Order in Petition No. 198/2016

on
True-up for FY 2011-12, FY 2012-13, FY 2013-14 & FY 2014-15
Review of FY 2015-16
Aggregate Revenue Requirement for 1st MYT Control Period (FY 2016-17 to FY 2018-19)
and
Wheeling and Retail Supply Tariff for FY 2016-17

For

Chandigarh Electricity Department (CED)

28th April 2016

संयुक्त विद्युत विनियामक आयोग (गोवा राज्य और संघ शासित प्रदेशों के लिए)

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories,

2 तल, वाणिज्य निकुंज, एचएसआईआईडीसी कार्यालय परिसर, उद्योग विहार फेज-V,गुड़गांव - 122016 हरियाणा

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Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurgaon

QUORUM
Shri S.K. Chaturvedi (Chairperson)
Ms. Neerja Mathur (Member)

Petition No. 198/2016

In the matter of

Approval of True up for FY 2011-12, FY 2012-13, FY 2013-14 & FY 2014-15, Review of FY 2015-16, Aggregate Revenue Requirement for 1st MYT Control Period (FY 2016-17 to FY 2018-19) & Wheeling & Retail Supply Tariff for FY 2016-17.

And in the matter of

Chandigarh Electricity Department (CED)………………………………………………………**Petitioner**

ORDER

Passed On: 28th April 2016

a. This Order is passed in respect of the Petition filed by the Chandigarh Electricity Department for approval of True up for FY 2011-12, FY 2012-13, FY 2013-14 & FY 2014-15, Annual Performance Review for FY 2015-16, Aggregate Revenue Requirement for 1st MYT Control Period (FY 2016-17 to FY 2018-19) and Wheeling & Retail Supply Tariff for FY 2016-17.

b. As detailed in the Business Plan Order issued in Petition no. 183/2015 dated 28th December 2015, the Commission had directed the Petitioner to submit the duly approved MYT Petition for the Control period from FY 2016-17 to FY 2018-19 within 30 days of the issuance of the Order. However, the Petition was submitted on 29th February 2016 only. The Commission had also directed that the retail tariff proposal is to be submitted only for the first year of MYT Control Period i.e. FY 2016-17, whereas ARR is to be submitted for the full MYT Control Period, i.e. FY 2016-17 to FY 2018-19.

c. After receiving the MYT Petition, the Commission scrutinized the contents of the Petition and called for further information/data so as to take a prudent view of the Petition. The Commission also held a technical validation session of the MYT Petition to determine the sufficiency of the Petition. Comments/Objections/Suggestions were also invited from the public/stakeholders. Public Hearing was held and all the stakeholders present were heard. The schedule of activities performed under this quasi-judicial process was as below:

Particulars	Details
Date of Admission	29th February 2016
Petition No.	198/2016
Technical Validation Session	11th March 2016
Public Hearing	18th March 2016

d. The approved tariff of the FY 2016-17 as detailed in the Chapter "Tariff Schedule" shall come in force with effect from 1st April 2016 and shall remain valid till further Orders of the Commission.

e. The Petitioner shall publish the revised tariff structure and the salient features of tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply.

f. The licensee will compute fuel and power procurement cost variations and adjustments shall be made in the consumer bills based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified by the Commission. **The approved per unit cost of power purchase ($R_{approved}$) for use in the FPPCA formula (paisa per unit) is 330 paisa per unit for FY 2016-17**.

g. Ordered as above, read with attached document giving detailed reasons, grounds and conditions.

-हस्ताक्षरित-

नीरजा माथुर

सदस्य

- हस्ताक्षरित-

सुधीर चतुर्वेदी

अध्यक्ष

संयुक्त विद्युत विनियामक आयोग

(गोवा और केंद्र शासित प्रदेशों के लिए)

स्थान : गुडगाँव

दिनांक: 28 अप्रैल, 2016

-हस्ताक्षरित-

(प्रमाणित सत्य प्रतिलिपि)

कीर्ति तिवारी

सचिव

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List of Abbreviations

Abbreviation		Full Form
A&G	:	Administration and General
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
BNP	:	Bharat Nirman Programme
CAGR	:	Compound Annualized Growth rate
Capex	:	Capital Expenditure
CC	:	Current Consumption
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
CGS	:	Central Generating Station
COD	:	Commercial Operation Date
Commission/JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
Ckt. Km	:	Circuit Kilometer
DDUGJY	:	Deendayal Upadhyaya Gram Jyoti Yojana
DISCOM	:	Electricity Department of Chandigarh
CPSU	:	Central Public Sector Undertaking
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FPPCA	:	Fuel and Power Purchase Cost Adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HEP	:	Hydro Electric Project
HP	:	Horse Power
HT	:	High Tension
IPDS	:	Integrated Power Development Scheme
JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
KVA	:	Kilo Volt Ampere
KWh	:	Kilo Watt Hour
LPS	:	Late Payment Surcharge
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets
O&M	:	Operation and Maintenance
PGCIL	:	Power Grid Corporation of India Ltd.
PLF	:	Plant Load Factor
PX	:	Power Exchange

Abbreviation		Full Form
R-APDRP	:	Restructured Accelerated Power Development and Reforms Programme
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair and Maintenance
SLDC	:	State Load Dispatch Centre
SBI CAPS	:	SBI Capital Market Limited
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
SCC	:	System Control Centre
T&D	:	Transmission and Distribution
UI	:	Unscheduled Interchange
VC	:	Variable Charges

1. Introduction

This Order relates to a Petition filed by Electricity Department of Chandigarh (hereinafter referred to as the CED or the Petitioner for approval of True-up for FY 2011-12, FY 2012-13, FY 2013-14 & FY 2014-15, Annual Performance Review for the FY 2015-16, Aggregate Revenue Requirements for the First MYT Control Period for FY 2016-17 to FY 2018-19 and Wheeling and Retail Supply Tariff for FY 2016-17 to Joint Electricity Regulatory Commission for the State of Goa and UTs (hereinafter referred to as the Commission) in terms of relevant applicable Regulations.

1.1.About JERC

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 and R dated 02nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" as notified on 30th May 2008. The Joint Electricity Regulatory Commission for the State of Goa and Union Territories, (Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry) started functioning with effect from August 2008. The Office of the Commission is presently located in Gurgaon, Haryana.

1.2.Electricity Department of Chandigarh

The Union Territory of Chandigarh came into existence with effect from 1st November 1966 after re-organization of the erstwhile state of Punjab. An early entrant to the planning process, Chandigarh has emerged as one of the most developed Union Territories in India and even achieved the ranking of one of the best UTs in India with regards to investment environment, infrastructure and tourism. The total population of the Union Territory is around 10.5 Lakhs as per 2011 census.

The local distribution of electricity in Chandigarh was taken over by the Chandigarh Administration from the PSEB on 02nd May, 1967. The Chandigarh Electricity Department is part of the Chandigarh Administration, UT of Chandigarh and is responsible for Transmission and Distribution of power supply up to consumers' door-step. The Electricity Department of Chandigarh is responsible for ensuring quality and continuous power supply to each and every resident of Chandigarh. The Electricity Operation Circle is headed by a Superintending Engineer along with four Executive Engineers.

The Electricity Department of UT Administration of Chandigarh hereinafter called 'CED', a deemed licensee under section 14 of the Electricity Act 2003, is carrying out the business of transmission, distribution and retail supply of electricity in Chandigarh (UT). The CED has been allowed to function as an integrated distribution licensee of the Union Territory of Chandigarh. The CED doesn't have its own generation and procures power from its allocation from central generating stations NTPC, NHPC, NPCIL BBMB, SJVNL and THDC. The peak demand touched 395 MW (FY 2014-15) and it is anticipated to reach 406 MW in FY 2015-16. For FY 2016-17, FY 2017-18 and FY 2018-19, the peak demand is projected to be 426 MW, 450 MW and 475 MW (as per 18th EPS). The Department also buys short term power for meeting the demand-supply shortfall during peak hours.

Chandigarh has been divided into various sectors and all the sectors of Chandigarh are electrified and any desiring consumer can avail power supply by submitting requisition in the prescribed form to the appropriate office of the Department subject to fulfillment of the requisite conditions and payment of charges. CED is under control of Administration of Union Territory of Chandigarh.

1.3.Electricity Regulatory Process in Chandigarh

The Chandigarh Electricity Department (CED) had submitted their Petitions for Determination of Aggregate Revenue Requirement and Tariff before the Commission and the Commission subsequently issued the following Tariff Orders:

Table 1.1: Details of Tariff Petitions so far submitted by the Petitioner and Tariff Order Issued by JERC

Sr. No.	FY	Date of Filing	Date of Tariff Order
1.	2011-12	13th January, 2011	16th July, 2011
2.	2012-13	30th December, 2011	07th May, 2012
3.	2013-14	15th February, 2013	15th April, 2013
4.	2014-15	20th January, 2014	11th April, 2014
5.	2015-16	10th March, 2015	10th April, 2015
6.	Business Plan for 1st MYT Control Period	17th August, 2015	28th December, 2015

1.4. Filing and Admission of Present Petition

The Petitioner has filed the Petition on 29th February 2016 for approval of True-up for FY 2011-12, FY 2012-13, FY 2013-14 & FY 2014-15, Annual Performance Review for the FY 2015-16, Aggregate Revenue Requirements for the First MYT Control Period for FY 2016-17 to FY 2018-19 and Tariff Proposal for the FY 2016-17. The Petition was admitted on 29th February 2016 and numbered as Petition no. 198/2016.

1.5. Interaction with the Petitioner

The Order has referred at numerous places to various actions taken by the "Commission". It may be mentioned for the sake of clarity, that the term "Commission", in most of the cases refers to the staff and the consultants appointed by the Commission for carrying out the due diligence and validation of data of the Petitions filed by the Petitioner, obtaining and analyzing information/clarifications received from the Petitioner and submitting the issues for consideration of the Commission.

On preliminary scrutiny of the Petition, certain deficiencies were observed and accordingly additional information/clarifications were solicited from the Petitioner. The Commission's staff and the consultants also held detailed discussions with the Petitioner to obtain information/clarifications wherever required and also carried out technical validation on 11th March 2016 with regard to the information provided by the Petitioner. The Commission's staff interacted on continuous basis with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the Petition. The Petitioner submitted its replies in response to the various queries raised by the Commission during the course of analysis of the Petition, which have been taken into account before finalization of the Order as indicated below:

Table 1.2: List of Interactions with the Petitioner

S .No.	Date	Subject
1.	23rd February 2016	Correspondence regarding delay in filing of Petition
2.	29th February 2016	Admission of Petition
3	29th February 2016	Copy of Public notice for Public hearing on 18.3.2018
4.	03rd March 2016	Deficiencies pointed out by the Commission in MYT Petition
5.	03rd March 2016	Additional Information regarding capital expenditure for the tariff Petition received
6.	04th March 2016	Additional Information regarding Fixed Asset Register for the tariff Petition received
7.	11th March 2016	Technical Validation Session (TVS) held at Commission's office
8.	15th March 2016	True-up for FY 2011-12 and FY 2012-13 received from CED with affidavit

S .No.	Date	Subject
9.	16th March 2016	Reply to the deficiencies pointed out by the Commission on MYT Petition
10.	22nd March 2016	Partial replies to queries raised based on discussions during the TVS
11	28th March 2016	Statutory Formats for True-up for FY 2011-12 and FY 2012-13 by CED
12	28th March 2016	Reply to Public objections/suggestions/comments raised in Public Hearing submitted by the Petitioner
13	06th April 2016	Energy-Balance for True-up years submitted by the Petitioner

1.6.Public Hearing Process

The Commission directed the Petitioner to publish the summary of the present Petition in the abridged form to ensure public participation. The Public Notices were published by the Petitioner for inviting objections/ suggestions from the stakeholders on the MYT Petition:

Table 1.3: Details of Public Notices published by the Petitioner

Sr. No.	Date	Language	Name of Newspaper
1	01st March 2016	English	Hindustan Times
2	02nd March 2016	Hindi	Dainik Bhaskar
3	02nd March 2016	Punjabi	Tribune
4	17th March 2016	English	Tribune

The Petitioner also uploaded the Petition on its website (www.chdengineering.gov.in) for inviting objections and suggestions on the Petition. Interested parties/stakeholders were requested to file their objections/ suggestions on the Petition to the Commission with a copy to the Petitioner on or before 18th March 2016. The copies of the Public Notices published by the Petitioner are attached as **Annexure 1** to this Order.

The Commission also published a Public Notice in the leading newspapers giving due intimation to stakeholders, consumers and the public at large about the public hearing to be conducted by the Commission on **18th March 2016** from **10:00 AM** onwards at the Institute of Engineers, Sector 19 A, Chandigarh as given below:

The details of the Public Notices published by the Commission are as below:

Table 1.4: Details of Public Notice published by the Commission

S. No.	Date	Description	Language	Name of Newspaper
1.	01st Mar 2016	1st Notice	Punjabi	Ajit
2.	01st Mar 2016	1st Notice	Hindi	Punjab Kesari
3.	03rd Mar 2016	1st Notice	English	The Tribune

S. No.	Date	Description	Language	Name of Newspaper
4.	15th Mar 2016	Repeat Notice	Punjabi	Ajit
5.	16th Mar 2016	Repeat Notice	English	The Tribune
6.	16th Mar 2016	Repeat Notice	Hindi	Punjab Kesari

Copies of the Public Notices published by the Commission are attached as **Annexure 2** to this Order.

During the public hearing, each stakeholder was provided with an opportunity to present his views on the Petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given an equal opportunity to express their views. The list of stakeholders is attached at **Annexure 3** to this Order. The list includes the stakeholders who gave their written objections/suggestions/comments; those who gave their written objections/suggestions/comments and presented before the Commission; and other stakeholders who did not give their written objection or prior intimation but presented before the Commission orally. The Commission has examined the issues and concerns expressed by stakeholders. The major issues raised/indicated during the public hearing, along with the comments/replies of the utility and the views of the Commission, thereon, have been summarized in **Chapter 2** of this Order.

1.7.Layout of the Order

This Order is organized in the following chapters:

- **Chapter 1** of the Order provides the background and brief description of the regulatory process undertaken by the Commission.

- **Chapter 2** of the Order lists out various suggestions and objections raised by the stakeholders in writing as well as during the public hearing before the Commission. Various suggestions and objections have been summarized, followed by the response of the Petitioner and the rulings of the Commission on the various issues.

- **Chapter 3** of the Order discusses Approach of the Commission for the present Order.

- **Chapter 4** of the Order discusses the True-up for FY 2011-12.

- **Chapter 5** of the Order discusses the True-up for FY 2012-13.

- **Chapter 6** of the Order discusses the True-up for FY 2013-14.

- **Chapter 7** of the Order discusses the True-up for FY 2014-15.

- **Chapter 8** of the Order discusses the Review for FY 2015-16.

- **Chapter 9** of the Order discusses the Annual Revenue Requirement (ARR) for the MYT Control Period FY 2016-17 to FY 2018-19.

- **Chapter 10** of the Order discusses the Tariff Principles and Design and category-wise tariffs for FY 2016-17.

- **Chapter 11** of the Order discusses the 'Tariff Schedule' and 'Schedule of Services and Charges' for Chandigarh Electricity Department (CED) for FY 2016-17.

- **Chapter 12** of the Order discusses the Open Access and Wheeling Charges for FY 2016-17.

- **Chapter 13 of the Order** discusses Compliance of previous directives given by the Commission and new directives issued in this Order.

2. Summary of Objections/Suggestions received, Response from the Petitioner and Commission's Views

2.1.Regulatory Process

As per section 64(3) of the Electricity Act, 2003, the Commission shall determine the tariff after considering all the suggestions and objections received from the Public. Public Hearing, being a platform to understand the problems and concerns of all the stakeholders, the Commission has always encouraged transparent and participative approach in the hearing to obtain the inputs relevant for tariff determination. During the Public Hearing, all the stakeholders were given an equal opportunity to present their views.

The Public Hearing was held on 18th March 2016 at Chandigarh. Various stakeholders/consumers presented their objections/suggestions in person before the Commission. The Commission has examined all the issues raised in the Public Hearing and recorded its views taking into consideration, the objections/suggestions made by the stakeholders/consumers and the responses of the Petitioner's thereon.

The list of objectors is attached as **Annexure 3** to this Order. The details of issues raised by the Stakeholders, response of the Petitioner thereon and the views of the Commission on the same are as follows:

2.2.Interest on Consumer Security

Stakeholder Submission:

The amount collected by CED on account of 'security deposits' is regularly deposited in the Consolidated Fund of India, for which interest is payable by CED to the consumers annually. Hence, interest on Security Deposit should be met from annual budget allocations instead of projecting in the ARR.

Also, the amount of security deposit collected from the consumers should be indicated on their electricity bill, so as to enable the consumer to keep a regular track on the amount of the security deposit available against his connection.

CED should either deposit security deposit in a bank so as to earn interest on the same or should accept Kisan Vikas Parta/Bank Guarantee in lieu of security deposit to reduce expense on account of interest on security deposit.

Petitioner Response:

The amount collected against security deposit is deposited in the Consolidated Fund of India, under the head which is non-interest bearing. Also, the expenses projected in ARR are strictly as per the provisions of the Tariff Regulations 2009 and MYT Regulations 2014.

The additional advance consumption deposit (ACD) is charged as per the Supply Code Regulations 2010 and the interest has been paid from 2003 as per the directives issued by the Commission. Regarding Kisan Vikas Patra/FDs, same will be considered as per the provisions of applicable regulations/directives of the Commission in this regard.

Commission View:

The Commission directs the Petitioner to make necessary provisions in the billing software so that the amount of security deposit (as collected from the consumers) is reflected on the bills.

While fund management is an internal process of the utility, the Commission has considered the treatment of amount of Security Deposit and interest thereof as per the applicable provisions of the Regulations only.

2.3.Introduction to Pre-paid customers

Stakeholder Submission:

No action has been taken by the Petitioner for installation of pre-paid meters for past 3 years now. Infact, the list of vendors for sale of such type of meters and its costs has also not been approved and published till date by the department as required by the supply code. The department can save upto Rs 42 Crores on account of interest and finance charges, provision on bad debts and interest on consumer deposit by installing pre-paid meters. The Commission is requested to fix tariff of Pre-paid meter consumers.

Petitioner Response:

Due formalities for the implementation of Pre-paid Metering are under progress. The Commission has been requested to provide a tariff for future Pre-paid consumers in this MYT Petition. Rest of the actions are being taken as per Supply Code Regulation 2010 and Standard of Performance Regulations as amended from time to time.

Commission View:

The Commission has noted the submission of the Petitioner. The Petitioner is advised to act fast on the same. The Commission directs the Petitioner to submit a separate proposal for approval of prepaid tariff along with the roll-out plan and targeted consumer base.

2.4. Introduction of separate Single Point Supply Sub-category under DS category:

Stakeholder Submission:

The Commission had approved Single Point Supply (SPS) under DS category for JJ clusters/unauthorized colonies/ slum dwellers in the Tariff Order for FY 2014-15. However, tariff for this sub category was not demanded by the CED in subsequent Tariff Orders

In the present Petition, it has been submitted that no connection has been released under SPS category on the residents of such JJ cluster/slum dwellers/ unauthorized colonies/ as they are located in unauthorized area and do not possess owner/ occupancy certificate regarding premise in question as required by Supply Code Regulations 2010 for applying for connection.

Further, now the Petitioner has proposed to release such connections under a leading person/contractor. Some of these connections have not paid their dues running into lakhs of Rupees. Also, no sub-license can be given to another party for distribution of electricity supply, as this is against the law. Further, there is no information/notification regarding the selection criteria for such leading persons/contractors.

The Petitioner is thus forcing residents to go to leading person/s for the connection under this SPS category. It is proposed that SPS category already existing in the Tariff Order of FY 2014- 15 should be reintroduced in the best interest of public.

Petitioner Response:

The Single Point Supply (SPS) Category was proposed in this MYT Petition because while the tenders were called for to provide individual connections, the residents were not coming forward to avail individual connections in such un-authorized clusters and are resorting to Kundi connections. Due to such operational difficulties, the Petitioner has proposed to give temporary bulk supply connection under SPS category. SPS category is basically devised to avoid kundi connections in temporary JJ Cluster/ slum dwellers/ temporary furniture market, marble market etc., which have come-up in Chandigarh. Predominantly domestic connections shall be applicable for temporary JJ Cluster/ Sum Dwellers etc. Predominantly commercial connections shall be applicable for temporary furniture market, marble market etc. Simple tariff has been proposed to avoid confusion in the mind of the residents of such JJ Clusters/ Slum Dwellers etc. The contractor shall charge the bill as per tariff approved by the Commission. The contract to give such connection by leading person/ contractor/ firm shall be through competitive bidding. CED has submitted the detailed terms and conditions for the proposed SPS Category to the Commission and the decision of the Commission in this regard shall be final and binding on the CED.

Commission View:

The Commission notes the submission made by the Petitioner. The Commission has addressed the matter in the "Tariff Design Chapter" of the Order.

2.5.Reduction in Fuel Prices:

Stakeholder Submission:

Energy cost has decreased more than 60% due to reduction in prices of fossil fuel. Also the power available from hydel sources is already cheap. Hence, there is no reason for increase in electricity tariff. There has been reduction in electricity tariff in nearby states also.

Petitioner Response:

The FPPCA Charges have been applied/are being applied as per the Order of the Commission in Suo moto Petition (79/2012) and process mentioned therein to take care of reduction in fuel prices and power purchase cost. Infact, the impact of negative FPPCA, as calculated in second quarter of FY 2015-16 as (-) 29 paise/ unit, was also passed on to the consumers.

Commission View:

The Commission is of the view that the Petitioner has no generation of its own. The Commission has already approved the mechanism to take care of any upward and downward variations in power purchase cost during the year itself for the benefit of both the consumers as well as the utility.

2.6.Manpower Requirement:

Stakeholder Submission:

The Distribution Licensee should ensure sufficient provision for men and machinery including the grid infrastructure, upgradation of existing distribution system, etc to fulfill their designed tasks and performance obligations under the Act and the

Regulations. The Distribution Licensee got manpower study conducted through M/s Deloitte Touche Tohmatsu India Private Limited in compliance to the directives issued by the Commission vide Directive No. 6.11 of Tariff Order for FY 2011-2012, Directive No.11 of Tariff Order for FY 2012-2013 and Directive No.8 of Tariff Order for FY 2013-2014.

The Commission has already approved the Manpower Study report vide order dated 24th June 2014 in the Petition no. 129/2014. In the aforesaid Manpower Recruitment approved by the Commission, various posts of Chief Engineer, Superintending Engineer, Executive Engineer, Assistant Executive Engineer, Assistant Engineer, Junior Engineer, etc. were ordered to be filled up on functional requirement basis. It is a matter of great surprise that despite a lapse of about two years, the Department has not filled up even a single post. Personal oral inquiries have revealed that the matter has been referred to the Government of India and is stated to be pending there.

The Commission is requested to give a clear-cut direction to the Petitioner to fulfil the vacancies in a phased manner at the earliest. Due to lack of sufficient staff at all levels, the Department has not been able to maintain the prescribed standards of performance. The Commission is also requested to seek a compliance report regarding the directions issued vide Order dated 24.6.2014 in Petition No.129/2014, otherwise no tariff should be increased.

Petitioner Response:

A meeting was held in the Ministry of Power on 09th March 2016 to expedite the sanction of posts approved by the Commission in its Order dated 29th December 2014 in Petition No. 141/2014 on manpower study. The Department is making all sincere efforts in this regard and tenders for outsourcing 45 Lineman, 216 Asst. Lineman, 50 LDC have been received and are under process of finalization. Despite all constraints, the department is committed to provide uninterrupted and reliable power supply to its consumers.

The Electricity Department is the working wing of the Engineering Department, Chandigarh Administration. In the Business Plan for the MYT Control Period for FY 2016-19, specific attention was given to the safety for the manpower etc. and CED is continuously working for the same and the status report on the Safety of Manpower at work has been submitted to the Commission.

Commission View:

The Commission has discussed this issue in the “Compliance of Directives” Chapter.

2.7. Treatment of Revenue Gap:

Stakeholder Submission:

There is no clarity on the mechanism to ensure recovery of cumulative revenue gap from FY 2011-12 to FY 2015-16 and its impact on tariff.

Petitioner Response:

The MYT Petition for Control Period for FY 2016-19 and tariff proposal for FY 2016-17 has been submitted as per MYT Regulations 2014. The accounts for the period FY 2011-12 to FY 2014-15, prepared on commercial accounting principles, have also been audited by the Principal Director of Audit (Central), UT Chandigarh (who have issued audit certificates), which have duly been submitted to the Commission.

In the present Petition, revision in tariff across various categories has been proposed to meet the Revenue Gap computed for FY 2016-17 only. The Commission has been requested to devise a suitable mechanism in order to ensure the recovery of cumulative revenue gap along with the carrying cost on account of truing-up FY2011-12 to FY 2014-15 and review of FY 2015-16.

Commission View:

The Commission notes the concerns of the Stakeholder and submissions made by the Petitioner. The various considerations for approval of the tariff for FY 2016-17 and treatment of revenue gap has been discussed in the "Tariff Design" Chapter.

2.8. Delay in Capital Works:

Stakeholder Submission:

There have been numerous instances of delay in work execution by the Petitioner:

1. Payments have been made to the contractors for 66 KV Sub-station in Sector 34, which is yet to be energized even after 9 years.
2. Payment was made to Power Grid Corporation of India, for EHV Sub-station in 2007, however the work has not yet been completed.
3. Payment for 66KV substation at village Sarangpur was made in FY 2007-08, however the work has not been completed.
4. 66 KV substation planned at Raipur Khurd and Sarangpur has no utility, but the payment has been made for it.
5. No new Sub-station has been planned for sectors 1, 12, 39, and 47 despite necessity

due to load growth.

Also, there will be reduction in the cost of sub-stations, if the same are installed by means of open bidding instead of being executed by government agencies.

Petitioner Response:

a) The work for 66 kV Sub-station at Sector-34 has already been approved by the Commission in the Business Plan for MYT Control Period FY 2016-19 for which capitalization is considered in FY 2016-17.

b) The up-gradation of Sub-stations and transformers is a continuous improvement process. Moreover, the Department allocates the work to M/s Power Grid Corporation India Ltd. (PGCIL) as per the GFR Rule 126 (2), 126(4) & Rule 133.

c) The Petition of 66 kV Project of Sarangpur and Raipur Kalan has been filed before the Hon'ble JERC for approval of work, the cost being more than Rs 10 Crores, as per MYT Regulations 2014.

CED allots the work to central executive agencies like M/s Power Grid Corporation India Ltd. (PGCIL), NTPC, BBMB etc as per the GFR Rule 126 (2), 126(4) & Rule 133. The payment is released to the central executing agencies as per the memorandum of understanding (MOU).

Commission View:

The Commission has noted the submissions made by various groups/individuals on the matter. The Commission will regularly monitor the progress of the approved Capital Expenditure and any variation in actual progress viz-a-viz the approved progress will be dealt with under the applicable provisions of the MYT Regulations 2014. The Commission has approved the projects above Rs 10 Crores after going through the cost-benefit analysis of the individual schemes.

2.9.Strengthening of CGRF:

Stakeholder Submission:

The CGRF is not working independently and is working under pressure or in consultation with CED.

Petitioner Response:

The CGRF is constituted in compliance with the sub-section (5) of section 42 of the Electricity Act 2003 by every distribution licensee in accordance with the guidelines as may be specified by the State Commission, and its decision is binding on the licensee. However, the queries related to CGRF can be raised at an appropriate forum/ level.

Commission View:

The Commission has dealt with this issue in the "Compliance of Directives" Chapter.

2.10. Change of Category of supply/terms for supply of power:

Stakeholder Submission:

The CED provides connection to exhibitions, circus etc. as per NRS category fixed by the Commission. These connections are temporary in nature and the organizers of these functions cannot take supply for 2 years which is a mandatory condition for the regular connection in the supply code. As the requirement is temporary in nature, the supply to these types of consumers should be treated under Temporary Supply Schedule.

Power tariff for electric crematorium and burial grounds should be exempted and there should be no electricity charges, in the larger interest of humanity.

The Tariffs for various commercial establishments must be differentiated. For example, electricity tariff for establishments like Bakery, Pizza Hut should be higher than a cloth merchant. Hotels should be charged higher tariff. There should also be different tariff slabs for small houses and big kothis.

There should be separate tariff for power consumed for construction of buildings. Private Bhavans are now air-conditioned and are used for exhibitions, marriages. These should be charged temporary connection charges. Community Centers of Municipal Corporations are running on low connected loads but are drawing power higher than the connected load for marriages. The Municipal Corporations should be asked to apply for higher loads. These halls should be placed in higher tariff brackets.

CED has kept two categories of industrial tariff that is SP and MS (Small Power and Medium Supply) which increases scope of administrative interference which further leads to complexity and poor governance. There should also be different tariffs for industries producing goods for consumption for daily needs and industries producing luxury items.

Petitioner Response:

The observations are noted. The electric crematorium and burial grounds are charged under the domestic tariff as approved by the Commission. However, the decision of the Commission in this regard shall be final and binding on the CED. CED has proposed for higher penalty for unauthorized consumption in this Tariff Petition.

Commission View:

The Commission is of the view that categorization of various consumers is rational and there is no requirement of further changes in terms of varied nature of use across all categories. Moreover, differentiation in tariff for various categories needs to be done in accordance with the National Tariff Policy.

2.11. Free electricity to employees:

Stakeholder Submission:

The proposal to distribute free electricity worth Rs 64 Lakhs to the employees of CED is gross injustice with bonafide consumers of the city and should be discontinued.

Petitioner Response:

CED has proposed the free electricity concession to its employees as per already adopted circular of PSEB dated 7th January 2011 and cost to be incurred on account of free electricity is proposed to be merged with the employee cost. However, the directions as passed in the Tariff Order for FY 2016-17 in this regard by the Commission will be followed.

Commission View:

The Commission is of the view that as per the provisions of Electricity Act 2003 and regulations framed hereunder, the utility has to charge the tariff approved by the Commission. Further, as per section 65, (Provision of subsidy by State Government):

Quote

If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the license or any other person concerned to implement the subsidy provided for by the State Government.

Unquote

Accordingly, the amount applicable for provision of free electricity to the employees as per Govt. Circular needs to be provided by the Government only and the same cannot be recovered from tariff.

2.12. Prompt Payment Rebate:

Stakeholder Submission:

If the payment of the electricity bill is made at least within 7 days in advance of the due date of payment, a rebate for prompt payment 0.25 % of the bill is given. Generally the consumers are unaware of this discount and also no such rebate is mentioned on the reverse side of the bill. It is requested that the date by which payment is to be made by consumer, for giving this rebate, should be mentioned on the bill, so that the consumer may get such discount and also the default amount will be reduced.

Petitioner Response:

The observations are noted. However, the decision of the Commission in this regard shall be final and binding on the CED.

Commission View:

The Commission advises the Petitioner to undertake appropriate changes in the bill format so that applicable provisions for prompt payment are clear to all the consumers.

2.13. Service Connection Charge:

Stakeholder Submission:

As per the Supply Code Regulations 2014, in all cases of new connections, the consumer shall bear the service connection charges i.e. cost of service connection from the distribution mains to the point of supply as approved by the consumer.

As per the prevailing Tariff Order, Rs. 1000/- per KW is charged for DS/NRS Connection having connected load above 5 kW, whereas Rs. 750/- per KW in charged from Industrial connections. The cost for laying service line should be same in both the cases. So there is no reason for having different rates.

Petitioner Response:

The observations are noted. However, the decision of the Commission in this regard shall be final and binding on the CED.

Commission View:

The Commission observes that since the connected load of Industrial consumers on an average is higher than domestic consumers, the Industrial consumers effectively pay higher charges in totality than domestic consumers for service connection. Hence there is no requirement of revisiting these charges at this stage.

2.14. Loss level in the UT:

Stakeholder Submission:

CED had carried a study through WAPCOS regarding assessment of prevailing line losses in Chandigarh a couple of years ago but the report was never made available for public scrutiny. If the line losses can be improved, the rate of electricity can go down. The Petitioner may be directed to submit the documentary proof for claim of T&D losses for public scrutiny.

Petitioner Response:

It is submitted that report prepared by WAPCOS was based upon various assumptions and neither did it cover a complete financial year span nor was it audited.
Accordingly, for the true picture of losses, the Petition filed by CED for the MYT Control period FY 2016-19 may be referred to.

Commission View:

The Commission would like to highlight that, pending the availability of energy audit reports, the Commission has determined the losses considering the verified input energy from the Regional Energy Accounts maintained by Northern Region Power Committee and retail sales as per audited accounts.

2.15. Hearing Process:

Stakeholder Submission:

The process of the inviting objections/suggestions/comments from the public is faulty for the following reasons:

1. The venue of the Public Hearing does not have adequate parking space.
2. Practically one/two day time has been given to the public to file objections/suggestions/comments to the Petition which is over 100 pages; as the Public Notice has appeared on 17th March, 2016 asking for objections/suggestions/comments by 18th March, 2016.
3. The hardcopies were also not made available in advance in Hindi and Punjabi; thus those who are not familiar with English, are actually deprived from filing objections/suggestions/comments, which is violation of the fundamental rights of a person including right to equality.
4. The hard copy is being sold for Rs. **300/-** just to discourage people from studying the same and then filing objections/suggestions/comments; should be

sold not for more than Rs **50/-,** as many photocopier shops are doing photocopy for 50 paisa per page.

5. The copies of Petition were available only at Sector 9 but it should have been available at all sub-divisions and/or E-Sampark centres.
6. In the Petition there should be one opening para where current rates and proposed rates should be mentioned otherwise one is lost in the Petition for 12 hours.
7. Thus, the process violates the basic principle and object of inviting objections/suggestions/comments from the public in a proper, fair and legal manner.
8. At the place of public hearing, the area for general public and Govt. officials should be separate so that it can be assessed as to how many stakeholders from the public actually attended the hearing. There is a general feeling that a lot of Govt. officials are sitting in the meeting due to which the presence of actual public cannot be judged by the Commission.

If needful is not done the attendance of public will go down further and may not touch even three figure mark in a city of above one million population.

Petitioner Response:

1. The observation regarding place of hearing is noted.
2. The CED has properly followed the instructions of the Commission for the wider publicity for inviting objections/ observations on MYT Petition and date of hearing. In this regard, public notices were published in Hindustan Times on 01st March 2016 & Chandigarh Bhaskar and Punjabi Tribune on 02nd March 2016. Further, public notice was also uploaded on the official website of CED i.e. www.chdengineering.gov.in for wide publicity. A public notice was again published in Tribune Chandigarh on 17th March 2016 in this regard.
3. The brief about the MYT Petition and tariff proposal was published through public notice in Hindi and Punjabi Newspapers namely “Chandigarh Bhaskar” and “Punjabi Tribune” on 02nd March 2016 for easy understanding of the issues and filing of the objections/suggestions/comments, if any.
4. The rate of hardcopy of Rs. 300 is fixed as per the cost involved in stationary, photocopy, manpower involvement, spiral binding etc.
5. For better facilitation to the consumers of UT Chandigarh, copy of the MYT Petition has also been uploaded on the website of the CED i.e. www.chdengineering.gov.in as well as that of the Commission i.e. www.jercuts.gov.in.
6. The Petition is prepared and filed as per the provisions of MYT Regulations 2014 as amended from time to time.

The venue and time of hearing was published in the leading newspapers of the Chandigarh well in time for good and proper participation of the public. The officer/officials of the CED were also invited for attending the hearing for having better understanding of the tariff determination process as they are both the distributors as well as end consumers. Better public participation is healthy for wider suggestions and comments on the MYT Petition.

Commission View:

The Commission observes that all the procedures laid down for the conduct of a Public Hearing in the Conduct of Business Regulations 2009 have been followed.

2.16. Cross Subsidy:

Stakeholder Submission:

Certain categories of consumers such as agriculture and colonies are given electricity at subsidized rates. These subsidies should not be burdened on the general consumers and should be borne by the Administration by budget allocation.

Petitioner Response:

The Petition for the MYT Control Period for FY 2016-19 and tariff proposal for FY 2016-17 for various categories has been submitted strictly as per the provisions of the MYT Regulations 2014 and the National Tariff Policy etc.

Commission View:

The Commission notes that there is no specific subsidy to any class of consumers by the UT Administration. The Commission has further discussed this issue of Cross Subsidy in the “Tariff Design” Chapter.

2.17. Misuse of domestic power for commercial purpose:

Stakeholder Submission:

DMC (domestic misuse commercial) was being charged 3-4 years back. Now there is no DMC in 22 villages and colonies resulting in a loss of Rs. 40 Crores a year. Many commercial institutes are functioning from upper floor of SCF and are being charged domestic tariff whereas use is not domestic. Similarly, the commercial activities like beauty parlours, tuition centres etc. should be charged tariff for commercial category. Even many persons charge batteries which are used either for portable lightening purpose in night-time by various vendors or for ice-cream stalls having battery operated fridge from domestic supply. Strict action should be taken by CED against such persons and heavy fines should be levied on them.

Petitioner Response:

Any unauthorized use of electricity case is dealt as per section126 of EA 2003.

Commission View:

The Commission notes the submission made by the Petitioner.

2.18. Kundi losses/ industrial theft:

Stakeholder Submission:

CED has completely failed to stop power theft in the city. There are massive kundi connections in slum areas which are being highlighted by the media from time to time. There should be regular raids and cases should be registered to check un-authorized use of electricity.

Petitioner Response:

CED has a special cell called “Enforcement Cell” which raids the premises based on inputs and also undertakes other vigilance activities like review of loads, checking of by-passing and tampering of meters, checking the accuracy of electricity meters and thefts etc. Moreover, at the sub-division level also, routine checking of premises is also going on to take care of any theft/regularities. To avoid kundi connections, electricity connections have been provided to slum dwellers/ unauthorized colonies/ residents outside Lal Dora to plug revenue leakage and for safety of human beings from electrocution etc. Many consumers found guilty are penalized by the Department as per notifications issued by the JERC/Electricity Act, 2003. With the help of police, regular kundi connection removal operations are also being carried out.

