase is not avoidable.
- Bulk Oil storage facility work at Kavaratti has been completed. Once the facility is commissioned, this may reduce the oil leakage during transportation and storage. Construction of Bulk oil storage of Minicoy Island is also in progress.

Commission's View

The Commission has considered the views and suggestions provided by the consumers in the Islands of the UT. Most of the consumers are against any increase in Tariff due to low income and very low economic development. The Commission would like to point out some of the facts which are specific to the Tariff formulation. Every year LED has to file its petition with its actual expenditure along with the projected expenses based on the Historical trend of audited figures, so that the Commission can rationalize its expenses of LED based on facts and fix tariff for recovery of all the cost. This practice followed is in line with Electricity Act, 2003, the Tariff Policy and the Regulations of the Commission. Accordingly, the utility is entitled to recover all its cost and Return on Capital Base from the consumer as per the approved Annual Revenue Requirement. However, due to very high cost of service in the UT of Lakshadweep, the Commission felt that it is not appropriate to approve the entire cost to be recovered from tariff as projected by the LED. The Commission has increased the tariff marginally keeping in view of the paying capacity of the consumers.

4.2.2 Alternate Sources of Power

Mr. Syed Abdullah Koya suggested that the Diesel consumption should be reduced and alternate sources like wind power and tidal energy sources have to be

developed apart from the good work done by the Department in developing Solar energy.

Petitioner`s Response

The Petitioner replied that LED is in the process of setting up Biomass Plant, one each at three Islands i.e. Androth - 2MW, Kavaratti - 2MW and Kadmat - 1MW. In addition, the Department has undertaken a study to install a floating Solar plant at lagoon area, which is in progress.

Commission`s View

Dependency on diesel for power generation not only increase the average cost of supply for the consumers but also impacts the Utility`s financial health. The Commission has noticed that the Petitioner has taken some initiatives in this regard but action is required to expedite the process of the construction and achievement of commercial operation of renewable generation plants. It is inevitable for the distribution licensee to explore alternative sources of power like installation of roof top solar, wind or hybrid of wind and solar equipment etc., and also to take initiatives towards energy efficiency in the demand side management to reduce the load on the existing DG power stations of the utility.

4.2.3 General Issues

Mr. M.P. Basheer complained that there are long queues at billing counter due to slow in generating receipts by the computers. He also complained that whenever any individual consumer goes out of station, arrears are to be paid with heavy surcharge amount.

Mr. P. Muhsin, General Secretary, National Congress party submitted that it is the practice in the Islands (UT of Lakshadweep) that the plot of land is in the name of the landlord, usually the eldest adult member of the family whereas there are different independent residential units constructed inside the plot of land and occupied by other family members. The LED is giving connection in the name of the

landlord as the plot of land is owned by him. He submitted that the Commission may consider to give orders / instructions to the LED to provide individual connections to occupants of the residential units.

Mr. Abdhul Khader complained that due to usage of Air Conditioners, Geysers and electric heaters by non-domestic premises there are heavy voltage fluctuations to the adjacent residential houses.

Mr. Rafeeq (Member of Power Samithi) requested that CGRF exists only in Kavaratti Island and it should be extended to all Islands.

Mr. Abdul Razzak suggested that LED should provide power supply at Bangaram Island also. Mr. Badar Ul Muneer wanted power supply at Suheli Island also.

Mr. Abdul Razzak also suggested that one complaint cell should be opened in all the Islands to facilitate the consumers to lodge the complaints and to get them sorted out early.

Petitioner's Response:

The following are the replies provided by the Petitioner during public hearing:

- V-sat installation at individual office is on way, the same may overcome the issues related to connectivity of the computers.
- Department is following the JERC guidelines and Regulations on the issue of connection given in the name of the plot of land. However this general issue will be taken up with the Commission requesting for further consideration.
- Department has not received any complaints regarding Voltage fluctuations. The Department will rectify if any voltage related problem exists.
- Already expenditure for CGRF is around Rs. 18 lakhs and number of cases are very few. Extending CGRF to other Islands may increase the expenditure and

will be uneconomical considering that there are very few complaints to be sorted out.

- Village Dweep Panchayat building is under construction. Suitable consumer complaint cell will be opened once the construction of building is completed. Department already has a separate consumer portal with complaint registration facility. Besides 24X7 hours complaint registration cell (through phone) is provided in Sub division office, Kavaratti.
- Online payment service has already been started for the consumers and through this any consumer may pay the electricity bills at any time anywhere. This would avoid paying the amount late with surcharge.
- Bangaram and Suheli Islands are inhabited Islands. LED will provide power supply once the policy decision to provide power supply to Bangaram and Suheli Islands is taken by the Lakshadweep UT, administration.

Commission's Analysis

The Commission has taken note of the objections and suggestions of the Stakeholders and the Petitioner's response to them.

As regards the quality of supply, the Commission has noted the grievances of the stake holders. The Commission has notified the JERC (Standards of Performance) Regulations, 2009, wherein the provisions related to guaranteed and overall standard of performance to assure quality of supply are clearly spelt out. The Petitioner is bound to adhere to the Regulations prescribed by the Commission in the interest of the consumers.

Redressal of consumer complaints and grievances is an important function and responsibility of the distribution licensee, therefore LED must pay due attention to it. The Commission has put in place an appropriate mechanism for Redressal of consumer grievance. A full-fledged Consumer Grievance Redressal Forum (CGRF) is

functioning in Kavaratti Island. Besides, an Ombudsman is also functional at the JERC Office. LED needs to give due publicity to the said Forum and its Redressal Mechanism so that the general public is made aware of the same. LED should work towards the goal of greater consumer satisfaction, adopt a pro-active approach and settle consumers complaints in a professional, time bound manner and should make themselves available whenever need be.

5. Aggregate Revenue Requirement for FY 2015-16

5.1 Background

The Petitioner has submitted the ARR & Tariff Petition for the MYT Period FY 2015-16 to FY 2017-18 in accordance with the relevant provisions of JERC (MYT) Regulations 2014. The Petitioner has submitted its aggregate revenue requirement and tariff application as per regulation 4.2 of JERC MYT tariff regulations 2014 to estimate the revenue requirement for FY 2015-16 to FY 2017-18 on the basis of actual figures of FY 2013-14, the revised estimates for FY 2014-15 and fore-casted figures for the period FY 2015-16 to FY 2017-18.

As discussed in para 1.9 (Chapter -1) the Commission has revised the applicability of JERC (Multi Year Distribution Tariff) Regulations, 2014 as 1st April, 2016 and extended the provisions of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 for FY 2015-16. The Commission has also taken a decision to approve ARR and determination of Tariff for FY 2015-16 only. Hence, the projections shown by the Petitioner for FY 2015-16 only are considered for analyzing and approving components of the ARR in this chapter.

The Petitioner has submitted its aggregate revenue requirement for FY 2015-16 and has considered the actual performance for FY 2014-15, based on the actual performance for the earlier period and the principles outlined in the JERC (MYT) Regulations. In this chapter, the commission has analyzed the petition of Electricity Department, Lakshadweep (LED) based on the provisions mentioned in the JERC (Tariff) Regulations, figures approved for Review of ARR of FY 2013-14 in the order dated 11th April 2014.

The Commission has taken into consideration the following for ARR and tariff determination for FY 2015-16:

- 1) Actual performance in FY 2013-14.

2) Financial figures approved for Review of ARR of FY 2013-14 in the order dated 11th April 2014.

5.2 Analysis of Aggregate Revenue Requirement for FY 2015-16

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

- Assessment of Energy Requirement
 - I. Sales Projections
 - II. T&D Loss Trajectory
 - III. Energy balance
 - IV. Power Purchase Sources
- Assessment of the Aggregate Revenue Requirement
 - Power Purchase Costs & Transmission Charges;
 - Operation and Maintenance Expenses;
 - Employee Expenses
 - Administration & General Expenses
 - Repairs & Maintenance Expenses
 - Capital Expenditure and Asset Capitalization
 - Gross Fixed Assets;
 - Depreciation;
 - Interest on Long Term Loans;
 - Interest on working capital & security deposits
 - Interest on Capital Base/Net Fixed Assets;
 - Provision for Bad and Doubtful Debts
 - Other expenses
 - Non-Tariff Income

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

- 1) The Aggregate Revenue Requirement of the generating company or the licensee shall comprise of the following:
 - i. Fuel Cost for own generation, if applicable
 - ii. Cost of Power Purchase, if any
 - iii. Operation and Maintenance Expenses,
 - iv. Depreciation, including Advance against Depreciation,
 - v. Interest and Cost of Finance,
 - vi. Return on Equity,
 - vii. Income Tax
 - viii. Provision for Bad & Doubtful Debts
 - ix. Other expenses.
- 2) The following data should be provided for three years
 - i. *Audited figures for the previous year; information for the previous year shall be based on the audited accounts; in the absence thereof, the audited accounts for the immediately preceding year shall be filed along with the un-audited accounts for the previous year.*
 - ii. *Estimated figures for the current financial year should be based on actual figures for the first six months and the estimated figures for the second six-months of the year. The estimated figures for the second half year of the current financial year should be based on the actual audited figures for the second half of the previous year with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified.*
 - iii. *Forecasted figures for the ensuing year should be based on the current year figures with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified.”*

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

- i. Necessary adjustment under Regulation 9`Review and Truing Up`.*
- ii. Income from surcharge and additional surcharge from Open Access Consumers, if any;*
- iii. Transmission and/or Wheeling Charges recovered from the Open Access Customers, if any;*
- iv. Authorized portion of Income/revenue from Other Business engaged in by the licensee for optimum utilization of assets, if any, in accordance.”*

5.3 Consumers, Connected load and Energy Sales

Petitioner`s Submission

Energy Sales:

The Petitioner has submitted that Electricity Department – Lakshadweep has a consumer mix constituting of domestic, commercial, Industrial and Public Lighting. LED`s overall energy sales are significantly dependent on the domestic consumers to the extent of around 70% and commercial consumers contribute to around 25 percent of total sales. Thus the sales forecast would completely depend on the sales expected in the domestic and commercial categories.

The sales forecast is based on the trends observed in the sales pattern of various categories over the past, new developments on account of Government Policies, Socio economic changes, Industrial growth etc. that would affect consumption across various categories of consumers. The CAGR (%) for period of five years (FY 2013-14 over FY 2009-10) for different categories has been adopted for estimating the energy sales for the FY 2014-15 & for projecting the energy sales for FY 2015-16. Energy sales towards temporary connections have been added to commercial category as it is observed that temporary connections are predominantly availed for commercial purposes. In addition to this, the growth trend in the number of

consumers and connected load have been taken as guiding factors in arriving at the requirement of demand and energy.

The Petitioner has considered the past trend for projecting the Energy Sales (MUs) and the projected energy sales of various categories of consumers for FY 2015-16.

Table 5.1: Energy Sales submitted by petitioner during the past years (MU)

Category	Sales in MU`s					Assumed Growth Rate for FY 2014-15	FY 2014-15 Estimated	FY 2015-16 Projected
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14			
	Actual	Actual	Actual	Actual	Actual			
Domestic	17.78	20.35	23.75	27.23	29.65	10.77%	32.85	36.39
Commercial	6.16	6.98	7.28	9.26	10.08	10.36%	11.13	12.28
Industrial	0.33	0.41	0.42	0.39	0.42	5.18%	0.45	0.47
Public (Lighting)	1.28	1.34	1.52	1.07	1.17	-1.86%	1.14	1.12
Temporary Connections	0.02	0.01	0.02	0.05	0.05	-	0.05	0.05
Total	25.57	29.09	32.99	38.00	41.37		45.62	50.31

Source: Table 4.1 of Petition of ED, Lakshadweep

Number of Consumers

The forecast of number of consumers is based on the trends observed in the connections pattern of various categories over the past years, new developments on account of Government Policies, Socio economic changes, industrial growth, etc. that would affect consumption across various categories or consumers. The CAGR (%) for period of five years (FY 2013-14 over FY 2009-10) for different categories has been adopted for estimating the number of consumers for the FY 2014-15 & for projection for FY 2015-16. However, normalization has been undertaken for certain categories where an abnormal rise or reduction has been observed. Temporary Connections have been added to commercial category as it is observed that temporary connections are predominantly availed for commercial purposes. The number of consumers estimated for the FY 2015-16 is tabulated below:

Table 5.2: No. of Consumers for FY 2015-16 submitted by the Petitioner

Category	Number of Consumers					
	FY 2011-12 Actuals	FY 2012-13 Actuals	FY 2013-14 Actuals	% Increase	FY 2014-15 Estimated	FY 2015-16 Projected
Domestic	15998	16302	17169	2.38%	17578	17997
Commercial	2933	2989	3140	2.30%	3212	3286
Industry	301	321	317	1.74%	323	328
Public Lighting	59	73	73	7.36%	78	84
Temporary Connection	0	0	0	-	0	0
Total	19291	19685	20699		21191	21695

Connected Load

The Petitioner has not submitted the past trends of the connected load of the various consumer categories.