Commission View:

The Commission notes the submission made by the Petitioner. Such activities lead to higher T&D Losses. However, the Commission has already fixed the T&D Losses for the Petitioner and the impact of any additional losses is to be borne by the Petitioner only as per the provisions of the MYT Regulations 2014.

2.19. Arrears due from the institutions/Government connections:

Stakeholder Submission:

There are no details of arrears due from the institutions/ Govt. and efforts undertaken to recover the same.

Petitioner Response:

CED has uploaded the list of defaulters (both private as well as Govt. consumers) having outstanding amount more than Rs 1 Lac on its website. The department has made sincere efforts in reducing the defaulting amount from both Govt. and private Organizations by disconnecting the supply etc. Notices under Section 56 of the Electricity Act 2003 are already printed on the back side of the electricity bill for the payment of the billed amount by the due date and disconnection when the billed amount is not made by the due date.

Commission View:

The Commission advises to undertake strict action against the defaulters in future also.

2.20. Time of Day Tariff:

Stakeholder Submission:

Due to excess thermal generation and reduced demand from various industries, the thermal plants of the country are kept idle during periods of lower demand, thereby putting heavy burden of commitment charges to purchasing utility companies. The night tariff should be reduced by Rs 3/- per unit to promote use in off peak hours as done in other states also.

The benefit should be available round the year except during peak summer season. Also, no administrative hiccup should be there to shift from one tariff to another tariff by the consumers. Consumers should be free to optimize their energy costs, with the tariff norms.

Most of the small and medium industry runs on extended single shift that is 12 hours. With peak load hours starting at 6pm, people are not able to run their units for 12 hours, as it is very difficult to call workers at 6 am in the morning.

With change in peak load hours to 7.30 PM, the consumption would increase immediately. The Petitioner should not be allowed to enforce present peak load hours unless it justifies its inability to transmit the reduced power during these hours through their present transmission and distribution lines. Peak hour should be reduced to 7:30 P.M- 9:00 P.M.

Petitioner Response:

The Time of Day (TOD) tariff is not yet implemented in Chandigarh and may be implemented in coming years. However the observation is noted.

Commission View:

The Commission has dealt with this issue in the “Compliance of Directives” Chapter.

2.21. Sub-station Metering/Energy Audit:

Stakeholder Submission:

In absence of any metering equipment, there is no way to ascertain the T&D loss of individual stations. CED should make public their audited accounts and energy audit from an Independent agency, well in time.

Petitioner Response:

CED is committed to identify and reduce the T&D losses at various voltage levels as per the directives of the Commission. CED is submitting status reports on the compliance report on energy audit on a regular basis and the latest status was submitted to the Commission vide memo no. 3644 dated 20th November 2015. However the observation is noted.

Commission View:

The Commission has dealt with this issue in the Compliance of Directives Chapter.

2.22. Consumer Metering:

Stakeholder Submission:

Meters being installed in consumer premises are of very low quality which give faulty readings

As per Para 7.3 of Electricity Supply code following clause relating to metering is not being followed by the Petitioner:

- No Meter rent should be paid for the period for which meter remains defective.

- The Licensee should not restrict the consumer choice regarding meters to only 2-3 manufacturers.
- Meter history cards are not being prepared
- The licensee should prepare a phased plan to install tamper proof meters
- Periodical inspection/testing of LT single phase meters once every 5 years and LT 3 phase meters once every 3 years.

Petitioner Response:

1. The point suggested is noted.
2. Vide purchase instruction no. 3 dated 11th June 2014, CED has specified no. of makes for the purchase of single/ three phase energy meters. The copy of the same can be obtained from any OP S/Div, Division or Circle office.
3. The point suggested is noted.
4. The point suggested is noted.
5. Periodic inspection/ testing of HT/EHT Meters has already been initiated by the CED. Except around 60 connections, all HT/EHT meters have already been tested on site by NABL accredited lab (Third Party) and the remaining shall be checked shortly.

Commission View:

The Commission has noted the submission made by the Petitioner. The Commission directs the Petitioner to notify the list of approved make and manufactures for meters in the leading newspapers and also display same on the website of department for easy reference of all consumers.
The Commission also directs the Petitioner to submit the roll out plan for smart meters in its licensee area (as mandated by the National Tariff Policy notified on 28th January 2016) by 30th September 2016.

2.23. Meter Reading Cards:

Stakeholder Submission:

Meter Reading cards should be installed initially for all consumers by which consumers can check readings by meter readers.

Petitioner Response:

Suggestion has been noted for future action.

Commission View:

The Commission has noted the submission made by the Petitioner and advises it to prepare a plan for implementation of the suggestion of the stakeholder.

2.24. Standards of Performance:

Stakeholder Submission:

As per provisions of the Supply Code Regulations 2010, electricity supply has to be provided by CED round the clock for 24 Hours and in case of any deficiency in this service the CED has to compensate the consumers as per provision.

Many of the residents have come forward and have applied for compensation from the CGRF, but compensation has not been allowed even in a single case till date.

Petitioner Response:

The Standards of Performance Regulations 2009 have been notified by the Commission and the CES is bound for its implementation in true spirit. CED is regularly submitting the report on SOP in standard prescribed format. Further, CED is providing uninterrupted and reliable power supply to the residents of UT Chandigarh. The reliability index of the CED is more than 99% which certainly reflects the reliability of the power supply to the consumer of the UT of Chandigarh.

Further, it is submitted that CGRF is constituted in compliance with the sub-section (5) of section 42 of the Electricity Act 2003 by the every distribution licensee in accordance with the guidelines as may be specified by the State Commission and its decision is binding on the licensee. However, the queries related to CGRF can be raised at appropriate forum/ level

Commission View:

The Commission notes the submission made by the Petitioner and advises the Petitioner to share the results of reliability indices of consumers on its website periodically.

2.25. Reversal of the payment of commitment charges:

Stakeholder Submission:

CED demands commitment charges from its consumers. Similarly, CED should also pay a charge for failure to pay committed power. The practice should start with low target (say 85%) with a gradual increase to 100% and this shall add value to the distribution efficiency of CED, which is a win-win for both.

Petitioner Response:

Such events are governed by Standards of Performance Regulations 2009 and necessary actions can be taken accordingly.

Commission View:

The Commission notes the submission made by the Petitioner. The Petitioner is liable to pay consumers for its failure to meet service standards set under SoP Regulations 2009.

2.26. One Premise-One Connection

Stakeholder Submission:

CED gives one connection at one premise which is a hurdle to growth.

Petitioner Response:

Release of the electricity connection is governed by the Supply Code Regulations 2009 and as per allotment/ occupancy proof produced by the applicant.

Commission View:

The Commission notes the submission made by the Petitioner and suggestion of the stakeholder. Premise has already been defined in the Supply Code as any land, building or structure. The connections are to be released as per the provisions of the Supply Code Regulations 2009 and the Stakeholder is advised to approach CGRF in case there is a specific issue in implementation of this provision.

2.27. Inventory level at stores:

Stakeholder Submission:

Stores do not have sufficient stocks of tube-light chokes, starters, street light material, mercury lamps and wires. The residents have to buy the material on their own. There should be an audit of various items in stock.

Petitioner Response:

The department has sufficient stock of material like cables and meters etc.

Commission View:

The Commission notes the submission made by the Petitioner. The Commission directs the Petitioner to regularly top-up the stocks of the fast moving inventory.

2.28. Power Purchase Planning and Cost:

Stakeholder Submission:

Purchase of electricity by CED is on short term basis at higher price. Long term planning and contracts can save a lot a money to the department.

Petitioner Response:

CED is putting every effort to remain within the sanctioned scheduled power. However, since the department is having shortage of power during the summer season and surplus of the same during the winter season CED cannot go in for long term power purchase agreements as this may lead to financial loss to CED in this Availability Based Tariff regime in view of the market rates, which may vary during the summer and winter season. Therefore, buying short term power through competitive bidding is most appropriate for UT Chandigarh to meet the increased load demand during the summers. The short term power purchase rates have been found very competitive during the last many years.

Commission View:

The Commission notes the submission made by the Petitioner. Further, Ministry of Power has directed all utilities to procure short-term power from common platform. The Commission also directs the Petitioner to abide by the said directive of Ministry of Power, GoI and go for the reverse e-bidding.

2.29. FPPCA Charges:

Stakeholder Submission:

FPPCA charges are 25% in Chandigarh; while they are just 5% in adjoining states. Further FPPCA relating to previous quarter is being charge on consumption of subsequent months which is not justified for seasonal industries like Ice-cream, geysers etc. Therefore FPPCA should be charged on actual consumption of previous months to which these FPPCA charges pertain.

Petitioner Response:

CED is charging FPPCA as per the Commission's Order dated 27.6.2012 passed in the Petition No. 79 /2012 (Suo-moto) and is bound to follow the norms approved by the Commission and Regulations and is not governed by any other state's norms and Regulations. CED shall certainly adopt the modification in FPPCA methodology/ treatment, if approved by the Commission.

Commission View:

The Commission is of the view that the FPPCA mechanism was approved after detailed deliberations with stakeholders across various UTs and is not required to be reviewed in the current context.

2.30. Grievance Redressal:

Stakeholder Submission:

As provided under the Right to Service Law, Grievance Officers should be appointed in the Electricity Department for better services thereby leading to lesser thefts and economical supply of electricity.

Petitioner Response:

For grievances redressal, consumer may approach sub-division, division, CGRF and Ombudsman for suggestions in regard to better services. The advice is noted for consideration.

Commission View:

The Commission notes the submission made by the Petitioner.

2.31. Payment of bill:

Stakeholder Submission:

Last day for bill payment should be at least one week from the date of bill distribution. The department should accept cheques for bill payment. Only those consumers, whose cheques bounce, should be debarred from making payments through cheques. Making payments through drafts is a time consuming and costly affair, and the department is not accepting RTGS/NEFT for bill payments.

Petitioner Response:

CED gives a minimum 15 days to the consumers for making payment of their Electricity Bills. The information in respect of acceptance of amount has already been mentioned on the Electricity Bill. Cheque/ demand draft/ cash is accepted by all the Sampark Centres upto the bill amount of Rs 20,000/-. For the amount greater than Rs 20,000 and upto Rs 50,000/-, demand draft/cash is accepted. For the bill amount greater than Rs 50,000/-, only the demand draft is accepted.

Besides making payment through credit card and debit card, a new feature of Net Banking has also been introduced for online bill payment. However, further improvements regarding online bill payment are under active consideration of CED.

Commission View:

The Commission notes the submission made by the Petitioner.

2.32. Queue for release of connection:

Stakeholder Submission:

CED maintains a queue while releasing the connection which was justified in the regime of shortages. However, now the practice should be changed on the basis of who needs it first and who does compliance of the demand note first and where the CED preparedness is first for release of connection.

Petitioner Response:

'OP' S/Div of CED maintains a seniority register as per the compliance of demand notice for releasing of connection.

Commission View:

The Commission notes the submission made by the Petitioner.

2.33. Demand Surcharge for exceeding contract demand:

Stakeholder Submission:

It has been proposed that in case a consumer exceeds his contract demand in a month, such excess demand shall be charged at the rate of Rs 750/kVA. CED needs to confirm whether existing meters have the facility for recording maximum demand.

Petitioner Response:

Such demand surcharge shall be applicable on contract / sanctioned demand/ load (as applicable) and the sanctioned load has no relation with MDI. However, all the existing electronic and future procuring electronic meters are having MDI recording facility. In case of pre-paid meters, provision for load restriction within sanctioned load/ contract demand is built in. This provision will help the department to avoid overloading of Distribution Transformers and the conductors and maintain better continuity of supply, by penalizing the defaulters for excess load.

Commission View:

The Commission notes the submission made by the Petitioner.

2.34. Corporatization of Electricity Department:

Stakeholder Submission:

As per CED, DNIT for restructuring/corporatization has been prepared and is under approval. Some milestone should be fixed for each activity to achieve corporatization of the department. The experience of corporatization from other states is not very encouraging.

Petitioner Response:

CED has taken the action on the above issue as per the directive of the Commission and shall be bound by the decision taken by the competent authority from time to time.

Commission View:

The Commission has dealt with this issue in the Compliance of Directives Chapter.

2.35. Adoption of Technology/Computerization:

Stakeholder Submission:

An account showing investment in computerization versus man hour saving versus transparent governance versus quality service and reach should be prepared. The Commission should randomly select a subdivision for its computerization and adoption of technology. Need of employees should be optimized by adopting E-technologies. The results of technology are evident in every sphere of life, and it should also accrue to electricity consumers. A firm roadmap for implementation and review of progress should be submitted by the Petitioner.

Petitioner Response:

Adopting modern management techniques, office automations, computerization etc are under active consideration and shall surely help the CED to serve its consumers in a more efficient way.

Commission View:

The Commission notes the submission made by the Petitioner and advises it to adopt new-technologies so as to bring more efficiency in the operations.

3. Approach for the Present Order

The True-up of previous years till the FY 2014-15 is to be carried out as per the relevant applicable provisions of JERC Tariff Regulations, 2009. As per Regulation 8 of the said Regulations:

Quote

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

After audited accounts of a year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as per the audited accounts. This exercise with reference to audited accounts shall be called 'Truing Up'.

The Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

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

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

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

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

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

Unquote

3.1.Approach for True-Up of previous years

The Petitioner has submitted the Petition for approval of True-up for past 4 years i.e. from FY 2011-12 to FY 2014-15. However, despite various communications regarding data gaps from the Commission, the Petitioner has failed to provide requisite information in full for proper True-up. The Commission is of the view that the True-ups have already been abnormally delayed and cannot be deferred further for the want of the pending information. Accordingly, the Commission has adopted the following approach for various components of True-up:

1. The Petitioner has not submitted any supporting documents regarding number of consumers and connected load in the present petition. The Commission has taken the actuals as submitted by the Petitioner in its Petition for approval of Business Plan and utilized the same for the projection in the MYT Control Period in this Order.

2. The Petitioner neither has provided the plant-wise power purchase details nor has submitted the actual power purchase bills. The Petitioner has also failed to provide the details of sale of power in Banking/Exchange. In absence of any such details, the Commission has relied on the information available in the Regional Energy Accounts maintained by Northern Region Power Committee.

3. The Commission has considered energy availability at periphery of the consumer and UI sale/UI purchase from Deviation Settlement Accounts available in public domain.

4. The total power purchase cost of for the True-up years have been taken from audited accounts of the respective years as submitted by the Petitioner.

5. The Commission has noted that the assets base as reflecting the audited Fixed Asset Register are considerably less than corresponding figures as available in the accounts. The Commission has discussed this issue in the TVS. The Petitioner has submitted that the verification of the assets created post 2003 have been undertaken so far and balance will be covered in due course of time. The Commission has considered the Gross Fixed Assets as available in audited Fixed Asset Register.

6. The Commission, for the purpose of determining interest on normative loan for FY 2011-12 hasn't considered the normative loan corresponding to the opening GFA as the Tariff Regulations 2009 states that a normative debt equity mix of 70:30 would

be applicable after these Regulations comes into force. In case of CED, since the Petition was filed for the first time for FY 2011-12, the normative debt has been calculated for capitalization from FY 2011-12 onwards.

7. For the purpose of computation of Working Capital requirement, the Commission has deducted security deposit as available with the Petitioner at the end of the financial year.

8. The Petitioner has created provision for Bad Debts in the accounts. However, the Commission has observed that the bad debts have not been actually written off. The Commission, for the purpose of True-up, has considered the Bad Debts actually written off, as indicated in audited accounts, as part of approved ARR.

For the remaining matters, broadly the Commission has adopted treatment on basis of Tariff Regulations, 2009.

3.2. Approach for Review of FY 2015-16

The Review of Aggregate Revenue Requirement requires assessment of quantum of energy sales, energy loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. This has been done based on actual data for 6 months (or 9 months wherever available) for power purchase cost, and sales, and revised estimates of FY 2015-16 based on six months actuals for O&M expenses, interest and depreciation amount as submitted by the Petitioner.

The Review of FY 2015-16 has been carried out as per the provisions of Regulation 8 of the Tariff Regulations 2009.

3.3. Approach for the approval of various ARR components for the MYT Control Period

The determination of ARR Components for the MYT Control Period FY 2016-17 to FY 2018-19 is to be carried out as per provisions of Regulation 6 of MYT Regulations 2014 as follows:

Quote

6. ARR Forecast

6.1 "The Applicant shall, based on Business Plan as approved by the Commission by order, submit the forecast of Aggregate Revenue Requirement and expected revenue from tariff, for *the control period by a Petition in accordance with the JERC (Terms and Condition for determination of tariff), Regulations 2009 by 30th November of the year prior to the commencement of the control period and accompanied by such fees payable, as specified in JERC (Conduct of Business) Regulations, 2009.*

6.2 The forecast of Aggregate Revenue Requirement shall be developed using the assumptions relating to the behavior of individual variables that comprise the Aggregate Revenue Requirement during the control period.

6.3 The forecast of expected revenue from tariff and charges shall be developed based on the following:

- *a) Estimates of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution system users for each financial year within the control period, and;*
- *b) Prevailing tariff at the date of making Regulations;"*

Unquote

The Commission has already issued the Multi-Year Business Plan Order for the First MYT Control Period from FY 2016-17 to FY 2018-19 on 28th December 2015. The Commission is of the view that impact of various components approved in the Business Plan has to be given effect in the MYT Order.

The Commission has accordingly considered the various components as approved in the Business Plan, for finalizing various revenue components in this Order, appropriately.

4. Approval of the True-up for FY 2011-12

4.1.Background

The Commission had determined the ARR for FY 2011-12 vide its Order dated 16th July 2011 and subsequently carried out the Review of FY 2011-12 vide its Order dated 07th May 2012. The Commission had directed the Petitioner to submit the accounts prepared on commercial principles before the Commission for truing-up of previous years in its Business Plan Order dated 28th December 2015.

The Petitioner, in their True-up Petition for FY 2011-12, has now submitted the details of expenditure and revenue for FY 2011-12 based on the audited accounts for FY 2011-12. The Petitioner has provided the comparison of actual revenue and expenditure against the corresponding figures previously approved by the Commission.

In this Chapter, the Commission has analyzed various elements of actual revenue and expenses for FY 2011-12 based on the audited accounts submitted by the Petitioner, and has carried out the True-ups of expenses and revenue with reference to the final actual figures as per the audited accounts, after prudence check and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

4.2.Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The Petitioner has submitted that the actual number of consumers for FY 2011-12 as 2,00,342 based on actuals, as against 1,99,431 approved earlier by the Commission.

The total actual energy sales for FY 2011-12, as submitted by the Petitioner, stand at 1301.48 MU on actuals, as against 1460.9 MU approved earlier by the Commission vide Tariff Order dated 07th May 2012.

Commission Analysis:

In the absence of any supporting documents, the Commission has considered category-wise number of consumers and connected load for FY 2011-12 as submitted by the Petitioner in Business Plan filing and subsequently used by the Commission for projection of number of consumers and connected load for the MYT Control Period.

Further, the Petitioner has submitted that the actual energy sales for FY 2011-12 is lower than that approved earlier as part of the 'Review' exercise for the year.

For the purpose of True-up, the Commission has approved the energy sales as submitted by the Petitioner and the corresponding information available in the audited accounts.

Accordingly, the number of consumers, connected load (kW) and sales (in MU) for the respective consumer categories as approved by the Commission for FY 2011-12 is shown in Tables below:

Table 4.1: Number of consumers approved by the Commission for True-up of FY 2011-12

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	170,364	170,364
Commercial	25,359	25,359
Large Supply	104	104
Medium Supply	1,076	1,076
Small Power	1,291	1,291
Agriculture	122	122
Public Lighting	775	775
Bulk Supply	348	348
Others Temporary Supply	903	903
Total	**200,342**	**200,342**

Table 4.2: Connected Load approved by the Commission for True-up of FY 2011-12 (in kW)

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	658,691	658,691
Commercial	318,272	318,272
Large Supply	65,763	65,763
Medium Supply	57,603	57,603
Small Power	18,652	18,652
Agriculture	675	675
Public Lighting	5,455	5,455
Bulk Supply	30,378	30,378
Others Temporary Supply	27,840	27,840
Total	**1,183,329**	**1,183,329**

Table 4.3: Sales approved by the Commission for True-up of FY 2011-12 (in MU)

Consumer Category	Approved in Tariff Order dt. 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Domestic	588.6	525.79	525.79
Commercial	466.6	417.36	417.36
Large Supply	146.5	128.72	128.72
Medium Supply	117.5	103.71	103.71
Small Power	25.5	22.02	22.02

Consumer Category	Approved in Tariff Order dt. 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Agriculture	1.7	1.27	1.27
Public Lighting	20.0	17.45	17.45
Bulk Supply	84.0	74.67	74.67
Others Temporary Supply	10.5	10.50	10.50
Total Demand/ Sale Within UT	**1460.9**	**1301.48**	**1301.48**

4.3.Intra-State Transmission and Distribution (T&D) Losses

Petitioner Submission:

The Petitioner has submitted 20.20% as the energy distribution losses for FY 2011-12 as compared to that approved by the Commission at 17.00%.

Commission Analysis:

The Commission notes that the Petitioner has not submitted any computations for arriving at the loss of 20.20%. For the purpose of True-up, the Commission has considered the net drawal at periphery as available in the UI Accounts/ Deviation Settlement Accounts (DSA) maintained by the Northern Region Power Committee. As per these accounts, the net drawal at periphery stands at 1630.98 MU. Considering actual sales of 1301.48 MU as approved above, the actual T&D loss stands at 20.20%. Accordingly, the Commission approves the intra-state transmission and distribution loss level of 20.20% as below:

Table 4.4: T&D Losses approved by the Commission for True-up of FY 2011-12 (in %age)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
T&D Losses	17,00%	20.20%	20.20%

The Commission considers the intra-state T&D loss level of 20.20% as reasonable and approves the same for True up of FY 2011-12.

The Commission would like to highlight that the Petitioner has not made any request for revisiting the loss trajectory on the basis of actuals of FY 2011-12. In absence of any representation from the Petitioner, the Commission is retaining the T&D losses at the approved levels only for the purpose of trajectory.

The Commission also notes that the Petitioner has not submitted plant-wise power purchase bills and breakup of scheduled power. As the Commission is not able to validate actual per unit cost of power purchase, the Commission is not approving any penalty/incentive in respect of T&D Loss. The Commission directs the Petitioner to submit the month-wise and source wise power purchase bills along with the True-up of future years.

4.4.Energy Balance

Petitioner Submission:

Based on the actual sales and T&D losses, the energy requirement at the periphery of 1630.98 MU has been calculated. The energy availability has been computed based on the gross energy purchase and external losses incurred.

Commission Analysis:

The Commission has arrived at gross energy availability of 1916.70 MU. The net energy available for sales to retail consumers by the Petitioner stands at 1630.98 MU as per Deviation Settlement Account (DSA). The Petitioner has also sold 235.42 MU surplus power either by open access route or by means of banking and UI. Accordingly, the external loss is calculated at 50.30 MU as difference of gross energy availability (after considering sale by mechanism of UI/Exchange/Banking) and energy available for sale at periphery. The gross energy requirement for FY 2011-12 is shown in the Table below:

Table 4.5: Energy Balance approved by the Commission for True-up of FY 2011-12 (MU)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
ENERGY REQUIREMENT			
Energy sales in the UT	1,460.92	1,301.48	1,301.48
Distribution losses (%age)	17.00%	20.20%	20.20%
Energy required for the Territory (MU)	**1,760.14**	**1,630.98**	**1630.98**
Add: Sales to common pool consumers/ UI	192.67	143.19	235.42
Energy Requirement at periphery	**1,952.81**	**1,774.17**	**1,866.41**
ENERGY AVAILABILITY			
Gross Energy Purchase	**2,021.74**	**1,829.72**	**1,916.70**
External losses (MU)	68.93	55.55	50.30
Net Energy Availability for sale	**1,952.81**	**1,774.17**	**1,866.41**

4.5.Power Purchase Quantum & Cost for FY 2011-12

Petitioner Submission:

The Petitioner has submitted total power purchase of Rs 611.30 Crores as shown in Table below:

Table 4.6: Power Purchase submitted by the Petitioner for True-up of FY 2011-12 (Rs. Crores)

Source	Total (Rs Cr)
NTPC	165.48
NHPC	72.20
BBMB	168.70
SJVNL	21.47
NPCIL	34.32
THDC	24.28
Others	76.22
PGCIL	37.61
NRPC	9.43
Power Purchase Cost	**611.30**
Net Power Purchase Cost	**611.30**

Commission Analysis:

The Petitioner neither has provided the plant-wise power purchase details nor has submitted the actual power purchase bills. The Petitioner has also failed to provide the details of sale of power in Banking/Exchange. In absence of any details, the Commission has relied on the information available in the Regional Energy Accounts maintained by Northern Region Power Committee. The total power purchase cost has been taken from audited accounts submitted by the Petitioner.

Accordingly the Commission approves following power purchase quantum and cost for True-up of FY 2011-12:

Table 4.7: Power Purchase Quantum and Cost approved for True-up of FY 2011-12

Source	Purchase (MU)	Total (Rs Cr)
NTPC Stations	591.91	165.48
NHPC Stations	217.82	72.20
NPCIL	114.31	34.32
SJVNL	85.51	21.47
BBMB	627.88	168.70
THDC	51.69	24.28
Bilateral/Power Exchange/Banking	170.95	74.76
UI (Overdrawal)	56.63	9.43
Others		40.53
Total	**1916.70**	**611.30**

Table 4.8: Summary of Power Purchase approved by the Commission for True-up of FY 2011-12

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Quantum (MU)	2021.74	1630.98	1916.70
Power Purchase Cost (Rs Cr)	618.84	611.30	611.30

The Commission also notes that the Petitioner has done purchase of renewable power/REC in FY 2011-12 to meet its RPO as per JERC (Procurement of Renewable Energy), 2010. The status of compliance of RPO is shown in Table below:

Table 4.9: RPO Compliance (MU) by the Petitioner in FY 2011-12

S. No.	Description	FY 2011-12
1	Sales Within State	1301.48
2	RPO Obligation (in MU)	
	- Solar	3.90
	-Non Solar	22.13
3	RPO Compliance (Actual Purchase)	
	- Solar	0.00
	-Non Solar	0.00
4	RPO Compliance (REC Certificate Purchase)	
	- Solar	0.00
	-Non Solar	10.75
5	Total RPO Compliance	
	- Solar	0.00
	-Non Solar	10.75
6	Shortfall in RPO Compliance	
	- Solar	3.90
	-Non Solar	11.37

In its Business Plan Order dated 28th December 2015, the Commission has issued following directive to the Petitioner:

Quote

"The Commission directs that all pending RPO up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March, 2016 and no backlog would be allowed to be carried forward to the Control Period FY 2016-17 to FY 2018-19. The Commission expects that the Petitioner would give priority to obtaining physical solar and non-solar power."

Unquote

Keeping in view of above, the Commission has not considered any penalty for shortfall in the RPO Compliance for FY 2011-12. Also, as the Petitioner has not provided any detailed break-up of Power Purchases expenses, the Commission is of the view that as the cost of

Renewable Energy Certificates is also included in the overall power purchase cost of Rs 611.30 Crores and hence, the Commission is not approving any additional cost on this account.

Accordingly, the Commission considers the power purchase quantum and cost of 1916.70 MU and Rs 611.30 Crores respectively as reasonable and approves the same for the True-up of ARR for FY 2011-12.

4.6.Employee Expenses

Petitioner Submission:

The Petitioner has submitted the employee expenses of Rs. 45.89 Crores for FY 2011-12 based on the actual employee expenses incurred during the entire year as reflected in audited accounts.

Further the Petitioner submitted that the actual expense is lower than the approved employee expense (in the Review Order) due to non-provisioning of the pensionary charge/ liability of the Board and the Leave salary pension charges. The Petitioner also requested the Commission to approve any liability arising in the later years on account of the same.

Commission Analysis:

The Commission had approved employee expenses of Rs. 56.07 Crores in the 'Review of ARR for FY 2011-12 by escalating employee expense of FY 2010-11 (as per cash outflow) by WPI. However the Petitioner has submitted audited accounts prepared on commercial principles for the first time. In view of the same the Commission admits the employee expense of Rs 45.89 Crores for FY 2011-12 as submitted by the Petitioner.

As per Regulation 8.2 (iii) of Tariff Regulations 2009, Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

The Petitioner has submitted that as per the notes to accounts prepared by the auditor, the following is stated:

Quote

"No provision has been made during the year for Pensionary Charges/ liability of the composite CED as merging units are demanding Pensionary charges @ 3.50% as per Notification whereas UT Administration has decided to pay Pensionary Liability at the rate of 0.59% on population basis. The case of pensionary liabilities has been forwarded to the Govt. of India, Ministry of Power by the PSEB, Patiala (NOW POWERCOM) for conveying the decision in this regards. The expenses with respect to Leave salary pension charges are being undertaken at the Treasury Officer, UT Chandigarh; the Department is in the process of

compiling data for all type of retirement benefits and necessary provisions as per the rules shall be made as soon as the data is complied.

Unquote

The Commission further notes that the Petitioner has not provided any details of impact of its claim for Pensionary charge/liability of the CED and Leave salary pension charges. The Commission is of the view that since the Petitioner is presently working as the department of UT Administration and as the payments towards Pensionary charge/liability of the Board and Leave salary pension charges are undertaken by the Treasury Officer, UT Chandigarh and not by the department, the Commission will revisit the claim for Pensionary charge/liability of the Board and Leave salary pension charges once the department is corporatized.

Table 4.10: Employee expenses approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Salary and Allowances	50.14	43.82	43.82
Terminal Benefits	5.73	1.56	1.56
Other Salary Payments	0.20	0.52	0.52
Employee Expenses	**56.07**	**45.89**	**45.89**

The Commission considers the Employee Expenses of Rs 45.89 Crores as reasonable and approves the same for True up of FY 2011-12.

4.7. Administrative and General Expenses

Petitioner Submission:

The Petitioner has submitted A&G expenses of Rs. 2.11 Crores for FY 2011-12 based on the actual A&G Expense incurred during the entire year as reflected in the audited accounts.

Commission Analysis:

The Commission had approved A&G expenses of Rs. 1.45 Crores in the 'Review of ARR for FY 2011-12' by escalating A&G expense of FY 2010-11 (as per cash outflow system) by WPI. However the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the A&G expense of Rs 2.11 Crores for FY 2011-12 as submitted by the Petitioner.

Table 4.11: A&G expenses approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Telephone Charges	-	0.21	0.21
Officer Expenses	0.49	0.16	0.16
Insurance	-	0.00	0.00
Regulatory Expenses (License +Petition Fees)	0.48	-	-
Consultancy Fees and Other Professional Fees	0.20	0.04	0.04
Electricity & Water Charges	0.11	0.04	0.04
Advertisement & Publicity	0.04	0.16	0.16
Legal, Professional & Special Service Charges	0.02	0.95	0.95
Expenses of CGRF (office)	0.11	-	-
Registration Charges -PGCIL etc.	-	-	-
A&G Expenses	**1.45**	**2.11**	**2.11**

The Commission considers the A&G Expenses of Rs 2.11 Crores as reasonable and approves the same for True up of FY 2011-12.

4.8.Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted R&M expenses of Rs. 9.23 Crores for FY 2011-12 based on the actual R&M Expenses incurred during the entire year as reflected in the audited accounts.

Commission Analysis:

The Commission had approved R&M expenses of Rs. 9.57 Crores in the 'Review of ARR for FY 2011-12 by escalating R&M expenses of FY 2010-11 (as per cash outflow system) by WPI. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time Keeping in view of the above, the Commission admits the R&M expense of Rs 9.23 Crores for FY 2011-12 as submitted by the Petitioner.

Table 4.12: R&M Expenses approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
R&M Expenses	9.57	9.23	9.23

The Commission considers the R&M Expenses of Rs 9.23 Crores as reasonable and approves the same for True-up of FY 2011-12.

Summary of O&M Expenses approved for FY 2011-12

The O&M expenses as submitted and approved for FY 2011-12 are shown in Table below:

Table 4.13: O&M Expenses approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
O&M Expenses	67.09	57.23	57.23

4.9.Capitalization, GFA & Depreciation

Petitioner Submission:

The Petitioner has submitted the opening GFA at Rs. 359.72 Crores, addition in GFA of Rs. 3.88 Crores and closing GFA of Rs. 363.60 Crores for FY 2011-12 on basis of the audited balance sheet. Further the Petitioner has also submitted Fixed Assets Register (FAR) as on 31st March 2015. As per the FAR, the opening GFA stands at Rs. 170.21 Crores, addition in GFA is Rs. 3.88 Crores and closing GFA is Rs. 174.09 Crores for FY 2011-12.

The Petitioner has further submitted that it has booked depreciation of Rs 6.25 Crores.

Commission Analysis:

GFA and Capitalization

The Commission in its order dated 07th May 2012 had disallowed the opening GFA in absence of the audited accounts and Fixed Asset and Depreciation Registers and gave a directive to the Petitioner to furnish the same urgently and the same was repeated year after year.

However, the Petitioner has now furnished the audited accounts and the Fixed Asset Register (FAR) for FY 2011-12. The Commission has also taken note of the fact that the Petitioner has prepared the FAR based on physical verification of Fixed Assets carried out by the Department. However there is discrepancy in the figure of fixed assets as reflected in the audited balance sheet and the FAR. The Commission has considered the figure of Gross Fixed Assets as reflected in the FAR as it is based on actual physical verification of assets available.

Therefore, the opening GFA of Rs 170.21 Crores, is in accordance with the Fixed Asset Register furnished by the Petitioner, is being allowed for FY 2011-12. The addition in GFA of Rs. 3.88 Crores is considered admissible for the purpose of Truing-up of FY 2011-12 and the same is as per the FAR.

Table 4.14: GFA approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Opening value of GFA at beginning of the year	0.00	359.72	170.21
Additions during the year	25.00	3.88	3.88
Closing value of GFA at end of year	**25.00**	**363.60**	**174.09**

Depreciation

As per Regulation 26 of Tariff Regulations 2009, depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time. The same has been applied on the different asset categories as reflecting in the FAR. The detailed calculation of asset-wise depreciation for FY 2011-12 is as shown in the Table below:

Table 4.15: Asset-wise depreciation calculated for FY 2011-12 (Rs. Crores)

Sr. No	Particulars	Dep Rate (%)	FY 12					
			Opening	Addition	Deletion	Closing	Average	Depreciation
1	Plant & Machinery	5.28%	158.66	3.88		162.53	160.59	8.48
2	Buildings	3.34%				-	-	-
3	Vehicles	9.50%	10.30			10.30	10.30	0.98
4	Office	6.33%	-			-	-	-
5	Furniture and Fixtures	6.33%	-			-	-	-
6	Computers and Others	15%	0.16			0.16	0.16	0.02
7	Land		1.10			1.10	1.10	-
8	**Total**		**170.21**	**3.88**	**-**	**174.09**	**172.15**	**9.48**

The Table below captures the depreciation as submitted by the Petitioner and that approved by the Commission for FY 2011-12.

Table 4.16: Depreciation approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Depreciation	**0.66**	**6.25**	**9.48**

The Commission considers the depreciation of Rs. 9.48 Crores as reasonable and approves the same for the True-up of ARR for FY 2011-12.

4.10. Interest and Finance Charges

Petitioner Submission:

The Petitioner has submitted that the entire capital expenditure incurred by it had been funded through equity infusion by Government of India (GOI) through budgetary support without any external borrowings. As per Regulation 25 of Tariff Regulations, 2009, 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 licensee. Therefore, for the purpose of determination of ARR, the Petitioner has considered normative debt equity ratio of 70:30 for ascertaining normative loan for FY 2011-12.

For the purpose of determination of opening normative loans, the opening GFA has been considered to be funded as per normative debt: equity of 70:30 and the accumulated depreciation has been reduced from the total value of opening loan in order to ascertain the opening level of normative loan for FY 2011-12. Repayment for FY 2011-12 has been considered to be equal to the depreciation amount submitted by it.

Commission Analysis:

As per Regulation 25 of Tariff Regulations, 2009

Quote

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

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

Unquote

The Commission would like to place reliance on Section 23 of the Tariff Regulations 2009 which is reproduced below:

Quote

"23. Debt-Equity Ratio

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

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

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

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the Tariff Regulations 2009. However, for CED, as the audited accounts are not available prior to FY 2011-12, the Commission finds it appropriate not to consider any loan for capitalization prior to FY 2011-12.

Therefore, opening normative loan for FY 2011-12 is taken as NIL and the normative interest on loan has been considered only on the assets created during the year FY 2011-12 onwards as per FAR.

The Commission has considered an addition of Rs. 3.88 Crores in the Gross Fixed Assets for FY 2011-12 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 2.72 (70% of Rs 3.88 Crores) Crores for FY 2011-12. The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of opening loan. The calculation of the interest on the normative loan is given below.

Table 4.17: Normative Interest on loan approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission	Particulars
1	Opening Normative Loan	-	179.77	-
2	Add: Normative Loan during the year	25	2.72	2.72
3	Less: Normative Repayment		6.25	-
4	Closing Normative Loan	25.00	176.24	2.72
5	**Average Normative Loan**	12.50	178.00	1.36
6	**Rate of Interest (@SBAR rate)**	13.00%	13.00%	14.40%
7	**Interest on Normative Loan**	**2.27**	**23.14**	**0.20**

The Commission considers Interest and finance charges of Rs 0.20 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12.

4.11. Interest on Working Capital

Petitioner Submission:

The interest on working capital has been claimed in accordance with the Regulation no. 29 of the Tariff Regulations 2009. The SBI PLR as on 1st April 2011 is considered for computation of interest on working capital in line with the provisions of the Tariff Regulations 2009.

Commission Analysis:

As per Regulation 29 of JERC Tariff Regulations, 2009 –

Quote

3) *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.*

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

Unquote

The Commission has considered the calculation of the different components of the working capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit has not been invested and hence, available with the Petitioner. In accordance with Clause 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers. As the Commission is separately approving the interest paid on consumer security deposit, the Commission considers the security deposit as on 31st March 2012 as fund available with the Petitioner meet the working capital requirement for FY 2011-12.

The Commission finds that by utilizing such security deposit to meet the working capital, the interest on working capital is reduced resulting in lower tariff determination which benefits consumers. Hence the Commission has deducted this amount from the working capital requirement considered for True-up of ARR for FY 2011-12. The Commission has considered the weighted average rate SBI PLR for the year for computation of the interest on working capital for the True-up of ARR for FY 2011-12.

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

Table 4.18: Interest on Working Capital approved by Commission for True-up of FY 2011-12 (Rs Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Cost for one month	51.57	50.94	50.94
Employee Cost for one month	4.67	3.82	3.82
A&G Expenses for one month	0.12	0.18	0.18
R&M Expenses for one month	0.80	0.77	0.77
Total Working Capital for one month	57.16	55.71	55.71
Closing Security Deposit (amount already with CED)	32.74	-	26.33
Total Working Capital considered for one month	**24.43**	**55.71**	**29.38**
Interest Rate	13.00%	13.00%	14.40%
Interest on Working Capital	**3.18**	**7.24**	**4.23**

The Commission considers the Interest on Working Capital as Rs 4.23 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12.

4.12. Interest on Security Deposit

Petitioner Submission:

Regulation 25 of Tariff Regulations, 2009 in accordance with Clause 47(4) of Electricity Act 2003 provides for Interest on Security Deposit, if any, made by the consumer with the licensee.

Since the Interest on Security Deposits for the past years had also not been paid, the interest on consumer security deposits for past years amounting to Rs 5.54 Crores has been calculated and considered in the accounts from FY 2011-12 as per the points raised by AG in addition to the interest on consumer security deposit for FY 2011-12.

The Petitioner has been requested to approve the Interest on Security Deposit of Rs. 6.18 Crores.

Commission Analysis:

The Commission observes that as per audited accounts for FY 2011-12, the Petitioner has paid interest on consumer security deposit at Rs 0.74 Crores for the year. The Commission also notes that the Petitioner has paid the interest for previous years in FY 2011-12 only. The Commission is of the view that the interest on consumer security deposit has to be claimed in the True-up of the respective years only to which the amount of interest paid pertains. Accordingly, the Commission approves Rs. 0.74 Crores for True-up of ARR for FY 2011-12.

4.13. Return on Capital Base

Petitioner Submission:

Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provides for entitlement for Returns on Capital Base/ Net Fixed Assets by utility/licensee. The Petitioner has created all of its assets from equity. It has considered normative equity equal to 30% of the total assets as per Tariff Regulations 2009. The rate of return on equity for the period as per CERC standards was 14% for FY 2011-12 for generation and transmission functions while rate of return for distribution function was to be considered higher owing to greater risks involved. For ascertaining rate of return the Petitioner has considered a nominal mark up of 2% over the applicable rate of return of 14% on generation and transmission business i.e. 16% which is also in line with the return on equity approved by the Commission in the new notified MYT Regulations.

Commission Analysis:

As per Regulation 23 of Tariff Regulations, CED is presently functioning as an integrated utility and is entitled for return on capital base. In the present Petition, while the Petitioner sought the approval of Return on Equity, keeping in view of the applicable provisions of the Tariff Regulations 2009, the Commission finds it appropriate to approve the return on capital base on basis of GFA and cumulative depreciation as on 01st April 2011 (as reflected in FAR submitted by the Petitioner) as per the Table below:

Table 4.19: Return on Capital Base approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
1	Gross block at beginning of the FY/Opening GFA or equity	-	107.92	170.21
2	Accumulated depreciation/Addition in Equity	-	1.16	40.50
3	Net block at beginning of the FY /Closing Equity	-	109.08	129.71

Sr. No.	Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
4	Accumulated consumer contribution	-	0	-
5	Net fixed assets at beginning of the FY	-	108.50	129.71
6	**Reasonable return @3% of NFA**	**0.00**	**17.36**	**3.89**

The Commission considers the Return on Capital Base of Rs. 3.89 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12.

4.14. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner submitted that in accordance with Clause 28 of Tariff Regulations 2009 the Commission may, after the generating company / licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the licensee. However, it is to be noted here that since this is the first time the Petitioner is filing True-up Petition based on the annual accounts prepared on commercial principles, the amount booked against dues from the permanently disconnected consumers' needs to be considered for provision against bad and doubtful debts to ensure that the commercial accounting practice being embarked upon by the CED starts on an even note without burdening the future financial health of the CED. Accordingly, the Petitioner proposed provision of bad debt at Rs 30.06 Crores.

Commission Analysis:

As specified in Regulation 28 of Tariff Regulations 2009 (to be read with the format):

Quote

*The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts **up to 1%** of receivables in the revenue requirement of the generating company/licensee.*

Format -18

S.No.	*Particulars*	*Amount (Rs. in Cr)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The Commission is of the view that the Tariff Regulations 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the ARR. However, it is observed that Petitioner has only created the provision for the bad debts in the audited accounts and the same has not actually been written off. As these bad debts can be recovered in the future, the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2011-12.

Table 4.20: Provision for Bad Debts approved by the Commission for True-up of FY 2011-12 (Rs. Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Provision for bad and doubtful debts	-	30.06	NIL

The Commission considers NIL amount on account of bad and doubtful debts as reasonable and approves the same for True up of FY 2011-12.

4.15. Non-Tariff Income

Petitioner Submission:

The Non-Tariff Income comprises meter rent, late payment charges, interest on staff loans, and income from trading, reconnection fee, and UI sales/Sales to Exchanges and miscellaneous income among others. The Non-Tariff Income approved by the Commission in the APR for FY 2011-12 was Rs. 10.87 Crores. However as per audited accounts actual Non-Tariff Income stands at Rs. 9.78 Crores.

Commission Analysis:

The Commission approves Non-Tariff Income at Rs 9.78 Crores as per audited accounts of FY 2011-12:

Table 4.21: Non-Tariff income approved by the Commission for True-up of FY 2011-12 (Rs Crores)

Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
Non-Tariff Income	10.87	9.78	9.78

The Commission considers the Non-Tariff Income of Rs 9.78 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12.

4.16. Revenue from Sale of Surplus Power

Petitioner Submission:

The Petitioner has submitted that it has made UI sales of Rs 33.12 Crores in FY 2011-12.

Commission Analysis:

The Commission has analyzed submission made by the Petitioner regarding UI sales and found that it has made UI sale of Rs 33.12 Crores as submitted and the same is also reflecting in the audited accounts of FY 2011-12.

The Commission considers the revenue from sale of surplus power at Rs. 33.12 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12:

4.17. Revenue at approved Retail Tariff for True-up of FY 2011-12

Petitioner Submission:

The Petitioner submitted that revenue from Tariff for FY 2011-12 was Rs. 491.85 Crores.

Commission Analysis:

The Commission has verified revenue from retail sale of power in FY 2011-12 from audited accounts and considers the revenue from sale of power at Rs 491.85 Crores as reasonable and approves the same for True-up of ARR for FY 2011-12.

4.18. Aggregate Revenue Requirement for True-up of FY 2011-12

Petitioner Submission:

The Aggregate Net Revenue Requirement as approved by the Commission in the Review of ARR for FY 2011-12 was Rs. 640.33 Crores. The Petitioner, on the basis of the True-up for FY 2011-12, requests the Commission to approve ARR of Rs. 715.87 Crores.

Commission Analysis:

The Commission, based on the detailed analysis of the expense parameters of the ARR in the preceding sections, has considered and approved the Trued-up ARR of FY 2011-12 at Rs. 644.17 Crores as given in the Table below:

Table 4.22: ARR approved by the Commission for the True-up of FY 2011-12 (Rs Crores)

SI	Particulars	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
1	Cost of power purchase for full year	618.84	611.30	611.30
2	Provision for RPO Compliance			
3	Employee costs	56.07	45.89	45.89
4	Administration and General Expenses	1.45	2.11	2.11
5	Repair and Maintenance Expenses	9.57	9.23	9.23
6	Depreciation	0.66	6.25	9.48
7	Interest and Finance charges	2.27	23.14	0.20
8	Interest on Working Capital	3.18	7.24	4.23
9	Interest on Security Deposit	1.96	6.18	0.74
10	Return on NFA /Equity	-	17.36	3.89
11	Provision for Bad Debt	-	30.06	-
12	**Total Revenue Requirement**	**693.99**	**758.76**	**687.06**
13	Less: Non-Tariff Income	10.87	9.78	9.78
14	Less: Revenue from Surplus Power Sale/UI	42.79	33.12	33.12
15	**Net Revenue Requirement**	**640.33**	**715.87**	**644.17**

4.19. Revenue Gap/ (Surplus) for True-up of FY 2011-12

Petitioner Submission:

The revenue gap approved by the Commission in the Review of ARR for FY 2011-12 was Rs. 45.93 Crores. The revenue gap calculated by the Petitioner on the basis of True-up for FY 2011-12 is Rs. 224.02 Crores. The Commission is requested to approve the revenue gap at Rs. 224.02 Crores for FY 2011-12.

Commission Analysis:

The Commission has approved Revenue Gap/(Surplus) as per the Table below:

Table 4.23: Net Revenue Gap (Rs Crores) as approved by the Commission for True-up of FY 2011-12

SI	Particular	Approved in Tariff Order dated 07th May 2012	Petitioner Submission (True-up)	Approved (True-up)
1	**Net Revenue Requirement**	**640.33**	**715.87**	**644.17**
2	Revenue from Retail Sales at Existing Tariff	594.40	491.85	491.85
3	**Net Gap / (Surplus)**	**45.93**	**224.02**	**152.32**

Keeping in view of the above, the Commission considers the True-up Revenue Gap of Rs 152.32 Crores in FY 2011-12. The Commission, in its Tariff Order dated 11th April 2014, had stated:

Quote

The Commission would like to emphasize that it has been repeatedly directing the petitioner to prepare accounts on commercial principles since issuance of 1st Tariff Order on 16th July 2011. While, the Commission acknowledges that the efforts have now been initiated by the petitioner for preparation of accounts on commercial principles, a considerable time has been lost due to delay in start of actions in this context by the petitioner.

However, in case the petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12 and FY 2012-13 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

Similarly, in its Tariff Order dated 10th April 2015, had again reiterated that:

Quote

However, in case the Petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of Petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12, FY 2012-13 and FY 2013-14 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

As the delay in filing is on the account of the Petitioner only, the Commission is not approving any carrying cost for True-up of FY 2011-12.

5. Approval of the True-up for FY 2012-13

5.1.Background

The Commission had determined the ARR for FY 2012-13 vide its order dated 07th May 2012 and subsequently carried out the Review of FY 2012-13 vide its order dated 15th April 2013. The Commission had directed the Petitioner to submit the accounts prepared on commercial principles before the Commission for truing-up of previous years in its Business Plan Order dated 28th December 2015.

The Petitioner, in their True-up Petition for FY 2012-13, has submitted the details of expenditure and revenue for FY 2012-13 based on the audited accounts for FY 2012-13. The Petitioner has provided the comparison of actual revenue and expenditure against the corresponding figures previously approved by the Commission.

In this Chapter, the Commission has analyzed all the elements of actual revenue and expenses for FY 2012-13 based on the audited accounts submitted by the Petitioner, and has carried out the True-ups of expenses and revenue with reference to the final actual figures as per the audited accounts, after prudence check and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

5.2.Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The Petitioner has submitted that the actual number of consumers for FY 2012-13 as 1,97,715 based on actuals as against 2,04,137 approved earlier by the Commission.

The total actual energy sales for FY 2012-13 as submitted by the Petitioner stands at 1376.43 MU based on actuals as against 1455.14 MU approved earlier by the Commission vide Tariff Order dated 15th April 2013.

Commission Analysis:

In the absence of any supporting documents, the Commission has considered category-wise number of consumers and connected load for FY 2012-13 as submitted by the Petitioner in Business Plan filing and subsequently used by the Commission for projection of number of consumers and connected load for the MYT Control Period.

Further, the Petitioner has submitted that the actual energy sales for FY 2012-13 is lower than that approved earlier as part of the 'Review' exercise for the year.

For the purpose of True-up, the Commission has approved the energy sales as per the actuals submitted by the Petitioner.

Accordingly, the number of consumers, connected load (kW) and sales (in MU) for the respective consumer categories as approved by the Commission for FY 2012-13 is shown in Tables below:

Table 5.1: Number of consumers approved by the Commission for True-up of FY 2012-13

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	172,549	172,549
Commercial	20,309	20,309
Large Supply	101	101
Medium Supply	1,116	1,116
Small Power	1,285	1,285
Agriculture	123	123
Public Lighting	807	807
Bulk Supply	503	503
Others Temporary Supply	922	922
Total	**197,715**	**197,715**

Table 5.2: Connected Load approved by the Commission for True-up of FY 2012-13 (in kW)

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	731,236	731,236
Commercial	326,156	326,156
Large Supply	64,023	64,023
Medium Supply	59,811	59,811
Small Power	18,754	18,754
Agriculture	707	707
Public Lighting	5,583	5,583
Bulk Supply	41,303	41,303
Others Temporary Supply	5,672	5,672
Total	**1,253,245**	**1,253,245**

Table 5.3: Sales approved by the Commission for True-up of FY 2012-13 (in MU)

Consumer Category	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Domestic	638.57	589.36	589.36
Commercial	424.24	405.91	405.91
Large Supply	142.53	136.89	136.89

Consumer Category	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Medium Supply	106.41	101.25	101.25
Small Power	21.36	20.53	20.53
Agriculture	1.49	1.41	1.41
Public Lighting	21.95	20.46	20.46
Bulk Supply	87.03	86.64	86.64
Others Temporary Supply	11.55	13.97	13.97
Total Demand/ Sale Within UT	**1455.14**	**1376.43**	**1376.43**

5.3.Intra-State Transmission and Distribution (T&D) Losses

Petitioner Submission:

The Petitioner has submitted 18.42% as the energy distribution losses for FY 2012-13 as compared to that approved by the Commission at 16.00%.

Commission Analysis:

The Commission notes that the Petitioner has not submitted any computations for arriving at the loss of 18.42%. For the purpose of True-up, the Commission has considered the net drawal at periphery as available in the UI Accounts/ Deviation Settlement Accounts (DSA) maintained by the Northern Region Power Committee. As per these accounts, the net drawal at periphery stands at 1687.22 MU. Considering actual sales of 1376.43 MU as approved above, the actual T&D loss works out to 18.42%. Accordingly, the Commission approves the intra-state transmission and distribution loss level of 18.42% as below:

Table 5.4: T&D Losses approved by the Commission for True-up of FY 2012-13 (in %age)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
T&D Losses	16.00%	18.42%	18.42%

The Commission considers the intra-state T&D loss level of 18.42% as reasonable and approves the same for True up of FY 2012-13.

The Commission would like to highlight that the Petitioner has not made any request for revisiting the loss trajectory on the basis of actuals of FY 2012-13. In absence of any representation from the Petitioner, the Commission is retaining the T&D losses at the approved levels only for the purpose of trajectory.

The Commission also notes that the Petitioner has not submitted source-wise power purchase bills and breakup of scheduled power. As the Commission is not able to validate actual per unit cost of power purchase, the Commission is not approving any penalty/incentive due to T&D Loss. The Commission directs the Petitioner to submit the month-wise and plant wise power purchase bills along with the True-ups of future years.

5.4.Energy Balance

Petitioner Submission:

Based on the actual sales and T&D losses, the energy requirement at the periphery of 1687.22 MU has been calculated. The energy availability has been computed based on the gross energy purchase and external losses incurred.

Commission Analysis:

The Commission has arrived at a gross energy availability of 1925.92 MU. The net energy available for sales to retail consumers by the Petitioner stands at 1687.22 MU as per Deviation Settlement Account (DSA). The Petitioner has also sold 192.15 MU surplus power either by open access route or by means of banking and UI. Accordingly, the external loss is calculated at 46.54 MU as difference of gross energy availability (after considering sale by mechanism of UI/Exchange/Banking) and energy available for sale at periphery. The gross energy requirement for FY 2012-13 is shown in the Table below:

Table 5.5: Energy Balance approved by the Commission for True-up of FY 2012-13 (MU)

Particulars	**Approved in Tariff Order dated 15th April 2013**	**Petitioner Submission (True-up)**	**Approved (True-up)**
ENERGY REQUIREMENT			
Energy sales in the UT	*1,460.92*	*1,376.43*	*1,376.43*
Distribution losses (%age)	*16.00%*	*18.42%*	*18.42%*
Energy required for the Territory (MU)	**1,732.30**	**1,687.22**	**1687.22**
Add: Sales to common pool consumers/ UI	*155.68*	*61.26*	*192.15*
Energy Requirement at periphery	**1,887.98**	**1748.48**	**1,879.37**
ENERGY AVAILABILITY			
Gross Energy Purchase	**1,948.10**	**1798.90**	**1925.92**
External losses (MU)	*60.12*	50.42	46.54
Net Energy Availability for sale	**1,887.98**	**1748.48**	**1,879.37**

5.5.Power Purchase Quantum & Cost for FY 2012-13

Petitioner Submission:

The Petitioner has submitted total power purchase of Rs 647.19 Crores as not submitted in Table below:

Table 5.6: Power Purchase submitted by the Petitioner for True-up of FY 2012-13 (Rs. Crores)

Source	Purchase (MU)	Total (Rs Crores)
NTPC	547.30	167.89
NHPC	216.15	72.27
BBMB	670.62	204.31
SJVNL	76.32	23.12
NPCIL	120.80	38.56
THDC	36.57	21.74
Others	120.49	44.92
PGCIL		35.20
NRPC		15.12
Total	**1788.23**	**647.19**
Net Power Purchase Cost		**647.19**

Commission Analysis:

The Petitioner neither has provided the source-wise power purchase details nor has submitted the actual power purchase bills. The Petitioner has also failed to provide the details of sale of power in Banking/Exchange. In absence of any details, the Commission has relied on the information available in the Regional Energy Accounts maintained by Northern Region Power Committee. The total power purchase cost has been taken from audited accounts provided by the Petitioner. The Commission also noted that the Petitioner did not consider the over-drawl from UI and thereby its quantum for the year is lower than that considered by the Commission. The Petitioner in its revised submission has stated that it inadvertently excluded the UI overdrawl in its calculation, however the cost of the same had been accounted for by the Petitioner in the power purchase cost and the same is as per the audited accounts for the year.

Accordingly the Commission approves following power purchase cost and quantum for True-up of FY 2012-13:

Table 5.7: Power Purchase Quantum and Cost approved for True-up of FY 2012-13

Source	Purchase (MU)	Total (Rs Crores)
NTPC Stations	541.92	172.42
NHPC Stations	216.15	72.27
NPCIL	122.97	38.56
SJVNL	76.32	23.12
BBMB	670.60	204.31
THDC	47.28	21.74
Bilateral/Power Exchange/Banking	166.11	47.58
UI (Overdrawal)	84.56	15.12
Others		52.07
Total	**1925.92**	**647.19**

Table 5.8: Summary of Power Purchase approved by the Commission for True-up of FY 2012-13

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Quantum (MU)	1948.09	1788.23	1925.92
Power Purchase Cost (Rs Cr)	616.87	647.19	647.19

The Commission also notes that the Petitioner has purchased renewable power/REC in FY 2012-13 to meet its RPO as per JERC (Procurement of Renewable Energy), 2010. The status of compliance of RPO is shown in Table below:

Table 5.9: RPO Compliance (MU) by the Petitioner in FY 2012-13

S. No.	Description	FY 2012-13
1	Sales Within State	**1376.43**
2	RPO Obligation (in MU)	**41.29**
	- Solar	*5.51*
	-Non Solar	*35.79*
3	RPO Compliance (Actual Purchase)	**-**
	- Solar	**-**
	-Non Solar	**-**
4	RPO Compliance (REC Certificate Purchase)	**55.09**
	- Solar	*2.36*
	-Non Solar	*52.73*
5	Total RPO Compliance	**55.09**
	- Solar	*2.36*
	-Non Solar	*52.73*
6	Shortfall in RPO Compliance	**(13.79)**
	- Solar	*3.15*
	-Non Solar	*(16.94)*

In its Business Plan Order dated 28th December 2015, the Commission has issued following directive to the Petitioner:

Quote

"The Commission directs that all pending RPO up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March, 2016 and no backlog would be allowed to be carried forward to the Control Period FY 2016-17 to FY 2018-19. The Commission expects that the Petitioner would give priority to obtaining physical solar and non-solar power."

Unquote

Keeping in view of above, the Commission has not considered any penalty for shortfall in the RPO Compliance for FY 2012-13. Also, as the Petitioner has not provided any detailed break-up of Power Purchases expenses, the Commission is of the view that as the cost of Renewable Energy Certificates is also included in the overall cost of Rs 647.19 Crores and hence, the Commission is not approving any additional cost on this account.

Accordingly, the Commission considers the power purchase quantum and cost of 1925.92 MU and Rs 647.19 Crores respectively as reasonable and approves the same for the True-up of ARR for FY 2012-13.

5.6.Employee Expenses

Petitioner Submission:

The Petitioner has submitted the employee expenses of Rs. 45.35 Crores for FY 2012-13 based on the actual employee expenses incurred during the entire year as reflected in audited accounts.

Further the Petitioner submitted that the actual expense is lower than the approved employee expense in the Review Order due to non-provisioning of the pensionary charge/ liability of the Board and the Leave salary pension charges. The Petitioner also requested the Commission to approve any liability arising in the later years on account of the same.

Commission Analysis:

The Commission had approved employee expenses of Rs. 56.07 Crores in the 'Review of ARR for FY 2012-13 as proposed by the Petitioner. However the Petitioner has submitted audited accounts prepared on commercial principles for the first time.

As per Regulation 8.2 (iii) of Tariff Regulations 2009, Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

The Petitioner has submitted that as per the notes to accounts prepared by the auditor, the following is stated:

Quote

"No provision has been made during the year for Pensionary Charges/ liability of the composite CED as merging units are demanding Pensionary charges @ 3.50% as per Notification whereas UT Administration has decided to pay Pensionary Liability at the rate of 0.59% on population basis. The case of pensionary liabilities has been forwarded to the Govt. of India, Ministry of Power by the PSEB, Patiala (NOW POWERCOM) for conveying the decision in this regards. The expenses with respect to Leave salary pension charges are being undertaken at the Treasury Officer, UT Chandigarh; the Department is in the process of compiling data for all type of retirement benefits and necessary provisions as per the rules shall be made as soon as the data is complied.

Unquote

The Commission further notes that the Petitioner has not provided any details of impact of its claim for Pensionary charge/liability of the Board and Leave salary pension charges. The Commission is of the view that since the Petitioner is presently working as the department of UT Administration and as the payments towards Pensionary charge/liability of the Board and Leave salary pension charges are undertaken by the Treasury Officer, UT Chandigarh and not by the department, the Commission will revisit the claim for Pensionary charge/liability of the Board and Leave salary pension charges once the department is corporatized.

Table 5.10: Employee expenses approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Salary and Allowances	48.39	43.56	43.56
Terminal Benefits	4.72	1.09	1.09
Other Salary Payments	0.40	0.70	0.70
Employee Expenses	**53.50**	**45.35**	**45.35**

The Commission considers the Employee Expenses of Rs 45.35 Crores as reasonable and approves the same for True-up of the FY 2012-13.

5.7. Administrative and General Expenses

Petitioner Submission:

The Petitioner has submitted A&G expenses of Rs. 2.31 Crores for FY 2012-13 based on the actual A&G Expense incurred during the entire year as reflected in the audited accounts.

Commission Analysis:

The Commission had approved A&G expenses of Rs. 2.31 Crores in the 'Review of ARR for FY 2012-13 as proposed by the Petitioner. However the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the A&G expense of Rs 2.31 Crores for FY 2012-13 as submitted by the Petitioner.

Table 5.11: A&G expenses approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Telephone Charges	-	0.20	0.20
Officer Expenses	0.75	0.22	0.22
Insurance	-	0.01	0.01
Regulatory Expenses (License +Petition Fees)	0.55	-	-
Consultancy Fees and Other Professional Fees	0.15	0.04	0.04
Electricity & Water Charges	0.32	0.15	0.15
Advertisement & Publicity	0.14	0.18	0.18
Legal, Professional & Special Service Charges	0.01	1.04	1.04
Expenses of CGRF (office)	-	-	-
Registration Charges -PGCIL etc.	-	-	-
A&G Expenses	**2.31**	**2.31**	**2.31**

The Commission considers the A&G Expenses of Rs 2.31 Crores as reasonable and approves the same for True up of FY 2012-13.

5.8.Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted R&M expenses of Rs. 20.33 Crores for FY 2012-13 based on the actual R&M Expense incurred during the entire year as reflected in audited accounts.

Commission Analysis:

The Commission had approved R&M expenses of Rs. 9.56 Crores in the 'Review of ARR for FY 2012-13 as submitted by the Petitioner. However, the Petitioner has now submitted audited accounts prepared on commercial principles for the first time. The Commission has noted that the Petitioner has submitted higher R&M expenses; however the Commission has gone by the amount reflected in the audited accounts for the year and thereby approves R&M expense of Rs. 8.21 Crores for FY 2012-13. Keeping in view of the above, the Commission admits the R&M expense of Rs 9.23 Crores for FY 2012-13 as submitted by the Petitioner.

Table 5.12: R&M Expenses approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
R&M Expenses	9.56	20.33	8.21

The Commission considers the R&M Expenses of Rs 8.21 Crores as reasonable and approves the same for True up of FY 2012-13.

Summary of O&M Expenses approved for FY 2012-13

The O&M expenses as submitted and approved for FY 2012-13 are shown in Table below:

Table 5.13: O&M Expenses approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
O&M Expenses	65.37	67.99	55.87

5.9. Capitalization, GFA & Depreciation

Petitioner Submission:

The Petitioner has submitted the opening GFA at Rs. 363.60 Crores, addition in GFA of Rs. 2.05 Crores and closing GFA of Rs. 365.65 Crores for FY 2012-13 on basis of the audited balance sheet. Further the Petitioner has also submitted FAR as on 31st March 2015. As per the FAR, opening GFA stands at Rs. 174.09 Crores, addition in GFA is Rs. 2.07 Crores and closing GFA of Rs. 176.17 Crores for FY 2012-13.

The Petitioner has further submitted that it has booked depreciation of Rs 27.61 Crores.

Commission Analysis:

GFA and Capitalization

The Commission in its order dated 07th May 2012 had disallowed the opening GFA in absence of the audited accounts and Fixed Asset and Depreciation Registers and gave a directive to the Petitioner to furnish the same urgently and the same was repeated year after year.

However, the Petitioner has now furnished the audited accounts and the Fixed Asset Register (FAR) for FY 2012-13. The Commission has also taken note of the fact that the Petitioner has prepared the FAR based on physical verification of Fixed Assets carried out by the Department. However, there is discrepancy in the figure of fixed assets as reflected in the audited balance sheet and the FAR. The Commission has considered the figure of

Gross Fixed Assets as reflected in the FAR as it is based on actual physical verification of assets.

Therefore, the opening GFA of Rs 174.09 Crores in accordance with the Fixed Asset Register furnished by the Petitioner, is being allowed for FY 2012-13. The addition in GFA of Rs. 2.07 Crores is considered admissible for the purpose of truing up of FY 2012-13 and the same is as per the FAR.

Table 5.14: GFA approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Opening value of GFA at beginning of the year	25.00	363.60	174.09
Additions during the year	20.50	2.05	2.07
Closing value of GFA at end of year	45.50	365.65	176.17

Depreciation

As per Regulation 26 of Tariff Regulations 2009, depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time. The same has been applied on the different asset categories as reflecting in the FAR. The detailed calculation of asset-wise depreciation for FY 2012-13 is as shown in the Table below:

Table 5.15: Asset-wise depreciation calculated for FY 2012-13 (Rs. Crores)

Sr. No	Particulars	Dep Rate (%)	FY 13					
			Opening	**Addition**	**Deletion**	**Closing**	**Average**	**Depreciation**
1	Plant & Machinery	5.28%	162.53	1.99		164.52	163.53	8.63
2	Buildings	3.34%				-	-	-
3	Vehicles	9.50%	10.30			10.30	10.30	0.98
4	Office	6.33%	-	0.01		0.01	0.01	0.00
5	Furniture and Fixtures	6.33%	-	0.02		0.02	0.01	0.00
6	Computers and Others	15%	0.16	0.05		0.21	0.18	0.03
7	Land		1.10			1.10	1.10	-
8	**Total**		**174.09**	**2.07**	-	**176.17**	**175.13**	**9.64**

The Table below captures the depreciation as submitted by the Petitioner and that approved by the Commission for FY 2012-13.

Table 5.16: Depreciation approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Depreciation	**1.86**	**27.61**	**9.64**

The Commission considers the depreciation of Rs. 9.64 Crores as reasonable and approves the same for the True-up of ARR for FY 2012-13.

5.10. Interest and Finance Charges

Petitioner Submission:

The Petitioner has submitted that the entire capital expenditure incurred by it had been funded through equity infusion by Government of India (GOI) through budgetary support without any external borrowings. As per Regulation 25 of Tariff Regulations, 2009, 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 licensee. Therefore, for the purpose of determination of ARR, the Petitioner has considered normative debt equity ratio of 70:30 for ascertaining normative loan for FY 2012-13.

For the purpose of determination of opening normative loans, the opening GFA has been considered to be funded as per normative debt: equity of 70:30 and the accumulated depreciation has been reduced from the total value of opening loan in order to ascertain the opening level of normative loan for FY 2012-13. Repayment for FY 2012-13 has been considered to be equal to the depreciation amount submitted by it. The rate of interest has been considered as SBI PLR rate as on 1st April, 2013 at 14.75%.

Commission Analysis:

As per Regulation 25 of Tariff Regulations, 2009

Quote

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

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

Unquote

The Commission would like to place reliance on Section 23 of the Tariff Regulations 2009 which is reproduced below:

Quote

"23. Debt-Equity Ratio

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

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

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

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the Tariff Regulations 2009. However, for CED, as the audited accounts are not available prior to FY 2011-12, the Commission finds it appropriate not to consider any loan for capitalization prior to FY 2011-12.

The Commission has arrived at closing normative loan of Rs 2.72 Crores for FY 2011-12 and the same has been considered as opening normative loan for FY 2012-13.

The Commission has considered an addition of Rs. 2.07 Crores in the Gross Fixed Assets for FY 2012-13 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 1.45 (70% of Rs 2.07 Crores) Crores for FY 2012-13. The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of opening loan. The calculation of the interest on the normative loan is given below.

Table 5.17: Normative Interest on loan approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission	Particulars
1	Opening Normative Loan	25.00	176.23	2.72
2	Add: Normative Loan during the year	14.35	1.44	1.45
3	Less: Normative Repayment	2.50	7.63	0.27
4	Closing Normative Loan	36.85	170.04	3.90
5	**Average Normative Loan**	30.93	173.14	3.31
6	**Rate of Interest (@SBAR rate)**	14.75%	14.75%	14.61%
7	**Interest on Normative Loan**	**4.56**	**25.54**	**0.48**

The Commission considers Interest and finance charges of Rs 0.48 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13.

5.11. Interest on Working Capital

Petitioner Submission:

The interest on working capital has been claimed in accordance with the Regulation 29 of the Tariff Regulations 2009. The SBI PLR as on 1st April 2011 is considered for computation of interest on working capital in line with the provisions of the Tariff Regulations 2009.

Commission Analysis:

As per Regulation 29 of Tariff Regulations, 2009 –

Quote

3) *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.*

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

Unquote

The Commission has considered the calculation of the different components of the working capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit has not been invested and hence, available with the Petitioner. In accordance with Clause 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers. As the Commission is separately approving the interest paid on consumer security deposit, the Commission considers the security deposit as on 31st March 2013 as fund available with the Petitioner meet the working capital requirement for FY 2012-13.

The Commission finds that by utilizing such security deposit to meet the working capital, the interest on working capital is reduced resulting in lower tariff determination which benefits consumers. Hence, the Commission has deducted this amount from the working capital requirement considered for True-up of ARR for FY 2012-13. The Commission has considered the weighted average rate SBI PLR (now replaced by SBI Advanced Rate) for the year for computation of the interest on working capital for the True-up of ARR for FY 2012-13.

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

Table 5.18: Interest on Working Capital approved by Commission for True-up of FY 2012-13 (Rs Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Cost for one month	48.38	53.93	53.93
Employee Cost for one month	4.46	3.78	3.78
A&G Expenses for one month	0.19	0.19	0.19
R&M Expenses for one month	0.80	1.69	0.68
Total Working Capital for one month	53.82	59.60	58.59
Closing Security Deposit (amount already with CED)	34.31	-	29.32
Total Working Capital considered for one month	**19.51**	**59.60**	**29.26**
Interest Rate	14.75%	14.75%	14.61%
Interest on Working Capital	**2.88**	**8.79**	**4.28**

The Commission considers the Interest on Working Capital as Rs 4.28 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13.

5.12. Interest on Security Deposit

Petitioner Submission:

Regulation 25 of Tariff Regulations, 2009, in accordance with Clause 47(4) of Electricity Act 2003 provides for Interest on Security Deposit, if any, made by the consumer with the licensee.

The actual interest paid on consumer's security deposit in FY 2012-13 stands at Rs 1.31 Crores. The Commission is requested to approve the Interest on Security Deposit of Rs. 1.31 Crores.

Commission Analysis:

The Commission observes that as per audited accounts for FY 2012-13 the Petitioner has paid interest on security deposit at Rs 1.31 Crores for the year and accordingly approves the same for True-up of ARR for FY 2012-13.

5.13. Return on Capital Base

Petitioner Submission:

Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provides for entitlement for Returns on Capital Base/ Net Fixed Assets by utility/licensee. The Petitioner has created all of its assets from equity. It has considered normative equity equal to 30% of the total assets as per Tariff Regulations 2009. For ascertaining rate of return the Petitioner has considered rate of return of 16% which is also in line with the return on equity approved by the Commission in the new notified MYT Regulations.

Commission Analysis:

CED is presently functioning as an integrated utility and is entitled for return on capital base. In the present Petition, while the Petitioner sought the approval of Return on Equity, keeping in view of the Regulation 23 of the Tariff Regulations 2009, the Commission finds it appropriate to approve the return on capital base on basis of GFA and cumulative depreciation as on 01st April 2012 (as reflected in FAR submitted by the Petitioner) as per the Table below:

Table 5.19: Return on Capital Base approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
1	Gross block at beginning of the FY/Opening GFA or equity	25	109.08	174.09
2	Accumulated depreciation/Addition	1.86	(2.01)	49.99

Sr. No.	Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
	in Equity			
3	Net block at beginning of the FY /Closing Equity	23.14	107.07	124.11
4	Accumulated consumer contribution	0-	0	0
5	Net fixed assets at beginning of the FY	23.14	107.07	124.11
6	**Reasonable return @3% of NFA**	**0.69**	**17.29**	**3.72**

The Commission considers the Return on Capital Base of Rs. 3.72 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13.

5.14. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner submitted that in accordance with Clause 28 of Tariff Regulations 2009 the Commission may, after the generating company / licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the licensee. However, it is to be noted here that since this is the first time the Petitioner is filing True-up Petition based on the annual accounts prepared on commercial principles, the amount booked against dues from the permanently disconnected consumers' needs to be considered for provision against bad and doubtful debts to ensure that the commercial accounting practice being embarked upon by the CED starts on an even note without burdening the future financial health of the CED..

Commission Analysis:

As specified in Regulation 28 of Tariff Regulations 2009 (to be read with the format):

Quote

*The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts **up to 1%** of receivables in the revenue requirement of the generating company/licensee.*

Format -18

S.No.	*Particulars*	*Amount (Rs. in Cr)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The Commission is of the view that the Tariff Regulations 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the ARR. However, it is observed that Petitioner has only created the provision for the bad debts in the audited accounts and the same has not actually been written off. As these bad debts can be recovered in the future, the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2012-13.

Table 5.20: Provision for Bad Debts approved by the Commission for True-up of FY 2012-13 (Rs. Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Provision for bad and doubtful debts	3.28	4.92	NIL

The Commission considers NIL amount on account of bad and doubtful debts as reasonable and approves the same for True up of FY 2012-13.

5.15. Non-Tariff Income

Petitioner Submission:

The Non-Tariff Income comprises meter rent, late payment charges, interest on staff loans, and income from trading, reconnection fee, and UI sales/Sales to Exchanges and miscellaneous income among others. The Non-Tariff Income approved by the Commission in the APR for FY 2012-13 was Rs. 14.63 Crores. However as per audited accounts actual Non-Tariff Income stands at Rs. 13.23 Crores.

Commission Analysis:

The Commission approves Non-Tariff Income at Rs 13.23 Crores as per audited accounts of FY 2012-13:

Table 5.21: Non-Tariff income approved by the Commission for True-up of FY 2012-13 (Rs Crores)

Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
Non-Tariff Income	14.63	13.23	13.23

The Commission considers the Non-Tariff Income of Rs 13.23 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13.

5.16. Revenue from Sale of Surplus Power

Petitioner Submission:

The Petitioner has submitted that it has made UI sales of Rs 27.03 Crores in FY 2012-13.

Commission Analysis:

The Commission has analyzed submission made by the Petitioner regarding UI sales and found that it has made UI sale of Rs 27.03 Crores as submitted and the same is also reflecting in the audited accounts of FY 2012-13.

The Commission considers the revenue from sale of surplus power at Rs. 27.03 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13:

5.17. Revenue at approved Retail Tariff for FY 2012-13

Petitioner Submission:

The Petitioner submitted that revenue from Tariff for FY 2012-13 was Rs. 602.47 Crores.

Commission Analysis:

The Commission has verified revenue from retail sale of power in FY 2012-13 from audited accounts and considers the revenue from sale of power at Rs 602.47 Crores as reasonable and approves the same for True-up of ARR for FY 2012-13.