However, the Petitioner in the Format-1 has submitted the category wise number of consumers, connected load at the end of year and energy sales for FY 2013-14 which is given below.

Table 5.3: Energy Demand for FY 2013-14 submitted by the Petitioner

Sl. No.	Category of Consumer	No. of Consumers at the end of the year (Nos.)	Connected Load at the end of the year (KW)	Demand (in MW)		Energy Sale /Demand (MU)
				Unrestricted	Restricted	
1	Domestic	17169	64721			29.65
2	Commercial (NRS)	3140	17709			10.08
3	Industrial					
(a)	HT Supply	0	0			0.00
(b)	LT Supply	317	3049			0.42
(c)	Total	317	3049			0.42
4	Public Lighting	73	174			1.17
5	Railway Traction	0	0			0.00
6	Total Metered Sales (except Agriculture) within State/UT (total : 1 to 5)	20699	85653			41.33
7	Agricultural Consumption					
(a)	Metered	0	0			0.00
(b)	Un-Metered	0	0			0.00
(c)	Total	0	0			0.00
8	Temporary	0	212			0.05
9	LIG (Unmetered)	0	0			
10	Bulk Supply	0	0			0.00
11	Total Demand/Sale Within State/UT (6 to 9)	20699	85865			41.38

Commission's analysis

Energy Sales

The 4 year, 3 year, 2 year and Y-o-Y growth rates based on actual sales from FY 2009-10 to FY 2013-14 are as follows.

Table 5.4: CAGR of Category wise Sales upto FY 2013-14

Category	FY 2009-10 (Actuals) (MUs)	FY 2010-11 (Actuals) (MUs)	FY 2011-12 (Actuals) (MUs)	FY 2012-13 (Actuals) (MUs)	FY 2013-14 (Actuals) (MUs)	CAGR 4 Yrs FY 09-10 to FY 13-14	CAGR 3 Yrs FY 10-11 to FY 13-14	CAGR 2 Yrs FY 11-12 to FY 13-14	CAGR YOY FY 12-13 to FY 13-14
Domestic	17.78	20.35	23.75	27.23	29.65	13.64%	13.37%	11.73%	8.89%
Commercial	6.16	6.98	7.28	9.26	10.08	13.10%	13.03%	17.67%	8.86%
Industrial	0.33	0.41	0.42	0.39	0.42	6.21%	0.81%	0.00%	7.69%
Public Lighting	1.28	1.34	1.52	1.07	1.17	-2.22%	-4.42%	-12.27%	9.35%
Temporary Connections	0.02	0.01	0.02	0.05	0.05	25.74%	71.00%	58.11%	0.00%
Total	25.57	29.09	32.99	38.00	41.37				

It is considered reasonable to adopt the 3 year CAGR over the approved estimated sales of FY 2014-15 to arrive at the sales projections for FY 2015-16.

Based on the approved growth rates for different categories, the category wise sales for FY 2015-16 are as given in the table below:

Table 5.5: Category wise sales approved for FY 2015-16 (MUs)

Category	Projections by the Petitioner			Projections by the Commission		
	FY 2014-15 (RE)	CAGR Adopted	FY 2015-16	FY 2014-15 as approved in T.O. dated 11 th April, 2014	CAGR Adopted	FY 2015-16
Domestic	32.85	10.77%	36.39	35.69	13.37%	40.46
Commercial	11.13	10.36%	12.28	11.54	13.03%	13.04
Industrial	0.45	5.18%	0.47	0.39	0.81%	0.39
Public Lighting	1.14	-1.86%	1.12	1.07	0.00%	1.07
Temporary Connections	0.05	-	0.05	0.09	0.00%	0.09
Total	45.62		50.31	48.77		55.05

The Commission observes that the Petitioner estimates the energy sales for FY 2015-16 only at 50.31 MU as against the projected sales figure based on the three year CAGR applied on the earlier approved figure of FY 2014-15 was 55.05 MU. The

Commission considers it reasonable to approve the lower figure of energy sales of 50.31 MU as submitted by the Petitioner on conservative basis.

Number of Consumers

The Commission, in the absence of any significant historical data for projection, based on the submission made by the Petitioner has approved the actual number of consumers for FY 2015-16, as given in the table below.

Table 5.6: Number of Consumers approved by the Commission for FY 2015-16

Sl. No.	Category	FY 2015-16 as submitted by the Petitioner	FY 2015-16 as approved by the Commission
1	Domestic	17997	17997
2	Commercial	3286	3286
3	Industrial	328	328
4	Public (Street Light)	84	84
5	Temporary Connections	0	0
6	Total	21695	21695

Connected Load

The Commission has observed that the Petitioner did not furnish the past trend of the connected load of the various consumer categories, in the absence of which the Commission has considered the approved connected load for FY 2013-14 based on the actual for FY 2014-15 also.

The Commission directs the Petitioner to submit complete information as per the regulatory formats of the ARR & Tariff approval process of the Commission along with slab-wise details of the connected load in each category in the next ARR filing. Further, the past trends of at least the last 3 years based on actual should be submitted to enable the Commission to analyze the data and arrive at realistic projections. Pending these details, the connected load for FY 2015-16 is approved at the level of the connected load for Review of FY 2013-14 as approved by the Commission in the Tariff Order dated 11th April, 2014.

Table 5.7: Connected Load approved by the Commission for FY 2015-16

(kVA)		
SI. No.	Category	FY 2015-16
1	Domestic	6528
2	Commercial	1526
3	HT Industries	0
4	LT Industrial	348
5	Public (Street Light)	21
6	Temporary Connections	1
	TOTAL	8424

5.4 Transmission & Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it has achieved significant reduction in transmission & distribution losses in the recent years. The LED has further submitted that the system improvement works executed every year under the plan schemes have resulted in the reduction of T&D losses. However, it may also be noted that reduction of distribution losses may not be possible beyond a certain level due to geographical conditions of the UT of Lakshadweep and technical loss in the distribution system.

The actual T&D loss level of the LED during 2013-14 was 15.92%. LED has proposed to reduce the T&D losses to 14% for FY 2014-15. The Petitioner has submitted that considering the proposed capital expenditure in transmission and distribution network during FY 2015-16, it has proposed to retain the losses at 14%, as summarized in the table below:

Table 5.8: T&D losses submitted by the Petitioner for FY 2015-16

SI. No.	T&D Losses	FY 2013-14	FY 2015-16
1	T&D Losses (%)	15.92%	14%

Commission's Analysis

As per the regulation 15 of JERC Tariff regulations, 2009

“15. AT&C Losses

1. The licensee shall give information of total AT&C losses in Previous Year and Current Year and the basis on which such losses have been worked out.
2. The Licensee shall also propose a loss reduction programme for the Ensuring Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.
3. Based on the information furnished and field studies carried out and the loss reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:
Provided further that in the event of unbundling of the integrated Utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.
4. The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.

The energy audit report for the first six months of the year shall be provided by November end of the same year. Similarly energy audit report for the last six months of the year shall be provided by May end of the next year.

5. In the absence of energy audit, the Commission may not accept the claim of the licensee and may proceed to fix the loss levels on the basis of any other information available and its own judgment”.

The Petitioner has not provided any energy audit report and neither any basis for reduction of T&D loss level from 15.92 % in FY 2013-14 to 14% for FY 2014-15.

The Commission is of the view that the loss level of 14% targeted by the petitioner for the FY 2014-15 is on the higher side. In view of the improvement schemes being undertaken by the petitioner the T&D loss level should get further reduced. The Commission considers it reasonable to fix the target for T & D loss at **13.75%** for FY 2015-16.

5.5 Energy Balance

Petitioner's Submission

The Petitioner has submitted that considering the T&D losses of 14%, the energy requirement for the sale within the Islands of the UTs is 53.05 MU for FY 2014-15. The Petitioner has estimated the energy requirement for LED based on the retail sales projections, grossed up by estimated loss levels. The energy balance expected for FY 2015-16 is given below.

Table 5.9: Energy Requirement FY 2015-16 projected by the Petitioner

Energy Balance	FY 2013-14	FY 2014-15	FY 2015-16
	(Actuals)	(Projected)	(Projected)
	MU`s	MU`s	MU`s
ENERGY REQUIREMENT			
Energy Sales			
LT Supply	41.38	45.62	50.31
HT Supply	0.00	0.00	0.00
Total Energy Sales	41.38	45.62	50.31
Overall T & D Losses %	15.92	14.00	14.00
Overall T & D Losses % (MU)	7.84	7.43	8.19
Total Energy Requirement	49.22	53.05	58.50
ENERGY AVAILABILITY AT PERIPHERY			
Power Purchase	0.00	0.00	0.00
Own Generation	49.22	53.05	58.50
Total Energy Availability	49.22	53.05	58.50
ENERGY SURPLUS (GAP)	NIL	NIL	NIL

Commission`s Analysis

The projected and approved energy requirements and power purchase for FY 2015-16 is shown in table below:

**Table 5.10: Projected and Approved Energy balance for FY 2015-16
(MU)**

Sl. No.	Particulars	Projected by the Petitioner	Approved by the Commission
A	Energy Requirement (MU)		
i)	Total Sales within UT	50.31	50.31
ii)	Transmission and Distribution Losses (%)	14%	13.75%
iii)	T&D Losses (MU)	8.19	8.02
	Total Energy Requirement (for sale to retail consumers)	58.50	58.33
B	Energy Availability or Periphery		
i)	Power Purchase	0.00	0
ii)	Own Generation	58.50	58.33
	Total Energy availability	58.50	58.33

5.6 Power Quantum and Cost

Petitioner`s Submission

Sources of Power and Power Generation Quantum

The Petitioner has submitted that it sources its power entirely from its own power generating stations. It is submitted that out of the total capacity of 18890 kW, the department utilizes around half of its total installed capacity. The remaining installed capacity is utilized as back-up.

The Petitioner has submitted the source-wise details of installed capacity, as given in the Tables below.

Table 5.11: Existing installed capacity of DG sets for FY 2013-14 submitted by the Petitioner

Sl. No.	Name of Island	Existing installed capacity (KW)			
		New	Old	Total	
1	Minicoy	2X1000	2000	800	4400
		1X1600	1600		
2	Kavaratti	2X1000	2000		3200
		2X600	1200		
3	Amini	3x750	2250	400	2650
4	Andrott	3X750	2250		3250
		1X1000	1000		
5	Kalpeni	2X250	500	750	1250
6	Agatti	3X400	1200	400	2350
		1X750	750		
7	Kadmat	1X400	400	750	2150
		1x250	250		
		1x750	750		
8	Kiltan	2X400	800	200	1000
9	Chetlat	2X250	500		1000
		1X500	500		
10	Bitra	1 X 100	100	330	430
11	Bangaram	1X60	60	120	180
12	Total		18110	3750	21860

Table 5.12: Existing Installed Capacity (SPV Plants) for FY 2013-14

Sl. No.	Name Island	Existing Installed Capacity (KWp)
1	Minicoy	320
2	Kavaratti	760
3	Amini	100
4	Andrott	320
5	Kalpeni	100
6	Agatti	100
7	Kadmat	150
8	Kiltan	100
9	Chetlat	100
10	Bitra	100
11	Bangaram	50
12	Total	2200

The petitioner has projected the quantum of generation and fuel cost for all the stations put together as given in the table below.

Table 5.13: Details of Own generation and Fuel cost projected by the petitioner for FY 2015-16

Particulars	FY 2015-16
Gross Generation (MU)	59.53
Less: Auxiliary Consumption @ 1.71% of Gross Generation (MU)	1.02
Net generation (MU)	58.50
Cost of HSD (Rs. Crore)	107.61
Cost of Lubricant Oil (Rs. Crore)	1.11
Total cost (Rs. Crore)	108.72

It is submitted by the petitioner that the generation forecast is based on the plant availability and energy demand for the period.

It is also submitted that the cost of Fuel for FY 2015-16 has been projected by escalating per unit cost of Fuel for FY 2014-15 by 5%.

The petitioner submitted additional data for H1 (first half year) of FY 2014-15 regarding DG set wise generation, fuel cost, lubrication oil cost and solar generation.