5.18. Aggregate Revenue Requirement for True-up of FY 2012-13

Petitioner Submission:

The Aggregate Net Revenue Requirement as approved by the Commission in the Review of ARR for FY 2012-13 was Rs. 647.83 Crores. The Petitioner, on the basis of the True-up for FY 2012-13, requests the Commission to approve ARR of Rs. 760.38 Crores.

Commission Analysis:

The Commission, based on the detailed analysis of the expense parameters of the ARR in the preceding sections, has considered and approved the Trued-up ARR of FY 2012-13 at Rs. 682.23 Crores as given in the Table below:

Table 5.22: ARR approved by the Commission for the True-up of FY 2012-13 (Rs Crores)

SI	Particulars	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
1	Cost of power purchase for full year	616.87	647.19	647.19
2	Provision for RPO Compliance			
3	Employee costs	53.50	45.35	45.35
4	Administration and General Expenses	2.31	2.32	2.32
5	Repair and Maintenance Expenses	9.56	20.33	8.21
6	Depreciation	1.86	27.61	9.64
7	Interest and Finance charges	4.56	25.54	0.48
8	Interest on Working Capital	2.88	8.79	4.28
9	Interest on Security Deposit	3.26	1.31	1.31
10	Return on NFA /Equity	0.69	17.29	3.72
11	Provision for Bad Debt	3.28	4.92	-
12	**Total Revenue Requirement**	**698.77**	**800.64**	**722.50**
13	Less: Non-Tariff Income	14.63	13.23	13.23
14	Less: Revenue from Surplus Power Sale/UI	36.31	27.03	27.03
15	**Net Revenue Requirement**	**647.83**	**760.38**	**682.23**

5.19. Revenue Gap/ (Surplus) for True-up of FY 2012-13

Petitioner Submission:

The revenue surplus approved by the Commission in the Review of ARR for FY 2012-13 was Rs. 13.06 Crores. The revenue gap calculated by the Petitioner on the basis of True-up for FY 2012-13 is Rs. 157.91 Crores. The Commission is requested to approve the revenue gap at Rs. 157.91 Crores for FY 2012-13.

Commission Analysis:

The Commission has approved Revenue Gap/(Surplus) as per the Table below:

Table 5.23: Net Revenue Gap (Rs Crores) as approved by the Commission for True-up of FY 2012-13

SI	Particular	Approved in Tariff Order dated 15th April 2013	Petitioner Submission (True-up)	Approved (True-up)
1	**Net Revenue Requirement**	**647.83**	**760.38**	**682.23**
2	Revenue from Retail Sales at Existing Tariff	660.90	602.47	602.47
3	**Net Gap / (Surplus)**	**(13.07)**	**157.91**	**79.76**
4	Gap/(Surplus) for the previous year			152.32
5	Carrying Cost			-
6	**Total Gap/ (Surplus)**	**(13.07)**	**157.91**	**232.08**

Keeping in view of the above, the Commission considers the cumulative True-up Revenue Gap of Rs 232.08 Crores in FY 2012-13. In respect of the Carrying Cost for ARR Gap, the Commission, in its Tariff Order dated 11th April 2014, had stated:

Quote

The Commission would like to emphasize that it has been repeatedly directing the petitioner to prepare accounts on commercial principles since issuance of 1st Tariff Order on 16th July 2011. While, the Commission acknowledges that the efforts have now been initiated by the petitioner for preparation of accounts on commercial principles, a considerable time has been lost due to delay in start of actions in this context by the petitioner.

However, in case the petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12 and FY 2012-13 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

Similarly, in its Tariff Order dated 10th April 2015, the Commission had reiterated that:

Quote

However, in case the Petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of Petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12, FY 2012-13 and FY 2013-14 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

As the delay in filing is on the account of the Petitioner only, the Commission is not approving any carrying cost for the cumulative gap for the True-up of FY 2012-13.

6. Approval of the True-up for FY 2013-14

6.1.Background

The Commission had determined the ARR for FY 2013-14 vide its order dated 15th April 2013 and subsequently carried out the Review of FY 2013-14 vide its order dated 11th April 2014. The Commission had directed the Petitioner to submit the accounts prepared on commercial principles before the Commission for truing-up of previous years in its Business Plan Order dated 28th December 2015.

The Petitioner, in its True-up Petition for FY 2013-14, has submitted the details of expenditure and revenue for FY 2013-14 based on the audited accounts for FY 2013-14. The Petitioner has provided a comparison of actual revenue and expenditure against the respective heads previously approved by the Commission.

In this Chapter, the Commission has analyzed various elements of actual revenue and expenses for FY 2013-14 based on the audited accounts submitted by the Petitioner, and has carried out the True-ups of expenses and revenue with reference to the final actual figures as per the audited accounts, after prudence check and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

6.2.Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The total actual energy sales for FY 2013-14 as submitted by the Petitioner stands at 1423.05 MU based on actuals as against 1373.10 approved earlier by the Commission vide Tariff Order dated 11th April 2014.

Commission Analysis:

In the absence of any supporting documents, the Commission has considered category-wise number of consumers and connected load for FY 2013-14 as submitted by the Petitioner in the Business Plan filing and subsequently considered by the Commission for projection of number of consumers and connected load for the MYT Control Period.

Further, the Petitioner has submitted that the actual energy sales for FY 2013-14 is higher than that approved earlier as part of the 'Review' exercise for the year.

For the purpose of True-up, the Commission has approved the energy sales as per the actuals submitted by the Petitioner.

Accordingly, the number of consumers, connected load (kW) and sales (in MU) for the respective consumer categories as approved by the Commission for FY 2013-14 is shown in Tables below:

Table 6.1: Number of consumers approved by the Commission for True-up of FY 2013-14

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	174,407	174,407
Commercial	21,447	21,447
Large Supply	105	105
Medium Supply	1,154	1,154
Small Power	1,285	1,285
Agriculture	122	122
Public Lighting	846	846
Bulk Supply	529	529
Others Temporary Supply	737	737
Total	**200,632**	**200,632**

Table 6.2: Connected Load approved by the Commission for True-up of FY 2013-14 (in kW)

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	773,460	773,460
Commercial	360,348	360,348
Large Supply	69,671	69,671
Medium Supply	62,011	62,011
Small Power	19,015	19,015
Agriculture	715	715
Public Lighting	5,791	5,791
Bulk Supply	41,299	41,299
Others Temporary Supply	4,229	4,229
Total	**1,336,539**	**1,336,539**

Table 6.3: Sales approved by the Commission for True-up of FY 2013-14 (in MU)

Consumer Category	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Domestic	617.79	612.44	612.44
Commercial	421.44	444.65	444.65
Large Supply	118.75	121.87	121.87
Medium Supply	92.14	104.47	104.47
Small Power	17.85	21.96	21.96

Consumer Category	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Agriculture	1.44	1.54	1.54
Public Lighting	18.63	21.05	21.05
Bulk Supply	78.11	85.67	85.67
Others Temporary Supply	7	9.39	9.39
Total Demand/ Sale Within UT	**1373.14**	**1423.05**	**1423.05**

6.3.Intra-State Transmission and Distribution (T&D) Losses

Petitioner Submission:

The Petitioner has submitted 15.10% as the energy distribution losses for FY 2013-14 as compared to that approved by the Commission at 15.00%.

Commission Analysis:

The Commission notes that the Petitioner has not submitted any computations for arriving at the loss of 15.10%. For the purpose of True-up, the Commission has considered the net drawal at periphery as available in the UI Accounts/ Deviation Settlement Accounts (DSA) maintained by the Northern Region Power Committee. As per these accounts, the net drawal at periphery stands at 1676.05 MU. Considering actual sales of 1423.05 MU as approved above, the actual T&D loss works out to 15.10%. Accordingly, the Commission approves the intra-state transmission and distribution loss level of 15.10% as below:

Table 6.4: T&D Losses approved by the Commission for True-up of FY 2013-14 (in %age)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
T&D Losses	15.00%	15.10%	15.10%

The Commission considers the intra-state T&D loss level of 15.10% as reasonable and approves the same for True up of FY 2013-14.

The Commission also highlights that the Petitioner has not made any request for revisiting the loss trajectory on the basis of actuals of FY 2013-14. In absence of energy audit reports and any representation from the Petitioner, and as the actual losses are almost at par with the approved trajectory and the Commission is retaining the T&D losses at the approved levels only for the purpose of trajectory for future years.

The Commission also notes that the Petitioner has not submitted source-wise power purchase bills and breakup of scheduled power. As the Commission is not able to validate actual per unit cost of power purchase, the Commission is not approving any penalty/incentive due to T&D Loss. The Commission directs the Petitioner to submit the month-wise and source wise power purchase bills along with the future True-ups.

6.4.Energy Balance

Petitioner Submission:

Based on the actual sales and T&D losses, the energy requirement at the periphery of 1676.05 MU has been calculated. The energy availability has been computed based on the gross energy purchase and external losses incurred.

Commission Analysis:

The Commission has arrived at gross energy availability of 1804.57 MU. The net energy available for sales to retail consumers by the Petitioner stands at 1676.05 MU as per Deviation Settlement Account (DSA). The Petitioner has also sold 81.85 MU surplus power either by open access route or by means of banking and UI. Accordingly, the external loss is calculated at 46.66 MU as difference of gross energy availability (after considering sale by mechanism of UI/Exchange/Banking) and energy available for sale at periphery. The gross energy requirement for FY 2013-14 is shown in the Table below:

Table 6.5: Energy Balance approved by the Commission for True-up of FY 2013-14 (MU)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
ENERGY REQUIREMENT			
Energy sales in the UT	*1373.14*	*1423.05*	*1423.05*
Distribution losses (%age)	*15.00%*	*15.10%*	*15.10%*
Energy required for the Territory (MU)	**1615.46**	**1676.05**	**1676.05**
Add: Sales to common pool consumers/ UI	*6.57*	-	*81.85*
Energy Requirement at periphery	**1622.02**	**1676.05**	**1757.90**
ENERGY AVAILABILITY			
Gross Energy Purchase	**1678.72**	**1676.05**	**1804.57**
External losses (MU)	*56.70*		46.66
Net Energy Availability for sale	**1602.02**	**1676.05**	**1757.90**

6.5.Power Purchase Quantum & Cost for FY 2013-14

Petitioner Submission:

The Petitioner has submitted total power purchase of Rs 601.33 Crores as shown in Table below:

Table 6.6: Power Purchase submitted by the Petitioner for True-up of FY 2013-14 (Rs. Crores)

Source	Purchase (MU)	Total (Rs Crores)
NTPC	438.22	149.90
NHPC	200.50	71.61
NPCIL	122.88	36.91
SJVNL	79.38	30.86
BBMB	706.25	204.61
THDC	60.93	25.36
Others	44.34	17.52
UI (Overdrawl)		20.37
Prior Period Power Purchase		(7.99)
PGCIL Charges		34.65
NRLDC Charges		0.39
Reactive Energy		0.01
REC Cost		16.79
PSPCL Reactive Charges		0.33
Total	**1652.49**	**601.33**
Net Power Purchase Cost		**601.33**

Commission Analysis:

The Petitioner neither has provided the source-wise power purchase details nor has submitted the actual power purchase bills. The Petitioner has also failed to provide the details of sale of power in Banking/Exchange. In absence of any details, the Commission has relied on the information available in the Regional Energy Accounts maintained by Northern Region Power Committee. The total power purchase cost has been taken from audited accounts.

Accordingly the Commission approves the following power purchase cost and quantum for True-up of FY 2013-14:

Table 6.7: Power Purchase Quantum and Cost approved for True-up of FY 2013-14

Source	Purchase (MU)	Total (Rs Crores)
NTPC Stations	437.94	149.90
NHPC Stations	200.53	71.61
NPCIL	124.34	36.91
SJVNL	79.38	30.86
BBMB	706.25	204.61
THDC	60.93	25.36
Bilateral/Power Exchange/Banking	44.19	17.52
UI (Overdrawal)	151.00	20.37
Others		44.18
Total	**1804.56**	**601.33**

Table 6.8: Summary of Power Purchase approved by the Commission for True-up of FY 2013-14

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Quantum (MU)	1678.72	1652.49	1804.56
Power Purchase Cost (Rs Cr)	558.81	601.33	601.33

The Commission also notes that the Petitioner has done purchase of renewable power/REC in FY 2013-14 to meet its RPO as per JERC (Procurement of Renewable Energy), 2010. The status of compliance of RPO is shown in Table below:

Table 6.9: RPO Compliance (MU) by the Petitioner in FY 2013-14

S. No.	Description	FY 2013-14
1	Sales Within State	**1423.04**
2	RPO Obligation (in MU)	**42.69**
	- Solar	*5.69*
	-Non Solar	*37.00*
3	RPO Compliance (Actual Purchase)	**-**
	- Solar	**-**
	-Non Solar	**-**
4	RPO Compliance (REC Certificate Purchase)	**58.37**
	- Solar	*15.89*
	-Non Solar	*42.48*
5	Total RPO Compliance	**58.37**
	- Solar	*15.89*
	-Non Solar	*42.48*
6	Shortfall in RPO Compliance	**(15.68)**
	- Solar	*(10.20)*
	-Non Solar	*(5.48)*

In its Business Plan Order dated 28th December 2015, the Commission has issued following directive to the Petitioner:

Quote

"The Commission directs that all pending RPO up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March, 2016 and no backlog would be allowed to be carried forward to the Control Period FY 2016-17 to FY 2018-19. The Commission expects that the Petitioner would give priority to obtaining physical solar and non-solar power."

Unquote

Keeping in view of above, the Commission has not considered any incentive/penalty for the RPO Compliance for FY 2013-14. Also, as the Petitioner has not provided any detailed break-up of Power Purchases expenses, the Commission is of the view that as the cost of Renewable Energy Certificates is also included in the overall cost of Rs 601.33 Crores and hence, the Commission is not approving any additional cost on this account.

Accordingly, the Commission considers the power purchase quantum and cost of 1804.56 MU and Rs. 601.33 Crores respectively as reasonable and approves the same for the True-up of ARR for FY 2013-14.

6.6.Employee Expenses

Petitioner Submission:

The Petitioner has submitted the employee expenses of Rs. 51.31 Crores for FY 2013-14 based on the actual employee expenses incurred during the entire year as reflected in audited accounts.

Further the Petitioner submitted that the actual expense is lower than the approved employee expense in the Review Order due to non-provisioning of the pensionary charge/ liability of the Board and the Leave salary pension charges. The Petitioner also requested the Commission to approve any liability arising in the later years on account of the same.

Commission Analysis:

The Commission had approved employee expenses of Rs. 56.54 Crores in the 'Review of ARR for FY 2013-14 by projecting the approved Employee Expenses in the 'Review of ARR for FY 2012-13' by WPI. However the Petitioner has now submitted the audited accounts prepared on commercial principles for the first time. In view of the same the Commission admits the employee expense of Rs 51.31 Crores for FY 2013-14 as submitted by the Petitioner.

As per Regulation 8.2 (iii) of Tariff Regulations 2009, Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

The Petitioner has submitted that as per the notes to accounts prepared by the auditor, the following is stated:

Quote

"No provision has been made during the year for Pensionary Charges/ liability of the composite CED as merging units are demanding Pensionary charges @ 3.50% as per Notification whereas UT Administration has decided to pay Pensionary Liability at the rate of 0.59% on population basis. The case of pensionary liabilities has been forwarded to the Govt. of India, Ministry of Power by the PSEB, Patiala (NOW POWERCOM) for conveying the decision in this regards. The expenses with respect to Leave salary pension charges are being undertaken at the Treasury Officer, UT Chandigarh; the Department is in the process of compiling data for all type of retirement benefits and necessary provisions as per the rules shall be made as soon as the data is complied.

Unquote

The Commission further notes that the Petitioner has not provided any details of impact of its claim for Pensionary charge/liability of the Board and Leave salary pension charges. The Commission is of the view that since the Petitioner is presently working as the department of UT Administration and as the payments towards Pensionary charge/liability of the Board and Leave salary pension charges are undertaken by the Treasury Officer, UT Chandigarh and not by the department, the Commission will revisit the claim for Pensionary charge/liability of the Board and Leave salary pension charges once the department is corporatized.

Table 6.10: Employee expenses approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Salary and Allowances	51.14	49.89	49.89
Terminal Benefits	4.98	0.59	0.59
Other Salary Payments	0.42	0.82	0.82
Employee Expenses	**56.54**	**51.31**	**51.31**

The Commission considers the Employee Expenses of Rs 51.31 Crores as reasonable and approves the same for True up of FY 2013-14.

6.7. Administrative and General Expenses

Petitioner Submission:

The Petitioner has submitted A&G expenses of Rs. 3.17 Crores for the FY 2013-14 based on the actual A&G Expense incurred during the entire year as reflected in audited accounts.

Commission Analysis:

The Commission had approved A&G expenses of Rs. 2.45 Crores in the 'Review of ARR for FY 2013-14 by projecting approved A&G expenses in 'Review of ARR for FY 2012-13' by WPI. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the A&G expense of Rs 3.17 Crores for FY 2013-14 as submitted by the Petitioner.

Table 6.11: A&G expenses approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Telephone Charges		0.57	0.57
Officer Expenses	0.80	0.13	0.13
Insurance		0.02	0.02
Regulatory Expenses (License +Petition Fees)	0.58	-	-
Consultancy Fees and Other Professional Fees	0.16	-	-
Electricity & Water Charges	0.34	0.29	0.29
Advertisement & Publicity	0.15	0.19	0.19
Legal, Professional & Special Service Charges	0.01	0.69	0.69
Expenses of CGRF (office)		0.15	0.15
Registration Charges -PGCIL etc.		-	-
A&G Expenses	**2.45**	**3.17**	**3.17**

The Commission considers the A&G Expenses of Rs 3.17 Crores as reasonable and approves the same for True up of FY 2013-14.

6.8. Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted R&M expenses of Rs. 10.79 Crores for FY 2013-14 based on the actual R&M Expense incurred during the entire year as reflected in the audited accounts. The Petitioner further submitted that higher R&M expenses for FY 2013-14 and FY 2014-15 are on account of increase in GFA of the CED for the respective years. The higher R&M expenses can also be attributed to higher maintenance requirement due to ageing infrastructure of the CED.

Commission Analysis:

The Commission had approved R&M expenses of Rs. 10.11 Crores in the 'Review of ARR for FY 2013-14 by projecting the approved R&M expenses in the Review of ARR for FY 2012-13' by WPI. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the R&M expenses of Rs 10.79 Crores for FY 2013-14 as submitted by the Petitioner in the audited accounts.

Table 6.12: R&M Expenses approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
R&M Expenses	10.11	10.79	10.79

The Commission considers the R&M Expenses of Rs 10.79 Crores as reasonable and approves the same for True up of FY 2013-14.

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

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

Table 6.13: O&M Expenses approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
O&M Expenses	69.10	65.27	65.27

6.9.Capitalization, GFA & Depreciation

Petitioner Submission:

The Petitioner has submitted the opening GFA at Rs. 356.61 Crores, addition in GFA of Rs. 24.77 Crores and closing GFA of Rs. 381.37 Crores for FY 2013-14 on basis of the audited balance sheet. Further the Petitioner has also submitted Fixed Assets Register (FAR) as on 31st March 2015 based on which the opening GFA stands at Rs. 176.17 Crores, addition in GFA of Rs. 37.54 Crores and closing GFA of Rs. 213.71 Crores for FY 2013-14.

The Petitioner has further submitted that it has booked depreciation of Rs 17.79 Crores.

Commission Analysis:

GFA and Capitalization

The Commission in its order dated 07th May 2012 had disallowed the opening GFA in absence of the audited accounts and Fixed Asset and Depreciation Registers and directed the Petitioner to furnish the same urgently and which was repeated year after year.

However, the Petitioner has now furnished the audited accounts and the FAR for FY 2013-14. The Commission has also taken note of the fact that the Petitioner has prepared the FAR based on physical verification of Fixed Assets carried out by the Department. However, there is discrepancy in the figure of fixed assets as reflected in the audited balance sheet and the FAR. The Commission has considered the figure of Gross Fixed Assets as reflected in the FAR as it is based on actual physical verification of assets available.

Therefore, the opening GFA of Rs 176.17 Crores in accordance with the Fixed Asset Register furnished by the Petitioner, is being allowed for FY 2013-14. The addition in GFA of Rs. 37.54 Crores is considered admissible for the purpose of truing up of FY 2013-14 and the same is as per the FAR.

Table 6.14: GFA approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Opening value of GFA at beginning of the year	45.50	356.61	176.17
Additions during the year	12.5	24.77	37.54
Closing value of GFA at end of year	58.00	381.37	213.71

Depreciation

As per Regulation 26 of Tariff Regulations 2009, depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time. The same has been applied on the different asset categories as reflecting in the FAR. The detailed calculation of asset-wise depreciation for FY 2013-14 is as shown in the Table below:

Table 6.15: Asset-wise depreciation calculated for FY 2013-14 (Rs. Crores)

Sr. No	Particulars	Dep Rate (%)	FY 14					
			Opening	Addition	Deletion	Closing	Average	Depreciation
1	Plant & Machinery	5.28%	164.52	37.12		201.64	183.08	9.67
2	Buildings	3.34%		0.38		0.38	0.38	0.01
3	Vehicles	9.50%	10.30			10.30	10.30	0.98
4	Office	6.33%	0.01	0.02		0.04	0.02	0.00
5	Furniture and Fixtures	6.33%	0.02	0.01		0.03	0.03	0.00
6	Computers and Others	15%	0.21	0.02		0.23	0.22	0.03
7	Land		1.10			1.10	1.10	-
8	**Total**		**176.17**	**37.54**	-	**213.71**	**195.12**	**10.69**

The Table below captures the depreciation amount as submitted by the Petitioner and that approved by the Commission for FY 2013-14.

Table 6.16: Depreciation approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Depreciation	**2.73**	**17.79**	**10.69**

The Commission considers the depreciation of Rs. 10.69 Crores as reasonable and approves the same for the True-up of ARR for FY 2013-14.

6.10. Interest and Finance Charges

Petitioner Submission:

The Petitioner has submitted that the entire capital expenditure incurred by it had been funded through equity infusion by Government of India (GOI) through budgetary support without any external borrowings. As per Regulation 25 of Tariff Regulations, 2009, 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 licensee. Therefore, for the purpose of determination of ARR, the Petitioner has considered normative debt equity ratio of 70:30 for ascertaining normative loan for FY 2013-14.

For the purpose of determination of opening normative loans, the opening GFA has been considered to be funded as per normative debt: equity of 70:30 and the accumulated depreciation has been reduced from the total value of opening loan in order to ascertain the opening level of normative loan for FY 2013-14. Repayment for FY 2013-14 has been considered to be equal to the depreciation amount submitted by it. The rate of interest has been considered as SBI PLR rate as on 1st April, 2014 at 14.75%.

Commission Analysis:

As per Regulation 25 of Tariff Regulations, 2009

Quote

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

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

Unquote

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

Quote

"23. Debt-Equity Ratio

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

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

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

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the Tariff Regulations 2009. However, for CED, as the audited accounts are not available prior to FY 2011-12, the Commission finds it appropriate not to consider any loan for capitalization prior to FY 2011-12.

The Commission has arrived at closing normative loan of Rs 3.90 Crores for FY 2012-13 and the same has been considered as opening normative loan for FY 2013-14.

The Commission has considered an addition of Rs. 37.54 Crores in the Gross Fixed Assets for FY 2013-14 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 26.28 (70% of Rs 37.54 Crores) Crores for FY 2013-14. The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of opening loan. The calculation of the interest on the normative loan is given below.

Table 6.17: Normative Interest on loan approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission	Particulars
1	Opening Normative Loan	36.85	170.04	3.90
2	Add: Normative Loan during the year	8.75	17.34	26.28
3	Less: Normative Repayment	3.69	17.79	0.39
4	Closing Normative Loan	41.91	169.59	29.78
5	**Average Normative Loan**	39.38	169.82	16.84
6	**Rate of Interest (@SBAR rate)**	14.45%	14.45%	14.58%
7	**Interest on Normative Loan**	**5.69**	**24.54**	**2.46**

The Commission considers Interest and finance charges of Rs 2.46 Crores as reasonable and approves the same for True-up of ARR for FY 2013-14.

6.11. Interest on Working Capital

Petitioner Submission:

The interest on working capital has been claimed in accordance with the Regulation 29 of the Tariff Regulations 2009. The SBI PLR as on 1st April 2011 is considered for computation of interest on working capital in line with the provisions of the Tariff Regulations 2009. The Petitioner further submitted that

Quote

"It is to be noted that the clause 6.10 of Supply Code Regulations 2010, inter-alia requires that the amount of Consumer Deposit obtained from the consumer should be reviewed by the licensee, annually on the basis of consumption during the previous 12 months for L.T. consumers and half yearly on the basis of consumption during the previous six months of HT / EHT consumers. The consumers shall be required to pay an additional security deposit / shall be refunded based on the consumption during the period concerned if it exceeds / is lower than the amount of security deposit held by the licensee, by 20 percent. Accordingly, CED has booked or refunded the Additional Security Deposit of the consumers during the year FY 2013-14 and FY 2014-15. The closing consumer security deposit for FY 2013-14 and FY 2014-15 are to the tune of Rs 96.82 Crores and Rs 133.84 Crores."

Commission Analysis:

As per Regulation 29 of JERC Tariff Regulations, 2009 –

Quote

3) *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.*

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

Unquote

The Commission has considered the calculation of the different components of the working capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit has not been invested and hence, available with the Petitioner. In accordance with Clause 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers. As the Commission is separately approving the interest paid on consumer security deposit, the Commission considers the security deposit as on 31st March 2014 as fund available with the Petitioner meet the working capital requirement for FY 2013-14.

The Commission finds that by utilizing such security deposit to meet the working capital, the interest on working capital is reduced resulting in lower tariff determination which benefits consumers. Hence, the Commission has deducted this amount from the working capital requirement considered for True-up of ARR for FY 2013-14. The Commission has considered the weighted average rate SBI PLR for the year for computation of the interest on working capital for the True-up of ARR for FY 2013-14.

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

Table 6.18: Interest on Working Capital approved by Commission for True-up of FY 2013-14 (Rs Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Cost for one month	46.57	50.11	50.11
Employee Cost for one month	4.71	5.54	4.28
A&G Expenses for one month	0.20	0.19	0.26
R&M Expenses for one month	0.84	1.69	0.90
Total Working Capital for one month	52.33	55.65	55.55
Closing Security Deposit (amount already with CED)	35.12	96.82	96.82
Total Working Capital considered for one month	**17.21**	**-**	**-**
Interest Rate	14.45%	14.45%	14.58%
Interest on Working Capital	**2.49**	**-**	**-**

As the working capital requirement due to deduction of high security deposit is coming to be negative, the Commission approves NIL working capital requirement and NIL interest on working capital for True-up of ARR for FY 2013-14.

6.12. Interest on Security Deposit

Petitioner Submission:

Regulation 25 of Tariff Regulations, 2009, in accordance with Clause 47(4) of Electricity Act 2003 provides for Interest on Security Deposit, if any, made by the consumer with the licensee.

The Petitioner has applied bank rate of 8.5% on average security deposit during FY 2013-14 to arrive at security deposit for FY 2013-14 at Rs 4.87 Crores. The Commission is requested to approve the Interest on Security Deposit of Rs. 4.87 Crores.

Commission Analysis:

The Commission observes that as per audited accounts for FY 2013-14 the Petitioner has paid interest on security deposit at Rs 4.87 Crores for the year and accordingly approves the same for True-up of ARR for FY 2013-14.

6.13. Return on Capital Base

Petitioner Submission:

Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provide for entitlement for Returns on Capital Base/ Net Fixed Assets by utility/licensee. The CED has computed the Return on Capital on the assets as per its accounts. The Commission has not approved the total fixed assets of the CED in absence of the Fixed Asset Register and had directed the CED to prepare the FAR on urgent basis. The CED has already prepared the FAR and submitted the same to the Commission. Accordingly the CED has computed the Return on capital employed as per assets in its audited accounts.

Reasonable return equal to 3% of Net fixed assets after deduction of accumulated depreciation is considered for claim of Return of equity.

Commission Analysis:

The CED is presently functioning as an integrated utility and is entitled for return on capital base. Keeping in view of the Regulation 23 of the Tariff Regulations 2009, the Commission finds it appropriate to approve the return on capital base on basis of GFA and cumulative depreciation as on 01st April 2013 (as reflected in FAR submitted by the Petitioner as per the Table below:

Table 6.19: Return on Capital Base approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
1	Gross block at beginning of the FY/Opening GFA or equity	45.50	356.61	176.17
2	Accumulated depreciation/Addition in Equity	2.52	104.69	59.63
3	Net block at beginning of the FY /Closing Equity	42.98	251.92	116.54
4	Accumulated consumer contribution	0	0	0
5	Net fixed assets at beginning of the FY	42.98	251.92	116.54
6	**Reasonable return @3% of NFA**	**1.29**	**7.56**	**3.50**

The Commission considers the Return on Capital Base of Rs. 3.50 Crores as reasonable and approves the same for True-up of ARR for FY 2013-14.

6.14. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner submitted that in accordance with Clause 28 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 the Commission may, after the generating company / licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the licensee. The Petitioner further submitted that sundry debtors as on 31st March 2014 amount to 93.53 Crores. Accordingly, the CED has proposed the provision for bad and doubtful debts on 1% of the receivables for FY 2013-14 as Rs. 6.97 Crores for FY 2013-14.

Commission Analysis:

As specified in Regulation 28 of Tariff Regulations 2009 (to be read with the format):

Quote

The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts ***up to 1%*** *of receivables in the revenue requirement of the generating company/licensee.*

Format -18

S.No.	*Particulars*	*Amount (Rs. in Cr)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The Commission is of the view that the Tariff Regulations 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the ARR. However, it is observed that Petitioner has only created the provision for the bad debts in the audited accounts and the same has not actually been written off. As these bad debts can be recovered in the future, the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2013-14.

Table 6.20: Provision for Bad Debts approved by the Commission for True-up of FY 2013-14 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Provision for bad and doubtful debts	-	6.97	NIL

The Commission considers NIL amount on account of bad and doubtful debts as reasonable and approves the same for True up of FY 2013-14.

6.15. Non-Tariff Income

Petitioner Submission:

The Non-Tariff Income comprises meter rent, late payment charges, interest on staff loans, and income from trading, reconnection fee, and UI sales/Sales to Exchanges and miscellaneous income among others. The Petitioner has submitted that for FY 2013-14 actual Non-Tariff Income stands at Rs. 19.35 Crores.

Commission Analysis:

The Commission approves Non-Tariff Income at Rs 19.35 Crores as per audited accounts of FY 2013-14:

Table 6.21: Non-Tariff income approved by the Commission for True-up of FY 2013-14 (Rs Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Non-Tariff Income	15.36	19.35	19.35

The Commission considers the Non-Tariff Income of Rs 19.35 Crores as reasonable and approves the same for True-up of ARR for FY 2013-14.

6.16. Revenue from Sale of Surplus Power

Petitioner Submission:

The Petitioner has submitted that it has made UI sales of Rs 12.31 Crores in FY 2013-14.

Commission Analysis:

The Commission has analyzed the submission made by the Petitioner regarding UI sales and found that it has made UI sale of Rs 12.31 Crores as submitted and the same is also reflected in the audited accounts of FY 2013-14.

The Commission considers the revenue from sale of surplus power at Rs. 12.31 Crores as reasonable and approves the same for True-up of ARR for FY 2013-14:

6.17. Revenue at approved Retail Tariff for True-up of FY 2013-14

Petitioner Submission:

The Petitioner submitted that revenue from Tariff for FY 2013-14 was Rs. 602.17 Crores and additionally Rs 78.20 Crores was billed as FPPCA.

Commission Analysis:

The Commission has verified revenue from retail sale of power in FY 2013-14 from audited accounts and considers the revenue from sale of power at Rs 680.37 Crores as reasonable and approves the same for True-up of ARR for FY 2013-14.

6.18. Aggregate Revenue Requirement for True-up of FY 2013-14

Petitioner Submission:

The Aggregate Net Revenue Requirement as approved by the Commission in the Review of ARR for FY 2013-14 was Rs. 627.40 Crores. The Petitioner, on the basis of the True-up for FY 2013-14, requests the Commission to approve ARR of Rs. 696.66 Crores.

Commission Analysis:

The Commission, based on the detailed analysis of the expense parameters of the ARR in the preceding sections, has considered and approved the Trued-up ARR of FY 2013-14 at Rs. 682.23 Crores as given in the Table below:

Table 6.22: ARR approved by the Commission for the True-up of FY 2013-14 (Rs Crores)

SI	Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
1	Cost of power purchase for full year	558.81	601.33	601.33
2	Provision for RPO Compliance			
3	Employee costs	56.54	51.31	51.31
4	Administration and General Expenses	2.45	3.17	3.17
5	Repair and Maintenance Expenses	10.11	10.79	10.79
6	Depreciation	2.73	17.79	10.69
7	Interest and Finance charges	5.69	24.54	2.46
8	Interest on Working Capital	2.49	-	-
9	Interest on Security Deposit	2.85	4.87	4.87
10	Return on NFA /Equity	1.29	7.56	3.50
11	Provision for Bad Debt	-	6.97	-
12	**Total Revenue Requirement**	**642.96**	**728.33**	**688.11**
13	Less: Non-Tariff Income	15.36	19.35	19.35
14	Less: Revenue from Surplus Power Sale/UI	0.20	12.31	12.31
15	**Net Revenue Requirement**	**627.40**	**696.67**	**656.45**

6.19. Revenue Gap/ (Surplus) for True-up of FY 2013-14

Petitioner Submission:

The revenue surplus approved by the Commission in the Review of ARR for FY 2013-14 was Rs. 56.38 Crores. The revenue gap calculated by the Petitioner on the basis of True-up for FY 2013-14 is Rs. 16.30 Crores. The Commission is requested to approve the revenue gap at Rs. 16.30 Crores for FY 2013-14.

Commission Analysis:

The Commission has approved Revenue Gap/(Surplus) as per the Table below:

Table 6.23: Net Revenue Gap (Rs Crores) as approved by the Commission for True-up of FY 2013-14

SI	Particular	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
1	**Net Revenue Requirement**	627.40	696.67	656.45
2	Revenue from Retail Sales at Existing Tariff	683.77	680.36	680.36
3	**Net Gap / (Surplus)**	**(56.37)**	**16.30**	**(23.91)**
4	Gap/(Surplus) for the previous year			232.08
5	Carrying Cost			
6	**Total Gap/ (Surplus)**	**(56.37)**	**16.30**	**208.17**

Keeping in view of the above, the Commission considers the cumulative True-up Revenue Gap of Rs 208.17 Crores in FY 2013-14. The Commission, in its Tariff Order dated 11th April 2014, had stated:

Quote

The Commission would like to emphasize that it has been repeatedly directing the petitioner to prepare accounts on commercial principles since issuance of 1st Tariff Order on 16th July 2011. While, the Commission acknowledges that the efforts have now been initiated by the petitioner for preparation of accounts on commercial principles, a considerable time has been lost due to delay in start of actions in this context by the petitioner.

However, in case the petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12 and FY 2013-14 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

Similarly, in its Tariff Order dated 10th April 2015, the Commission had reiterated that:

Quote

However, in case the Petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of Petitioner, cannot be burdened on the consumers and therefore no carrying cost will allowed for gap for FY 2011-12, FY 2013-14 and FY 2013-14 (if any, after True-up is undertaken once the audited accounts on commercial principles are available).

Unquote

As the delay in filing is on the account of the Petitioner only, the Commission is not approving any carrying cost for cumulative gap for the True-up of FY 2013-14.

The Commission is also of the view that historically, in the absence of the audited accounts, the Commission had approved expenses and income as sought by the Petitioner. However, there has been repeated non-compliance by the Petitioner i.e. on account of delay in finalization of the audited accounts based on commercial principles and the preparation of Fixed Asset Register which prevented the Commission from ascertaining the actual expenses and revenue. This has eventually resulted in substantial disallowances over a period of time and non-recovery of the actual costs in a time bound manner.

Further, 8.1.7 of Tariff Policy 2016 provides that

Quote

"…… it is desirable that the requisite tariff changes come into effect from the date of the commencement of the each financial year and any gap on account of delay in filing should be on account of licensee."

Unquote

The Commission is of the view that had the Petitioner filed the True-up Petitions for FY 2011-12, FY 2012-13 and FY 2013-14 in the stipulated time frame, the requisite tariff changes on account of additional gaps in these years would have come into effect from the date of commencement of the respective financial years. As there was substantial delay in filing of the True-ups by the Petitioner, the Commission is of the view that resultant gap should be on account of licensee only.

The Commission is strictly of the view that while inefficiencies of the Petitioner should not be passed on to the consumers, at the same time the utility should not be devoid of its due amount. The Commission orders that the Petitioner, being a Government Department, should approach the Government to provide budgetary support to meet this approved revenue gap of Rs 208.17 Crores.

Accordingly, the Commission is not carrying forward this gap of Rs 208.17 Crores in future years.

7. Approval of the True-up for FY 2014-15

7.1.Background

The Commission had determined the ARR for FY 2014-15 vide its order dated 11th April 2014 and subsequently carried out the Review of FY 2014-15 vide its order dated 10th April 2015. The Commission had directed the Petitioner to submit the accounts prepared on commercial principles before the Commission for truing-up of previous years in its Business Plan Order dated 28th December 2015.

The Petitioner, in their True-up Petition for FY 2014-15, has submitted the details of expenditure and revenue for FY 2014-15 based on the audited accounts for FY 2014-15. The Petitioner has provided the comparison of actual revenue and expenditure against the corresponding figures previously approved by the Commission.