Table 5.14: Petitioner's Submission: DG set wise Generation, Fuel cost, Lubrication oil cost and Solar Generation- H1 of FY 2014-15

DG Sets Islands	Plant Load Factor %	Gross Generation (MU)	Auxiliary Consumption (MU)	Net generation (MU)	Actual Oil Consumption (KL)	Cost of Oil (Rs. Cr.)	Lube oil consumption (L)	Cost of Lube Oil (Rs. Cr.)	Total Fuel Cost (Rs. Cr.)
Minicoy		4.05	Station wise actual auxiliary consumption is not available. However it is estimated that the average auxiliary consumption across various station are in the range of 1.60% to 2.00% Average auxiliary consumption	3.97	999.590	5.47	3,625.00	0.080	5.55
Kavaratti		5.64		5.53	1460.070	7.99	4,745.00	0.100	8.09
Amini		2.69		2.64	699.360	3.83	2,778.00	0.060	3.89
Andrott		3.76		3.69	1031.975	5.65	3,187.00	0.070	5.72
Kalpeni		0.87		0.86	535.935	2.93	2,024.00	0.040	2.97
Agatti		3.15		3.09	837.070	4.58	1,901.00	0.040	4.62
Kadmat		2.23		2.19	559.725	3.06	1,707.20	0.040	3.10
Kiltan		1.48		1.45	415.157	2.27	730.50	0.020	2.29
Chetlat		0.84		0.82	256.410	1.40	614.50	0.010	1.41
Bitra		0.09		0.09	35.167	0.19	145.00	0.003	0.19
Bangaram		0.03		0.03	15.228	0.08	155.00	0.003	0.08

DG Sets Islands	Plant Load Factor %	Gross Generation (MU)	Auxiliary Consumption (MU)	Net generation (MU)	Actual Oil Consumption (KL)	Cost of Oil (Rs. Cr.)	Lube oil consumption (L)	Cost of Lube Oil (Rs. Cr.)	Total Fuel Cost (Rs. Cr.)
			is 1.87%						
Sub total		24.83		24.36	6845.69	37.45	21612.20	0.47	37.92
Solar Generation									
210 kWp Minicoy				0.090					
760 kWp Kavaratti				0.340					
100 kWp Amini									
320 kWp Andrott				0.110					
100 kWp Kalpeni				0.008					
100 kWp Agatti				0.040					
260 kWp Kadmat				0.070					
100 kWp Kiltan				0.040					
Sub total				0.70					
Total		24.83		25.06	6845.69	37.45	21612.20	0.47	37.92

Fuel Purchase Cost:

The Petitioner has submitted that it procures its fuel (HSD oil) from the Indian Oil Corporation's (IOC) Beypore depot (Kerala). The fuel procured from the Beypore depot is then transported to various Islands of the UTs by ships. In addition to this cost, the Petitioner has to pay additional charges towards transportation of fuel from the Beypore depot to the Islands of the UTs such as filling and sealing charges of the barrels, transportation charges for Beypore depot to the port, freight charge, port duties and crane charges at port, local transportation charges at the Islands of the UT etc.

The Petitioner has also submitted the following Table giving details of average fuel purchase cost for H1 of FY 2014-15.

Table 5.15: Average fuel purchase cost for H1 of FY 2014-15 submitted by the Petitioner

Sl. No.	Particulars	Amount (in Rs.)
1	Cost of HSD oil/per barrel including local transportation, Service Tax @ 4% and SSC@1%	10943.32
2	Cost of filling and sealing of the barrels	10.00
3	Transportation charge/per barrel from KSCC yard to wharf including loading on Ships	78.00
4	Freight charge/barrel	160.00
5	Port duties and crane charges/barrel	17.71
6	Average cost of empty barrel	587.21
7	Transportation charge/per barrel from wharf to KSCC yard at Beypore	33.00
8	Restaking of empty barrel	7.00
9	Cost of cap seal (big and small)	5.40
10	Leak testing charge/barrel	17.00
11	Welding and reconditioning charge/barrel	3.00
12	Scrapping, cleaning, painting and marking charge/ barrel	79.00
13	Cost of Bunk washer (big and small)/barrel	2.58
14	Total cost/barrel	11943.22
15	Average cost of Oil (14/200) per litre	59.72
16	Add: Local transportation cost at the Islands of the UTs @2% of HSD price / litre	1.09
17	Average cost of HSD (15+16) per litre * 1 barrel = 200 litres	60.81

Commission's Analysis

Power Generation Quantum and Cost

Own Generation

While estimating the energy availability and the own generation cost for FY 2015-16, the following have been considered:

- The actual audited figure of full year Plant Load Factor (PLF) for each location for FY 2013-14 has not been submitted by the Petitioner. In the absence of the same, the Commission considers the PLF for FY 2014-15 as approved by the Commission in the Tariff Order dated 11th April, 2014.
- The generation from the solar plants to the extent of 2.20 MUs is considered to meet the energy sales. The balance sales are to be met from the DG sets

located in the various islands. The gross or net generation for FY 2015-16 is approved by the Commission by reckoning PLF of FY 2014-15, adjusted with respect to energy sales of FY 2014-15 and energy sales for FY 2015-16.

- The generation availability has been computed based on the energy sales and T&D losses approved in the previous section while keeping the PLF under 50% as per the requirement for each DG set in the FY 2015-16.
- Average auxiliary consumption as given by the Petitioner for H1 of FY 2014-15 is 1.87% of gross generation. However, for FY 2015-16 the auxiliary consumption as projected by the Petitioner in the Table 5.13 above (viz. 1.71%) is considered.
- The Commission has considered the following parameters of the HSD fuel oil for estimating the consumption on the basis of units generated by each of the generating unit. The Commission, in the absence of submission of audited actuals for FY 2013-14, considers
 - i. The earlier approved figures of HSD oil consumption for FY 2013-14 in the Tariff Order dated 11th April, 2014; and
 - ii. The H1 actuals for FY 2014-15 as submitted by the Petitioner for the purpose of trend analysis.

For consumption & cost of HSD

Table 5.16: Specific Oil Consumption - DG set wise

DG Sets Location	FY 2013-14 as approved in the T.O. dated 11th April, 2014			FY 2014-15 First half year (H1) Actuals as submitted by LED		
	Total Fuel (HSD) Consumption in Kl	Gross Generation (MU)	Specific Oil Consumption per kWh (ml)	Total Fuel (HSD) Consumption in Kl	Gross Generation (MU)	Specific Oil Consumption per kWh (ml)
Minicoy	2251	8.10	277.90	999.590	4.05	246.81
Kavaratti	3017	11.07	272.54	1460.070	5.64	258.88
Amini	1604	5.12	313.28	699.360	2.69	259.99
Andrott	2145	7.09	302.54	1031.975	3.76	274.46
Kalpeni	1134	3.52	322.16	535.935	0.87	616.02
Agatti	1705	5.54	307.76	837.070	3.15	265.74
Kadmat	1373	4.29	320.05	559.725	2.23	251.00
Kiltan	931	2.64	352.65	415.157	1.48	280.51

DG Sets Location	FY 2013-14 as approved in the T.O. dated 11th April, 2014			FY 2014-15 First half year (H1) Actuals as submitted by LED		
	Total Fuel (HSD) Consumption in Kl	Gross Generation (MU)	Specific Oil Consumption per kWh (ml)	Total Fuel (HSD) Consumption in Kl	Gross Generation (MU)	Specific Oil Consumption per kWh (ml)
Chetlat	544	1.76	309.09	256.410	0.84	305.25
Bitra	78	0.20	390.00	35.167	0.09	390.74
Bangaram	35	0.05	700.00	15.228	0.03	507.60
Total	14817	49.38		6845.687	24.83	

- In all the DG sets locations, except Kalpeni Island, specific fuel oil consumption per unit during H1 of FY 2014-15 is much lower than the same as approved by the Commission for FY 2013-14. As such, the specific fuel consumption as per H1 of FY 2014-15 as submitted by the Petitioner is considered for FY 2015-16 to project the fuel cost for all the locations for approval by the Commission.
- **Cost of HSD:** As per the latest invoice dated 25th Feb, 2015 of HSD supply as furnished by the LED at the time of Public Hearing, the cost of 20 KL of HSD including service tax @ 4% and SSC @ 1% was Rs.831765.00, which works out to Rs. 41.59 / litre being basic rate.

The Commission, on analysis of the data submitted by the Petitioner as in Table 5.15 above, concludes that the Petitioner has to incur cost towards transportation and other incidentals to bring the HSD oil to the generating stations besides the cost of HSD oil per barrel (200 litres).

Average cost of HSD oil (As per sl.no:1 of Table 5.15) (10943.32/200 litres) at Beypore Port, Kerala	Rs. Per Litre	Rs. 54.72
Average landed cost of HSD to bring to the generating stations (As per sl.no:17 of Table 5.15) :	Rs. Per Litre	Rs. 60.81
Transportation and incidentals as a percentage of HSD oil cost :	%	11.12%

- The HSD oil cost as per the latest invoice is Rs. 41.59 per litre. The HSD cost per litre inclusive of other charges considering 11.12% on HSD oil cost per litre towards transportation and other incidentals works out Rs.46.21 per litre. This rate (Rs. 46.21 per litre) is adopted to arrive at the fuel cost for FY 2015-16.

No escalation is considered for FY 2015-16 for the fuel rates. Any variation will be considered by the Commission at the time of True up based on audited annual accounts.

The solar generation is considered as approved in the tariff order dated 11th April, 2014 for FY 2015-16 also (viz 2.20 MU)

Cost of Lube Oil: As in the case of HSD oil consumption, the approved lube oil consumption figures for FY 2013-14 in the Tariff Order dated 11th April, 2014 and the H1 actuals for FY 2014-15 as submitted by the Petitioner are considered below to have a trend analysis:

Table 5.17: Weighted Average Lube Oil Consumption - DG set wise

DG Sets Location	FY 2013-14 as approved in the T.O. dated 11th April, 2014			FY 2014-15 First half year Actuals as submitted by LED		
	Total Lube Oil Consumption in Litres	Gross Generation (MU)	Specific Lube Oil Consumption per kWh (ml)	Total Lube Oil Consumption in Litres	Gross Generation (MU)	Specific Lube Oil Consumption per kWh (ml)
Minicoy	10010.25	8.10	1.236	3625.00	4.05	0.895
Kavaratti	12173.04	11.07	1.100	4745.00	5.64	0.841
Amini	6325.37	5.12	1.235	2778.00	2.69	1.033
Andrott	8761.69	7.09	1.236	3187.00	3.76	0.848
Kalpeni	4344.38	3.52	1.234	2024.00	0.87	2.326
Agatti	6849.91	5.54	1.236	1901.00	3.15	0.603
Kadmat	5303.73	4.29	1.236	1707.20	2.23	0.766
Kiltan	3265.39	2.64	1.237	730.50	1.48	0.494
Chetlat	2172.81	1.76	1.235	614.50	0.84	0.732
Bitra	252.13	0.20	1.261	145.00	0.09	1.611
Bangaram	65.51	0.05	1.310	155.00	0.03	5.167
Total	59524.21	49.38		21612.20	24.83	

DG Sets Location	FY 2013-14 as approved in the T.O. dated 11th April, 2014			FY 2014-15 First half year Actuals as submitted by LED		
	Total Lube Oil Consumption in Litres	Gross Generation (MU)	Specific Lube Oil Consumption per kWh (ml)	Total Lube Oil Consumption in Litres	Gross Generation (MU)	Specific Lube Oil Consumption per kWh (ml)
Weighted Average			1.205			0.870

- The weighted Average specific lube oil consumption per kWh for H1 of FY 2014-15 as submitted by the Petitioner is only 0.870 ml whereas the same as approved by the Commission for FY 2013-14 was 1.205 ml as seen from the above Table. As such, the Commission considers the weighted average specific lube oil consumption per kWh for H1 of FY 2014-15 viz 0.870ml for lube oil requirement for FY 2015-16.
- The average cost of lube oil is worked out as under:

Particulars		FY 2013-14 as approved in the T.O. dated 11th April, 2014	FY 2014-15 First half year (H1) Actuals as submitted by LED
Cost of Lube oil (Rs. Crore)	(a)	1.38	0.466
Lube oil consumption in quantity (Litres)	(b)	59524.21	21612.20
Average cost of Lube Oil per Litre (Rs)	(a)/(b)	231.84	215.62

- The Commission considers the latest average cost of lube oil of Rs 215.62 per litre for FY 2015-16.

Renewable Purchase Obligations

As per JERC (Procurement of Renewable Energy) First Amendment Regulations 2014, amendment in table 1 of sub Regulation (1.1) in the Principal Regulations, the Petitioner has to purchase 3.3% of total consumption in its area as power purchase from renewable sources for FY 2015-16 including 0.60% for Solar and 2.70% for Non-Solar.

The Petitioner would be able to meet its RPO targets of Solar Power for FY 2015-16 based on the capacity addition proposed. It is observed that the Petitioner is not

meeting its RPO target of 2.70% to be met from non-solar sources of renewable power generation; however, the Petitioner is meeting its overall target of 3.30%.