In this Chapter, the Commission has analyzed various elements of actual revenue and expenses for FY 2014-15 based on the audited accounts submitted by the Petitioner, and has carried out the True-ups of expenses and revenue with reference to the actual figures as per the audited accounts, after prudence check and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

7.2.Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The total actual energy sales for FY 2014-15 as submitted by the Petitioner stands at 1471.60 MU based on actuals as against 1499.32 MU approved earlier by the Commission vide Tariff Order dated 10th April 2015.

Commission Analysis:

In the absence of supporting documents from the Petitioner, the Commission has considered category-wise number of consumers and connected load for FY 2014-15 as submitted by the Petitioner in Business Plan filing and subsequently considered by the Commission for projection of number of consumers and connected load for the MYT Control Period.

Further, the Petitioner has submitted that the actual energy sales for FY 2014-15 is slightly lower than approved earlier as part of the 'Review' exercise for the year. However the same is in variance with energy sales as per the audited accounts of FY 2014-15. The Commission has considered energy sales of 1512.54 MU as per audited accounts of FY 2014-15 for the purpose of True-up.

Accordingly, the number of consumers, connected load (kW) and sales (in MU) for the respective consumer categories as approved by the Commission for FY 2014-15 is shown in Tables below:

Table 7.1: Number of consumers approved by the Commission for True-up of FY 2014-15

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	183,211	183,211
Commercial	22,143	22,143
Large Supply	108	108
Medium Supply	1,197	1,197
Small Power	1,275	1,275
Agriculture	121	121
Public Lighting	886	886
Bulk Supply	592	592
Others Temporary Supply	620	620
Total	**210,153**	**210,153**

Table 7.2: Connected Load approved by the Commission for True-up of FY 2014-15 (in kW)

Consumer Category	Petitioner Submission (Business Plan)	Approved (True-up)
Domestic	794,926	794,926
Commercial	383,574	383,574
Large Supply	71,762	71,762
Medium Supply	65,907	65,907
Small Power	19,268	19,268
Agriculture	722	722
Public Lighting	5,956	5,956
Bulk Supply	41,464	41,464
Others Temporary Supply	3,510	3,510
Total	**1,387,088**	**1,387,088**

Table 7.3: Sales approved by the Commission for True-up of FY 2014-15 (in MU)

Consumer Category	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Domestic	697.57	656.00	688.97
Commercial	479.18	460.00	468.13
Large Supply	101.66	117.00	117.09
Medium Supply	97.9	21.00	20.53
Small Power	18.97	104.00	103.75

Consumer Category	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Agriculture	1.61	1.60	1.61
Public Lighting	18.51	22.00	20.36
Bulk Supply	77.24	83.00	83.61
Others Temporary Supply	5.69	7.00	8.50
Total Demand/ Sale Within UT	**1499.32**	**1471.60**	**1512.54**

7.3.Intra-State Transmission and Distribution (T&D) Losses

Petitioner Submission:

The Petitioner has submitted the energy distribution losses as 15.17% for FY 2014-15 as compared to 14% approved by the Commission.

Commission Analysis:

The Commission notes that the Petitioner has not submitted any computations for arriving at the loss of 15.17%. For the purpose of True-up, the Commission has considered the net drawal at periphery as available in the UI Accounts/ Deviation Settlement Accounts (DSA) maintained by the Northern Region Power Committee. As per these accounts, the net drawal at periphery stands at 1734.70 MU. Considering actual sales of 1512.54 MU as approved above, the actual T&D loss is worked out to 12.81%. Accordingly, the Commission approves the intra-state transmission and distribution loss level of 12.81% as below:

Table 7.4: T&D Losses approved by the Commission for True-up of FY 2014-15 (in %age)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
T&D Losses	14.00%	15.17%	12.81%

The Commission considers the intra-state T&D loss level of 12.81% as reasonable and approves the same for True up of FY 2014-15.

The Commission highlights that the Petitioner has not made any request for revisiting the loss trajectory on the basis of actuals of FY 2014-15. In absence of energy audit reports and any representation from the Petitioner, the Commission is retaining the T&D losses at the approved levels only for the purpose of trajectory for future years.

The Commission also notes that the Petitioner has not submitted plant-wise power purchase bills and breakup of scheduled power. As the Commission is not able to validate actual per unit cost of power purchase, the Commission is not approving any penalty/incentive towards T&D Loss. The Commission directs the Petitioner to submit the month-wise and plant wise power purchase bills along with the True-ups of future years.

7.4. Energy Balance

Petitioner Submission:

Based on the actual sales and T&D losses, the energy requirement at the periphery of 1734.70 MU has been calculated. The energy availability has been computed based on the gross energy purchased and external losses incurred.

Commission Analysis:

The Commission has arrived at the gross energy availability of 1839.69 MU. The net energy available for sales to retail consumers is 1734.70 MU as per Deviation Settlement Account (DSA) as against the submission of 1734.76 MU by the Petitioner. The Petitioner has also sold 60.14 MU surplus power either by open access route or by means of banking and UI as per REA. Accordingly, the external loss is calculated at 44.85 MU as difference of gross energy availability (after considering sale by mechanism of UI/Exchange/Banking) and energy available for sale at periphery. The gross energy requirement for FY 2014-15 is shown in the Table below:

Table 7.5: Energy Balance approved by the Commission for True-up of FY 2014-15 (MU)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
ENERGY REQUIREMENT			
Energy sales in the UT	1,499.32	1,471.60	1512.54
Distribution losses (%age)	14.00%	15.17%	12.81%
Energy required for the Territory (MU)	**1,743.40**	**1,734.76**	**1734.70**
Add: Sales to common pool consumers/ UI	68.39	-	60.14
Energy Requirement at periphery	**1,811.79**	**1,734.76**	**1794.84**
ENERGY AVAILABILITY			
Gross Energy Purchase	**1,882.97**	**1,734.76**	**1839.69**
External losses (MU)	71.18		44.85
Net Energy Availability for sale	**1,811.79**	**1,734.76**	**1794.84**

7.5. Power Purchase Quantum & Cost for FY 2014-15

Petitioner Submission:

The Petitioner has submitted total power purchase of Rs 701.58 Crores as shown in Table below:

Table 7.6: Power Purchase submitted by the Petitioner for True-up of FY 2014-15 (Rs. Crores)

Source	Purchase (MU)	Total (Rs Crores)
NTPC	446.89	146.53
NHPC	215.38	63.15
NPCIL	97.19	27.89
SJVNL	62.26	22.81
BBMB	668.26	237.84
THDC	36.19	34.03
Others	67.39	25.06
UI (Overdrawl)	237.39	96.27
Prior Period Power Purchase		
PGCIL Charges		34.87
NRLDC Charges		1.99
Reactive Energy		0.46
REC Cost		10.68
PSPCL Reactive Charges		0.0
Total	**1830.85**	**701.58**
Net Power Purchase Cost		**701.58**

Commission Analysis:

The Petitioner neither has provided the plant-wise power purchase details nor has submitted the actual power purchase bills. In absence of any details, the Commission has relied on the information available in the Regional Energy Accounts maintained by Northern Region Power Committee. The total power purchase cost has been taken from the audited accounts as submitted by the Petitioner.

Accordingly the Commission approves the following power purchase cost and quantum for True-up of FY 2014-15:

Table 7.7: Power Purchase Quantum and Cost approved for True-up of FY 2014-15

Source	Purchase (MU)	Total (Rs Crores)
NTPC Stations	424.41	146.53
NHPC Stations	216.02	63.15
NPCIL	99.40	27.89
SJVNL	62.49	22.81
BBMB	668.66	237.84
THDC	36.19	34.03
Bilateral/Power Exchange/Banking	95.23	25.06
UI (Overdrawal)	237.29	96.27
Others		48.00
Total	**1839.69**	**701.58**

Table 7.8: Summary of Power Purchase approved by the Commission for True-up of FY 2014-15

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Quantum (MU)	1882.96	1830.85	1839.69
Power Purchase Cost (Rs Cr)	645.67	701.58	701.58

The Commission also notes that the Petitioner has done purchase of renewable power/REC in FY 2014-15 to meet its RPO as per JERC (Procurement of Renewable Energy), 2010. The status of compliance of RPO is shown in Table below:

Table 7.9: RPO Compliance (MU) by the Petitioner in FY 2014-15

S. No.	Description	FY 2014-15
1	Sales Within State	**1,512.54**
2	RPO Obligation (in MU)	**49.91**
	- Solar	*9.08*
	-Non Solar	*40.84*
3	RPO Compliance (Actual Purchase)	**-**
	- Solar	-
	-Non Solar	-
4	RPO Compliance (REC Certificate Purchase)	**45.14**
	- Solar	*8.54*
	-Non Solar	*36.60*
5	Total RPO Compliance	**45.14**
	- Solar	*8.54*
	-Non Solar	*36.60*
6	Shortfall in RPO Compliance	**4.77**
	- Solar	*0.54*
	-Non Solar	*4.24*

In its Business Plan Order dated 28th December 2015, the Commission has issued following directive to the Petitioner:

Quote

"The Commission directs that all pending RPO up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March, 2016 and no backlog would be allowed to be carried forward to the Control Period FY 2016-17 to FY 2018-19. The Commission expects that the Petitioner would give priority to obtaining physical solar and non-solar power."

Unquote

Keeping in view of above, the Commission has not considered any penalty for shortfall in the RPO Compliance for FY 2014-15. Also, as the Petitioner has not provided any detailed break-up of Power Purchases expenses, the Commission is of the view that as the cost of

Renewable Energy Certificates is also included in the overall cost of Rs 701.58 Crores and hence, the Commission is not approving any additional cost on this account.

Accordingly, the Commission considers the power purchase quantum and cost of 1839.69 MU and Rs. 701.58 Crores respectively as reasonable and approves the same for the True-up of ARR for FY 2014-15.

7.6.Employee Expenses

Petitioner Submission:

The Petitioner has submitted the employee expenses of Rs. 60.06 Crores for FY 2014-15 based on the actual employee expenses incurred during the entire year as reflected in audited account.

Further, the Petitioner submitted that the actual expenses are lower than the approved employee expense in the Review Order due to non-provisioning of the pensionary charge/ liability of the Board and the Leave salary pension charges. The Petitioner also has requested the Commission, to approve any liability arising in later years on account of the same.

Commission Analysis:

The Commission had approved employee expenses of Rs. 58.65 Crores in the 'Review of ARR for FY 2014-15 as submitted by the Petitioner. However the Petitioner has submitted audited accounts prepared on commercial principles for the first time. In view of the same the Commission admits the employee expenses of Rs 60.06 Crores for FY 2014-15 as submitted by the Petitioner.

As per Regulation 8.2 (iii) of Tariff Regulations 2009, Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

The Petitioner has submitted that as per the notes to accounts prepared by the auditor, the following is stated:

Quote

"No provision has been made during the year for Pensionary Charges/ liability of the composite CED as merging units are demanding Pensionary charges @ 3.50% as per Notification whereas UT Administration has decided to pay Pensionary Liability at the rate of 0.59% on population basis. The case of pensionary liabilities has been forwarded to the Govt. of India, Ministry of Power by the PSEB, Patiala (NOW POWERCOM) for conveying the decision in this regards. The expenses with respect to Leave salary pension charges are being undertaken at the Treasury Officer, UT Chandigarh; the Department is in the process of

compiling data for all type of retirement benefits and necessary provisions as per the rules shall be made as soon as the data is complied.

Unquote

The Commission further notes that the Petitioner has not provided any details of impact of its claim for Pensionary charge/liability of the Board and Leave salary pension charges. The Commission is of the view that since the Petitioner is presently working as the department of UT Administration and as the payments towards Pensionary charge/liability of the Board and Leave salary pension charges are undertaken by the Treasury Officer, UT Chandigarh and not by the department, the Commission will revisit the claim for Pensionary charge/liability of the Board and Leave salary pension charges once the department is corporatized.

Table 7.10: Employee expenses approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Salary and Allowances	57.81	57.63	57.63
Terminal Benefits	0.83	0.95	0.95
Other Salary Payments	-	1.48	1.48
Employee Expenses	**58.65**	**60.06**	**60.06**

The Commission considers the Employee Expenses of Rs 60.06 Crores as per audited accounts as reasonable and approves the same for True up of FY 2014-15.

7.7.Administrative and General Expenses

Petitioner Submission:

The Petitioner has submitted A&G expenses of Rs. 3.42 Crores for FY 2014-15 based on the actual A&G Expense incurred during the entire year as reflected in audited accounts. A&G expenses claimed by the Petitioner for the FY 2014-15 are exclusive of provision of bad debts considered in the annual accounts.

Commission Analysis:

The Commission had approved A&G expenses of Rs. 2.58 Crores in the 'Review of ARR for FY 2014-15 by projecting approved A&G expenses in 'Review of ARR for FY 2013-14' by WPI. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the A&G expenses of Rs 3.42 Crores for FY 2014-15 as per the audited accounts submitted by the Petitioner.

Table 7.11: A&G expenses approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Telephone Charges	-	0.32	0.32
Officer Expenses	0.84	0.27	0.27
Insurance	-	0.02	0.02
Regulatory Expenses (License +Petition Fees)	0.62	0.28	0.28
Consultancy Fees and Other Professional Fees	0.17	-	-
Electricity & Water Charges	0.36	0.25	0.25
Advertisement & Publicity	0.15	0.24	0.24
Legal, Professional & Special Service Charges	0.01	0.87	0.87
Expenses of CGRF (office)	-	0.25	0.25
Registration Charges -PGCIL etc.	-	-	-
A&G Expenses	**2.58**	**3.42**	**3.42**

The Commission considers the A&G Expenses of Rs 3.42 Crores as reasonable and approves the same for True up of FY 2014-15.

7.8.Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted R&M expenses of Rs. 13.60 Crores for FY 2014-15 based on the actual R&M Expense incurred during the entire year as reflected in audited account. The Petitioner further submitted that higher R&M expenses for FY 2014-15 and FY 2014-15 are on account of increase in GFA of the CED for the respective years. The higher R&M expenses can also be attributed to higher maintenance requirement due to ageing infrastructure of the CED.

Commission Analysis:

The Commission had approved R&M expenses of Rs. 10.68 Crores in the 'Review of ARR for FY 2014-15 by projecting the approved R&M expenses in the Review of ARR for FY 2013-14' by WPI. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. Keeping in view of the above, the Commission admits the R&M expenses of Rs 13.60 Crores for FY 2014-15 as per the audited accounts submitted by the Petitioner.

Table 7.12: R&M Expenses approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
R&M Expenses	10.68	13.60	13.60

The Commission considers the R&M Expenses of Rs 13.60 Crores as reasonable and approves the same for True up of FY 2014-15.

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

The O&M expenses as submitted and approved for FY 2014-15 is shown in Table below:

Table 7.13: O&M Expenses approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
O&M Expenses	71.91	77.08	77.08

7.9.Capitalization, GFA & Depreciation

Petitioner Submission:

The Petitioner has submitted the opening GFA at Rs. 381.37 Crores, addition in GFA of Rs. 10.19 Crores and closing GFA of Rs. 391.56 Crores for FY 2014-15 on basis of audited balance sheet. Further the Petitioner has also submitted Fixed Assets Register (FAR) as on 31st March 2015 based on which the opening GFA stands at Rs. 213.71 Crores, addition in GFA of Rs. 16.59 Crores and closing GFA of Rs. 230.30 Crores for FY 2014-15

The Petitioner has further submitted that it has booked depreciation of Rs 19.77 Crores.

Commission Analysis:

GFA and Capitalization

The Commission in its Order dated 07th May 2012 had disallowed the opening GFA in absence of the audited accounts and Fixed Asset and Depreciation Registers and gave a directive to the Petitioner to furnish the same urgently and the same was repeated year after year.

However, the Petitioner has now furnished the audited accounts and the Fixed Asset Register (FAR) for FY 2014-15. The Commission has also taken note of the fact that the Petitioner has prepared the FAR based on physical verification of Fixed Assets carried out by the Department. However, there is discrepancy in the figure of fixed assets as reflected in the audited balance sheet and the FAR. The Commission has considered the figure of Gross Fixed Assets as reflected in the FAR as it is based on actual physical verification of assets.

Therefore, the opening GFA of Rs 213.71 Crores in accordance with the Fixed Asset Register furnished by the Petitioner, is being allowed for FY 2014-15. The addition in GFA of Rs. 16.59 Crores is considered admissible for the purpose of truing up of FY 2014-15 and the same is as per the FAR.

Table 7.14: GFA approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner Submission (True-up)	Approved (True-up)
Opening value of GFA at beginning of the year	58.00	381.37	213.71
Additions during the year	7.64	10.20	16.59
Closing value of GFA at end of year	**65.64**	**391.57**	**230.30**

Depreciation

As per Regulation 26 of Tariff Regulations 2009, depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time. The same has been applied on the different asset categories as reflecting in the FAR. The calculation of asset-wise depreciation for FY 2014-15 is as shown in the Table below:

Table 7.15: Asset-wise depreciation calculated for FY 2014-15 (Rs. Crores)

Sr. No	Particulars	Dep Rate (%)	FY 15					
			Opening	Addition	Deletion	Closing	Average	Depreciation
1	Plant & Machinery	5.28%	201.64	15.94		217.58	209.61	11.07
2	Buildings	3.34%		0.64		0.64	0.64	0.02
3	Vehicles	9.50%	10.67			10.67	10.67	1.01
4	Office	6.33%	0.04	-		0.04	0.04	0.00
5	Furniture and Fixtures	6.33%	0.03	-		0.03	0.03	0.00
6	Computers and Others	15%	0.23	-		0.23	0.23	0.03
7	Land		1.10			1.10	1.10	-
8	**Total**		**213.71**	**16.59**	**-**	**230.30**	**222.32**	**12.14**

The Table below captures the depreciation as submitted by the Petitioner and that approved by the Commission for FY 2014-15.

Table 7.16: Depreciation approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Depreciation	**3.26**	**19.77**	**12.14**

The Commission considers the depreciation of Rs. 12.14 Crores as reasonable and approves the same for the True-up of ARR for FY 2014-15.

7.10. Interest and Finance Charges

Petitioner Submission:

The Petitioner has submitted that the entire capital expenditure incurred by it had been funded through equity infusion by Government of India (GOI) through budgetary support without any external borrowings. As per Regulation 25 of Tariff Regulations, 2009, 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 licensee. Therefore, for the purpose of determination of ARR, the Petitioner has considered normative debt equity ratio of 70:30 for ascertaining normative loan for FY 2014-15.

For the purpose of determination of opening normative loans, the opening GFA has been considered to be funded as per normative debt: equity of 70:30 and the accumulated depreciation has been reduced from the total value of opening loan in order to ascertain the opening level of normative loan for FY 2014-15. Repayment for FY 2014-15 has been considered to be equal to the depreciation amount submitted by it. The rate of interest has been considered as SBI PLR rate as on 1st April, 2015 at 14.75%.

Commission Analysis:

As per Regulation 25 of Tariff Regulations, 2009

Quote

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

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

Unquote

The Commission would like to place reliance on Regulation 23 of the Tariff Regulations 2009 which is reproduced below:

Quote

"23. Debt-Equity Ratio

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

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

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

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the Tariff Regulations 2009. However, for CED, as the audited accounts are not available prior to FY 2011-12, the Commission finds it appropriate not to consider any loan for capitalization prior to FY 2011-12.

The Commission has arrived at closing normative loan of Rs 29.78 Crores for FY 2013-14 and the same has been considered as opening normative loan for FY 2014-15.

The Commission has considered an addition of Rs. 16.59 Crores in the Gross Fixed Assets for FY 2014-15 which are considered funded through normative debt to the tune of 70%. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 11.61 (70% of Rs 16.59 Crores) Crores for FY 2014-15. The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of opening loan. The calculation of the interest on the normative loan is given below.

Table 7.17: Normative Interest on loan approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission	Particulars
1	Opening Normative Loan	41.91	169.59	29.78
2	Add: Normative Loan during the year	5.35	7.14	11.61
3	Less: Normative Repayment	3.26	19.77	2.98
4	Closing Normative Loan	44.00	156.96	38.42
5	**Average Normative Loan**	42.96	163.28	34.10

Sr. No.	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission	Particulars
6	Rate of Interest (@SBAR rate)	14.75%	14.75%	14.75%
7	Interest on Normative Loan	6.34	24.08	5.03

The Commission considers Interest and finance charges of Rs 5.03 Crores as reasonable and approves the same for True-up of ARR for FY 2014-15.

7.11. Interest on Working Capital

Petitioner Submission:

The interest on working capital has been claimed in accordance with the Regulation 29 of the Tariff Regulations 2009. The SBI PLR as on 1st April 2011 is considered for computation of interest on working capital in line with the provisions of the Tariff Regulations 2009. The Petitioner further submitted that

Quote

"It is to be noted that the clause 6.10 of Supply Code Regulations 2010, inter-alia requires that the amount of Consumer Deposit obtained from the consumer should be reviewed by the licensee, annually on the basis of consumption during the previous 12 months for L.T. consumers and half yearly on the basis of consumption during the previous six months of HT / EHT consumers. The consumers shall be required to pay an additional security deposit / shall be refunded based on the consumption during the period concerned if it exceeds / is lower than the amount of security deposit held by the licensee, by 20 percent. Accordingly, CED has booked or refunded the Additional Security Deposit of the consumers during the year FY 2014-15 and FY 2014-15. The closing consumer security deposit for FY 2014-15 and FY 2014-15 are to the tune of Rs 96.82 Crores and Rs 133.84 Crores."

Commission Analysis:

As per Regulation 29 of Tariff Regulations, 2009 –

Quote

3) *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.

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

Unquote

The Commission has considered the calculation of various components of the working capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit has not been invested and hence, available with the Petitioner. In accordance with Clause 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers. As the Commission is separately approving the interest paid on consumer security deposit, the Commission considers the security deposit amount as on 31st March 2015 as fund available with the Petitioner meet the working capital requirement for FY 2014-15.

The Commission finds that by utilizing such security deposit amount to meet the working capital, the interest on working capital is reduced resulting in lower tariff determination which benefits consumers. Hence, the Commission has reduced this amount from the working capital requirement considered for True-up of ARR for FY 2014-15. The Commission has considered the weighted average rate SBI PLR (which is now replaced by SBI Advance Rate) for the year for computation of the interest on working capital for the True-up of ARR for FY 2014-15.

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

Table 7.18: Interest on Working Capital approved by Commission for True-up of FY 2014-15 (Rs Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Power Purchase Cost for one month	53.81	58.47	58.47
Employee Cost for one month	4.89	5.01	5.01
A&G Expenses for one month	0.21	0.29	0.29
R&M Expenses for one month	0.89	1.13	1.13
Total Working Capital for one month	59.80	64.89	64.89
Closing Security Deposit (amount already with CED)	35.55	133.84	133.84

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Total Working Capital considered for one month	24.25	-	-
Interest Rate	14.75%	14.75%	14.75%
Interest on Working Capital	3.58	_	_

As the working capital requirement due to deduction of high security deposit is coming to be negative, the Commission approves NIL working capital requirement and NIL interest on working capital for True-up of ARR for FY 2014-15.

7.12. Interest on Security Deposit

Petitioner Submission:

Regulation 25 of Tariff Regulations, 2009, in accordance with Clause 47(4) of Electricity Act 2003 provides for Interest on Security Deposit, if any, made by the consumer with the licensee.

The Petitioner has applied bank rate of 8.75% on average security deposit made by the consumers during FY 2014-15 to arrive at security deposit for FY 2014-15 at Rs 11.30 Crores. The Commission is requested to approve the Interest on Security Deposit of Rs. 11.30 Crores.

Commission Analysis:

The Commission observes that as per audited accounts for FY 2014-15 the Petitioner has paid interest on security deposit at Rs 11.30 Crores for the year and accordingly approves the same for True-up of ARR for FY 2014-15.

7.13. Return on Capital Base

Petitioner Submission:

Regulation 23 (2) and Regulation 24 of Tariff Regulations 2009 provide for entitlement for Returns on Capital Base/ Net Fixed Assets by utility/licensee. The CED has computed the Return on Capital on the assets as per its accounts. The Commission has not approved the total fixed assets of the CED in absence of the Fixed Asset Register and had directed the CED to prepare the FAR on urgent basis. The CED has already prepared FAR and submitted the same to the Commission. Accordingly the CED has computed the Return on capital employed as per assets in its audited accounts.

Reasonable return equal to 3% of Net fixed assets after deduction of accumulated depreciation is considered for claim of Return of equity.

Commission Analysis:

CED is presently functioning as an integrated utility and is entitled for return on capital base. Keeping in view of the applicable provisions of the Tariff Regulations 2009, the Commission finds it appropriate to approve the return on capital base on basis of GFA and cumulative depreciation as on 01st April 2014 (as reflected in FAR submitted by the Petitioner as per the Table below:

Table 7.19: Return on Capital Base approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
1	Gross block at beginning of the FY/Opening GFA or equity	58.00	381.37	213.71
2	Accumulated depreciation/Addition in Equity	5.25	122.62	70.32
3	Net block at beginning of the FY /Closing Equity	52.75	258.75	143.39
4	Accumulated consumer contribution	0	0	0
5	Net fixed assets at beginning of the FY	52.75	258.75	143.39
6	**Reasonable return @3% of NFA**	**1.58**	**7.76**	**4.30**

The Commission considers the Return on Capital Base of Rs. 4.30 Crores as reasonable and approves the same for True-up of ARR for FY 2014-15.

7.14. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner submitted that in accordance with Clause 28 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 the Commission may, after the generating company / licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the licensee. The Petitioner further submitted that sundry debtors as on 31st March 2014 amount to 99.54 Crores. Accordingly, the CED has proposed the provision for bad and doubtful debts on 1% of the receivables for FY 2014-15 as Rs. 8.24 Crores for FY 2014-15.

Commission Analysis:

As specified in Regulation 28 of Tariff Regulations 2009 (to be read with the format):

Quote

*The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts **up to 1%** of receivables in the revenue requirement of the generating company/licensee.*

Format -18

S.No.	*Particulars*	*Amount (Rs. in Cr)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The Commission is of the view that the Tariff Regulations 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the ARR. However, it is observed that Petitioner has only created the provision for the bad debts in the audited accounts and the same has not actually been written off. As these bad debts can be recovered in the future, the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2014-15.

Table 7.20: Provision for Bad Debts approved by the Commission for True-up of FY 2014-15 (Rs. Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Provision for bad and doubtful debts	-	8.24	NIL

The Commission considers NIL amount on account of bad and doubtful debts as reasonable and approves the same for True up of FY 2014-15.

7.15. Non-Tariff Income

Petitioner Submission:

The Non-Tariff Income comprises meter rent, late payment charges, interest on staff loans, and income from trading, reconnection fee, and UI sales/Sales to Exchanges and miscellaneous income among others. The Petitioner has submitted that for FY 2014-15 actual Non-Tariff Income stands at Rs. 22.21 Crores.

Commission Analysis:

The Commission approves Non-Tariff Income at Rs 22.21 Crores as per the audited accounts of FY 2014-15:

Table 7.21: Non-Tariff income approved by the Commission for True-up of FY 2014-15 (Rs Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
Non-Tariff Income	17.82	22.21	22.21

The Commission considers the Non-Tariff Income of Rs 22.21 Crores as reasonable and approves the same for True-up of ARR for FY 2014-15.

7.16. Revenue from Sale of Surplus Power

Petitioner Submission:

The Petitioner has submitted that it has made UI sales (surplus power) of Rs 4.09 Crores in FY 2014-15.

Commission Analysis:

The Commission has analyzed the submission made by the Petitioner regarding UI sales and found that it has made UI sale of Rs 4.09 Crores as submitted and the same is also reflected in the audited accounts of FY 2014-15.

The Commission considers the revenue from sale of surplus power at Rs. 4.09 Crores as reasonable and approves the same for True-up of ARR for FY 2014-15:

7.17. Revenue at approved Retail Tariff for True-up of FY 2014-15

Petitioner Submission:

The Petitioner submitted that revenue from Tariff for FY 2014-15 was Rs. 624.97 Crores and additionally Rs 16.34 Crores was billed as FPPCA.

Commission Analysis:

The Commission has verified revenue from retail sale of power in FY 2014-15 from audited accounts and considers the revenue from sale of power at Rs 641.31 Crores as reasonable and approves the same for True-up of ARR for FY 2014-15.

7.18. Aggregate Revenue Requirement for True-up of FY 2014-15

Petitioner Submission:

The Aggregate Net Revenue Requirement as approved by the Commission in the Review of ARR for FY 2014-15 was Rs. 711.47 Crores. The Petitioner, on the basis of the True-up for FY 2014-15, requests the Commission to approve the ARR of Rs. 823.53 Crores.

Commission Analysis:

The Commission, based on the analysis of the expense parameters of the ARR in the preceding sections, has considered and approved the Trued-up ARR of FY 2014-15 at Rs. 785.14 Crores as given in the Table below:

Table 7.22: ARR approved by the Commission for the True-up of FY 2014-15 (Rs Crores)

SI	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
1	Cost of power purchase for full year	645.67	701.59	701.59
2	Provision for RPO Compliance			
3	Employee costs	58.65	60.06	60.06
4	Administration and General Expenses	2.58	3.42	3.42
5	Repair and Maintenance Expenses	10.68	13.60	13.60
6	Depreciation	3.26	19.77	12.14
7	Interest and Finance charges	6.34	24.08	5.03
8	Interest on Working Capital	3.58	-	-
9	Interest on Security Deposit	2.98	11.30	11.30
10	Return on NFA /Equity	1.58	7.76	4.30
11	Provision for Bad Debt	3.54	8.24	-
12	**Total Revenue Requirement**	**738.86**	**849.82**	**811.44**
13	Less: Non-Tariff Income	17.82	22.21	22.21
14	Less: Revenue from Surplus Power Sale/UI	9.57	4.09	4.09
15	**Net Revenue Requirement**	**711.47**	**823.53**	**785.14**

7.19. Revenue Gap/ (Surplus) for True-up of FY 2014-15

Petitioner Submission:

The revenue surplus approved by the Commission in the Review of ARR for FY 2014-15 was Rs. 12.66 Crores. The revenue gap calculated by the Petitioner on the basis of True-up for FY 2014-15 is Rs. 182.22 Crores. The Commission is requested to approve the revenue gap at Rs. 182.22 Crores for FY 2014-15.

Commission Analysis:

The Commission has approved Revenue Gap/(Surplus) as per the Table below:

Table 7.23: Net Revenue Gap (Rs Crores) as approved by the Commission for True-up of FY 2014-15

SI	Particular	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
1	**Net Revenue Requirement**	**711.47**	**823.53**	**785.14**
2	Revenue from Retail Sales at Existing Tariff	724.13	641.31	641.31
3	**Net Gap / (Surplus)**	**(12.66)**	**182.22**	**143.83**
4	Gap/(Surplus) for the previous year			-
5	Carrying Cost			
6	**Total Gap/ (Surplus)**	**(12.66)**	**182.22**	**143.83**

Keeping in view of the above, the Commission considers the True-up Revenue Gap of Rs 143.83 Crores in FY 2014-15. The carrying cost on the revenue gap of FY 2014-15 has been adjusted in the revenue gap of the next year i.e. revenue gap of FY 2015-16.

8. Approval of the Review of FY 2015-16

8.1.Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The Petitioner has submitted the revised estimates of sales at 1510 MU for FY 2015-16 as compared to 1555 MU approved in the Tariff Order dated 10th April 2015 for FY 2015-16. The actual energy sales in the Petitioner periphery in the first six months of the FY 2015-16 was 768.61 MU. The sales estimated for the whole year and approved by the Commission in the Tariff Order dated 10th April 2015 are given in the Table below:

Table 8.1: Energy Sales (in MU) submitted by the Petitioner for review of FY 2015-16

S No	Categories	Approved as per T.O dated 10th April 2015	Actual 6 months	Estimated for full year
1.	Domestic	732.44	337.34	667.00
2.	Commercial	493.55	237.78	485.00
3.	Large Supply	101.66	69.00	120.00
4.	Medium Supply	97.9	56.01	103.75
5.	Small Power	18.97	10.00	20.52
6.	Agriculture	1.63	0.78	1.61
7.	Public Lighting	20.49	10.66	20.36
8.	Bulk Supply	83.42	43.55	84.61
9.	Others Temporary Supply	5.69	3.50	7.15
	Grand Total	**1555.75**	**768.61**	**1510.00**

Commission Analysis:

The Commission has considered the number of consumers and the connected load as submitted by the Petitioner in the Business Plan filings. The Commission has noted the actual audited sales figures for the FY 2014-15 and six months unaudited sales figures for FY 2015-16. The Commission has examined the estimated Energy Sales, projected on 6 months actuals and considers that the estimates are reasonable and approves the same for the purpose of Review of FY 2015-16. Any variation in the revised estimated (RE) Projections will be taken care of at the time of True-Up exercise for FY 2015-16.

The detailed category wise number of consumers, connected load and energy sales as approved by the Commission are shown below:

Table 8.2: Number of Consumers approved by the Commission for Review of FY 2015-16

S No	Categories	Approved as per T.O dated 10th April 2015	Petitioner Submission	Approved in Review by Commission
1.	Domestic	1,83,166	1,88,707	1,88,707
2.	Commercial	21,970	22,586	22,586
3.	Large Supply	105	108	108
4.	Medium Supply	1,281	1,245	1,245
5.	Small Power	1,235	1,275	1,275
6.	Agriculture	120	121	121
7.	Public Lighting	941	930	930
8.	Bulk Supply	620	592	592
9.	Others Temporary Supply	628	620	620
	Grand Total	**2,10,066**	**2,16,184**	**2,16,184**

Table 8.3: Connected Load approved by the Commission for Review of FY 2015-16 (in kW)

S No	Categories	Approved as per T.O dated 10th April 2015	Petitioner Submission	Approved in Review by Commission
1.	Domestic	831893.8	834672	834672
2.	Commercial	401556	406588	406588
3.	Large Supply	71529.55	73197	73197
4.	Medium Supply	67045.6	68543	68543
5.	Small Power	19436.83	19461	19461
6.	Agriculture	733.38	729	729
7.	Public Lighting	6089.36	6075	6075
8.	Bulk Supply	45427.8	41464	41464
9.	Others Temporary Supply	4186.54	3510	3510
	Grand Total	**1447898**	**1454240**	**1454240**

Table 8.4: Sales approved by the Commission for Review of FY 2015-16 (in MU)

S No	Categories	Approved as per T.O dated 10th April 2015	Actual 6 months	Petitioner Submission	Approved in Review by Commission
1.	Domestic	732.44	337.34	667.00	667.00
	0-150 units	66.00		*286.81*	*286.81*
	151-400units	196.77		*220.11*	*220.11*
	401 and above	469.68		*160.08*	*160.08*
2.	Commercial	493.55	237.78	485.00	485.00
	0-150 units	5.78		*218.25*	*218.25*
	151-400units	14.18		*203.70*	*203.70*
	401 and above	473.60		*63.05*	*63.05*

S No	Categories	Approved as per T.O dated 10th April 2015	Actual 6 months	Petitioner Submission	Approved in Review by Commission
3.	Large Supply	101.66	69.00	120.00	120.00
4.	Medium Supply	97.9	56.01	103.75	103.75
5.	Small Power	18.97	10.00	20.52	20.52
6.	Agriculture	1.63	0.78	1.61	1.61
7.	Public Lighting	20.49	10.66	20.36	20.36
8.	Bulk Supply	83.42	43.55	84.61	84.61
9.	Others Temporary Supply	5.69	3.50	7.15	7.15
	Grand Total	**1555.75**	**768.61**	**1510.00**	**1510.00**

8.2.Intra-State Transmission and Distribution (T&D) Losses

Petitioner Submission:

The CED has submitted that it has estimated the Distribution losses of 14.5% for FY 2015-16 as per the Hon'ble Commission's Order dated 5th May 2014.

Commission Analysis:

The Commission had approved a loss level of 13.75% in its Order dated 10th April 2015 while determining the ARR for FY 2015-16. The Commission has already taken into consideration the difficulties expressed by the Petitioner and reduced the loss target only by 0.25%, though as per the recommendation of Abraham Committee the reduction should be 1%. The Commission also notes that actual losses as approved by the Commission for True-up of FY 2014-15 stands at 12.81%, which are lower than 13.75% presently approved for FY 2015-16. However, as the Petitioner has neither submitted actual power purchase bills upto FY 2014-15, nor have submitted the energy audit reports, the losses ascertained by the Commission are based on the information available at the alternate available resources. The Commission is also of the view that being a predominantly LT network, the losses are comparatively at a competitive level. Accordingly, the Commission finds it appropriate to retain the losses at the level of 13.75% for the purpose of review of FY 2015-16.

8.3.Inter-State Transmission Losses

Petitioner Submission:

The Petitioner has considered the recent 52-week moving average of regional losses available at the level of 3.57% (5th January 2015-3rd January 2016) for estimating the power availability at the periphery.

Commission Analysis:

The Commission in its ARR and Tariff Order for FY 2015-16 had considered the recent 52-week moving average of regional losses and approved 3.78% as the inter-state transmission loss for FY 2015-16.

Since the recent 52 weeks moving average of regional losses is 3.75% (16th March 2015 to 13th March 2016), the Commission now considers the figures of regional pool losses of 3.75% as the inter-state loss and approves the same for Review of ARR of FY 2015-16 which would be revised based on actuals during the truing-up exercise.

8.4. Energy Requirement

Petitioner Submission:

The Petitioner has considered the overall energy requirement at the generator end for FY 2015-16 as 1821.46 MU.

Commission Analysis:

The Commission has verified the power purchase from CPSUs and Bilateral/Exchange from the REA statement. The Commission has also verified sales of 8.00 MU surplus power for sale under Merit Order Despatch principle to open market/exchange in the first six months of FY 2015-16. The Petitioner has taken 29.10 MU power as banked with J&K Electricity Department in the first six months of FY 2015-16 which would be returned in the remaining six months. The Energy requirement for FY 2015-16 is calculated based on the approved inter-state and intra-state transmission & distribution losses and the approved energy sales as discussed in the foregoing paragraphs. The gross energy requirement approved for FY 2015-16 is shown in the Table below, along with the energy requirement submitted by the Petitioner in Review for ARR of FY 2015-16:

Table 8.5: Energy Requirement Approved by the Commission for Review of FY 2015-16(MU)

Particulars	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (Review)	Approved (Review)
ENERGY REQUIREMENT			
Energy sales in the UT	**1,555.75**	**1,510.00**	**1,510.00**
Distribution losses (%age)	*13.75%*	*14.50%*	*13.75%*
Energy required for the Territory (MU)	**1,803.77**	**1,766.08**	**1,750.72**
Add: Sales to common pool consumers/ UI			52.36
Energy Requirement @ periphery	**1,803.77**	**1,766.08**	**1803.09**
External losses (MU)	*70.73*	*55.38*	*64.84*
Solar Power Produced	*3.50*		
Energy Requirement @ Generator End	**1,874.63**	**1,821.46**	**1,867.92**
Gross Availability Sources			
Solar Power Produced			3.50

Particulars	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (Review)	Approved (Review)
Long-Term PPAs	**1,544.00**	**1,551.42**	**1728.95**
PXIL (Buy), short term power and Deviation settlement to match the energy requirement	**330.63**	**270.04**	**135.48**
Gross Purchase including PXIL	**1,874.63**	**1,821.46**	**1867.92**

8.5.Power Purchase Quantum & Cost for FY 2015-16

Petitioner Submission:

The Petitioner has furnished its revised estimates of FY 2015-16 based on first six months actuals and remaining six months projections. For projection of remaining six months of power purchase for FY 2015-16, current firm and unallocated power allocation from the various Central Generating Stations as per the recent revised allocation statement issued by Northern Regional Power Committee against the Ministry of Power letter No. 3/1/2015-OM dated 04.06.2015 have been considered for estimating the power procurement. The Petitioner has taken following assumptions for projecting power purchase cost:

a. The fixed cost for each plant is computed based upon the % allocation of the plant capacity to CED and corresponding capital cost of the plant.

b. The generation units available from each plant are computed considering the average PLF of the plants in past three years/design energy.

c. The deficit in energy is proposed to be met through short term power.

d. PGCIL, NRLDC and reactive Energy charges are computed based upon the escalation of 5% over the cost incurred during FY 2014-15.

The source-wise power purchase quantum and cost as submitted by the Petitioner is as per the Table below:

Table 8.6: Source wise Power Procurement quantum and cost submitted by the Petitioner (Rs Crores)

Particulars	Energy in MU	Gross Total
NTPC	424.06	152.87
NHPC	203.18	87.43
APCL	19.49	14.45
NPCIL	118.12	36.07
SJVNL	73.12	21.85
BBMB	668.70	237.83
THDC	44.76	25.56
Bilateral/Short Term	270.04	108.02
PGCIL Charges		34.58
NRLDC Charges		0.36

Particulars	Energy in MU	Gross Total
Reactive Energy		0.52
REC Cost towards RPO compliance		10.61
Grand Total	**1821.42**	**730.16**

During FY 2015-16 (till Jan 2016), it has purchased 30,000 non solar energy certificates at the rate of Rs. 1528 per certificate to meet its non-solar obligation. Further, to fulfil its solar obligation during the FY 2015-16, it has purchased 5,800 solar energy certificates at the rate of Rs. 3500 per certificate. CED has also purchased 2.9 MU of solar power from solar plants in Chandigarh

Commission Analysis:

As brought out in the section on energy balance, the power purchase quantum approved by the Commission in its last Tariff Order dated 10th April 2015 for FY 2015-16 was 1874.63 MU at an approved power purchase cost of Rs. 647.12 Crores including transmission charges.

The Petitioner has not submitted the bills for actual power purchase in FY 2015-16. In the absence of the same, the Commission has verified the actual quantum of Power purchase from the REA reports and compared it with the submission made by the Petitioner and found a small error of -6 MU. Additionally, the Petitioner has also not considered 75 MU excess power drawn by UI mechanism. The Commission has not considered energy banked with the Petitioner as the same would be received back in the last six months of FY 2015-16. The Commission has considered power purchase from short-term sources at Rs 3.00/unit subject to True-up exercise. The verified quantum of Power Purchase units and cost including transmission charges are mentioned in the Table below:

Table 8.7: Power Purchase Quantum and Cost approved for 1st 6 months (H1) of FY 2014-15 (H1)

Sr. No	Particulars	Petitioner Submission	Actual analysed by Commission
A	**NTPC**	**262.52**	**254.19**
1	Anta		11.18
2	Auraiya		6.72
3	Dadri GPP		11.54
4	Dadri II TPP		13.75
5	Kahalgaon II		21.92
6	Rihand I		38.09
7	Rihand II		34.55
8	Rihand III		28.79
9	Singrauli		19.02
10	Unchahar I		12.72
11	Unchahar II		15.23
12	Unchahar III		5.62

Sr. No	Particulars	Petitioner Submission	Actual analysed by Commission
13	Jhajjar (Aravali)		18.05
14	Koldam		17.01
B	**NHPC**	**176.42**	**176.24**
1	Chamera I		81.63
2	Chamera II		16.31
3	Chamera III		10.07
4	Dhauliganga		11.33
5	Dulhasti		17.09
6	Parbathi III		6.87
7	Salal		7.05
8	Sewa II		5.76
9	Tanakpur		3.03
10	Uri-I		11.67
11	Uri-II		5.43
C	**SJVNL**	**57.87**	**57.87**
1	NATHPA JHAKRI		52.40
2	RAMPUR (Additional)		5.47
D	**BBMB**	**389.02**	**389.56**
1	BBMB 3.5%		308.98
2	BBMB 1 LU		
3	BBMB 10 LU		
4	Pong		10.69
5	Dehar		69.89
E	**NPCIL**	**63.74**	**65.03**
1	NAPS		28.01
2	RAPP (Unit 3 & 4)-B		9.14
3	RAPP (Unit 5 & 6)-C		27.87
F	**THDC**	**23.04**	**23.04**
1	Koteshwar		5.52
2	Tehri		17.52
G	**Other**		
1	Bilateral/Exchange	**29.30**	30.65
2	UI		75.74
3	Solar Power Purchase	**0.30**	1.93
H	**TOTAL Power Purchase Quantum**	**1002.00**	**1074.23**
I	**TOTAL Power Purchase Cost**	**332.87**	**332.87**

Power Purchase Quantum and Cost for remaining six months of FY 2015-16

The Petitioner has firm allocation in the Central Sector Generating Stations of NTPC, NHPC, NPCIL, BBMB, THDC and SJVNL

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

Allocation of Share: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations, as per the notification of the Northern Region Power Committee NRPC/ OPR/ 103/ 02/ 2016/1882-1904 dated 29.02.2016.

Gross Energy Availability: The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past five years including FY 2015-16 (where-ever available). For hydro plants the Plant Load Factor has been determined on basis of average of the previous four years (excluding FY 2015-16). The availability from each station has been considered based on merit order dispatch. However, the fixed charges are approved for full allocation. The net energy sent out has been considered after considering the applicable auxiliary consumption as per the CERC (Terms and Conditions of Tariff) Regulations, 2014 and as approved by the Commission in its Tariff Order dated 31st March 2015. As mentioned in the foregoing paragraphs of this order, the Commission has considered the separate effect of UI over-drawal / under-drawal for FY 2015-16 (First Six Months);

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

The Commission has considered the following assumptions to arrive at the Power purchase cost for the remaining six months of FY 2015-16:

Fixed Charges: The fixed charges are considered based on the formula specified for the stations in the CERC (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges for each station has been taken as per the latest Tariff Orders for the respective stations as applicable, with 5% escalation in each FY. However for plants where CERC has issued Tariff Orders as per CERC Tariff Regulations, 2009 till FY 2018-19, fixed cost of the relevant year has been considered.

Variable Charges: In the absence of latest power purchase bills, the Commission has considered the average variable cost for the period as approved for FY 2015-16 in the Tariff Order dated 10th April 2015.

Other Charges: The Commission has considered the PoC rates as specified by the CERC vide its order no No.L-1/44/2010-CERC Dated 03rd November 2015 applicable from October 2015 to December 2015. Other Charges (NRLDC, Reactive Energy Charges) have been considered the same as submitted by the Petitioner for H1.

Table 8.8: Approved Power Purchase (MU) and Cost (Rs Crores) for FY 2015-16 (remaining six months)

Sr. No	Particulars	FY 2015-16 H2				Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Total	
A	**NTPC**					
1	Anta	*16.30*	2.21	5.61	7.82	479.89
2	Auraiya	*12.74*	1.70	5.70	7.39	580.15
3	Dadri GPP	*15.95*	1.73	6.95	8.68	544.65
4	Dadri II TPP	*6.51*	1.30	2.52	3.82	586.60
5	Kahalgaon II	*8.76*	1.26	2.12	3.38	385.48
6	Rihand I	*40.21*	3.79	6.67	10.47	260.37
7	Rihand II	*34.17*	3.81	5.91	9.72	284.38
8	Rihand III	*25.31*	4.37	4.38	8.74	345.55
9	Singrauli	*13.08*	0.81	1.61	2.42	184.80
10	Unchahar I	*8.12*	0.86	1.79	2.66	327.53
11	Unchahar II	*13.54*	1.53	2.96	4.49	331.89
12	Unchahar III	*5.10*	0.83	0.73	1.56	306.41
13	Jhajjar (Aravali)	*7.47*	2.42	3.16	5.58	746.34
14	Koldam	*12.51*	5.96	4.68	10.64	850.17
B	**NHPC**					
1	Chamera I	*48.85*	1.99	4.40	6.39	*130.77*
2	Chamera II	*9.38*	0.80	1.31	2.12	*225.47*
3	Chamera III	*4.97*	1.03	1.03	2.06	*414.84*
4	Dhauliganga	*8.62*	0.61	1.25	1.86	*216.04*
5	Dulhasti	*10.52*	1.92	3.24	5.16	*490.44*
6	Parbathi III	*3.68*	0.26	1.17	1.43	*389.12*
7	Salal	*4.47*	0.12	0.21	0.34	*75.72*
8	Sewa II	*3.60*	0.45	0.85	1.30	*359.86*
9	Tanakpur	*2.89*	0.23	0.33	0.56	*194.45*
10	Uri-I	*8.76*	0.14	0.70	0.84	*95.59*
11	Uri-II	*3.77*	0.20	0.58	0.78	*207.70*
C	**SJVNL**					
1	NATHPA JHAKRI	*30.99*	2.16	4.46	6.63	*213.85*
2	RAMPUR (Additional)	*2.05*	0.18	0.58	0.75	*368.67*
D	**BBMB**					
1	BBMB 3.5%	*98.20*		1.67	1.67	*17.00*
2	BBMB 1 LU	*18.25*		7.76	7.76	*425.00*
3	BBMB 10 LU	*182.50*		98.92	98.92	*542.00*
4	Pong	*29.71*		5.79	5.79	*195.00*
5	Dehar	*56.09*		12.62	12.62	*225.00*
E	**NPCIL**					
1	NAPS	*18.71*		4.43	4.43	*237.00*
2	RAPP (Unit 3 & 4)-B	*9.80*		2.69	2.69	*274.00*
3	RAPP (Unit 5 & 6)-C	*17.61*		6.01	6.01	*341.00*
F	**THDC**					
1	Koteshwar	*3.95*	0.52	0.77	1.29	*326.97*
2	Tehri	*87.73*	14.65	20.18	34.83	*397.01*
G	**Other Charges**					

Sr. No	Particulars	FY 2015-16 H2				Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Total	
1	*PGCIL CHARGES*				45.12	
2	*REC*				6.51	
3	*Bilateral/Exchange*					
4	*Open Access Charges*					
5	*Reactive charges*				0.062	
6	*WRPC*				0.41	
7	*WRLDC*				0.15	
8	*Others Charges*					
9	*Solar Power Purchase*	*1.57*			*0.43*	*273.82*
10	*Less: Rebate*					
11	*Less: Penal UI*					
G	**TOTAL**	**886.44**	**57.84**	**235.75**	**346.27**	

Approved Power Purchase Quantum and Cost for FY 2015-16

For determining the power purchase cost, merit order dispatch principles have been applied. The power from must-run stations has been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order. The power purchase and sale made in the first six months of the FY by mechanisms of UI, Power Trading etc. have been taken as actuals. For remaining six months it has been assumed that the Petitioner would make sale of power banked by it in the first six months. Further, it is observed that in the remaining six months the energy from long-term sources would be adequate to cater to the energy need of the UT and hence no additional power purchase from UI/Power Trading would be required.

The Commission has also analyzed 3.50 MU of solar power purchased from CREST to be purchased in FY 2015-16. On basis of actual power purchase cost of Rs 0.76 Crores in the first 10 months as submitted by the Petitioner, the Commission approves 0.91 Crores towards cost of solar power purchase for FY 2015-16. The short-term power purchased in the first six months of FY 2015-16 has been assumed to be done at an average rate of Rs 3.00/kWh. The same would be Trued-up at end of FY 2015-16.

Based on the above, the total power purchase quantum and cost from various sources as approved for Review of FY 2015-16 is mentioned below:

Table 8.9 Approved Power Purchase (MU) and Cost (Rs Crores) for Review of FY 2015-16

Source	Purchase (MU)	Total (Rs Cr)
NTPC Stations	352.11	142.07
NHPC Stations	285.75	66.87
NPCIL	111.16	31.72
SJVNL	90.91	21.40
BBMB	774.30	251.53
THDC	114.72	61.00
Crest	3.50	0.91
Bilateral/Power Exchange	30.64	9.19
UI (Overdrawl)	75.74	0.41
REC (Solar & Non-Solar)		10.61
Others (PGCIL, Reactive Power, NRLDC)		58.84
Total	**1838.83**	**654.55**

The Commission considers the power purchase cost for FY 2015-16 of Rs. 654.55 Crores for procurement of 1838.83 MU of energy as reasonable and approves the same for Review of FY 2015-16.

8.6.Renewable Power Obligation

Petitioner Submission:

The Petitioner in its Petition had submitted a provision of Rs 10.61 Crores in FY 2015-16 to meet its renewable purchase obligation by purchasing REC worth 53.61 MU. Till January 2016 it has purchased 30 MU Non-Solar RECs and 5.8 MU Solar REC. CED has also purchased 2.9 MU physical solar power till January 2016.

Commission Analysis:

As per Regulation 1.1 of the JERC (Procurement of Renewable Energy) Regulations 2010

Quote

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

Unquote

Further, the Commission has notified the amendment to the JERC (Procurement of Renewable Energy) Regulations, 2010 on 19th February 2014. As per the amendment issued, the Petitioner has to purchase 3.55% of total energy purchase from renewable sources for FY 2015-16 including 0.85% for Solar and 2.70% for Non-Solar.

The Commission has also analyzed RPO backlog for period FY 2010-11 to FY 2014-15 as per information available with it. Further the Commission considers the submission made by the Petitioner regarding purchase of REC to be done by the Petitioner in FY 2015-16. The Commission also considers that the Petitioner will buy 3.5 MU actual solar power. The detailed calculation of RPO compliance and shortfall/surplus by FY 2015-16 is detailed below:

Table 8.10 Computation of RPO backlog up to FY 2015-16 (MU)

Sr. No	Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	**Sales Within UT**	**1,285.33**	**1301.482**	**1376.428**	**1423.04**	**1,512.54**	**1,510.00**
2	**RPO Obligation (in MU)**	**13.07**	**26.03**	**41.29**	**42.69**	**49.91**	**53.61**
	- Solar	*3.43*	*3.90*	*5.51*	*5.69*	*9.08*	*12.84*
	-Non Solar	*9.64*	*22.13*	*35.79*	*37.00*	*40.84*	*40.77*
3	**RPO Compliance (Actual Purchase)**	**-**	**-**	**-**	**-**	**-**	**3.50**
	- Solar	-	-	-	-	-	*3.50*
	-Non Solar	-	-	-	-	-	-
4	**RPO Compliance (REC Certificate Purchase)**	**-**	**10.75**	**55.09**	**58.37**	**45.14**	**53.61**
	- Solar	-	-	*2.36*	*15.89*	*8.54*	*12.84*
	-Non Solar	-	*10.75*	*52.73*	*42.48*	*36.60*	*40.77*
5	**Total RPO Compliance**	**-**	**10.75**	**55.09**	**58.37**	**45.14**	**57.11**
	- Solar	-	-	*2.36*	*15.89*	*8.54*	*16.34*
	-Non Solar	-	*10.75*	*52.73*	*42.48*	*36.60*	*40.77*
6	**Shortfall in RPO Compliance**	**13.07**	**15.28**	**(13.79)**	**(15.68)**	**4.77**	**(3.51)**
	- Solar	*3.43*	*3.90*	*3.15*	*(10.20)*	*0.54*	*(3.51)*
	-Non Solar	*9.64*	*11.37*	*(16.94)*	*(5.48)*	*4.24*	-
7	**Cumulative Shortfall in RPO Compliance**	**13.07**	**28.35**	**14.55**	**(1.13)**	**3.64**	**0.14**
	- Solar	*3.43*	*7.33*	*10.49*	*0.29*	*0.82*	*(2.68)*
	-Non Solar	*9.64*	*21.01*	*4.07*	*(1.42)*	*2.82*	*2.82*

From the above Table, it is seen that the cumulative shortfall in RPO compliance till FY 2015-16 is negligible. The Commission in its Business Plan Order dated 28th December 2015 has reiterated that all pending RPO's up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March 2016 and no backlog would be allowed to be carried forward to the MYT Control Period from FY 2016-17 to FY 2018-19. Accordingly, the Commission reiterates that the quantum of power purchase and the cost would be revisited during the True up of FY 2015-16.

The Commission does not find it appropriate to create separate provision of amount towards the RPO compliance for Review of ARR of FY 2015-16. The Commission would revisit the same at the time of True-up of ARR of FY 2015-16 based on actual data.

8.7.Employee Expenses

Petitioner Submission:

The Petitioner has submitted the Employee expenses of Rs. 63.12 Crores in its review petition for FY 2015-16 by considering an escalation of 5.10% (Average growth of WPI for past three years) over the actual employee expenses incurred by CED in FY 2014-15 as compared to the employee expenses of Rs. 60.45 Crores approved by the Commission in its Tariff Order dated 10th April 2015.

Further the Petitioner submitted that the actual expense is lower than the approved employee expense in the Review Order due to non-provisioning of the pensionary charge/ liability of the Board and the Leave salary pension charges. The Petitioner also requested the Commission to approve any liability arising in later years on account of the same.

Commission Analysis:

The Petitioner has submitted the employee expenses of Rs. 63.12 Crores in its Review submission for FY 2015-16 as compared to the employee expenses of Rs. 60.45 Crores approved by the Commission in Tariff Order dated 10th April 2015. As specified in Regulation 27 (3) (b) of Tariff Regulations, 2009, the O&M expenses will be adjusted according to variation in the WPI per annum to determine the O&M expenses for subsequent FYs. The Commission has therefore considered the actuals of FY 2014-15 as a revised base for calculating the employee cost for FY 2015-16. The escalation factor used by the Commission is 5.11% per annum. The WPI index up to March 2015 has been used (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of the WPI index from FY 2011-12 to FY 2014-15. The employee expenses approved for FY 2014-15 have been escalated by the WPI factor of 5.11% to determine the employee expenses for FY 2015-16.

The Commission considers the employee cost of Rs. 63.13 Crores as reasonable and approves the same for Review of ARR for FY 2015-16.

As detailed in previous sections, the Petitioner has not provided any details of impact of its claim for Pensionary charge/liability of the Board and Leave salary pension charges. The Commission is of the view that since the Petitioner is presently working as the department of UT Administration and as the payments towards Pensionary charge/liability of the Board and Leave salary pension charges are undertaken by the Treasury Officer, UT Chandigarh and not by the department, the Commission will revisit the claim for Pensionary charge/liability of the Board and Leave salary pension charges once the department is corporatized.

8.8.Administrative and General Expenses

Petitioner Submission:

The Petitioner has submitted the A&G expenses of Rs. 3.59 Crores in its review petition for FY 2015-16 by considering an escalation of 5.10% (Average growth of WPI for past three years) over the actual A&G expenses incurred by CED in FY 2014-15 as compared to the A&G expenses of Rs. 2.73 Crores approved by the Commission in Tariff Order dated 10th April 2015.

Commission Analysis:

The Commission has analyzed the above submission and is of the view that the actual audited data of FY 2014-15 is a true depiction of expenses incurred by the utility. The Commission has therefore considered the actuals of FY 2014-15 as a revised base for calculating the A&G expenses for FY 2015-16 in line with the Tariff Regulations 2009.

The Commission has considered the WPI index up to March 2015 (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of WPI index from FY 2011-12 to FY 2014-15. The actual expenses for FY 2014-15 have been escalated by the WPI factor of 5.11% to determine the expenses for FY 2015-16.

The Commission considers the A&G Expenses of Rs. 3.59 Crores as reasonable and approves the same for Review of ARR for FY 2015-16.

8.9.Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted the R&M expenses of Rs. 13.71 Crores in its review petition for FY 2015-16 as compared to the R&M expenses of Rs. 11.32 Crores approved by the Commission in Tariff Order dated 10th April 2015.

Commission Analysis:

The Commission has considered the actuals of FY 2014-15 as a revised base for calculating the repair and maintenance expenses for FY 2015-16. The escalation factor used by the Commission is 5.11% per annum.

Therefore, the Commission considers the R&M Expenses of Rs. 13.87 Crores as reasonable and approves the same for Review of ARR for FY 2015-16.

Summary of O&M Expenses approved for FY 2015-16

The Commission, based on analysis done in foregoing paragraphs, has approved a total O&M Expenses of Rs 80.60 Crores in Review of ARR for FY 2015-16 as compared to the O&M expenses of Rs. 74.50 Crores in Tariff Order dated 10th April, 2015.

8.10. Capitalization, GFA & Depreciation

Petitioner Submission:

The Petitioner in ARR and tariff petition for FY 2015-16 had submitted that the Opening Gross Fixed Assets (GFA) are Rs. 391.57 Crores in FY 2015-16. Based on the provisional asset capitalization during FY 2015-16, assets amounting to Rs. 9.96 Crores have been estimated to be added in the GFA during FY 2015-16.

Depreciation for FY 2015-16 is estimated on the average rate of 5.28% on average assets during the financial year.

Commission Analysis:

GFA and Capitalization

The Commission, as analyzed in the previous chapters regarding True-up, has considered the assets on basis of the FAR. Regulation 26 of Tariff Regulations 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The depreciation rates for distribution assets as specified by the CERC (Terms and Conditions of Tariff) Regulations, 2014 have been used to calculate the depreciation. Addition in assets has been fully considered in Plant & machinery and the same would be trued up based on actuals and audited accounts for FY 2015-16.

Table 8.11: GFA & Depreciation approved in the Review for FY 2015-16 (in Rs. Crores)

S No.	Particulars (Rs Cr)	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
1	**Opening Gross Fixed Assets**	65.64	391.57	**230.30**
2	Addition During the FY	9.96	9.96	9.96
3	**Closing Gross Fixed Assets**	75.60	401.53	**240.26**
4	**Average Gross Fixed Assets**	70.62	396.55	**235.28**
5	**Rate of Depreciation (%)**	5.28%	5.28%	**5.47%**
6	**Depreciation for the FY**	**3.73**	**20.94**	**12.86**

The Commission approves the depreciation of Rs 12.86 Crores for Review of ARR for FY 2015-16.

8.11. Interest and Finance Charges

Petitioner Submission:

The Petitioner has submitted that the entire capital expenditure incurred by it had been funded through equity infusion by Government of India (GOI) through budgetary support without any external borrowings. As per Regulation 25 of Tariff Regulations, 2009, 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 licensee. Therefore, for the purpose of determination of ARR, the Petitioner has considered normative debt equity ratio of 70:30 for ascertaining normative loan for FY 2014-15.

For the purpose of determination of opening normative loans, the opening GFA has been considered to be funded as per normative debt: equity of 70:30 and the accumulated depreciation has been reduced from the total value of opening loan in order to ascertain the opening level of normative loan for FY 2014-15. Repayment for FY 2014-15 has been considered to be equal to the depreciation amount submitted by it. The rate of interest has been considered as SBI PLR rate as on 1st April, 2015 at 14.75%.

Commission Analysis:

As per Regulation 25 of Tariff Regulations, 2009

Quote

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

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

Unquote

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

Quote

"23. Debt-Equity Ratio

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

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

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

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the Tariff Regulations 2009. However, for CED, as the audited accounts are not available prior to FY 2011-12, the Commission finds it appropriate not to consider any loan for capitalization prior to FY 2011-12.

The Commission has arrived at the closing normative loan of Rs 34.10 Crores for FY 2014-15 and the same has been considered as opening normative loan for FY 2015-16.

The Commission has considered an addition of Rs. 9.96 Crores in the Gross Fixed Assets for FY 2015-16 which are considered funded through normative debt to the tune of 70%. The Commission, for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 6.97 Crores (70% of Rs 9.96 Crores) for FY 2014-15. The Commission has considered weighted average rate of interest for the year. Repayment of the loan has been considered at 10% of opening loan. The calculation of the interest on the normative loan is given below.

Table 8.12: Normative Interest on loan approved by the Commission for Review of FY 2015-16 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission	Particulars
1	Opening Normative Loan	44.00	156.96	38.42
2	Add: Normative Loan during the year	6.97	6.97	6.97
3	Less: Normative Repayment	3.73	20.94	3.84
4	Closing Normative Loan	47.24	142.99	41.55
5	**Average Normative Loan**	45.62	149.98	39.98

Sr. No.	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission	Particulars
6	**Rate of Interest (@SBAR rate)**	14.75%	14.75%	14.75%
7	**Interest on Normative Loan**	**6.73**	**22.12**	**5.90**

The Commission considers Interest and finance charges of Rs 5.90 Crores as reasonable and approves the same for Review of ARR for FY 2015-16.

8.12. Interest on Working Capital

Petitioner Submission:

The interest on working capital has been claimed in accordance with the Regulation 29 of the Tariff Regulations 2009. The Petitioner further submitted that the distribution license is required to pay interest on security deposit collected from the consumers, equivalent to the bank rate as may be specified by the Commission. The CED is obligated to pay interest on consumer security deposit and is entitled to claim the same through tariff.

Commission Analysis:

As per Regulation 29 of Tariff Regulations, 2009 –

Quote

5) *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.*

6) *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."*

Unquote

The Commission has considered the calculation of the various components of the working capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit has not been invested and hence, available with the Petitioner. In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensees are required to pay interest on security deposit collected from the consumers. As the Commission is separately approving the interest paid on consumer security deposit, the Commission considers the security deposit as on 31st March 2016 as fund available with the Petitioner meet the working capital requirement for FY 2014-15.

The Commission finds that by utilizing such security deposit to meet the working capital, the interest on working capital is reduced resulting in lower tariff determination which benefits consumers. Hence, the Commission has reduced this amount from the working capital requirement considered for Review of ARR for FY 2015-16. The Commission has considered the weighted average rate SBI PLR (now SBI Advance Rate) for the year for computation of the interest on working capital for the Review of ARR for FY 2015-16.

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

Table 8.13: Interest on Working Capital approved by Commission for Review of FY 2015-16 (Rs Crores)

Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (APR)	Approved (APR)
Power Purchase Cost for one month	53.93	60.85	54.78
Employee Cost for one month	5.04	5.26	5.26
A&G Expenses for one month	0.23	0.30	0.30
R&M Expenses for one month	0.89	1.13	1.13
Total Working Capital for one month	60.08	67.54	61.47
Closing Security Deposit (amount already with CED)	37.05	138.84	138.84
Total Working Capital considered for one month	**23.03**	-	-
Interest Rate	14.75%	14.75%	14.75%
Interest on Working Capital	**3.40**	-	-

As the working capital requirement due to deduction of high security deposit is coming to be negative, the Commission approves NIL working capital requirement and NIL interest on working capital for True-up of ARR for FY 2014-15.

8.13. Interest on Security Deposit

Petitioner Submission:

The Petitioner submitted that it is obligated to pay interest on consumer security deposit and entitled to claim the same through tariff. The consumer security deposit with it at the opening of the year stands at Rs 133.84 Crores and it has envisaged an addition of Rs 5 Crores during the year. It should be allowed Rs 11.59 Crores as interest on consumer security deposit in FY 2015-16.

Commission Analysis:

The Commission notes an increase in the opening account of the consumer's security deposit as approved in Tariff Order dated 10th April 2015 to Rs 133.84 Crores which may be due to completion of auditing or due to higher collection by the Petitioner due to load revision of the consumer. In terms of Section 47 (4) of the Electricity Act, 2003 'the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission.' The Commission has considered the closing security deposit for FY 2014-15 as discussed in the last chapter as opening security deposit for FY 2015-16. Addition in Security deposit of Rs. 5 Crores as submitted by the Petitioner during the FY 2015-16 is considered to be reasonable and the same would be revisited from the audit accounts for FY 2015-16 at the time of True up of FY 2015-16. The Commission has considered the RBI bank Rate for calculation of Interest rate as on 01st April 2015 i.e. 8.50% and the detailed calculation is shown below:

Table 8.14: Interest on Security Deposit approved by Commission for Review of FY 2015-16 (Rs Crores)

Particulars	Approved in tariff order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
Opening Consumer Security Deposit	35.55	133.84	133.84
Net Addition During the year	3.00	5.00	5.00
Closing Consumer Security Deposit	38.55	138.84	138.84
Average Deposit	37.05	136.34	136.34
Bank Rate	8.50%	8.50%	8.50%
Interest on Consumer Security Deposit	**3.15**	**11.59**	**11.59**

The Commission has considered the Interest on Security Deposit at Rs. 11.59 Crores as reasonable and approves the same for Review of FY 2015-16.

8.14. Return on Capital Base

Petitioner Submission:

The Petitioner submitted that it has already prepared the Fixed Asset Register and submitted it to the Commission. The CED has considered the GFA for 2015-16 in accordance with the annual accounts prepared on commercial principles for FY 2013-14 and FY 2014-15. Reasonable return equal to 3% of net fixed assets after deduction of accumulated depreciation is considered for claim of Return of equity.

Commission Analysis:

CED is presently functioning as an integrated utility and is entitled for return on capital base. Keeping in view of the Regulation 23 of the Tariff Regulations 2009, the Commission finds it appropriate to consider the opening GFA for FY 2015-16 and accumulated depreciation till FY 2014-15 as per FAR for arriving at net block for FY 2015-16. The Commission has computed the return at 3% on net block of approved assets as below:

Table 8.15: Return on Capital Base approved by the Commission for Review of FY 2015-16 (Rs. Crores)

Sr. No.	Particulars	Approved in Tariff Order dated 10th April 2015	Petitioner Submission (True-up)	Approved (True-up)
1	Gross block at beginning of the FY/Opening GFA or equity	65.64	391.57	230.30
2	Accumulated depreciation/Addition in Equity	8.98	142.39	82.46
3	Net block at beginning of the FY /Closing Equity	56.66	249.18	147.83
4	Accumulated consumer contribution	0.0	0.0	0.0
5	Net fixed assets at beginning of the FY	56.66	249.18	147.83
6	**Reasonable return @3% of NFA**	**1.70**	**7.48**	**4.44**

The Commission considers Rs. 4.44 Crores as Return on Capital Base as reasonable and approves the same for Review of ARR for FY 2015-16.

8.15. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner has claimed provision of bad debt as Rs 8.61 crores as 1% of the estimated receivables for FY 2015-16.

Commission Analysis:

As specified in Regulation 28 of Tariff Regulations 2009 (to be read with the format):

Quote

The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts ***up to 1%*** *of receivables in the revenue requirement of the generating company/licensee.*

Format -18

S.No.	*Particulars*	*Amount (Rs. in Cr)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

Tariff Regulations 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement on the basis of audited accounts only. **As FY 2015-16 is not actual and is based on projections, no amount has been considered by the Commission as provision for bad and doubtful debts for FY 2015-16**.

8.16. Non-Tariff Income

Petitioner Submission:

The Petitioner has claimed Rs 20.78 Crores against Non-Tariff income on basis of actual Non-Tariff income in the first 8 months of the Financial Year in its Review Petition for FY 2015-16.

Commission Analysis:

The Commission has escalated the actuals for FY 2014-15 by 5% to arrive at the Non-Tariff Income for FY 2015-16. The Commission considers Non-Tariff income of Rs. 23.32 Crores as reasonable and approves the same for Review of FY 2015-16.

8.17. Revenue from Sale of Surplus Power

Petitioner Submission:

The Petitioner has not submitted any revenue from sale of surplus power/UI under for FY 2015-16.

Commission Analysis:

The Commission has verified the REA available at website of NRPC and has found that the Petitioner has made a sale of 8.00 MU of power at power exchange till September 2015. Assuming net power sale rate @Rs 3/kWh, the Petitioner will earn total revenue of Rs 2.4 Crores in FY 2015-16. Further the Petitioner has made UI sales of 15.27 MU for H1 of FY 2015-16. The Commission considers the sale to be made at the rate of Rs. 1/Unit and thereby approves Rs 1.53 Crores from sale of UI power for H1 of FY 2015-16. The Commission has made the assumption regarding sale of surplus power rate in the absence of actual revenue earned for H1 on this account. The Petitioner is directed to submit the complete details regarding this during the next filing for True-up.

The Commission has considered NIL sale of surplus power for H2 of FY 2015-16 and thereby NIL revenue for H2 of FY 2015-16.

Accordingly, the Commission approves the total income from sale of surplus power in FY 2015-16 at Rs 3.93 Crores corresponding to H1 sale for FY 2015-16, subject to True-up as per actual information.

8.18. Revenue at approved Retail Tariff for FY 2015-16

Petitioner Submission:

The Petitioner has submitted the projected revenue of Rs. 661.58 Crores as against Rs. 744.63 Crores approved by the Commission vide its Tariff Order dated 10th April 2015. Additionally, the Petitioner has projected billing of Rs 1.45 Crores as FPPCA.

Commission Analysis:

The Petitioner has submitted the revised figures of revenue from sale of power at approved tariff of FY 2015-16; therefore the Commission has considered the same based on revised sales and connected load and number of consumers and approved Rs. 662.95 Crores. Additionally it has also considered projected billing of Rs 1.45 Crores as FPPCA as submitted by the Petitioner.

Table 8.16: Revenue at existing tariff approved by the Commission for the Review of FY 2015-16 (Rs Crores)

Sr. No	Category/ Slab of Consumers	Existing Tariff		FY 16		
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Approved in tariff order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
A	**Domestic**			**311.46**	**235.86**	**235.86**
1	*0-150 units*	**7.00**	*2.30*	*16.94*	*67.90*	*67.90*
2	*151-400units*	*7.00*	*4.20*	*85.39*	*95.00*	*95.00*
3	*401 and above*	**7.00**	*4.40*	*209.13*	*72.96*	*72.96*
B	**Commercial**			**267.11**	**245.71**	**245.71**
1	*0-150 kWh*	**10.00**	*4.30*	*2.87*	*94.77*	*94.77*
2	*151-400 kWh*	*75.00*	*4.50*	*8.76*	*98.25*	*98.25*
3	*Above 400 kWh*	*75.00*	*4.70*	*253.48*	*52.69*	*52.69*
C	**Large Supply**	**75.00**	*4.70*	**54.22**	*61.67*	*62.99*
D	**Medium Supply**	*75.00*	*4.50*	*50.09*	*52.86*	*52.86*
E	**Small Power**	*10.00*	*4.40*	*8.58*	*9.22*	*9.26*
F	**Agriculture**		*2.30*	**0.37**	*0.37*	*0.37*
G	**Public Lighting**	*75.00*	*4.30*	**9.36**	*9.30*	*9.30*
H	**Bulk Power**	*75.00*	*4.50*	**41.63**	*41.81*	*41.81*
I	**Other Temporary Supply**		*6.70*	**3.81**	*4.79*	*4.79*
J	**FPPCA**				1.45	1.45
k	**Total**			**744.63**	**663.03**	**664.40**

For the purpose of the review of FY 2015-16, the **Commission has considered the revenue from sale of retail power including FPPCA for FY 2015-16 at Rs 664.40 Crores. The same would be trued up based on audited accounts of FY 2015-16.**

8.19. Aggregate Revenue Requirement for FY 2015-16

Petitioner Submission:

The Petitioner has submitted a net revenue requirement of Rs. 860.54 Crores for FY 2015-16 and has estimated a revenue gap of Rs. 197.50 Crores for the purpose of review of FY 2015-16.

Commission Analysis:

The Commission has considered and reviewed various elements of ARR for FY 2015-16 based on the items of expenditure discussed in the preceding Chapters and the same has been summarized in the Table below vis-à-vis the Petitioner's claim in the Review for FY 2015-16. Further the Commission has given carrying cost on revenue gap of FY 2014-15 in the cumulative revenue gap for FY 2015-16:

Table 8.17: ARR approved by the Commission for the Review of FY 2015-16 (Rs Crores)

SI	Particulars	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
1	Cost of power purchase for full year	647.12	730.16	654.55
2	Provision for RPO Compliance			
3	Employee costs	60.45	63.12	63.13
4	Administration and General Expenses	2.73	3.59	3.59
5	Repair and Maintenance Expenses	11.32	13.71	13.87
6	Depreciation	3.73	20.94	12.86
7	Interest and Finance charges	6.73	22.12	5.71
8	Interest on Working Capital	3.40	-	-
9	Interest on Security Deposit	3.15	11.59	11.59
10	Return on NFA /Equity	1.70	7.48	4.44
11	Provision for Bad Debt	-	8.61	-
12	**Total Revenue Requirement**	**740.33**	**881.32**	**769.93**
13	Less: Non-Tariff Income	17.82	20.78	23.32
14	Less: Revenue from Surplus Power Sale/UI			3.93
15	**Net Revenue Requirement**	**722.51**	**860.54**	**742.50**

8.20. Revenue Gap/ (Surplus) for Review of FY 2015-16

Petitioner Submission:

The Petitioner has submitted the revenue gap of Rs 197.51 Crores for the review of FY 2015-16.