The Commission, after considering the availability of solar energy and the difficult logistic/terrain conditions of the Islands, as a special case, approves clubbing of Renewable Purchase Obligations of Solar and non-solar energy to meet the target set by the Commission. However, in view of the cost of fuel and environmental pollution caused by using diesel, the Commission directs the LED to maximize the generation and purchase of renewable (both Solar and non-solar) energy.

The Petitioner is directed to pursue the matter of setting up of Bio-mass plants and see that these plants contribute to the energy requirement during FY 2016-17 positively.

The Commission has considered generation from all its solar plants for FY 2015-16. The Commission also directs the Petitioner to operationalize its closed solar plants as it is one of the most cost effective generating source for Lakshadweep. As per the additional submission during public hearing, Petitioner has provided the O&M contract of solar plants with BHEL where it is required to pay BHEL yearly O&M fee for maintaining the solar plants. Therefore, it is expected from Petitioner to have all its solar plants running.

As per the O&M contract with BHEL, 100,000 kWh/year will be generated from 100 kWp of equivalent capacity and the same has been considered for projecting the solar generation.

5.6.1 Summary of Total Approved Power Purchase Cost for FY 2015-16

While estimating the total cost of generation, station wise energy availability and fuel cost as covered in earlier paragraph has been considered. The summary of total cost of generation for FY 2015-16 is given in the Table below.

Table 5.18: Summary of own generation cost for FY 2015-16 -Commission's Approval

DG Sets Location (Islands)	Plant Load Factor %	Gross Generation (MU)	Auxiliary Consumption (MU) @ 1.71% of Gross Generation	Net Generation (MU)	Specific Oil Consumption per kWh (ml)	Actual Oil Consumption (KL)	Cost of HSD Oil per Litre (Rs.)	Cost of HSD Oil (Rs. Cr.)	Weighted Average lube oil consumption per kWh (ml)	Lube Oil Consumption (Litres)	Cost of Lube Oil per litre (Rs.)	Cost of Lube Oil (Rs. Cr.)	Total Fuel Cost (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14 =9+13
Minicoy	26.35%	9.74	0.17	9.57	246.81	2,403.37	46.21	11.11	0.870	8,471.74	215.62	0.18	11.29
Kavaratti	46.23%	12.43	0.21	12.22	258.88	3,217.48	46.21	14.87	0.870	10,812.86	215.62	0.23	15.10
Amini	27.41%	6.10	0.10	6.00	259.99	1,587.04	46.21	7.33	0.870	5,310.78	215.62	0.11	7.45
Andrott	29.82%	8.14	0.14	8.00	274.46	2,232.92	46.21	10.32	0.870	7,078.01	215.62	0.15	10.47
Kalpeni	38.32%	4.02	0.07	3.95	616.02	2,476.82	46.21	11.45	0.870	3,498.01	215.62	0.08	11.52
Agatti	31.91%	6.29	0.11	6.19	265.74	1,672.23	46.21	7.73	0.870	5,474.75	215.62	0.12	7.85
Kadmat	27.21%	4.91	0.08	4.83	251.00	1,232.57	46.21	5.70	0.870	4,272.31	215.62	0.09	5.79
Kiltan	35.70%	2.99	0.05	2.94	280.51	840.02	46.21	3.88	0.870	2,605.29	215.62	0.06	3.94
Chetlat	24.56%	2.06	0.04	2.03	305.25	629.64	46.21	2.91	0.870	1,794.55	215.62	0.04	2.95
Bitra	9.06%	0.32	0.01	0.32	390.74	126.83	46.21	0.59	0.870	282.39	215.62	0.01	0.59
Bangaram	6.13%	0.09	0.00	0.09	507.60	47.83	46.21	0.22	0.870	81.98	215.62	0.00	0.22
Sub total		57.11	0.98	56.13		16466.76		76.09		49682.68		1.07	77.16
Solar Generation													
210 kWp Minicoy		0.21		0.21									
760 kWp Kavaratti		0.76		0.76									
100 kWp Amini		0.10		0.10									
320 kWp Andrott		0.32		0.32									
100 kWp Kalpeni		0.10		0.10									
100 kWp Agatti		0.10		0.10									
260 kWp Kadmat		0.26		0.26									
100 kWp Kiltan		0.10		0.10									
100 kWp Chetlath		0.10		0.10									
100 kWp Bitra		0.10		0.10									
50 kWp Bangaram		0.05		0.05									
Sub total		2.20		2.20									
Total		59.31		58.33		16466.76		76.09		49682.68		1.07	77.16

FPPCA formula has been separately notified under the Regulation. It is seen that in the case of LED, majority of the generation is diesel based, making per unit cost of generation very high compared to other utilities. In view of this, the approved tariff is not covering the full cost of supply. Historically, there has been substantial gap between the actual cost of supply and revenue realized. This gap so far has been borne by the administration of LED, with budgetary support from the Government of India.

Keeping the above facts in view, the Commission is of the view that any variation in cost of their own generation (including variation in cost of power purchase, if any) should, for the time being, be borne by the Utility. Further, the Utility is directed to propose a scheme for sharing of the increase in cost of power with the consumers for Commission's consideration and approval.

5.7 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 (Terms and Conditions for Determination of Tariff) Regulations, 2009 for the Tariff year 2015-16.

As per the 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 Table below:

Table 5.19: 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 review for FY 2014-15 duly escalating for increase in inflation index for FY 2015-16. 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 5.20: 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%

5.7.1 Employee Expenses

Petitioner's Submission

The Petitioner has submitted that employee expenses comprise of salary and allowance, bonus, leave travel allowances, honorarium, etc. The Petitioner has claimed employee expense for FY 2015-16 based on actual employee expense of FY 2013-14 with year on year escalation for WPI inflationary index increase at 5.98% based WPI index increase per annum

The Petitioner has claimed Rs.13.24 Crore towards employee expenses for FY 2015-16 and requested the Commission to approve the employee expense as projected.

Commission's Analysis

As per the 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 Commission has considered WPI inflation Index at 5.98% per annum in the preceding paragraph. As the Review for FY 2014-15 was submitted after the Public Hearing, the Commission has considered employee expenses as approved by the Commission in the Tariff Order dated 11th April, 2014 viz Rs. 10.57 Crore as the base. Accordingly, the Commission has considered employee expenses for FY 2015-16 as given in the Table below:

Table 5.21: Employee expenses approved for FY 2015-16

		(Rs. Cr)
Sl. No.	Particulars	Approved for FY 2015-16
1	Employee Expenses (as per FY 2014-15 approved by the Commission in the T.O. dated 11 th April, 2014)	10.57
2	Inflationary index	5.98%
3	Inflationary increase	0.63
4	Employee expenses for FY 2015-16	11.20

5.7.2 Repair and Maintenance Expenses

Petitioner's Submission

The Petitioner has submitted that Repairs and Maintenance (R&M) expenses are incurred towards improvement of system, reduction in breakdowns, reduction in response time and increasing preventing maintenance. The Petitioner has claimed R&M expenses for FY 2015-16 based on the R&M expenses of FY 2013-14 with year on year escalation for WPI inflationary index increase at 5.98% per annum.

The Petitioner has claimed Rs.2.33 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 as approved by the Commission in the Tariff Order dated 11th April, 2014 viz Rs. 3.57 Crore as the base. Accordingly, the Commission has considered R&M expenses for FY 2015-16 as given in the Table below:

Table 5.22: R & M expenses approved for FY 2015-16

		(Rs. Cr)
Sl. No.	Particulars	Approved for FY 2015-16
1	R & M expenses (as per FY 2014-15 (RE))	3.57
2	Inflationary index	5.98%
3	Inflationary increase	0.21
4	R & M expenses for FY 2015-16	3.78

As the Petitioner has projected only Rs. 2.47 Crore for FY 2015-16, the Commission restricts the R&M expenses projected for FY 2015-16 to Rs. 2.47 Crore and approves Rs. 2.47 Crore towards R&M expenses.

5.7.3 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:

- Domestic travelling expenses;
- Office expenses;
- Legal, Regulatory and Consultancy fees
- Insurance, etc

The Petitioner has claimed A & G expenses for FY 2015-16 based on the A&G expenses of FY 2013-14 with year on year escalation for WPI inflationary index increase at 5.98% per annum.

The Petitioner has claimed Rs.1.27 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.1.03 Crore as approved in the Tariff Order dated 11th April, 2014 as the base. Accordingly, the Commission has considered A & G expenses for FY 2015-16 as given in the Table below:

Table 5.23: A & G expenses approved for FY 2015-16

Sl. No.	Particulars	Approved for FY 2015-16
1	A & G expenses (as per FY 2014-15 (RE))	1.03
2	Inflationary index	5.98%
3	Inflationary increase	0.06
4	A & G expenses for FY 2015-16	1.09

(Rs. Cr)

5.7.4 Summary of Operation and Maintenance Expenses

The Commission based on the O&M expenses considered in review for FY 2014-15 has computed the O&M expenses for FY 2015-16 duly factoring for the increase in the inflationary index as given below:

Table 5.24: O&M expenses approved for FY 2015-16

(Rs. Cr)			
Sl. No.	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Employee Expenses	13.24	11.20
2	A&G Expenses	1.27	1.09
3	R&M Expenses	2.47	2.47
4	Total O&M Expenses	16.98	14.76

5.8. Gross Fixed Assets

Petitioner's submission

The Petitioner has submitted that opening value of Gross Fixed Assets (GFA) for 2013-14 has been taken from the Fixed Asset Register for the FY 2012-13 and the same has been increased by addition of assets during the FY 2013-14 and estimated addition during FY 2014-15. Thereafter, planned additions during 2015-16 have been considered and accordingly, GFA has been computed for FY 2015-16 as given in the Table below:

Table 5.25: Gross Fixed Assets projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Opening GFA	153.04
Additions during the year	13.95
Closing GFA	166.99

Commission's Analysis

The Commission has approved closing GFA at Rs. 73.52 Crore for FY 2014-15 in the Tariff Order dated 11th April, 2014 and the same is considered as opening GFA for FY 2015-16. Additions to the GFA is considered provisionally at Rs.13.95 crore as

projected by the Petitioner subject to true up based on audited accounts of the relevant year.

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

Table 5.26: Gross Fixed Assets approved for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission	Approved for FY 2015-16
Opening GFA	153.04	73.52
Additions during the year	13.95	13.95
Closing GFA	166.99	87.47

5.9. Depreciation

Petitioner's submission

The Petitioner has submitted that the depreciation for FY 2015-16 is computed on the basis of rates as prescribed in the Regulations and the average assets for the FY 2015-16 as given in the Table below.

Table 5.27: Depreciation projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Depreciation	7.32

Commission's Analysis

The Commission has considered value of GFA at Rs. 73.52 Crore for FY 2014-15 as approved by the Commission in the Tariff Order dated 11th April, 2014 and the same is considered as opening GFA as on 1st April 2015. The Commission has approved additions to GFA during FY 2015-16 in the preceding paragraph. The rate of depreciation is considered at 5.72% in line with the rate considered for FY 2014-15 in the Tariff Order dated 11th April, 2014. The Commission, accordingly, computed the depreciation in review for FY 2015-16 as given in the Table below:

Table 5.28: Depreciation approved for the FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	Opening GFA	73.52
2	Capitalisation	13.95
3	Closing GFA	87.47
4	Average GFA	80.50
5	Average rate of Depreciation	5.72%
6	Depreciation	4.60

5.10. Return on Capital Base

Petitioner's submission

The Petitioner has submitted that return on capital base is computed in terms of JERC Tariff Regulations and projected the same for FY 2015-16 as given in the Table below:

Table 5.29: Return on capital base projected for FY 2015-16 (Rs. Crore)

Particulars	Petitioner's submission
Gross block at beginning of the year	153.04
Less: Accumulated depreciation	44.71
Net block at beginning of the year	108.33
Less: Accumulated consumer contribution	--
Net fixed assets at beginning of the year	108.33
Return on Capital Base @3%	3.25

Commission's Analysis

ED-Lakshadweep is an integrated utility in its present form as defined in Regulation 2 (9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and is entitled to Return on capital base under the provisions of Schedule VI of the erstwhile Electricity (Supply) Act, 1948 vide Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

The Commission has considered the value of GFA at the beginning of the year i.e. FY 2015-16 at Rs. 73.52 Crore based on the closing GFA approved for FY 2014-15 in the Tariff Order dated 11th April, 2014. The accumulated depreciation is considered as per opening accumulated depreciation and depreciation allowed for FY 2014-15.