Commission Analysis:

The Commission has approved Revenue Gap/(Surplus) as per the Table below:

Table 8.18: Net Revenue Gap (Rs Crores) as approved by the Commission for Review of FY 2015-16

SI	Particular	Approved in Tariff Order dt. 10th April 2015	Petitioner Submission (APR)	Approved (APR)
1	**Net Revenue Requirement**	**722.51**	**860.54**	**742.50**
2	Revenue from Retail Sales at Existing Tariff	744.63	663.03	664.40
3	**Net Gap / (Surplus)**	**(22.12)**	**197.51**	**78.10**
4	Gap/(Surplus) for the previous year			143.83
5	Carrying Cost			20.55
6	**Total Gap/ (Surplus)**	**(22.12)**	**197.51**	**242.49**

Keeping in view of the above, the Commission considers the cumulative Revenue Gap of Rs 242.49 Crores in the Review of FY 2015-16. **This estimated revenue gap is carried over to the next year and has accordingly been considered in the ensuing year i.e. FY 2016-17 with carrying cost.**

9. Approval of the various ARR components for the MYT Control Period FY 2016-17 to FY 2018-19

9.1. Number of Consumers, Connected Load and Energy Sales

Petitioner Submission:

The Petitioner has submitted that the energy sales for FY 2015-16 have been lower than the approved energy sales for FY 2015-16 by the Commission in the Business Plan Order. Therefore, based on the revised estimation of energy sales for FY 2015-16, the sales for the subsequent years have been modified. One of the reasons for revised estimation for FY 2015-16 being lower than the approved sales is the change in climate conditions in 2015-16 which had resulted in lower offtake of energy by various consumer categories. However, the growth rate approved by the Commission for various categories in its order for approval of Business Plan has been considered by the CED for sales projections during the Control Period, as the same have been derived based on historical trends and do not require any change. The approved energy sales growth rate has been applied over the estimated sales for the FY 2015-16. The Petitioner has submitted Energy Sales (MU) and connected load as shown in the Tables below:

Table 9.1: Energy Sales (MU) as submitted by the Petitioner for the MYT Control Period

S. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
1.	Domestic	718.05	773.01	832.17
2.	Commercial	500.99	517.50	534.56
3.	Large Supply	120.00	120.00	120.00
4.	Medium Supply	103.75	103.75	103.75
5.	Small Power	20.52	20.52	20.52
6.	Agriculture	1.74	1.88	2.03
7.	Public Lighting	22.00	23.78	25.69
8.	Bulk Supply	87.65	90.80	94.06
9.	Others & Temporary Supply	7.15	7.15	7.15
10.	**Total Sales**	**1,581.85**	**1,658.39**	**1,739.94**

Table 9.2: Connected Load (kW) as submitted by the Petitioner for the MYT Control Period

. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
1.	Domestic	876,406	920,226	966,238
2.	Commercial	430,983	456,842	484,253
3.	Large Supply	74,661	76,155	77,678
4.	Medium Supply	71,285	74,136	77,102

. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
5.	Small Power	19,655	19,852	20,050
6.	Agriculture	737	744	751
7.	Public Lighting	6,197	6,321	6,447
8.	Bulk Supply	41,464	41,464	41,464
9.	Others & Temporary Supply	4,187	4,187	4,187
10.	**Connected load**	**1,525,574**	**1,599,926**	**1,678,169**

Commission Analysis:

The Commission notes the Petitioner's submission in respect to connected load and energy sales. The argument of the Petitioner that it is varying projections for the MYT Control Period on account of climatic conditions in FY 2015-16 doesn't hold good as it is a short-term phenomenon and will not affect energy consumption in the long-term. Moreover, the energy consumption for the MYT Control Period was projected by the Commission on the basis of actual sales of FY 2014-15 and not as per on estimated sales of FY 2015-16. Hence, the Commission retains energy sales as approved in the Business Plan and does not consider any change as proposed by the Petitioner now. The Petitioner has submitted connected load as approved in the Business Plan and the Commission approves the same. The Commission also approves the number of consumers as approved in the Business Plan:

Table 9.3: Energy Sales (MU) as approved by the Commission for the MYT Control Period

Sl. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
1.	Domestic	760.27	818.46	881.11
2.	Commercial	490.82	507.00	523.71
3.	Large Supply	117.00	117.00	117.00
4.	Medium Supply	*21.00*	*21.00*	*21.00*
5.	Small Power	*104.72*	*104.82*	*104.92*
6.	Agriculture	1.87	2.02	2.18
7.	Public Lighting	25.67	27.74	29.96
8.	Bulk Supply	89.06	92.26	95.57
9.	Others & Temporary Supply	7.00	7.00	7.00
10.	**Total Sales**	**1,617.41**	**1,697.30**	**1,782.45**

The Commission approves the energy sales for FY 2016-17 to FY 2018-19 as 1617.41 MU, 1697.30 MU and 1782.45 MU respectively as approved in the Business Plan Order dated 28th December 2015.

Table 9.4: Connected Load (kW) as approved by the Commission for the MYT Control Period

S. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
1.	Domestic	876,406	920,226	966,238
2.	Commercial	430,983	456,842	484,253
3.	Large Supply	74,661	76,155	77,678
4.	Medium Supply	71,285	74,136	77,102
5.	Small Power	19,655	19,852	20,050
6.	Agriculture	737	744	751
7.	Public Lighting	6,197	6,321	6,447
8.	Bulk Supply	41,464	41,464	41,464
9.	Others & Temporary Supply	4,187	4,187	4,187
10.	**Total Connected Load**	**1,525,574**	**1,599,926**	**1,678,169**

The Commission approves the connected load for FY 2016-17 to FY 2018-19 as 1,525,574 kW, 1,599,926 kW and 1,678,169 kW respectively as approved in the Business Plan Order dated 28th December 2015.

Table 9.5: Number of Consumers as approved by the Commission for the MYT Control Period

S. No	Categories	FY 2016-17	FY 2017-18	FY 2018-19
1.	Domestic	194,369	200,200	206,206
2.	Commercial	23,038	23,498	23,968
3.	Large Supply	108	108	108
4.	Medium Supply	1,295	1,346	1,400
5.	Small Power	1,275	1,275	1,275
6.	Agriculture	121	121	121
7.	Public Lighting	977	1,026	1,077
8.	Bulk Supply	592	592	592
9.	Others & Temporary Supply	620	620	620
10.	**Total Number of Consumers**	**222,394**	**228,786**	**235,367**

The Commission approves the number of consumers for FY 2016-17 to FY 2018-19 as 222,394, 228,786 and 235,367 respectively as approved in the Business Plan Order dated 28th December 2015.

9.2.Intra –State Transmission and Distribution Loss

Petitioner Submission:

The Petitioner submitted that it is taking all efforts in reducing the distribution losses in UT of Chandigarh. It has initiated implementation of various schemes for reducing the technical and commercial losses. However, losses in UT are much lower than the average losses in the country and incremental reduction in losses at this level becomes very difficult. Further, actual distribution losses for UT of Chandigarh are much lower considering interstate point inside the limits of UT of Chandigarh. The energy input in CED is currently being metered at 400 kV Nalagarh, 220 kV Mohali and 220 kV Dhoolkot (BBMB) which has resulted in higher T&D losses for CED. The CED has to bear the additional losses of inter-state circuit due to not having any interstate point in its boundary. The CED has taken up the issue with CEA and PGCIL and expects an early resolution of the matter. The Petitioner further submitted efforts undertaken by it regarding establishment of sub-station near and inside the UT.

The Petitioner submitted the following trajectory for T&D Loss in the MYT Control Period:

Table 9.6: Target/Projected T&D Losses for the MYT Control Period

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
T&D Losses	14.00%	13.75%	13.50%

Commission Analysis:

The Commission acknowledges the efforts being made by the Petitioner for identification of the reasons for high T&D losses and the steps being taken for reduction of these losses. While it is acknowledged that creation of an interstate point within the periphery of Chandigarh may reduce the losses currently being borne by the Petitioner to bring the power to its periphery, the Commission is of view that the efforts currently being undertaken in this regard will take at least another 1-2 years to finally materialize. Till such time the interstate point is actually functional within the periphery of the Petitioner, the Commission shall continue its existing approach for determination of T&D losses wherein the Commission, while approving T&D losses, considers the power availability at the licensee's periphery as accounted by the Northern Region Power Committee. The Commission retains the T&D losses as approved in the Business Plan Order dated 28th December 2015.

Table 9.7: Approved T&D Losses for the MYT Control Period

Categories	FY 2016-17	FY 2017-18	FY 2018-19
T&D Losses	**13.25%**	**12.75%**	**12.25%**

9.3.Inter – State Transmission Loss

Petitioner Submission:

The Petitioner has submitted inter-state transmission losses in the interstate circuit as 3.57%, based on the recent 52 weeks (5th January 2015-3rd January 2016) moving average of regional losses.

Commission Analysis:

The Commission has approved an Inter-State Transmission Loss of 3.75% for FY 2015-16 based on recent 52 weeks moving average of regional losses (16th March 2015 to 13th March 2016) and approves the same for the entire MYT Control Period for FY 2016-17 to FY 2018-19 which would be revised based on actuals of the respective year during the truing up exercise.

9.4.Energy Requirement

Petitioner Submission:

The Petitioner has considered the overall energy requirements including open access at the generator end for the MYT Control Period from FY 2016-17 to FY 2018-19 as 1839.36 MU, 1922.77 MU and 2011.49 MU respectively.

Commission Analysis:

The Commission has calculated the energy requirements for the MYT Control Period from FY 2016-17 to FY 2018-19 based on the approved inter-state losses; intra-state transmission & distribution losses and the approved energy sales as discussed in the foregoing paragraphs. The gross energy requirement approved for the MYT Control Period from FY 2016-17 to FY 2018-19 is shown in the Table below, along with the energy requirement submitted by the Petitioner.

Table 9.8: Energy Requirement (MU) as approved by Commission for the MYT Control Period

S. No	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	ARR TO	ARR Submission	ARR TO	ARR Submission	ARR TO
1	*Energy sales within the State/UT*	**1,581.85**	***1,617.41***	**1,658.39**	***1,697.30***	**1,739.94**	***1,782.45***
2	Distribution losses						
i)	*%*	14.00%	*13.25%*	*13.75%*	*12.75%*	*13.50%*	*12.25%*
	MU	*257.51*	*247.04*	*264.38*	*248.03*	*271.55*	*248.83*

S. No	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	ARR TO	ARR Submission	ARR TO	ARR Submission	ARR TO
3	Energy required at State Periphery for Sale to Retail Consumers	1,839.36	1,864.45	1,922.77	1,945.33	2,011.49	2,031.28
4	*Add: Sales to common pool consumers/ UI*		-	-	-	-	-
5	Total Energy Requirement for State	**1,839.36**	**1,864.45**	**1,922.77**	**1,945.33**	**2,011.49**	**2,031.28**
6	*Transmission losses*						
i)	*%*	*3.57%*	*3.75%*	*3.57%*	*3.75%*	*3.57%*	*3.75%*
	MU	*63.35*	*66.22*	*63.35*	*66.22*	*63.35*	*66.22*
7	ENERGY REQUIRED AT GENERATOR END	**1,902.71**	**1,937.09**	**1,986.12**	**2,021.12**	**2,074.84**	**2,110.42**
8	Gross Availability	1,784.22	**1,775.80**	1,792.63	**1,784.21**	1,805.25	**1,796.83**
a	*Power Purchase from Solar Sources Inside UT*	*9.81*	*9.81*	*18.22*	*18.22*	*30.84*	*30.84*
b	*Firm Sources (8-a)*	*1,774.41*	*1,765.99*	*1,774.41*	*1,765.99*	*1,774.41*	*1,765.99*
c	*Unscheduled Interchange*						
d	*Power Purchase from other sources*						
9	PXIL (Buy) to match the energy requirement	**118.49**	**161.29**	**193.49**	**236.91**	**269.59**	**313.59**
10	*Net power purchase from firm sources and Renewables including Transmission Losses*	*1,839.36*	*1,870.87*	*1,922.77*	*1,954.90*	*2,011.49*	*2,044.20*
11	Gross Purchase including PXIL	**1,902.71**	**1,937.09**	**1,986.12**	**2,021.12**	**2,074.84**	**2,110.42**

9.5.Power Purchase Quantum & Cost for FY 2016-17 to FY 2018-19

Petitioner Submission:

Power Purchase as projected by the Petitioner:

The Petitioner has submitted that it has taken following assumptions regarding power procurement cost:

a. The fixed charges billed by each plant for FY 2013-14 have been escalated by 10% and considered the same for each year of the MYT control period.

b. The Energy Charges for each plant are computed by multiplying variable charge per unit for FY 2014-15 escalated @ 5% with units available from each plant mentioned above.

c. The rate of short term power has been considered @ Rs. 4 per unit in view of the average rate of bilateral power rate in Energy Exchange

d. In the absence of any recent Tariff Orders for plants of SJVN, THDC, etc., the fixed and energy charges have been assumed similar to the actual charges paid by CED during FY 2014-15 and any variation in the cost may be recovered as part of FPPCA or at the time of truing-up. Similarly, for BBMB plants, the combined cost paid for the energy drawn during FY 2014-15 has been considered for projecting the cost of power from BBMB during the Control Period.

e. PGCIL Charges, NRLDC Charges, Reactive Energy charges are computed at an escalation @ 5% y-o-y over actuals billed per unit in FY 2014-15

The Petitioner has estimated cost of power procurement from solar power plants as per Table below by gradually decreasing average power purchase cost in the range of 3%-4%

Table 9.9: Cost of Solar Power Purchase (Gross Metering Mode) in Rs./kWh

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Cost of Solar power (Rs/Unit)	8.4	8.2	7.9

The cost of solar power purchase from net metering mode has been estimated after considering the fact that the net metering consumer will consume approx. 3/4th of the power generated by its plant while the rest of the solar power generated will be injected into the grid. In such a scenario the Petitioner shall pay the net metering user for the units injected in to the grid while the RPO compliance will be met for the power generated by the net metering consumer as well as fed into the grid, resulting in reduced effective cost from the net metering mode. The consumption/export may vary from consumer to consumer.

Table 9.10: Cost of Solar Power Purchase (Net Metering Mode) in Rs./kWh

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Cost of Solar power (Rs/Unit)	3.5	3.5	3.5

The Petitioner has submitted that it shall meet balance solar and full non-solar RPO from REC certificates during the MYT Control Period. The cost of solar RECs is considered at floor price of Rs 3500 and that for non-solar certificates is considered as Rs 1500 per certificate in line with the CERC approved rates for REC. The details of the same are submitted in the Table below:

Table 9.11 Cost of meeting RPO for the MYT Control Period

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Solar RPO	1.15%	1.50%	1.85%
Sales	1,581.85	1,658.39	1,739.94
Solar RPO Quantum (MU)	**18.19**	**24.88**	**32.19**
Power planned to be procured from NET Metering Mode (In MW)	5.00	8.00	12.00
Power planned to be procured from NET Metering Mode (In MU's)	7.01	11.21	16.82
Cost of Solar Power from Net Metering Mode (Rs. Cr.)	**2.45**	**3.92**	**5.89**
Power planned to procure from Gross Metering Mode (In MW)	2.00	5.00	10.00
Power planned to procure from Gross Metering Mode (In MU's)	2.80	7.01	14.02
Cost of Solar Power from Gross Metering Mode (Rs. Cr.)	**2.35**	**5.75**	**11.07**
Solar RPO to be met with REC	8.38	6.66	1.35
Solar RE Certificates to be bought	8380	6655	1353
Price of Solar Certificates (Rs/certificate)	3500	3500	3500
Cost of Solar REC (Rs Crores)	**2.93**	**2.33**	**0.47**
Non-Solar RPO	2.80%	2.80%	2.80%
Non-Solar RPO Quantum (MU)	**44.29**	**46.43**	**48.72**
Non Solar Certificates to be bought	44291	46434	48718
Price of Non Solar Certificates (Rs/certificate)	1500	1500	1500
Cost of Non-Solar RECs (Rs Crores)	**6.64**	**6.97**	**7.31**

The Petitioner has not included any charges towards REC transactions and the same shall be considered at time of review/True-up. Based on the above assumptions the Petitioner has submitted the estimated power purchase cost for the control period in the Table below:

Table 9.12 Projected Power Purchase Cost for the MYT Control Period (Rs Crores)

Power Plant Source	FY 2016-17	FY 2017-18	FY 2018-19
NTPC Stations			
Anta	16.75	17.38	18.04
Auraiya	15.26	15.85	16.48
Dadri GPP	17.87	18.60	19.37
Dadri II TPP	9.80	10.13	10.48
Kahalgaon II	7.59	7.84	8.09
Rihand I	22.78	23.54	24.34
Rihand II	20.41	21.05	21.72
Rihand III	18.30	18.80	19.33
Singrauli	6.51	6.74	6.98
Unchahar I	6.52	6.77	7.03
Unchahar II	11.47	11.90	12.36
Unchahar III	4.83	4.99	5.15
Koldam	16.02	16.82	17.66
APCL	14.85	15.26	15.70
NHPC Stations			

Power Plant Source	FY 2016-17	FY 2017-18	FY 2018-19
Chamera I	18.75	19.06	19.39
Chamera II	8.75	8.92	9.10
Chamera III	8.39	8.57	8.75
Dhauliganga	6.57	6.69	6.82
Dulhasti	18.20	18.53	18.87
Parbathi III	13.27	13.67	14.09
Salal	1.17	1.19	1.21
Sewa II	4.96	5.05	5.15
Tanakpur	1.96	2.00	2.03
Uri-I	3.60	3.66	3.73
Uri II	3.56	3.62	3.69
NPCIL			
NAPP	11.29	11.86	12.45
RAPP (#3 and #4)	7.14	7.50	7.88
RAPP(#5 and #6)	19.43	20.40	21.42
SJVNL			
Nathpa Jhakri	19.85	19.85	19.85
Rampur (Additional)	64.85	64.85	64.85
Rampur	2.61	2.61	2.61
BBMB	237.83	237.83	237.83
THDC			
Koteshwar	5.33	5.33	5.33
Tehri	20.24	20.24	20.24
Other Sources			
Solar Power Procurement (Net Metering)	2.45	3.92	5.89
Solar Power Procurement (Gross Metering)	2.35	5.75	11.07
Short Term/Bilateral	47.39	77.39	107.84
Cost of REC certificates	9.58	9.29	7.78
Grand Total	**712.44**	**756.63**	**802.94**

The Petitioner has submitted other charges for the MYT Control Period as per the Table below:

Table 9.13: Transmissions and Other Charges projected for the MYT Control Period (Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
PGCIL Charges	36.31	38.13	40.03
NRLDC Charges	0.38	0.40	0.42
Reactive Energy Charges	0.55	0.58	0.61
Total	**37.24**	**39.10**	**41.06**

Based on the source-wise cost of power purchase, the total cost projected for MYT period is as provided in the table below.

Table 9.14: Projected Power Purchase Quantum and Cost for the MYT Control Period (Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Power Purchase quantum	1902.70	1986.11	2074.83
Total Power Purchase Cost	749.69	795.73	844.00

Commission Analysis:

Power Purchase Quantum and Cost for FY 2016-17 to FY 2018-19

The Commission while estimating the energy availability from the power plants to CED considered the following assumptions:

- **Allocation of Share:** The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations, as per the notification of the Northern Region Power Committee NRPC/ OPR/ 103/ 02/ 2016/1882-1904 dated 29th February 2016.
- **Gross Energy Availability**: The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past 5 FYs as applicable i.e. FY 2011-12 to FY 2015-16 till January 2016. For hydro plants plant load factor has been determined on the basis of average of previous four years (excluding FY 2015-16). The availability from each station has been considered based on merit order dispatch. However, the fixed charges are approved for full power allocation. The net energy sent out from the generating station has been considered after considering the applicable auxiliary consumption on pro-rata basis as per the CERC (Terms and Conditions of Tariff) Regulations, 2014
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out from the generating stations to arrive at the energy available for the Petitioner from the respective stations.

The CERC has not issued the Tariff Orders for the FY 2014-15 for many central generating stations that form part of the supply to CED. The Tariff Regulations for the years post FY 2013-14 have been finalized by CERC but the Tariff Orders are awaited. In the absence of such information, this Commission has considered the following assumptions to arrive at the power purchase cost for FY 2016-17 to FY 2018-19 from the NTPC stations:

- **Fixed Charges:** 5% escalation has been considered in the fixed charges for FY 2016-17 over the approved fixed charges of FY 2013-14 Year on Year basis. However, for plants where CERC has issued Tariff Orders till FY 2018-19 as per the latest CERC Tariff Regulations, the fixed cost applicable for the relevant year has been considered.

- **Variable Charges:** The Commission has considered the average variable cost for the period as approved for FY 2015-16 in the Tariff Order dated 10th April 2015.

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

The Commission has considered the Petitioner's submission in respect to physical power purchase from solar plants and has considered purchase from solar plants @ Rs 5/kwh for the entire control period from FY 2016-17 to FY 2018-19. For net metering solar plants, the same has been considered @Rs 3.5/kWh. The Commission has considered REC purchase cost as submitted by the Petitioner at the floor price of the certificates i.e. Rs. 1500/MWh for Non-Solar REC and Rs. 3500/MWh for Solar REC.

The Commission has considered the PoC rates as specified by the CERC vide its order no No.L-1/44/2010-CERC Dated 03rd November 2015 applicable from October 2015 to December 2015 for approving the Transmission charges for FY 2016-17 to FY 2018-19.

The Commission has also approved other charges (NRLDC and PSPTCL) as approved for FY 2015-16 and the same would be revised based on actuals during the truing up exercise.

Since the UT is facing power deficit scenario, it will have to go for procurement of full power allocation available in the Control Period. However if there is excess power scenario for any period during the Control Period it will have to curtail power as per principle of Merit Order dispatch. Short-Term Power Purchase to account for deficiency from long-term power sources has been assumed to be carried at Rs 3.0/kWh.

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

The licensee will compute fuel and power procurement cost variations on a quarterly basis and adjustment shall be made in consumer bills starting after a month following the end of the quarter.

Table 9.15: Power Purchased Quantum (MU) and Cost approved by the Commission for FY 2016-17

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
A	**NTPC**						
1	Anta	32.51	4.65	11.18	-	15.83	487
2	Auraiya	25.41	3.56	11.36	-	14.92	587
3	Dadri GPP	31.80	3.64	13.87	-	17.50	550
4	Dadri II TPP	12.98	2.73	5.02	-	7.75	597
5	Kahalgaon II	17.47	2.64	4.23	-	6.87	393

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
6	Rihand I	80.20	7.97	13.31	-	21.28	265
7	Rihand II	68.16	8.34	11.79	-	20.14	295
8	Rihand III	50.47	9.17	8.73	-	17.90	355
9	Singrauli	26.09	1.70	3.21	-	4.91	188
10	Unchahar I	16.19	1.82	3.58	-	5.39	333
11	Unchahar II	27.00	3.21	5.91	-	9.12	338
12	Unchahar III	10.17	1.75	1.45	-	3.20	315
13	Jhajjar (Aravali)	14.90	5.07	6.30	-	11.38	763
14	Koldam	24.96	11.77	9.33	-	21.10	845
B	**NHPC**						
1	Chamera I	97.44	4.18	8.77	-	12.95	133
2	Chamera II	18.72	1.68	2.62	-	4.31	230
3	Chamera III	9.91	2.17	2.05	-	4.22	426
4	Dhauliganga	17.18	1.29	2.49	-	3.78	220
5	Dulhasti	20.99	4.03	6.47	-	10.50	500
6	Parbathi III	7.33	0.55	2.33	-	2.88	393
7	Salal	8.92	0.26	0.43	-	0.69	77
8	Sewa II	7.19	0.94	1.70	-	2.63	366
9	Tanakpur	5.76	0.48	0.66	-	1.15	199
10	Uri-I	17.47	0.29	1.40	-	1.69	96
11	Uri-II	7.52	0.42	1.17	-	1.58	210
C	**SJVNL**						
1	NATHPA JHAKRI	61.81	4.55	8.90	-	13.45	218
2	RAMPUR (Additional)	4.08	0.37	1.16	-	1.52	373
D	**BBMB**						
1	BBMB 3.5%	195.86	-	3.33	-	3.33	17
2	BBMB 1 LU	36.50	-	15.51	-	15.51	425
3	BBMB 10 LU	365.00	-	197.83	-	197.83	542
4	Pong	59.25	-	11.55	-	11.55	195
5	Dehar	111.87	-	25.17	-	25.17	225
E	**NPCIL**						
1	NAPS	37.32	-	8.84	-	8.84	237
2	RAPP (Unit 3 & 4)-B	19.56	-	5.36	-	5.36	274
3	RAPP (Unit 5 & 6)-C	35.13	-	11.98	-	11.98	341
F	**THDC**						
1	Koteshwar	7.88	0.55	1.54	-	2.08	264
2	Tehri	174.99	15.39	40.25	-	55.63	318
G	Power from Firm Sources	**1765.99**	**105.15**	**470.79**	**-**	**575.93**	**326**
H	**Other Charges**						
1	*PGCIL CHARGES*					90.23	

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
2	*REC(Solar and Non-Solar)*					9.87	
3	*Bilateral/Exchange*	161.29				48.39	
4	*Open Access Charges*					-	
5	*Reactive charges*					0.12	
6	*WRPC*						
7	*WRLDC*					0.30	
8	*Others Charges*					-	
9	*Solar Power (Physical Power)*	9.81				3.85	
10	*Less: Rebate*					-	
11	*Less: Penal UI*					-	
G	**TOTAL**	**1,937.09**	**105.15**	**470.79**	**-**	**728.70**	

Table 9.16: Power Purchased Quantum (MU) and Cost approved by the Commission for FY 2017-18

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
A	**NTPC**						
1	Anta	32.51	4.88	11.18	-	16.07	494
2	Auraiya	25.41	3.74	11.36	-	15.10	594
3	Dadri GPP	31.80	3.82	13.87	-	17.69	556
4	Dadri II TPP	12.98	2.86	5.02	-	7.89	608
5	Kahalgaon II	17.47	2.77	4.23	-	7.00	401
6	Rihand I	80.20	8.37	13.31	-	21.68	270
7	Rihand II	68.16	8.76	11.79	-	20.55	302
8	Rihand III	50.47	9.63	8.73	-	18.36	364
9	Singrauli	26.09	1.78	3.21	-	4.99	191
10	Unchahar I	16.19	1.91	3.58	-	5.48	339
11	Unchahar II	27.00	3.37	5.91	-	9.28	344
12	Unchahar III	10.17	1.98	1.45	-	3.43	337
13	Jhajjar (Aravali)	14.90	5.33	6.30	-	11.63	780
14	Koldam	24.96	12.36	9.33	-	21.69	869
B	**NHPC**						
1	Chamera I	97.44	4.39	8.77	-	13.16	135
2	Chamera II	18.72	1.77	2.62	-	4.39	234
3	Chamera III	9.91	2.28	2.05	-	4.33	437
4	Dhauliganga	17.18	1.35	2.49	-	3.84	224
5	Dulhasti	20.99	4.23	6.47	-	10.70	510

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
6	Parbathi III	7.33	0.58	2.33	-	2.91	397
7	Salal	8.92	0.27	0.43	-	0.70	79
8	Sewa II	7.19	0.98	1.70	-	2.68	373
9	Tanakpur	5.76	0.51	0.66	-	1.18	204
10	Uri-I	17.47	0.31	1.40	-	1.70	97
11	Uri-II	7.52	0.44	1.17	-	1.60	213
C	**SJVNL**						
1	NATHPA JHAKRI	61.81	4.77	8.90	-	13.67	221
2	RAMPUR (Additional)	4.08	0.39	1.16	-	1.54	378
D	**BBMB**						
1	BBMB 3.5%	195.86	-	3.33	-	3.33	17
2	BBMB 1 LU	36.50	-	15.51	-	15.51	425
3	BBMB 10 LU	365.00	-	197.83	-	197.83	542
4	Pong	59.25	-	11.55	-	11.55	195
5	Dehar	111.87	-	25.17	-	25.17	225
E	**NPCIL**						
1	NAPS	37.32	-	8.84	-	8.84	237
2	RAPP (Unit 3 & 4)-B	19.56	-	5.36	-	5.36	274
3	RAPP (Unit 5 & 6)-C	35.13	-	11.98	-	11.98	341
F	**THDC**						
1	Koteshwar	7.88	0.57	1.54	-	2.11	268
2	Tehri	174.99	16.15	40.25	-	56.40	322
G	Power from Firm Sources	**1765.99**	**110.55**	**470.79**	**-**	**581.34**	**329**
H	**Other Charges**						
1	*PGCIL CHARGES*					90.23	
2	*REC(Solar and Non-Solar)*					9.66	
3	*Bilateral/Exchange*	236.91				71.07	
4	*Open Access Charges*					-	
5	*Reactive charges*					0.12	
6	*WRPC*						
7	*WRLDC*					0.30	
8	*Others Charges*					-	
9	*Solar Power (Physical Power)*	18.22				7.43	
10	*Less: Rebate*					-	
11	*Less: Penal UI*					-	
G	**TOTAL**	**2021.12**	**110.55**	**470.79**	**-**	**760.16**	

Table 9.17: Power Purchased Quantum (MU) and Cost approved by the Commission for FY 2018-19

Sr. No	Particulars	Energy Purchase (MU)	Cost (Rs Crores)				Per Unit (Paisa/kWh)
			Fixed	Variable	Other	Total	
A	**NTPC**						
1	Anta	32.51	5.13	11.18	-	16.31	502
2	Auraiya	25.41	3.93	11.36	-	15.29	602
3	Dadri GPP	31.80	4.01	13.87	-	17.88	562
4	Dadri II TPP	12.98	3.01	5.02	-	8.03	619
5	Kahalgaon II	17.47	2.91	4.23	-	7.14	409
6	Rihand I	80.20	8.79	13.31	-	22.10	276
7	Rihand II	68.16	9.20	11.79	-	20.99	308
8	Rihand III	50.47	10.11	8.73	-	18.84	373
9	Singrauli	26.09	1.87	3.21	-	5.08	195
10	Unchahar I	16.19	2.00	3.58	-	5.58	345
11	Unchahar II	27.00	3.54	5.91	-	9.45	350
12	Unchahar III	10.17	2.08	1.45	-	3.53	347
13	Jhajjar (Aravali)	14.90	5.59	6.30	-	11.90	798
14	Koldam	24.96	12.97	9.33	-	22.31	894
B	**NHPC**						
1	Chamera I	97.44	4.61	8.77	-	13.38	137
2	Chamera II	18.72	1.86	2.62	-	4.48	239
3	Chamera III	9.91	2.39	2.05	-	4.44	448
4	Dhauliganga	17.18	1.42	2.49	-	3.91	227
5	Dulhasti	20.99	4.45	6.47	-	10.91	520
6	Parbathi III	7.33	0.61	2.33	-	2.94	401
7	Salal	8.92	0.29	0.43	-	0.72	81
8	Sewa II	7.19	1.03	1.70	-	2.73	380
9	Tanakpur	5.76	0.54	0.66	-	1.20	209
10	Uri-I	17.47	0.32	1.40	-	1.72	98
11	Uri-II	7.52	0.46	1.17	-	1.63	216
C	**SJVNL**						
1	NATHPA JHAKRI	61.81	5.01	8.90	-	13.91	225
2	RAMPUR (Additional)	4.08	0.41	1.16	-	1.56	382
D	**BBMB**						
1	BBMB 3.5%	195.86	-	3.33	-	3.33	17
2	BBMB 1 LU	36.50	-	15.51	-	15.51	425
3	BBMB 10 LU	365.00	-	197.83	-	197.83	542
4	Pong	59.25	-	11.55	-	11.55	195
5	Dehar	111.87	-	25.17	-	25.17	225
E	**NPCIL**						
1	NAPS	37.32	-	8.84	-	8.84	237

Sr. No	Particulars	Cost (Rs Crores)					Per Unit (Paisa/kWh)
		Energy Purchase (MU)	Fixed	Variable	Other	Total	
2	RAPP (Unit 3 & 4)-B	19.56	-	5.36	-	5.36	274
3	RAPP (Unit 5 & 6)-C	35.13	-	11.98	-	11.98	341
F	**THDC**						
1	Koteshwar	7.88	0.60	1.54	-	2.14	272
2	Tehri	174.99	16.96	40.25	-	57.21	327
G	**Power From Firm Sources**	**1765.99**	**116.08**	**470.79**	**-**	**586.87**	**332**
H	**Other Charges**						
1	*PGCIL CHARGES*					90.23	
2	*REC(Solar and Non-Solar)*					8.23	
3	*Bilateral/Exchange*	313.59				94.08	
4	*Open Access Charges*					-	
5	*Reactive charges*					0.12	
6	*WRPC*						
7	*WRLDC*					0.30	
8	*Others Charges*					-	
9	*Solar Power (Physical Power)*	30.84				12.90	
10	*Less: Rebate*					-	
11	*Less: Penal UI*					-	
G	**TOTAL**	**2110.42**	**116.08**	**470.79**	**-**	**792.73**	

The Commission hereby approves the total power purchase requirement of 1937.09 MU, 2021.12 MU and 2110.42 MU at total power purchase cost (including transmission and other charges) of Rs 728.70 Crores, Rs 760.16 Crores and Rs 792.73 Crores respectively for the MYT Control Period from FY 2016-17 to FY 2018-19. The K Factor for computation of FPPCA charge is approved at 330 Paisa/kWh for FY 2016-17.

9.6.Renewable Purchase Obligation

Petitioner Submission:

The Petitioner has submitted details of power purchase from physical solar power from plants operating in the gross metering mode as well as the net metering mode. For the balance solar obligation as well as for non-solar obligation, CED has projected to meet the same from RECs during the Control Period. The cost of solar RECs is considered at floor price of Rs 3500 and that for non-solar certificates is considered as Rs 1500 per certificate in line with the CERC approved rates for REC. The Petitioner has submitted following details regarding physical power purchase and REC purchase:

Table 9.18: REC and Solar Power Purchase proposed by the Petitioner in MYT Control Period

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Solar RPO	1.15%	1.50%	1.85%
Sales	1,581.85	1,658.39	1,739.94
Solar RPO Quantum (MU)	**18.19**	**24.88**	**32.19**
Solar Power planned to be procured from NET Metering Mode (In MW)	5.00	8.00	12.00
Solar Power planned to be procured from NET Metering Mode (In MU's)	7.01	11.21	16.82
Cost of Solar Power from Net Metering Mode (Rs. Cr.)	**2.45**	**3.92**	**5.89**
Solar Power planned to procure from Gross Metering Mode (In MW)	2.00	5.00	10.00
Solar Power planned to procure from Gross Metering Mode (In MU's)	2.80	7.01	14.02
Cost of Solar Power from Gross Metering Mode (Rs. Cr.)	**2.35**	**5.75**	**11.07**
Solar RPO to be met with REC	8.38	6.66	1.35
Solar RE Certificates to be bought	8380	6655	1353
Price of Solar RE Certificates (Rs/certificate)	3500	3500	3500
Cost of Solar REC (Rs Crores)	2.93	2.33	0.47
Non-Solar RPO	2.80%	2.80%	2.80%
Non-Solar RPO Quantum (MU)	**44.29**	**46.43**	**48.72**
Non-Solar Certificates to be bought	44291	46434	48718
Non-Solar Price of Certificates (Rs/certificate)	1500	1500	1500
Cost of Non-Solar RECs (Rs Crores)	**6.64**	**6.97**	**7.31**

Commission Analysis:

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

Quote

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

Unquote

Further, the Commission has notified the amendment to the JERC (Procurement of Renewable Energy) Regulations, 2010 on 19th February 2014. As per the amendment issued, the Petitioner has to purchase a certain percentage of total energy purchase from renewable sources both solar and non-solar for FY 2016-17 to FY 2018-19. The Commission has considered the Petitioner's submission in respect to physical power purchase from solar plants i.e. 9.81 MU, 18.22 MU and 30.84 MU for the MYT Control Period from FY 2016-17 to FY 2018-19 respectively. Keeping in view the RPO of the Petitioner and the physical power requirement, the Commission approves the following quantum of RECs to be purchased. The cost of REC as well as physical renewable power has already been factored in the Power procurement cost. The Commission has further decided to approve the cost of purchase of RE Certificates (both Solar and Non Solar) at the floor price approved by the CERC (http://www.cercind.gov.in/2014/Regulation/ord16.pdf).

Table 9.19: REC and Solar Power Purchase approved by the Commission for the MYT Control Period

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Solar RPO	1.15%	1.50%	1.85%
Energy Sales	1,617.41	1,697.30	1,782.45
Solar RPO Quantum (MU)	**18.60**	**25.46**	**32.98**
Solar Power planned to be procured from NET Metering Mode (In MW)	5	8	12
Solar Power planned to be procured from NET Metering Mode (In MU's)	7.01	11.21	16.82
Cost of Solar Power from Net Metering Mode (Rs. Cr.)	**2.4535**	**3.9235**	**5.887**
Solar Power planned to procure from Gross Metering Mode (In MW)	2	5	10
Solar Power planned to procure from Gross Metering Mode (In MU's)	2.8	7.01	14.02
Cost of Solar Power from Gross Metering Mode (Rs. Cr.)	**1.4**	**3.505**	**7.01**
Solar RPO to be met with REC	8.79	7.24	2.14
Solar Certificates to be bought	8790	7240	2135
Price of Solar Certificates (Rs/certificate)	3500	3500	3500
Cost of Solar REC (Rs Crores)	3.08	2.53	0.75
Non-Solar RPO	2.80%	2.80%	2.80%
Non-Solar RPO Quantum (MU)	**45.29**	**47.52**	**49.91**
Non- Solar Certificates to be bought	45287	47524	49909
Price of Non- Solar Certificates (Rs/certificate)	1500	1500	1500
Cost of Non-Solar RECs (Rs Crores)	**6.79**	**7.13**	**7.49**

9.7. Employee Expenses

Petitioner Submission:

The Petitioner has submitted that the Commission in its Order on Business Plan dated 28th December 2015 has approved Employee cost norms as per the above mentioned Regulation. The Petitioner has not considered any one time expense for projecting the employees' expenses for the MYT period and hence provisions are kept as NIL. However, the Petitioner has reiterated that the employee cost recorded in the accounts of CED are excluding any provisioning towards the pensionary charge/ liability of the Board and the Leave salary pension charges in respect of employees of CED, since the expenses with respect to these elements are being undertaken at the Treasury Officer, UT Chandigarh, the Petitioner is in the process of compiling data for all type of retirement benefits and necessary provisions as per the rules shall be made as soon as the data is compiled.