The Commission, accordingly, has computed the return on capital based for FY 2015-16 as given in the Table below:

Table 5.30: Return on Capital Base approved for FY 2015-16 (Rs. Crore)

S. No.	Particulars	Approved for FY 2015-16
1	Gross block at beginning of the year	73.52
2	Less accumulated depreciation	3.66
3	Less accumulated consumer contribution	NIL
4	Net fixed assets at beginning of the year	69.86
5	Reasonable return @3% of GFA	2.10

5.11. Interest and Finance Charges

Petitioner's Submission

The Petitioner has submitted that as the LED is a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The interest on debt/ loan has been calculated considering debt to be 70% of GFA. The details of interest calculation are detailed in the table below and requested to approve the same.

Table 5.31: Interest and finance charges projected for FY 2015-16 (Rs. Crore)

Sl. No	Particulars	Petitioner's submission
1	Opening Normative Loan/W1P	107.12
2	Add: Normative Loan during the year	9.77
3	Less: Normative Repayment allowed during previous years	19.17
4	Less: Normative Repayment for the year	10.71
5	Closing Normative Loan/ GFA	106.18
6	Average Normative Loan	106.65
7	Rate of Interest (SBI SBAR rate)	14.75%
8	Interest on Normative Loan	15.73

Commission's Analysis

Regulation 25 of the JERC Tariff Regulations 2009 specify:

“(1) For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the rate of interest and schedule of repayment as per the terms and conditions of relevant agreements.

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

(3) The interest rate on the amount of equity above 30% treated as loan shall be the weighted average rate of interest on loan capital of the generating company / licensee:

Provided that interest and finance charges of renegotiated loan agreements shall not be considered, if they result in higher charges:

Provided further that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost.

(4) Interest charges on security deposits, if any, made by the consumers with a generating company/licensee, shall be equivalent to the bank rate or at the rate, if any, specified by the Commission whichever is higher.

(5) In case any moratorium period is availed of, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

- (6) *The Commission shall allow obligatory taxes on interest, commitment charges, finance charges and any exchange rate difference arising from foreign currency borrowings, as finance cost.*
- (7) *Any saving in costs on account of subsequent restructuring of debt shall be passed on to the consumers.”*

Further, the Regulation 23 of the JERC Tariff Regulations, 2009 specify;

“(1) Debt-Equity Ratio For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.

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

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

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

In view of the above Regulations, the Commission has considered loans at 70% of the GFA for the purpose of interest on loans and allowed interest on loans in earlier

Tariff Orders. The Commission for the purpose of interest on loans has considered the same methodology for FY 2015-16.

The Commission has considered normative closing loan at Rs. 41.80 Crore for FY 2014-15 in the Tariff Order dated 11th April, 2014 and same is considered as opening loan for FY 2015-16. The Commission has considered addition to loan at 70% of the capitalization and repayment is considered equivalent to depreciation allowed during FY 2015-16. The Commission has computed the interest charges for FY 2015-16 as given in the Table below:

Table 5.32: Interest and Finance Charges approved for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved for FY 2015-16
1	Opening Normative Loan	41.80
2	Normative additions during the year (70% of Net additions to GFA)	9.77
3	Less: Loan Repayment	4.60
4	Closing Normative Loan	46.97
5	Average Normative Loan	44.38
6	Interest Rates – actual	14.75%
7	Interest on Loan	6.54

5.12 Interest on Working Capital

Petitioner's submission

The Petitioner has submitted that interest on Working Capital for FY 2015-16 is computed on the parameters of;

- Two month's fuel cost
- One month's Power Purchase Cost
- One month's Employee Cost
- One month's Administration & General expenses
- One month's R&M Cost

The rate of interest on working capital is considered as per SBI Prime lending rate @ 14.75% as on 1st April 2014.

The interest on working capital for FY 2015-16 is calculated on the basis of the above parameters as given in the Table below:

Table 5.33: Interest on Working Capital projected for FY 2015-16 (Rs. Crore)

Sl. No	Particulars	Petitioner's submission
1	Fuel Cost for two months	18.12
2	Power Purchase Cost for one month	--
3	Employee Cost for one month	1.10
4	A&G Expenses for one month	0.11
5	R&M Expenses for one month	0.21
6	Total Working Capital	19.53
7	SBI PLR Rate	14.75%
8	Interest on Working Capital	2.88

Commission's Analysis

Regulation 29 (3) of the JERC Tariff Regulations, 2009 specifies "*Subject to prudence check, the working capital for integrated Utility shall be the sum of one month requirement for meeting:*

- a. *Power purchase cost*
- b. *Employees cost*
- c. *Administration & general expenses*
- d. *Repair & Maintenance expenses.*
- e. *Sum of two month requirement for meeting Fuel cost.*

According to the Regulation 29 (4) of the JERC Tariff Regulations, 2009, "*the rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside*

agency or has exceeded the working capital loan amount worked out on the normative figures.”

The rate of interest is @ 14.75% (SBI advance rate) as on 1st April 2014 and accordingly, the Commission has considered the rate of interest for computation of interest on working capital.

The Commission, in terms of Regulation 29 (2) of the JERC Tariff Regulations, 2009 and based on the cost parameters approved for FY 2015-16 has computed the interest on working capital for FY 2015-16 as given in the Table below:

Table 5.34: Interest on working capital approved for FY 2015-16 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2015-16
1	Fuel cost (2 months)	12.86
2	Employee cost (1 month)	0.93
3	Administration & General expenses (1 month)	0.09
4	Repairs & Maintenance Expenses (1 month)	0.21
5	Less: Average Security Deposit expected to be held during the year	0.09
6	Working Capital Requirement	14.00
7	Rate of interest	14.75%
8	Interest on working capital	2.07

5.13 Interest on Security Deposit

Petitioner’s submission

The Petitioner has submitted that interest on Security Deposits has been calculated on the balance of Security Deposit from the consumers during the financial year.

The rate of interest on security deposit has been considered as per SBI PLR as on 1st April of the respective year. Accordingly, 14.75%, which was the SBI PLR as on 1st April 2014 has been considered for the calculation of interest on security deposit.

The interest on security deposit for FY 2015-16 is computed by the Petitioner as given in the table below:

Table 5.35: Interest on Security Deposit projected for FY 2015-16 (Rs. Crore)

Sr. No	Particulars	Petitioner's submission
1	Opening Security Deposit	1.15
2	Add: Deposit during the year	0.02
3	Less: Deposits refunded	0.00
4	Closing Security Deposit	1.17
5	Bank Rate	14.75%
6	Interest on Security Deposit	0.17

Commission's Analysis

The Commission has considered closing security deposit at Rs.0.08 crore as approved for FY 2014-15 in the Tariff Order dated 11th April, 2014 and the same is considered as opening security deposit for FY 2015-16. The rate of interest is considered at 8.50% (RBI rate with effect from 6.3.2015) as on 1st April 2015. Addition to security deposit during FY 2015-16 is considered as projected by the Petitioner.

The Commission, accordingly, has computed the interest on consumers security deposit for FY 2015-16 as given in the Table below:

Table 5.36: Interest on Security Deposit approved for FY 2015-16 (Rs. Crore)

Sr. No	Particulars	Approved for FY 2015-16
1	Opening Security Deposit	0.08
2	Add: Deposit during the year	0.02
3	Less: Deposits refunded	0.00
4	Closing Security Deposit	0.10
5	Bank Rate	8.50%
6	Average Security Deposit	0.09
7	Interest on Security Deposit	0.01

5.14 Provision for Bad and Doubtful Debts

Petitioner's Submission

The Petitioner submitted that a provision of Rs.0.15 crore at 1% of the receivables is considered in ARR for FY 2015-16.

Commission's Analysis

Regulation 28 of the JERC Tariff Regulations, 2009 specify *"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"*.

As per the Regulations, 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 for FY 2015-16. However, the same shall be considered in true up based on audited accounts of the relevant years.

5.15 Non-Tariff Income

Petitioner's submission

The Petitioner has submitted that Non-tariff income for the FY 2015-16 has been projected by escalating the Non-tariff income of FY 2013-14 by 5% year on year. The Non-tariff income for FY 2015-16 is projected at Rs.0.43 Crore.

Commission's Analysis

The Commission considers the projected Non-Tariff Income as reasonable and accordingly, approves Rs.0.43 Crore for FY 2015-16.

5.16 Aggregate Revenue Requirement

Petitioner's submission

The Petitioner has projected the Aggregate Revenue Requirement, Revenue from sale of power and Gap / (Surplus) for FY 2015-16 as given in the tables below:

Table 5.37: Aggregate Revenue Requirement projected by the Petitioner for FY 2015-16

(Rs. Crore)		
Sl. No	Particulars	Petitioner's submission
1	Cost of fuel	108.72
2	Employee costs	13.24
3	R&M expenses	2.47
4	Administration and general expenses	1.27
5	Depreciation	7.32
6	Interest charges (including interest on working capital)	18.78
7	Return on Capital base	3.25
8	Provision for Bad Debit	0.15
9	Total revenue requirement	155.19
10	Less: Non-Tariff income	0.43
11	Net revenue requirement	154.77

Commission's Analysis

The Commissioner based on the detailed analysis of the cost parameters has considered the ARR for FY 2015-16 as given in the Table below:

Table 5.38: Aggregate Revenue Requirement approved for FY 2015-16 (Rs. Crore)

Sl. No	Particulars	Petitioner's submission	Approved for FY 2015-16
1	Cost of fuel	108.72	77.16
2	Employee costs	13.24	11.20
3	R&M expenses	2.47	2.47
4	Administration & General expenses	1.27	1.09
5	Depreciation	7.32	4.60
6	Interest and Finance charges	15.73	6.54
7	Interest on working capital	2.88	2.07
8	Interest on security deposit	0.17	0.01
9	Return on NFA/Equity	3.25	2.10

Sl. No	Particulars	Petitioner's submission	Approved for FY 2015-16
10	Provision for Bad Debts	0.15	-
11	Total Revenue Requirement	155.19	107.24
12	Less: Non-Tariff income	0.43	0.43
13	Net Revenue Requirement	154.77	106.81

5.17 Revenue at Existing Tariff and Gap for FY 2015-16

Petitioner's submission

The Petitioner has submitted that the estimated revenue at existing tariff for FY 2015-16 and gap is provided in the Table below and requested to approve the same.

Table 5.39: Projected Revenue Gap at existing Tariff FY 2015-16 (Rs. Crore)

Sl.No	Particulars	Petitioner's submission
1	Net Revenue Requirement	154.77
2	Revenue from Retail Sales at Existing Tariff	13.26
3	Net Revenue Gap (1-2)	141.50
4	Revenue Gap for the previous year	0.00
5	Total Revenue Gap (3+4)	141.50

Commission's Analysis

The Commission has based on the detailed analysis of cost parameters has approved the ARR at Rs. 106.81 crore for FY 2015-16. The Revenue from sale of power at the existing tariff as projected by the Petitioner is considered reasonable and is approved. Accordingly, the Gap for FY 2015-16 is arrived at as given in the Table below:

Table 5.40: Revenue Gap at existing Tariff as approved for FY 2015-16 (Rs. Crore)

Sl. No	Particulars	Petitioner's submission	Approved by the Commission
1	Net Revenue Requirement	154.77	106.81
2	Revenue from Retail Sales at Existing Tariff	13.26	13.26
3	Net Revenue Gap (1-2)	141.50	93.55
4	Revenue Gap for the previous year	0.00	0.00
5	Total Revenue Gap (3+4)	141.50	93.55

5.18 Average Cost of Supply

Petitioner's submission

The petitioner has submitted that based on the above computed ARR the Average Cost of Supply for FY 2015-16 is calculated in the Table below and requested to approve the same.

Table 5.41: Average Cost of Supply for FY 2015-16

Sr. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Net revenue requirement (Rs. Crore)	120.66	136.32	154.77
2	Energy' sales (MU)	41.38	45.62	50.31
3	Average cost of supply/unit (Rs.)	29.16	29.88	30.76

Commission's Analysis

The Commission has considered the average cost of supply for FY 2015-16 is as below

Table 5.42: Approved average Cost of Supply for FY 2015-16

Sl. No	Particulars	FY 2015-16
1	Net revenue requirement (Rs. Crore)	106.81
2	Energy' sales (MU)	50.31
3	Average cost of supply/unit (Rs.)	21.23

6. Directives

6.1 Background

The Commission had issued various directives in the Tariff Order dated 11th April, 2014 and the Petitioner has submitted the compliance report on the directive issued as additional information to the current petition for ARR and tariff for FY 2015-16 which are discussed hereunder:

1. Filing of Review and True-up Petition for FY 2012-13

Directive: As per the Regulation No. 8 of JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, the Petitioner is directed to submit the Review of FY 2012-13 along with the ARR and Tariff Petition for FY 2013-14 in line with JERC regulations as modified from time to time. The Commission shall consider variations between approval and revised estimates/provisional 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 for FY 2012-13 during Review.

After audited accounts of FY 2012-13 are made available; the Commission shall undertake similar exercise as mentioned 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', for which true-up petition should be submitted along with the audited accounts for consideration of the Commission.

Compliance /Action Taken as per the present Petition

The Petitioner submitted that the Financial Accounts for the FY 2010-11, FY 2011-12 and FY 2012-13 has already been prepared and the same has been submitted to AG for Audit. LED would submit the audited figures after receiving the audit certificate from the AG.

Commission`s Comments

The Commission noted with concern the delay in finalizing the past three years annual accounts. The matter may be pursued and copies of the audited financial accounts for FY 2010-11 to FY 2012-13 may be submitted by 31st July, 2015. Similar action may be taken to finalize the annual accounts for FY 2013-14.

2. Annual Statement of Accounts

Directive: The Commission has observed that the department of Lakshadweep is not maintaining separate accounts on commercially accepted principles for the electricity business. The Petitioner is directed to segregate the accounts pertaining to electricity business as per the Electricity Act 2003 and get them duly audited as required under JERC (Terms and Conditions for Determination of Tariff) Regulations 2009.

Compliance/Action Taken as per the present Petition

The Petitioner submitted that the Financial Accounts for the FY 2010-11, FY 2011-12 and FY 2012-13 has already been prepared and the same has been submitted to AG for Audit. LED would submit the audited figures after receiving the audit certificate from the AG.

Commission`s Comments

The action taken is noted. The matter may be pursued and the Audited Accounts for FY 2010-11 to FY 2012-13 may be submitted by 31st July, 2015.

3. Preparation of asset and Depreciation Register

Directive: The Electricity Department, Lakshadweep is directed to arrange for the preparation of asset and depreciation registers function wise, and asset classification wise. Till such time the above registers are prepared and got audited, the Commission cannot consider the gross fixed assets and accumulated depreciation

over the years to arrive at the capital base and allow the return thereon as per JERC (Terms and Conditions of Determination of Tariff) Regulations, 2009.

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

Compliance/Action taken as per the present petition

The Petitioner submitted that the Asset Register up-to 31.03.2013 has already been compiled and the same is under audit by AG. The audited Asset Register shall be submitted on completion of audit.

Commission's Comments

The matter may be pursued and the Audited Asset Register upto FY 2012-13 may be submitted by 31st July, 2015.

4. Optimization of Fuel Cost

Directive: The UT of Lakshadweep is an archipelago consisting of 11 inhabited islands and located far from the mainland of India; it is entirely dependent on its own generation for supply of power. The power in the UT of Lakshadweep is generated mainly from its Diesel Generating (DG) sets besides some production from solar plants.

The diesel is generally received in bulk in big tankers, thereafter it is transported to various islands in drums. Obviously, there are losses in transportation, storage and handling of which no assessment is available. It is understood that presently there is no system through which actual fuel consumption per generating station can be ascertained for generation of one unit of energy. In fact, there should be proper accounting of generating station wise fuel receipts & issues. The LED is directed to evolve a system of accounting of fuel received at port, dispatched island-wise, actual quantity received on the islands and actual quantity consumed island wise for

generating electricity; so that actual fuel consumption per unit generation could be worked out. Accordingly, the Petitioner is directed to furnish such details along with the next filing.

Compliance /Action taken report vide the present petition

The actual island wise fuel consumption for FY 2013-14 is given below.

Details of fuel consumption

Sl. No	Name of PowerHouse	HSD in KL
1	Minicoy	2036.428 kl
2	Kavaratti	2844.063 kl
3	Amini	1400.573 kl
4	Andrott	1910.144 kl
5	Kalpeni	989.204 kl
6	Agatti	1480.361 kl
7	Kadmath	1568.985 kl
8	Kiltan	779.463 kl
9	Chethlat	517.295 kl
10	Bitra	89.747 kl
11	Bangaram	25.625 kl

Commission`s Comments

The data submitted are inadequate and do not give the full details as directed earlier. The above Table only gives consumption of fuel whereas the Commission directed the Petitioner to give generating station wise fuel receipts and issues. Moreover, to assess the transportation losses, a system of accounting was to be evolved to compile the data of fuel quantity received at the Port end, dispatches to the different Islands and quantity actually received at the Islands, besides consumption details given above.

The Commission directs the LED to evolve a proper fuel accounting system from the time it is received in the Port till consumption at the generating stations.

5. Renewable Purchase Obligation and Exploration of alternative sources of electrical energy:

RPO:

Directive: The Petitioner is directed to encourage and incentivize generation from renewable sources to meet its overall and individual RPO targets. The Petitioner has to purchase 3% of total consumption of all the consumers in its area as power purchase from renewable sources for FY 2012-13 including 0.40% from Solar and 2.60% from Non-Solar as per the JERC (Procurement of Renewable Energy) Regulations 2010.

Exploration of alternative sources of electrical energy:

Directive: The Commission has observed that there is huge dependency on diesel for generating electricity, which not only increases the average cost of supply but also puts a huge burden on the financial health of the Utility. The Commission has noticed that the Petitioner has taken some initiatives in this regard but firm execution is required so as to speed up the process of the construction and achievement of commercial operation date of renewable generation plants. It is inevitable for the distribution licensee to explore alternative sources of power, and at the same time consumer's contribution in this regard is required in terms of installation of roof top solar, wind or hybrid equipments etc. to reduce the load on the existing power stations of the Utility. The Petitioner is directed to submit a quarterly progress report for the initiatives taken in this regard and submit the first report by 30th January 2013.

Compliance/Action taken report vide the present petition

The Petitioner submitted that the LED is procuring more than 3% of its power requirement from Renewable Energy source (solar plants). However, steps are also being taken to explore & develop other Renewable sources.

Availability of Solar energy is higher than the other renewable sources for LED. Non-

solar sources may result a burden on consumers. LED may be excluded from meeting the Non Solar RPO as the whole Obligation was met through Solar sources.

LED has introduced solar street lights and is also encouraging rooftop solar.

Further, LED is in the process of setting up Biomass plants at three Islands – Androth – 2 MWs, Kavaratti – 2 MWs & Kadmat – 1 MW.

The LED invited tender and two bidders participated; however they were not qualified by the Tender Evaluation Committee due to lack of experience. Relaxed tender which is suitable for Lakshadweep was prepared and submitted to MNRE for final approval.

Commission`s Comments

The Commission, after considering the availability of solar energy and the difficult logistic/terrain conditions of the Islands, as a special case, approves clubbing of Renewable Purchase Obligations of Solar and non-solar energy to meet the target set by the Commission. However, in view of the cost of fuel and environmental pollution caused by using diesel, the Commission directs the LED to maximize the generation and purchase of renewable (both Solar and non-solar) energy.

The Petitioner is directed to pursue the matter of setting up of Bio-mass plants and see that these plants contribute to the energy requirement during FY 2016-17 positively.

6. Segregation of O&M expenses under different accounting heads

Directive: The Commission directs the Petitioner to maintain segregation of the O&M expenses under different accounting heads and maintain the information as desired as per the regulatory formats and submit the same along with the next ARR/tariff filing.

Compliance/Action taken vide its present Petition

The Petitioner submitted that the Financial Accounts for FY 2010-11, FY 2011-12 and FY 2012-13 have already been prepared and the same have been submitted to AG for Audit. LED would submit the actual expenses after completion of audit by AG.

Commission`s Comments

The action of the Petitioner is noted. The matter may be pursued and the audited data may be submitted by 31st July, 2015.

7. Bill Payment

Directive: The Petitioner is directed to explore options for multiple payment points/gateways for online collection and status of existing system of bill payment should be submitted within three months.

Compliance/Action Taken report vide its, present Petition

The Petitioner submitted that LED has started the system of online collection of bills from 21st January, 2015. Status report for online collection for the quarter ending on 31.03.2015 shall be submitted by April, 2015.

Commission`s Comments

The status report for online collection for quarter ending 31.03.2015 may be submitted by April, 2015.

8. Collection of Arrears

Directive: The Petitioner is directed to analyze the outstanding dues; bad debts etc. & construct a data base of such consumers including particulars like amount, aging schedule and category. The Petitioner should identify those consumers having an outstanding of Rs. 50 thousand and above, for more than six months from the due date.

Compliance/Action Taken by the Petitioner vide the present Petition

The arrears outstanding above Rs. 50000/- is not available online. It is submitted that the age-wise analysis of consumers or age-wise details of arrears, is presently not maintained by the Department. However, steps have been taken to maintain the records as required. It is prayed that the Hon'ble Commission may kindly give more time for compliance of the directive.

Commission`s Comments

The Petitioner is once again directed to submit the island-wise, age-wise details of arrears by 30th June, 2015.

9. Capital expenditure

Directive: The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalized for every quarter, within 15 days of the subsequent quarter.

Compliance/Action Taken vide its Present Petition

It is submitted that the Asset Register has been prepared and the same shall be submitted after completion of Audit by AG.

Total allocated Plan fund for FY 2014-15 under Power and NRSE was Rs.6.75 Cr and Rs. 2.00 Cr respectively and expenditure incurred as on 28th February 2015 is Rs. 5.56 Cr and Rs. 2.00 Cr Respectively.

Commission`s Comments

The Commission directs the Petitioner to submit the quarterly statement showing project-wise physical and financial progress of various capital schemes. The date of Commissioning of the Plant and equipment and the capitalization figures of all fixed assets should be given in the statement.

The matter may be pursued and the Audited Asset Register may be submitted by 31st July, 2015.

10. Metering of consumer installations / replacement of Non-Functional or defective Meters

Directive: Under Section 55 (1) of 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 regulation to be made in this behalf by the authority. Accordingly, metering is required to be done in line with CEA (installation and operation of meters) Regulations 2006 for all consumers. ED LED is directed to submit an action plan regarding installation/replacement of meters by 30th December 2012.

Compliance/Action Taken report vide the present Petition

The category wise consumers metering details are submitted as below:

No. of Consumers	No. of Consumers		No. of Consumers having		Condition of Mechanical Meters		Condition of Electronic Meters		Total Meters required to be installed / replaced				
	without Meter	with Meter	Mechanical Meter	Electronic Meter	Working	Non-working	Working	Non-working	Non-installed	Mechanical	Electronic	Mechanical	Total
21191	0	21191	3026	18165	2875	151	18028	137	0	151	137	2875	3163

Commission's Comments

From the details submitted by the Petitioner, it is seen that meters are installed for all consumers. However, nearly 14.28% of the total installed meters are mechanical meters which are to be replaced with electronic meters. Moreover, out of 3026 mechanical meters installed, 151 meters are defective. In the case of electronic meters also, 137 meters are defective. The Commission directs the Petitioner to take immediate action for replacement of all mechanical meters by electronic meters and to replace defective electronic meters by 31st December, 2015.

11. Strengthening of the Consumer Grievance Redressal System

Directive: 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 the Standard of Performance notified by the Commission strictly and the status report on all new/shifting connection applications pending by more than 45 days, with the reason for their pendency be submitted to the Commission by 30th December 2012. 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 directs 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

The Commission further directs to prepare monthly/ quarterly schedule for visit to different islands by officers i.e. S.D.O., Executive Engineers and Superintendent Engineer LED to bring in greater efficiency in the working of LED and also to hear and settle the public grievances and complaints of the consumers at the spot so that no consumer is forced to visit the main office of the LED.

Compliance/Action Taken vide the present petition

The Petitioner submitted that already the Department provided a consumer portal (www.powerlak.gov.in) to register all complaints through on line or through CSC centers.

Commission`s Comments

The action taken is noted. The quarterly reports starting April, 2015 on the number of complaints received, attended etc., may be submitted to the Commission.

12. Energy Audit

Directive: The Petitioner is directed to get an energy audit conducted to assess actual technical and commercial losses. The energy audit of the generating stations is required for an actual assessment of losses. Based on the studies, ED LED shall propose an action plan for the reduction of losses in subsequent years along with the investment required for reduction of such losses and augmentation of transmission and distribution system. Effective technical and administrative measures shall be taken to reduce the commercial losses. The action plan for energy audit and loss reduction measures shall be furnished to the Commission by 30th December 2012.

Compliance/Action Taken by the Petitioner vide its present petition

The Energy Audit Report has been submitted.

Commission`s Comments

The action taken by the Petitioner is noted.

13. Interest on Security Deposit

Directive: As per Clause 47(4) of the Electricity Act, 2003 and as specified in regulation 25 of JERC Tariff Regulations 2009, the distribution licensee shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission. On account of provisions

mentioned in the Act and regulation, the Commission directs the Petitioner, that the Petitioner must pay the interest on consumer security deposit for FY 2012-13 (at the Bank Rate) with effect from 1st April 2012 to the consumers on their security deposit 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 vide the present Petition

It is submitted that the details of payment of interest on security deposit is being compiled and incorporated in the online billing software may be adjusted in the April 2015 bill onwards.

Commission`s Comments

The action taken is noted. A report on details of payment of interest on security deposits to the consumers may be submitted by 30th July, 2015.

14. Improvement in Specific Fuel Consumption (SFC)

Directive: It is observed that the specific fuel consumption in case of LED is much higher at 0.32 litres per unit of electricity based on actual for FY 2011-12 whereas for similarly placed territory of Andaman & Nicobar Islands it is 0.232 litres to generate one unit of electricity based on approved cost for FY 2012-13. Also, the actual specific fuel consumption for the IPP at A&N is 0.24 litres/unit based on actual for FY 2011-12.

So, the Utility needs to take serious steps to economise its use of the HSD fuel and bring its specific fuel consumption at par with other similarly placed utilities.

Compliance/Action Taken vide the Present Tariff Petition

The Petitioner submitted that LED has taken steps to improve its SFC by overhauling of existing DG sets as well as phasing out of old DG sets. LED has provided for augmentation of DG capacity in its capital expenditure plan submitted in the MYT petition. This would decrease the SFC. Apart from this, implementation of more renewable energy projects would further reduce the use of the HSD based generation. Coil Cooler at Kavaratti and Roof top ventilators are provided to improve the efficiency of the machines. Bulk Oil storage Facility to be commissioned at Kavaratti and Minicoy shortly, will reduce the transportation losses and leakages and will improve the overall efficiency of the fuel consumption.

Commission`s Comments

The action taken is noted. Further a report should be submitted to the Commission regarding the progress in this matter by end of September, 2015.

15. Energy Efficiency measures

Directive: The power generation cost in Lakshadweep is the highest compared to any utility under the ambit of JERC. In addition, E.D of Lakshadweep cannot sustain on diesel based power source, which is uneconomical in long run with fuel prices increasing drastically. Therefore, in addition to scout for other source of power generation, LED has to spread energy saving measures including introduction of energy efficient lamps, getting inefficient electrical equipment replaced & other demand side management measures among the consumers.

LED has to overview the practices being adopted presently for the Technical Loss Reduction, matching it with the best practices and has to draw a road map for the same.

The Commission directs LED to provide a detailed action report on these measures by 30th June 2014.

Compliance/Action taken vide the Present Tariff Petition

The Petitioner submitted that the Department has taken various steps for energy conservation like introduction of LED lamps for Street Lighting, domestic consumers & Government Offices. 1780 Nos. of LED Lamps are installed by replacing conversional Street lights and 1200 Nos. to be installed on this financial year Further, steps for replacement of inefficient electrical equipment and energy conservation awareness programmes have also been undertaken

Commission`s Comments

The Action taken is noted.

16. Man Power Studies

Directive: LED is required to initiate action to get a Study conducted by an accredited agency on manpower requirements, taking into account, gaps for improvements in Standard of Performance, Future Load Requirements, Use of Renewable Power, Demand Side management measures, Skilling and multi skilling of the manpower in view of geographic distance from Mainland Organization set up in view of spread of the Islands, techno-commercial realities and benchmarking with best practices.

The Commission directs the Petitioner to submit a report on action initiated in this regard latest by 31st Dec. 2014.

Compliance/Action taken vide the Present Tariff Petition

The Petitioner submitted that LED has initiated action in this regard for floating tender. The report on the same shall be submitted shortly.

Commission`s Comments

The report on the action taken in this regard may be submitted by 31st July, 2015.

17. Quarterly Reports:

Directive: All the reports that are required to be submitted quarterly shall be submitted in hard and soft Copy, by the Petitioner without fail, even if there is no change in status. The formats for the reports may be developed immediately in the meanwhile.

Compliance/Action taken vide the Present Tariff Petition

The Petitioner submitted that LED shall comply with the directive of the Commission. Online Power house Management, Inventory system and indexing system of consumers are under development by NIC, Kavaratti. Once the project is completed the quarterly reports will be incorporated in the system itself. Mean time we will collect the details through manual method and submitted to the Commission shortly.

Commission`s Comments

The formats developed for the quarterly, reports may be submitted immediately and the quarterly reports shall be submitted regularly from 1st June 2015 onwards.

18. Apart from the above directives the Commission directed the utility to submit information as listed below before 30th July 2014, in respect of data pertaining to Fuel consumption:

- Fuel receipt received from IOC for past two years along with the analysis of fuel cost
- Dispatch register of fuel, island wise, for past two years

Compliance/Action Taken by the Petitioner

The Petitioner submitted that LED maintains the record of fuel receipts from the IOC, however all the fuel receipt received from IOC for past two years would be very bulky. In this regard LED is submitting stock register for the FY 2013-14 along with invoice of IOC on dates of rate change.

Commission`s Comments

The action taken is noted.

6.2 New directives

1. Publicity for Consumer Grievance Handling System

The Commission directs the Petitioner to give proper publicity to the consumers through bills, advertisement in local TV channels and during the monthly consumer grievances meetings, the entire system of handling the consumer grievances as envisaged in the Electricity Act and the Regulations of the Commission. This will create awareness amongst the consumers to approach the proper forum for redressal of their grievances.

2. Safety of Consumers and Employees

The Commission directs the Petitioner to take necessary steps for regular patrolling to check the distribution lines particularly during the monsoon season. Further, the Petitioner should disseminate information and tips among the consumers during their monthly consumer grievance meetings to handle electrical items and to avoid coming in contact with the live wires. Apart from compliance to the statutory requirements, these types of consumer education and awareness programs will be very helpful to avoid electrocution/accidents in semi-urban and rural areas.

The Commission also directs the Petitioner to take necessary steps to provide safety equipments/tools such as gum boots, safety boots, mechanical ladders, helmets etc. for the safety of their employees.

3. Technology up gradation:

The Commission directs that the Petitioner should upgrade transmission and distribution lines and substations with latest and advanced technology. While drafting the Business Plan for the control period from FY 2016-17, this aspect should be kept in mind to improve efficiency in service and to provide

uninterrupted/reliable power supply. The commercial, financial and administrative functions should be fully computerised. The Commission also directs the Petitioner to initiate immediate action to introduce online billing, collection and complaints system to facilitate the consumers. The Business Plan should also make provision for proper training of the employees to handle the modern equipments, computer network etc.

4. Submission of Business Plan for MYT Control Period:

As elaborated in Para 1.9 of this Tariff Order, the details in the Business Plan submitted by the Petitioner is insufficient. The supporting data such as, scheme-wise cost benefit analysis, financing plan, loss 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 the requisite details as provided in JERC (Multi-year Tariff and Distribution) 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 submission deadline remains 30th November, 2015.

7. Tariff Principles and Design

7.1 Preamble

The Commission in determining the revenue requirement and retail supply tariff for FY 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 Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions for Determination of Tariff notified by JERC under Section 64 of the Act which lay down the broad principles, which shall guide determination of retail tariff.

In view of the above, the tariff needs to be designed in such a way that cross subsidy between different categories of consumers is progressively brought within $\pm 20\%$ of average cost of supply and that even for BPL category consumers, tariff rates are close to 50% of the average cost of supply. Commission has taken a considerate view in this regard balancing the interest of the utility and the consumer, thus compensating the department with additional revenue and providing a reasonable hike in consumer's tariff.

Accordingly, the Commission has designed the tariff for different categories of consumers as brought out subsequently.

7.2 Tariff Proposal

Petitioner's submission

The Petitioner has proposed an increase of 11.74% in the Tariff for FY 2015-16.

The category wise existing and proposed tariff submitted by the Petitioner is as under:

Table 7.1: Energy charges Existing v/s proposed Tariff for FY 2015-16 submitted by the Petitioner

Table Energy Charges Existing v/s Proposed Tariff					
Category	Energy Charge (Rs./KwH)	Fixed Charges	Category	Energy Charge (Rs.Kwh)	Fixed Charges
BPL/Kutri Jyoti		Rs. 25/- per service connection for month or part thereof	BPL/Kutri Jyoti		Rs. 25/- per service connection for month or part thereof
Domestic Connection			Domestic Connection		
-0 to 50 units	1.00	Rs. 10/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase	-0 to 100 units	1.25	Rs. 10/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase
-51 to 100 units	1.25		-101 to 200 units	2.50	
-101 to 200 units	2.50		-201 to 300 units	4.00	
-201 units & above	4.00		-301 units & above	5.10	
Commercial			Commercial		
0-100 Units	4.25	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase	0-100 Units	5.00	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase
101 to 200 Units	5.00		101 to 200 Units	6.00	
201 units & above	6.00		201 units & above	7.00	
Industrial	4.50	Rs. 30/- per KVA per month or part thereof	Industrial	4.95	Rs. 30/- per KVA per month or part thereof
HT Consumers	6.00	Rs. 100/- per KVA per month or part thereof	HT Consumers	6.60	Rs. 100/- per KVA per month or part thereof
Public Lighting	4.00		Public Lighting	4.40	
Temporary Connection	7.00		Temporary Connection	7.70	

Commission's Analysis

The Commission has determined the retail tariff for FY 2015-16 keeping in view the guiding principles as stated in the Electricity Act 2003, the Tariff Policy, JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, the suggestions/objections of the stakeholders in this regard and the Petition submitted by the LED.

The Commission approves the Tariff for FY 2015-16 as given below:

Table 7.2: Tariff approved by the Commission for FY 2015-16

Category	Energy Charges (Rs.Kwh)	Fixed Charges (Rs./month/connection or Rs/kVA/month)
BPL/Kutri Jyoti		Rs. 25/- per service connection per month or part thereof
Domestic Connection		
-0 to 100 units	1.25	Rs. 10/- per connection per month or part thereof for single phase
-101 to 200 units	2.50	Rs. 50/- per connection per month or part thereof for three phase
-201 to 300 units	4.00	
-301 units & above	5.10	
Commercial		
0-100 Units	5.00	Rs. 25/- per connection per month or part thereof for single phase
101 to 200 units	6.00	Rs. 100/- per connection per month or part thereof for three phase
201 units & above	7.00	
Industrial	4.95	Rs. 30/- per KVA per month or part thereof
HT Consumers	6.60	Rs. 100/- per KVA per month or part thereof
Public Lighting	4.40	
Temporary Connection	7.70	

8. Conclusion of Commission's Order

The Commission has considered the Petition No.162/2015 of Electricity Department of Lakshadweep for approval of Aggregate Revenue Requirement (ARR) and determination of retail tariffs for supply of electricity for FY 2015-16, the Commission approves the Aggregate Revenue Requirement (ARR) for FY 2015-16 as shown below:

1. The break-up of the Aggregate Revenue Requirement (ARR) approved for ED Lakshadweep for FY 2015-16 is given below:

Table 8.1: ARR approved by the Commission for FY 2015-16

(Rs. Crore)

Sl. No	Particulars	Approved for FY 2015-16
1	Cost of fuel	77.16
2	Employee costs	11.20
3	R&M expenses	2.47
4	Administration & General expenses	1.09
5	Depreciation	4.60
6	Interest and Finance charges	6.54
7	Interest on working capital	2.07
8	Interest on security deposit	0.01
9	Return on NFA/Equity	2.10
10	Provision for Bad Debts	-
11	Total Revenue Requirement	107.24
12	Less: Non-Tariff income	0.43
13	Net Revenue Requirement	106.81

2. It is important to understand that the utility has not been meeting its cost from the approved tariff.

The Commission, after analysis of the various components of Aggregate Revenue Requirement for FY 2015-16, has come to the conclusion that the utility has to increase the average tariff from the existing level of Rs. 2.64 per

unit to Rs. 21.23 per unit to recover the full amount of ARR as projected for FY 2015-16.

The Petitioner has proposed an increase of 11.74% in the Tariff for FY 2015-16.

The Commission also notes that approximately 82% of the consumers fall in the Domestic category.

The difficult and remote areas, number of small islands, distance between the islands and logistic / communication problems are also considered by the Commission. Having regard to the above considerations, in order to avoid tariff shock, the Commission has approved a marginal increase of 11.74% in Tariff. The Revenue gap considering the above increase in Tariff for FY 2015-16 is given below.

Table 8.2: Revenue gap at Revised Tariff as approved by the Commission for FY 2015-16

(Rs. Crore)

Sl. No	Particulars	Petitioner's submission	Approved by the Commission
1	Net Revenue Requirement	154.77	106.81
2	Revenue from Retail Sales at Revised Tariff	14.82	14.82
3	Net Revenue Gap (1-2)	139.95	91.99
4	Revenue Gap for the previous year	0.00	0.00
5	Total Revenue Gap (3+4)	139.95	91.99

The following comparative chart gives the overview of the Revenue Gap for FY 2014-15 and for FY 2015-16.

Table 8.3: Revenue Gap for FY 2014-15 and FY 2015-16

Particulars	FY 2014-15 as approved by the Commission in the Tariff Order dt 11th April, 2014	FY 2015-16 as approved by the Commission in the present Tariff Order
Average cost of Supply per unit	Rs. 28.00	Rs. 21.23
Average Revenue per unit	Rs. 2.73	Rs. 2.95
Average Revenue Gap per unit	Rs. 25.27	Rs. 18.28
Energy sales during the year	48.77 MU	50.31 MU
Revenue Gap	Rs. 123.26 Crore	Rs. 91.99 Crore

The Commission observes that the Revenue Gap of the previous years was funded by the Government as a Budgetary Support. While LED has submitted a copy of the letter from Administration of the UT, Lakshadweep for FY 2014-15 regarding budgetary support to meet the Revenue Gap for FY 2014-15, the Petitioner has not submitted any such letter for FY 2015-16. The Commission recommends the Electricity Department, Lakshadweep to take up the matter with the Administration, UT of Lakshadweep to get the budgetary support to meet the Revenue Gap for FY 2015-16.

3. The approved retail tariff is given below:

Table 8.4: Tariff approved by the Commission for FY 2015-16

Category	Energy Charges (Rs.Kwh)	Fixed Charges (Rs./month/connection or Rs/kVA/month)
BPL/Kutri Jyoti		Rs. 25/- per service connection per month or part thereof
Domestic Connection		
0 to 100 units	1.25	Rs. 10/- per connection per month or part thereof for single phase
101 to 200 units	2.50	Rs. 50/- per connection per month or part thereof for three phase
201 to 300 units	4.00	
301 units & above	5.10	
Commercial		
0-100 Units	5.00	Rs. 25/- per connection per month or part thereof for single phase
101 to 200 units	6.00	
201 units & above	7.00	Rs. 100/- per connection per month or part thereof for three phase

Category	Energy Charges (Rs.Kwh)	Fixed Charges (Rs./month/connection or Rs/kVA/month)
Industrial	4.95	Rs. 30/- per KVA per month or part thereof
HT Consumers	6.60	Rs. 100/- per KVA per month or part thereof
Public Lighting	4.40	
Temporary Connection	7.70	

4. The approved tariff shall come into force with effect from 1st April 2015 and shall remain valid till further orders. The licensee shall publish the tariff structure and the salient features of tariff within one week from the date of this Tariff Order in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply. The Commission also directs the Licensee to announce the Tariff structure and the salient features of Tariff over Public Address system and local TV Channels, within one week from the date of this Tariff Order in the respective local languages of the region, in case of non-availability/ non-publication of any newspaper in the Islands.
5. FPPCA formula has been separately notified under the Regulation. It is seen that in the case of Lakshadweep, majority of the generation is diesel based, making per unit cost of generation very high compared to the other utilities. Thus, the approved tariff is not covering the full cost of supply. Historically, there has been substantial gap between the actual cost of supply and revenue realized. This gap so far has been borne by the administration of Lakshadweep & is so large that in near future there seems to be no feasibility of recovering average cost of supply from the consumer. Keeping the above fact in view, the Commission is of the view that any variation in the cost of power generation (including variation in power purchase cost, if any) should for the time being be borne by the Utility. Further, the Utility is directed to propose a scheme for

sharing of the increase in the cost of power generation (including power purchase cost, if any) with the consumers for the Commission's consideration and approval.

6. Copy of this order may be sent to the Petitioner, CEA and Administration of UT of Lakshadweep. It shall be placed on the website of the Commission.

(S. K Chaturvedi)
Chairman

Place: Gurgaon

Date: _____ 2015

9. 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. 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 Regulations 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.

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.

4. If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances, fittings, etc it shall not fall under Section 126 and Section 135 of the EA 2003.
5. The department shall not permit installation of contracted load of 3 HP and above in LT unless they are provided with the capacitors of adequate rating to comply with power factor conditions as specified in the JERC Supply Code Regulations 2010. The consumer has to provide appropriate capacitors for these installations presently running on without capacitors.
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 the provision of the Act & Supply Code Regulations. Notice to this effect shall be printed on the bill of the consumer.
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. Supply to consumers connected at 11kV will be charged as per the HT Consumer category rate.
9. The billing in case of HT 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 JERC Supply Code

Regulations, 2010. If such overdrawal is more than 20% of the contract demand then the connections shall be disconnected after due notice to the consumers.

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

10. In case of exceeding the sanctioned load by the low-tension consumers by adding additional load, the penalty charges shall be charged as per the relevant provisions of the JERC Supply Code Regulations 2010.

11. Unless specifically stated to the contrary, the figures of energy charges relates to paise per unit (kWh) charge for energy consumed during the month.

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

13. **Advance Payment Rebate:** If payment is made in advance well before commencement of consumption period for which bill is prepared, a rebate @ 1% per month shall be given on the amount (excluding security deposit) which remains

with the licensee at the end of the month. Such rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

14. **Prompt Payment Rebate:** If payment is made at least 7 days in advance of the due date of payment a rebate for prompt payment @ 0.25 % of the bill amount shall be given. Those consumers having arrears shall not be entitled for such rebate.
15. Schedule of other charges would be as approved in this Tariff Order.
16. In case any dispute arises about the applicability of any tariff for any particular class of service or as to the interpretation of any clause of these tariffs, the decision of the Commission shall be final and binding.

The detailed tariff Schedule is outlined as below.

Detailed Tariff Schedule

A. Tariff BPL/Kutir Jyoti:

Applicable to consumers of Below Poverty Line (BPL) category with monthly consumption of 30 units and below.

Fixed Charge – Rs 25/- per service connection per month or part thereof

Note: Production of relevant BPL certificate issued by the authority concerned in the Island is a must for considering tariff for this category and their consumption does not exceed 30 kWh per month at any instance.

B. Domestic Category

Applicable to private houses, bungalows, hostels and hospitals run on non commercial lines, charitable educational and religious institutions for lights, fans, radios, domestic heating and other household appliances.

I. Fixed Charges

Rs. 10 / connection/ month or part thereof for single phase connection

Rs. 50/connection/ month or part thereof for three phase connection

II. Energy Charges

Usage (Units/Month)	Energy Charge (Rs/Unit)
0-100 units	1.25
101-200 units	2.50
201-300 units	4.00
301 units and above	5.10

C. Commercial

This includes all categories which are not covered by other tariff categories i.e Domestic Category, BPL, Industrial LT, HT Consumers and Public Lighting. Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting, clubs and other commercial installations.

I. Fixed Charges

Rs. 25/ connection/ month or part thereof for single phase connection

Rs. 100/connection/month or part thereof for three phase connection.

II. Energy Charges

Usage (Units/Month)	Energy charge (Rs/Unit)
0-100 units	5.00
101-200 units	6.00
201 units and above	7.00

D. Industrial Category

Applicable to all Low Tension Industrial Connections including water works/pumps.

I. Fixed Charges

Rs 30/kVA/month or part thereof

II. Energy Charges

	Energy charge (Rs/Unit)
For all units	4.95

E. HT Consumers

Applicable for the consumers connected with 11 KV.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs/KVA/month) or part thereof
Upto Contract Demand	Rs 100/kVA/month or part thereof

ii. Energy Charges

Usage (Units/Month)	Tariff (Rs/Unit)
For all units	6.60

iii. Penalty Charges:

Shall be in accordance with Sl. No. 9 of the General Terms and Conditions.

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 upto 0.7 (lagging)
- (b) In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 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 in a billing cycle will be the higher of the following: (a) 75% of the Contract Demand (b) Actual Demand recorded by the meter

F. Public Lighting

Applicable for lighting on public roads, footpaths, streets and fares in parks & markets.

i. Energy Charges

Usage	Tariff (Rs/Unit)
For all units	4.40

G. Temporary Supply:

i. Energy Charges

Usage	Tariff (Rs/Unit)
For all units	7.70

The supply shall be given for a period of not more than three months. For any extension a fresh connection has to be obtained on proper fresh application. The temporary connection can only be for a maximum period of six months.

Schedule of Other Charges

Meter Rent Charges

Sl. No.	Meter Type	Charges (in Rs.) / month or part thereof
1	Single Phase	Rs 10 per month or part thereof
2	Three Phase	Rs 25 per month or part thereof
3	LT Meter with MD indicator	Rs 200 per month or part thereof
4	Tri- vector Meter	Rs 500 per month or part thereof

Note: The type of meters to be installed in consumer premises will be decided by the department. Generally the LT consumers having connected load above 50 HP will be provided with LT (Maximum Demand Indicator) meters. Considering the constraints prevailing in Lakshadweep Islands, the energy meters will be provided by the department only.

a. Reconnection Charges after temporary disconnection

Sl. No.	Connection Type	Charges (in Rs.)
1	Single Phase LT	Rs 50
2	Three Phase LT	Rs 100
3	HT	Rs 500

b. Service Connection Charges

Sl. No.	Connection Type	Charges (in Rs.)
1	Single Phase LT	Rs 250
2	Three Phase LT	Rs 500
3	HT	Rs 1000

c. Extra Length Charge

Sl. No.	Connection Type	Charges / Meter (in Rs.)
1	Single Phase	Rs 50/meter
2	Three Phase	Rs 100/meter

Extra length chargeable will be beyond permissible 30 meters free length from existing network for new connection for all categories.

d. Testing Fee for various Metering Equipment

Sl. No.	Types of Metering Equipment	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	Combined CTPT Unit for 11 KV Consumer	500
6	Three Phase CT Block	300
7	CT Coil	100


e. Fees (Non-refundable) for submission of Test Report of wiring completion

Sl. No.	Types of Connection	Fee Per Test Report (in Rs.)
1	Single Phase Lighting / Domestic	10
2	Three Phase Lighting /Domestic	25
3	Single Phase Lighting / Commercial	50
4	Three Phase Lighting / Commercial	100
5	Three Phase LT Industries	250
6	Single Phase / Streetlight / Public Lighting & others	50

f. Other charges:

- a. Meter shifting charges (within the premises on consumer request)
 - Rs. 1000/-
- b. Shifting of poles on consumer request - Rs. 1500/-
- c. Diversion of HT/LT line on consumer request - Rs. 100/- per meter
- d. Penalty for tampering/damaging of supplier equipment – As per the relevant provisions of the JERC Supply Code Regulations, 2010.

Annexure 1


1157

JOINT ELECTRICITY REGULATORY COMMISSION
(For the state of Goa and Union territories)
2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex,
Udyog Vihar, Phase V, Gurgaon (Haryana)
Ph: 0124-2342851, 2342852 Fax: 0124-2342853
Email: secretaryjerc@gmail.com

Petition No. 162/2015

In the matter of

Petition for Approval of Business Plan and Annual Revenue Requirement (ARR) for Multi Year Tariff for the Control Period FY 2015-16 to FY 2017-18 for State of Goa under Sections 61, 62 and 64 of the Electricity Act, 2003.

....Petitioner

To


The Executive Engineer,
Administration of Union Territory of Lakshadweep,
Department of Electricity,
Kavaratti.-682555

Whereas you have filed Petition for Approval of Business Plan and Annual Revenue Requirement for Multi Year Tariff for the Control Period FY 2015-16 to FY 2017-18 for the Union Territory of Lakshadweep under Sections 61, 62 and 64 of the Electricity Act, 2003. JERC (Conduct of Business) Regulations, 2009 and JERC (Multi Year Distribution Tariff) Regulations, 2014, the Petition is admitted by the Commission on **10th February, 2015** and numbered as **162/2015**.

Therefore, in compliance of Regulation 29 of JERC (Conduct of Business) Regulations, 2009 and Regulation 12 (10) of JERC (Multi Year Distribution Tariff) Regulations, 2014, you are required to publish a notice in abridged form in at least three (3) newspapers, widely circulated in the Union Territory of Lakshadweep, highlighting the petition outlining the existing and the proposed tariff within three days of receipt of this intimation/notice for inviting suggestions/objections from General public / stakeholders.

Under 12 (10) of JERC (Multi Year Distribution Tariff) Regulations, 2014, you are also required to upload the petition on your website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission along with all regulatory filings, information, particulars and documents.

Copies of such notices as published in the newspapers be sent to this Commission.


(Keerti Tewari)
Secretary

Annexure-2

List of Objectors

1. Mr. M.P Basheer
2. Mr. P. Muhsin, (General Secretary, National Congress Party)
3. Mr. Abdhul Khader
4. Mr. Rafeeq (Member of Power Samiti)
5. Mr. Abdul Razzak
6. Mr. Badar Ul Muneer, (Member of Village Dweep Panchayat)
7. Mr. Syed Abdullah Koya