Therefore, Commission should approve any liability arising in the later years on account of the same based on actuals.

The Petitioner has considered average WPI for preceding three years i.e. 5.10% as inflation factor for escalating the Employees cost per annum approved by the Commission. The approved annual per employee cost and existing number of employees along with proposed addition in employees as per the man-power study previously approved by the Commission, has been considered for the projection of Employee Cost for each year of the Control Period.

Additionally the Petitioner has proposed free electricity concession to its employees as per the already adopted circular of PSPCL (erstwhile PSEB, Punjab) dated 7.1.2011. The cost pertaining to the same has been added to the employee cost as per norms.
The projected Employee expenses are as per the Table Below:

Table 9.20: Employees' Expenses for the MYT Control Period as submitted by the Petitioner (Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Employees' Expenses	**76.36**	**89.32**	**93.52**

Commission Analysis:

As per the provision 21 (b) of the MYT Regulations 2014, the norm for employee expenses shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per sub-station along with annual expenses per personnel. The Commission considers the norm of 5.19 employees per '000 consumers and 0.58 Personnel/sub-station for the MYT Control Period. The Commission has considered the weightage of these two factors in overall computation of number of employees as 50:50. The norm of employee expenditure of Rs. 4,97,998 per employee (end of FY 2013-14) has been suitably escalated by the Wholesale Price Index (WPI) for immediately preceding three years which comes to be 5.11% (against 5.10% as submitted by the Petitioner), as per Regulation 21.1 of the MYT Regulations 2014 to arrive at the employee expenses for the MYT Control Period.

Further, the Commission is of the view that as per the provisions of Electricity Act 2003 and regulations framed hereunder, the utility has to charge the tariff approved by the Commission. Further, as per section 65, (Provision of subsidy by State Government):

Quote

If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State

Government shall, notwithstanding any direction which may be given under section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the license or any other person concerned to implement the subsidy provided for by the State Government.

Unquote

Accordingly, the amount applicable for provision of free electricity to the employees as per Govt. Circular needs to be provided by the Government only and the same cannot be recovered from tariff.

Keeping in view of the above, the employee expenses approved by the Commission for MYT Control Period are shown below:

Table 9.21: Employees' Expenses for the MYT Control Period as approved by the Commission (Rs Crores)

Employee Expense as per Norms (Rs. Crores)							
Sr. No	**Particulars**	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
1	Employee Expenses Per Employee	0.05	0.05	0.06	0.06	0.06	0.06
2	No of Employee Per '000 Consumers				5.19	5.19	5.19
3	No. of Employees Per Sub-station				0.58	0.58	0.58
4	No. of Sub-stations				1,907	1,907	1,908
5	No of Consumers '000				222	229	235
6	No of Employee				1,130	1,146	1,164
7	**Employee Expenses**				**65.35**	**69.67**	**74.38**

The Commission thus approves Employee Expenses of Rs. 65.35 Crores, Rs 69.67 Crores and Rs 74.38 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19. Further, the treatment of the employee expenses during the True-up would be in accordance with the provisions of Regulation 9.2, 10 and 11 of MYT Regulations 2014.

9.8.Administrative and General Expenses

Petitioner Submission:

The Petitioner has not considered any one time expense for projecting the A&G expenses for the MYT period and hence provisions are kept as NIL. The average increase in WPI for the precceding three years has been 5.10% which is considered as inflation factor for escalating the estimated A&G expenses per employee and A&G expense per 1000 consumers approved by the Commission for FY 2013-14. The Petitioner has considered consumer number as approved by the Commission while employee strength has been considered in line with the existing and approved addition in manpower. The projected A&G expenses as submitted by the Petitioner are as per the Table below:

Table 9.22: A&G Expenses for the MYT Control Period as submitted by the Petitioner (Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Administration and General Expenses	6.62	7.48	7.95

Commission Analysis:

As per provision 21 (b) of the MYT Regulations 2014, the norm for A&G Expenses shall be defined in terms of combination of A&G expense per personnel and A&G expense per 1000 consumers. The Commission reiterates that as per the Regulations provisions for one-time expenses can be made and the same shall be allowed on 'as and when basis' after due prudence check by the Commission. Based on average of A&G expenses per employee, a base of A&G expense per employee of Rs. 46,024 has been considered at end of FY 2013-14 to be reasonable for the MYT Control Period. Similarly, based on average A&G expense per '000 consumers, a base for A&G expense per '000 consumers has been considered as Rs. 2,42,883 at the end of FY 2013-14 to be reasonable for the MYT Control Period. The Commission has considered the weightage of these two factors in overall A&G computation as 50:50. The norms have also been escalated at average WPI of previous 3 years which comes to be 5.11%. The A&G expenses for the Control Period would be determined in accordance with Regulation 21.3 of the MYT Tariff Regulations 2014. The A&G expenses as per norms as approved in the Business Plan Order are shown below:

Table 9.23: A&G Expenses for the MYT Control Period as approved by the Commission (Rs Crores)

A&G Expense as per Norms (Rs. Crores)							
Sr. No	**Particulars**	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
1	Average A&G Expenses Per Employee (Rs)	46,024	48,377	50,850	53,449	56,181	59,053
2	Average A&G Expenses Per '000 Consumers (Rs)	2,42,883	2,55,299	2,68,349	2,82,067	2,96,486	3,11,641
3	No of Employee				1,130.00	1,146.00	1,164.00
4	No of Consumers '000				222	229	235
5	A&G Expenses Per Employee - 50%				3.02	3.22	3.44
6	A&G Expenses Per '000 Consumers - 50%				3.14	3.39	3.67
7	**A&G Expenses**				**6.16**	**6.61**	**7.10**

The Commission thus approves the A&G expenses of Rs. 6.16 Crores, Rs 6.61 Crores and Rs 7.10 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19 and the treatment of the A&G expenses during the True-up would be in accordance with the provisions of Regulation 9.2, 10 and 11 of the MYT Regulations 2014.

9.9.Repair and Maintenance Expenses

Petitioner Submission:

The Petitioner has submitted that for projecting R&M expenses it has considered "K factor i.e. Percentage point as per the norm" at 2.60% as approved by the Commission in the Business Plan Order and applied as percentage of assets for computing base R&M expenses for the year. The average increase in WPI for the preceding three years has been 5.10% and CPI for the preceding three years computed as 8.80%. The inflation index is computed as 7.32% after giving weightage of 60% to CPI and 40% to WPI. The same percentage is used for escalating the base R&M expenses. The projected R&M expenses as submitted by the Petitioner are as per the Table below:

Table 9.24: R&M Expenses for the MYT Control Period as submitted by the Petitioner (Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
R&M Expenses	**12.75**	**15.07**	**18.47**

Commission Analysis:

As per Regulation 21 (b) and 21.2 of the MYT Regulations 2014, the norm for R&M Expenses shall be defined in terms of percentage of opening gross fixed assets for estimation of R&M expenses. The Commission has analyzed the figures of the R&M expenses and the opening GFA based on the trued-up values. The "K-factor" of 2.60% was considered by the Commission during approval of Business Plan Order dated 28th December 2015, which was approved on the basis of the GFA submitted by the Petitioner. For the present Order the Commission has considered GFA as submitted in the FAR. The Commission has already approved K Factor of 2.60% in its Business Plan Order. Inflation index (CPI and WPI) has been considered with weightage of 60:40. The average of CPI Index of last 3 years arrives at 8.80% and average of WPI of last 3 years comes to be 5.11% The R&M expenses as per norms as approved in the Business plan Order are shown below:

Table 9.25: R&M Expenses for the MYT Control Period as approved by the Commission (Rs Crores)

R&M Expenses as per Approved Norms (Rs Crores)				
Sr. No	**Particulars**	**FY 17**	FY 18	FY 19
1	Opening GFA	240.26	288.39	326.91
2	K Factor Approved by the Commission	2.60%		
3	Inflation index (60:40=CPI:WPI)	7.33%		
4	**R&M Expenses**	**6.70**	**8.64**	**10.51**

The Commission thus approves R&M expenses of Rs. 6.70 Crores, Rs 8.64 Crores and Rs 10.51 Crores for the MYT Control Period. Further, the treatment of the R&M expenses during the True-up would be in accordance with the provisions of Regulation 9.2, 10 and 11 of the MYT Regulations 2014

Summary of O&M Expenses approved for MYT Control Period

The Commission, based on analysis done in foregoing paragraphs, the Commission approves O&M expenses of Rs 78.21 Crores, Rs 84.91 Crores and 91.99 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19 as tabulated below:

Table 9.26: O&M Expenses for the MYT Control Period as approved by the Commission (Rs Crores)

Year	FY 2016-17	FY 2017-18	FY 2018-19
Employee Expenses	65.35	69.67	74.38
A&G Expenditure	6.16	6.61	7.1
R&M Expenditure	6.70	8.64	10.51
Total O&M Expenditure	**78.21**	**84.91**	**91.99**

9.10. Capital Expenditure and Capitalization

Petitioner Submission:

The Petitioner submitted that as per the Business Plan for the CED, the Commission had approved capitalization of the schemes costing less than 10 Crores. However, three schemes with capex greater than Rs. 10 Crores each had been disallowed due to non-availability of Cost Benefit analysis and prior approval of the Commission.

The Petitioner has now submitted a proposal for capitalization of Rs 48.13 Crores, Rs 38.52 Crores and Rs 94.80 Crores with a request that the proposed schemes are necessary to ensure smooth functioning of the T&D network in the concerned areas and have high technical merits. The Petitioner further requested the Commission to approve the revised capitalization as now proposed, including asset addition on account of these schemes for capitalization of Rs 48.13 Crores, Rs 38.52 Crores and Rs 94.80 Crores in FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

Commission Analysis:

The Commission had disallowed the capitalization for the following schemes in the Business Plan Order:

1) Conversion of existing 33KV Sub Station Sector-18 to 66KV Sub Station Sector-18 by Providing GIS 2x20MVA, 66/11KV Power Transformer along with 66 kV associated 66 kV T/L with underground cable from 66 kV Sector-26 to 66 kV Sector 18.

2) Providing 2x20MVA, 66/11KV Gas Insulated Sub Station at Sector-26 UT Chandigarh along with 66 KV D/C line from 66 kV I.T park to 66KV Grid Sub Station Sector-26 UT Chandigarh.
3) Providing 66 KV Transmission Line along with associated 66 KV line bays to upcoming 66 KV Grid Substation at Raipur Kalan UT Chandigarh.

The Commission had directed the Petitioner to submit complete documents related to the scheme along with approvals from the CEA/ UT Administration/ other competent authority for further review and approval of the Commission. The Commission notes that the Petitioner has submitted the requisite documents along with the present filing. The Commission thus finds it appropriate to approve these 3 schemes also for the MYT Control Period so enable the Petitioner to meet enhanced load growth requirements as well as to ensure system reliability.

The Commission accordingly approves the capitalization for the above mentioned three schemes having value more than Rs 10 Crores in addition to capitalization approved in the Business Plan Order dated 28th December 2015. The overall capitalization now approved for the MYT Control Period is shown in Table below:

Table 9.27: Capitalization Approved by the Commission for FY 2016-17 to FY 2018-19 (In Rs. Crores)

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Projected	Approved	Projected	Approved	Projected	Approved
Capitalization	48.13	48.13	38.52	38.52	94.80	94.80

9.11. Gross Fixed Assets and Depreciation

Petitioner Submission:

The Petitioner in the MYT Petition for FY 2016-17 to FY 2018-19 has projected opening assets for Control Period at Rs 401.53 Crores. The Petitioner also submitted that Fixed Asset Register as well as audited accounts of CED have been prepared and duly submitted to the Commission along with True-up for FY 2011-12 and FY 2012-13. Hence it requests the Commission to approve the revised opening and closing balances of fixed assets based on the annual audited accounts

Depreciation is charged on average rate of 5.28% on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is based on the original cost of the Gross Fixed Assets.

Commission Analysis:

The Commission, as already stated in the previous chapters, has considered assets on the basis of FAR.

As per Regulation 23 of the MYT Regulations 2014,

"

a) *Depreciation shall be calculated for each year of the Control Period on the original cost of the fixed assets of the corresponding year.*
b) *Depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants.*
c) *Depreciation shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation. The same shall be as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. (The same may vary as notified by CERC from time to time.)*
d) *The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset.*
Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.
e) *Depreciation shall be charged from the first year of operation of the asset.*
Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis.
f) *A provision of replacement of assets shall be made in the capital investment plan."*

The depreciation rates for distribution assets as specified by CERC (Terms and Conditions of Tariff) Regulations, 2014 have been used to calculate the depreciation. Addition in assets has been fully considered in plant & machinery and the same would be trued up based on actuals and audited accounts for the respective years.

In view of the above, Gross Fixed Assets and Depreciation approved by the Commission for the MYT Control period are shown in Table below:

Table 9.28: GFA and Depreciation as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	Opening Gross Fixed Assets	401.53	240.26	449.66	288.39	488.18	326.91
2	Addition During the FY	48.13	48.13	38.52	38.52	94.80	94.80
3	Adjustment/Retirement During the FY						
4	Closing Gross Fixed Assets	449.66	288.39	488.18	326.91	582.98	421.71
5	Average Gross Fixed Assets	425.60	264.32	468.92	307.65	535.58	374.31
6	Rate of Depreciation (%)	5.28%	5.45%	5.28%	5.42%	5.28%	5.40%
7	**Depreciation for the FY**	**22.47**	**14.40**	**24.76**	**16.69**	**28.28**	**20.21**

The Commission thus approves depreciation amount of Rs. 14.40 Crores, Rs 16.69 Crores and Rs 20.21 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19.

9.12. Interest on Loan

Petitioner Submission:

The Petitioner submitted that capital expenditure incurred by it has been funded through equity infusion by GOI through budgetary support without any external borrowings. Assets capitalized during the MYT Control Period have been considered based on normative debt-equity ratio of 70:30 as per the MYT Regulations, 2014. Interest rate of 14.75% has been considered for computation of interest cost for long-term loans which is similar to the SBI Prime Lending Rate. The Petitioner in its MYT Petition for FY 2016-17 to FY 2018-19 has projected Rs 21.92 Crores, Rs 22.91 Crores and Rs 25.88 Crores as Interest on loan.

Commission Analysis:

As per Regulation 24 of MYT Regulations 2014, if the equity actually deployed is more than 30% of capital cost, then equity in excess of 30% would be considered as normative loan. Actual loan or normative loan, if any shall be referred to as gross normative loan. The normative loan outstanding as on 1st April of the control period shall be computed by deducting the cumulative repayment as approved by the Commission till 31st March of the current FY. Further, the Commission has considered the actual capitalization of assets as approved in the foregoing paragraphs. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30. Repayment has been considered to be equal to depreciation allowed during the FY. Further, the Commission has considered the interest rate (SBI PLR) as for FY 2015-16 i.e. at the start of the FY 2016-17 which is 14.05%. The calculation for the interest on the normative loan is given below:

Table 9.29: Interest on Normative Loan as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	Opening Normative Loan	142.98	41.55	154.21	60.84	156.41	71.12
2	Add: Normative Loan during the year	33.69	33.69	26.96	26.96	66.36	66.36
3	Less: Normative Repayment Equal to Depreciation	22.47	14.40	24.76	16.69	28.28	20.21
4	Closing Normative Loan	154.21	60.84	156.41	71.12	194.49	117.27
5	Average Normative Loan	148.60	51.19	155.31	65.98	175.45	94.20
6	Rate of Interest (@SBAR rate)	14.75%	14.05%	14.75%	14.05%	14.75%	14.05%
7	Interest on Normative Loan including bank charges	**21.92**	**7.19**	**22.91**	**9.27**	**25.88**	**13.23**

The Commission thus approves Interest on Loan of Rs. 7.19 Crores, Rs 9.27 Crores and Rs 13.23 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19.

9.13. Interest on Working Capital

Petitioner Submission:

The Petitioner has computed the Interest on Working Capital for the MYT Control Period based on normative basis as per the MYT Regulations, 2014.

The working capital requirement for the Control Period has been computed considering the following parameters:

- Receivables of two months of billing
- Less power purchase cost of one month
- Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit
- Inventory for two months based on annual requirement for the previous year

A rate of interest of 14.75% has been considered on the working capital requirement, being the SBI Prime Lending Rate as on 1st April of the year. This is in line with the MYT Regulations, 2014 which states that "The rate of interest on working capital shall be equal to the base rate for the State Bank of India on the 1st April of the relevant financial year."

Commission Analysis:

As per Regulation 25 of MYT Regulations 2014, the following have been considered for computing the working capital requirement:

- Receivables of two months of billing
- Less power purchase cost of one month
- Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit
- Inventory for two months based on annual requirement for previous year

The latest available rate of interest is 9.30% (SBI Base rate as notified on 05th October 2015) has been considered as the rate effective from 1st April 2016 and accordingly, the Commission has considered this rate of interest for computation of interest on working capital. The working capital requirement due to deduction of high amount of security deposit is coming to be negative. Thus, the Interest on Working Capital has been considered as NIL. The calculation for the interest on the working capital is given below:

Table 9.30: Interest on Working Capital as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	Receivables of 2 Months Billing	151.76	137.94	163.20	145.24	174.39	153.48
2	Power Purchase Cost 1 Month	62.47	60.72	66.31	63.35	70.33	66.06
3	Consumer Security Deposit Excl. BG/FDR	143.84	143.84	148.84	148.84	153.84	153.84
4	Inventory Based on Annual Requirement for Previous FY	7.98	0.34	9.32	0.34	9.99	0.34
5	Total Working after deduction of Security Deposit	-	-	-	-	-	-
6	SBAR Rate (%)	14.75%	9.30%	14.75%	9.30%	14.75%	9.30%
7	Interest on Working Capital	-	-	-	-	-	-

The Commission has considered the change in Inventory as per audited accounts i.e. Rs. 4.07 Crores for FY 2014-15 and the same has been considered for two months on pro-rata basis. **The Commission thus approves NIL Interest on Working Capital for the MYT Control Period from FY 2016-17 to FY 2018-19.**

9.14. Interest on Security Deposit

Petitioner Submission:

The Petitioner has computed interest on security deposit based on the closing balance at the end of FY 2014-15 and projected increase of Rs. 5 Crores in consumer security deposit for each year of the Control Period.

Commission Analysis:

The Commission has considered the closing balance of security deposit of FY 2015-16 as determined in the previous chapter for opening balance of security deposit in FY 2016-17. Addition of Rs 5.0 Crores towards security deposit every year as submitted by the Petitioner has been considered by the Commission to be reasonable. The Bank rate as on 06th March 2016 is 7.75%. The Commission has considered the same rate for the MYT Control Period.

The Interest on consumer security deposit as approved by the Commission for MYT Control Period is shown in Table below:

Table 9.31: Interest on Security Deposit as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	**Opening Security Deposit**	138.84	138.84	143.84	143.84	148.84	148.84
2	Add: Deposits during the Year	5.00	5.00	5.00	5.00	5.00	5.00
3	Less: Deposits refunded						
4	**Closing Security Deposit**	143.84	143.84	148.84	148.84	153.84	153.84
5	**Average Security Deposit**	141.34	141.34	146.34	146.34	151.34	151.34
6	Bank Rate	8.50%	7.75%	8.50%	7.75%	8.50%	7.75%
7	**Interest on Security Deposit**	12.01	10.95	12.44	11.34	12.86	11.73

The Commission thus approves Interest on Security Deposit of Rs. 10.95 Crores, Rs. 11.34 Crores and Rs. 11.73 Crores for the MYT Control Period from FY 2016-17 to FY 2018-19 respectively.

9.15. Return on Equity

Petitioner Submission:

The Petitioner submitted that the entire capital expenditure incurred by it had been funded through equity infusion by GOI through budgetary support without any external borrowings. Therefore, for the purpose of claiming the RoE, normative equity as 30% of its capital base has been considered.

The Petitioner further submitted that in the past Tariff Orders, approval for opening fixed assets was not granted in the absence of the Fixed Asset Register and audited accounts. Since the Fixed Asset Register as well as the audited accounts for FY 2011-12 to FY 2014-15 for CED are prepared, the Commission is requested to approve the RoE based on the equity deployed towards the total GFA as per the annual audited accounts. Rate of return on equity is considered 16% post tax as per proviso 27 of the MYT regulations 2014.

Commission Analysis:

As per Regulation 27 of MYT Regulations 2014, Return on Equity shall be computed on 30% of capital base or actual equity whichever is lower based on approved capitalization 16% post tax return on equity shall be considered irrespective of whether the distribution licensee has claimed return on equity in the ARR Petition or not. The Commission has considered the capital base as per FAR submitted by the Petitioner and has added the equity to the tune of 30% of asset capitalized during the FY. The calculation for the Return on Equity is given below:

Table 9.32: Return on Equity as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	Opening equity	120.46	72.08	134.90	86.52	146.45	98.07
2	Addition in Equity	14.44	14.44	11.56	11.56	28.44	28.44
3	Closing Equity	134.90	86.52	146.45	98.07	174.89	126.51
4	Average Equity Amount	127.68	79.30	140.68	92.29	160.67	112.29
5	**Reasonable return @ 16%**	**20.43**	**12.69**	**22.51**	**14.77**	**25.71**	**17.97**

The Commission thus approves Return on Equity of Rs. 12.69 Crores, Rs 14.77 Crores and Rs 17.97 Crores for the MYT control period from FY 2016-17 to FY 2018-19 respectively.

9.16. Provision for bad and doubtful debts

Petitioner Submission:

The Petitioner has claimed Rs. 1% of the estimated ARR against provision for bad and doubtful debts for the MYT Control period from FY 2016-17 to FY 2018-19.

Commission Analysis:

As per Regulation 32 of MYT Regulations 2014

Quote

Bad and Doubtful Debts shall be limited to 1% of receivables in the True-ups, subject to the condition that amount of bad and doubtful debts have actually been written off in the licensee books of accounts.

Unquote

MYT Regulations 2014 allows a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement on the basis of audited accounts only. **As amounts indicated for FY 2016-17 to 2018-19 are not actuals and are based on projections, no amount is considered for Provision for bad and doubtful debts for the MYT Control Period from FY 2016-17 to FY 2018-19.**

9.17. Non-Tariff Income

Petitioner Submission:

The Petitioner has indicated in the MYT petition for FY 2016-17 to FY 2018-19 that it will get Rs 20.78 Crores against Non-Tariff income.

Commission Analysis:

The Commission has escalated the revised Non-Tariff income approved for FY 2015-16 by 5% to arrive at the Non-Tariff Income for FY 2016-17 and beyond as shown below:

Table 9.33: Non- Tariff Income as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	**Non-Tariff Income**	20.78	24.48	20.78	25.71	20.78	26.99

The Commission considers Non-Tariff income of Rs 24.48 Crores, Rs 25.71 Crores and Rs 26.99 Crores as reasonable for FY 2016-17, FY 2017-18 and FY 2018-19 respectively and approves the same for the MYT Control Period.

9.18. Aggregate Revenue Requirement for MYT Control Period from FY 2016-17 to FY 2018-19

Petitioner Submission:

The Petitioner has submitted the net revenue requirement of Rs. 910.57 Crores, Rs 979.23 Crores and 1046.35 Crores (before adjustment of revenue from sale of surplus power) for the MYT Control Period from FY 2016-17 to FY 2018-19 respectively. Further, it has estimated a standalone revenue gap/(surplus) of Rs. 219.72 Crores, Rs 257.30 Crores and Rs 291.39 Crores for the purpose of MYT Control Period from FY 2016-17 to FY 2018-19 respectively.

Commission Analysis:

The Commission has considered and approved the Aggregate Revenue Requirement for FY 2016-17 to FY 2018-19 based on the items of expenditure discussed in the preceding paragraphs and the same has been summarized in the Table below vis-à-vis the Petitioner's claim as follows:

Table 9.34: ARR as approved by the Commission for MYT Control Period (in Rs Crores)

S. No.	Particulars	FY 17		FY 18		FY 19	
		ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission	ARR Submission	Approved by the Commission
1	Cost of power purchase for full year	749.69	728.70	795.73	760.16	844.00	792.73
3	Employee costs	76.36	65.35	89.32	69.67	93.52	74.38
4	Administration and General Expenses	6.62	6.16	7.48	6.61	7.95	7.10
5	Repair and Maintenance Expenses	12.75	6.70	15.07	8.64	18.47	10.51
6	Depreciation	22.47	14.40	24.76	16.69	28.28	20.21
7	Interest and Finance charges	21.92	7.19	22.91	9.27	25.88	13.23
8	Interest on Working Capital	-	-	-	-	-	-
9	Interest on Security Deposit	12.01	10.95	12.44	11.34	12.86	11.73
10	Return on NFA /Equity	20.43	12.69	22.51	14.77	25.71	17.97
11	Provision for Bad Debt	9.11	-	9.79	-	10.46	-
14	**Total Revenue Requirement**	**931.36**	**852.15**	**1,000.00**	**897.14**	**1,067.12**	**947.86**
15	Less: Non-Tariff Income	20.78	24.48	20.78	25.71	20.78	26.99
16	Less: Revenue from Surplus Power Sale/UI	-	-	-	-	-	-
17	**Net Revenue Requirement**	**910.58**	**827.66**	**979.23**	**871.43**	**1,046.35**	**920.87**

9.19. Revenue from Approved Retail Tariff for FY 2016-17

Petitioner Submission:

During the MYT Control period, the Petitioner has estimated revenue from approved retail tariff for FY 2016-17 to FY 2018-19 as Rs 690.84 Crores, Rs 721.93 Crores and Rs 754.96 Crores respectively.

Commission Analysis:

The Commission based on approved retail tariff for FY 2015-16 and approved energy sales, number of consumers and connected load as discussed in the foregoing paragraphs of the chapter has calculated the revenue as follows:

Table 9.35: Revenue from existing Retail Tariff for FY 2016-17 (in Rs Crores)

Sr. No	Category/ Slab of Consumers	FY 17	
		ARR Submission	Approved by the Commission
A	**Domestic**	**253.73**	**268.21**
1	*0-150 units*	*73.04*	*77.22*
2	*151-400units*	*102.20*	*108.05*
3	*401 and above*	*78.48*	*82.94*
B	**Commercial**	**254.64**	**250.13**
1	*0-150 kWh*	*97.92*	*95.96*
2	*151-400 kWh*	*101.67*	*99.75*
3	*Above 400 kWh*	*55.05*	*54.43*
C	**Large Supply**	61.78	*61.71*
D	**Medium Supply**	53.10	*15.87*
E	**Small Power**	9.22	*46.31*
F	**Agriculture**	0.40	*0.43*
G	**Public Lighting**	10.02	*11.60*
H	**Bulk Power**	43.17	*43.81*
I	**Other Temporary Supply**	4.79	*4.69*
J	**Total**	**690.84**	**702.75**

The Commission considers Revenue from existing Retail Tariff of Rs 702.75 Crores as reasonable and approves the same for FY 2016-17.

Keeping in view the ARR and Revenue from sale of power approved above, the Commission hereby approves the revenue gap for the FY 2015-17 as shown in the Table below:

Table 9.36: Revenue Gap at existing Retail Tariff for FY 2016-17 (in Rs Crores)

Sr. No	Particulars	FY 17	
		ARR Submission	Approved by the Commission
1	**Net Revenue Requirement**	**910.58**	**827.66**
2	Revenue from Retail Sales at Existing Tariff	690.84	702.75
3	**Net Gap / (Surplus)**	**219.73**	124.91
	Gap for Previous years	-	242.49
4	**Carrying Cost**	-	22.55
5	**Total Gap/ (Surplus)**	-	389.95

The Commission considers the estimated cumulative revenue deficit/ (surplus) of Rs. 389.95 Crores as reasonable and approves the same for FY 2016-17.

10. Tariff Principles and Design

10.1. Preamble

The Commission in determining the Aggregate Revenue Requirement for MYT Control Period and Retail Supply Tariff for FY 2016-17, 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 MYT Distribution Regulations, 2014 notified by JERC under Section 61 of the Act which lay down the broad principles and guide for determination of retail tariff.

10.2. Principles of Tariff Design

As per Regulation 36 of MYT Regulations 2014, Cross Subsidy, Allocation of Cost to Serve and Tariff Design -

Quote

a. *The Commission shall gradually move towards reduction of cross subsidy in accordance with Electricity Act, Tariff Policy and such other guidelines of the government as applicable.*
b. *The Distribution Licensee shall compute the consumer category-wise cost of supply as per the methodology elaborated below.*
c. ***Allocation of Cost:*** *The Cost to serve shall be allocated to the consumer categories in the following manner:*

Step 1: Functional Demarcation of Cost *- Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc.*

Step 2: Classification of Cost *–Each of the functionalized costs shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature, related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting.*

Step 3: Allocation of Cost

1) ***Allocation of Demand Costs:*** *Demand costs of all three functions shall be allocated among consumer categories on the basis of average coincident peak demand of the tariff categories (average of past 12 months). To facilitate determination of average*

coincident peak demand for the various tariff categories, load research shall be made an integral part of the operations of the DISCOMs and systematic load research exercises shall be initiated.

2) ***Allocation of Energy Costs:*** *Energy related costs of Distribution functions shall be allocated to consumer categories on the basis of ratio of electricity consumption of each consumer category to the total electricity consumption under the purview of the Distribution Licensee. Energy related costs of Power purchase shall be allocated to various tariff categories on the basis of block approach on merit order dispatch and incremental principle, where each tariff category shall be allocated the incremental (energy related) power purchase cost on the basis of their respective share in the incremental power purchase. For the purpose of operationalizing the block approach and incremental principle, the Commission shall identify and notify a suitable year as the "base year".*
3) ***Allocation of Customer Costs:*** *Customer related costs shall be allocated to consumer categories on the basis of the ratio of number of consumers in each category to total number of consumers under the purview of the Distribution Licensee.*

d. *Summation of allocated Demand cost, Energy cost and Customer cost across functions shall be total Cost to serve for respective consumer categories. Cost to serve reduced by revenue from a consumer category shall give total subsidy for that category. Total subsidy for a consumer category reduced by Government subsidy, if any, shall be cross-subsidy for that consumer category.*

e. *The consumers below poverty line who consume power below a specified level, say 30 units per month, shall receive a special support through cross subsidy.*

f. ***Cross-subsidy surcharge and additional surcharge in Open Access***

1. *The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time in accordance with the Regulations specified by the Commission, shall be shown separately against the consumer category that is permitted open access as per the phasing plan.*
2. *Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories who have been permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Distribution Licensee arising out of his obligation to supply. Provided that the licensee shall provide such details in its annual filings.*

g. ***Tariff Design***

1) *The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.*
2) *After the costs have been allocated based on the method specified in clauses (c) and (d) above, tariffs for different consumer categories shall be designed with due regard to factors provided under section 62(3) of the Act.*

3) *The time of day tariff would be structured across three time slabs to denote normal, peak and off-peak periods. The time-periods would vary according to different seasons of the year i.e. summer, winter and the monsoon season. The peak tariff would be 10%-20% higher than the normal tariff and the off-peak tariff would be priced 5%-10% lower than the normal tariff.*
4) *Time of Day tariff may be introduced in a phased manner, wherein in phase 1 it would be for HT Consumers, in phase 2 – for LT consumers consuming more than 25 KW and in phase 3 for LT consumers consuming more than 10 KW."*

Unquote

In view of the above, the tariff needs to be designed in such a manner that cross subsidy among different categories of consumers is progressively brought within ±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. The Commission has taken a considerate view in this regard balancing the interest of the utility and the consumer.

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

10.3. Tariff Proposal

Petitioner Submission:

Tariff Rationalisation

Various consumer categories are rationalised keeping in mind the consumers suggestions and practices in neighbouring states as follows:

i. For Commercial Tariff limit of 11 kV supply to be increased to 100 KW from 30 kW (for multi-users)/60 kW(For single users)

ii. For Medium Supply condition of 11 kV Supply for above 60 kW connected load to be removed

iii. For Bulk Supply minimum connected load for supply by HT/EHT wire to be increased from 60 kW to 100 kW

iv. Supply above 5000 kW or 5555 kVA can be given at 66/220kV depending on quantum/type of load and contract demand and availability of bus voltage and transformer winding capacity at the feeding substation wherever possible at the discretion of supplier.

v. Supply to any category of consumers above 5000 KW or 5555 kVA shall be given at voltage level of 66KV and above only.

vi. **New SPS (Single Point Supply) category** for residents of JJ Clusters/ Slum Dwellers/ Unauthorized Colonies & Structures / Resident outside Lal Dora –to be given to leading person.

Schedule of Miscellaneous Charges

i. **Power Factor for HT Consumers-** For less than 0.8 PF penalty to be escalated at the rate of 2% of the bill amount for each 0.01 fall in power factor instead of earlier 1%. For NRS Category lower limit of Power factor for disconnection dropped to 0.80.

ii. No FPPCA for Temporary consumers/Single Point Supply

The Petitioner submitted that as part of the projections for ARR and revenue at existing tariff for the Control Period, it is observed that the existing tariff is inadequate and shall lead to additional revenue gap during the Control Period. Therefore, the Petitioner has proposed revision in tariff across categories for meeting the revenue gap computed for FY 2016-17 as part of this MYT Petition. The Petitioner submitted that in line with the provisions of National Tariff Policy, it has proposed tariff for each consumer category in a manner that average realization is +/- 20% of the average cost of supply for the FY 2016-17.

The Table below presents the existing and proposed tariff for various categories.

Table 10.1: Existing v/s Proposed Tariff for FY 2016-17 submitted by the Petitioner

Tariff	**EXISTING TARIFF**		**PROPOSED TARIFF**	
Category	**Variable Cost (Rs/kWh)**	**Fixed Cost (Rs/kW/Month)**	**Variable Cost (Rs/kWh)**	**Fixed Cost (Rs/kW/Month)**
Domestic				
0-150 kWh	2.30	7.00	3.00	10.00
151-400 kWh	4.20	7.00	5.50	10.00
Above 400 kWh	4.40	7.00	5.85	10.00
Commercial				
0-150 kWh	4.30	10.00	5.70	15.00
151-400 kWh	4.50	75.00	5.95	100.00
Above 400 kWh	4.70	75.00	6.20	100.00
Large Supply	4.70	75.00	6.05	100.00
Medium Supply	4.50	75.00	5.85	100.00
Small Power	4.40	10.00	5.75	15.00

Tariff	EXISTING TARIFF		PROPOSED TARIFF	
Category	**Variable Cost (Rs/kWh)**	**Fixed Cost (Rs/kW/Month)**	**Variable Cost (Rs/kWh)**	**Fixed Cost (Rs/kW/Month)**
Agriculture	2.30	-	3.00	-
Public Lighting	4.30	75.00	5.70	100.00
Bulk Supply	4.50	75.00	5.95	100.00
Others Temporary Supply	6.70	-	8.85	-

Commission Analysis:

The Commission has determined the Retail Tariff for FY 2016-17 keeping in view the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy, 2016, relevant directions given by the Hon'ble APTEL in the judgment of O.P. no. 1 of 2011, the Petitioner's submission and the suggestions/objections of the stakeholders in this regard.

As per Section 8.3 of the Tariff Policy, 2016 -

8.3. Tariff design: Linkage of tariffs to cost of service

Quote

It has been widely recognized that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.

Accordingly, the following principles would be adopted:

1. Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

3. While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending on the condition of the ground water Table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water Table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage.

4. Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity. Besides in most cases, lowering of water Table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges is levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. Metering of supply to agricultural/rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of smart meters may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity.

Unquote

Further, as per the Directions given by the Hon'ble APTEL in the Judgment in O.P. no. 1 of 2011-

1)........................

2)......................

3)........................

Quote

4) In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time *bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*

5) Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.

6) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.

Unquote

The Petitioner has proposed certain changes in the Tariff Schedule which have been discussed in detail in the subsequent sections:

i. **For Commercial Tariff limit of 11 kV supply to be increased to 100 KW from 30 kW (for multi-users)/60 kW(For single users)**

ii. **For Medium Supply condition of 11 kV Supply for above 60 kW connected load to be removed**

iii. **For Bulk Supply minimum connected load for supply by HT/EHT wire increased to from 60 kW to 100 kW**

The Commission observes that all the above mentioned submissions are inclined towards the increasing the threshold value of load for release of HT Connections. The Commission is of the view that the HT: LT load ratio is already skewed in Chandigarh, the above proposed change will further distort the ratio. The Commission has lowered the threshold of connected load for release of connections in HT so as to promote the HT Connections in the license area of the CED. This step will go a long way in improving the voltage and load profile of the utility and improving the T&D losses. Further, increasing the limit of connected load for 11 kV supply to 100 kW would lead to only lead to decrease in HT-LT ratio, which would subsequently increase technical and commercial losses and hence is not desirable.

Therefore, the Commission does not find it appropriate to approve the submission of the Petitioner at this stage. However, the Commission will revisit this proposal once the Petitioner undertakes alternate measures to bring down the technical and commercial losses.

iv. **Supply above 5000 kW or 5555 kVA can be given at 66/220 kV depending on quantum/type of load and contract demand and availability of bus voltage and transformer winding capacity at the feeding substation wherever possible at the discretion of supplier.**

v. **Supply to any category of consumers above 5000 KW or 5555 kVA shall be given at voltage level of 66 KV and above only.**

The current provision of supply at 33/66/220 kV and above is as below

Quote

"Supply can be given at 33/66/220kV depending on the quantum/type of load and contract demand and availability of bus voltage and transformer winding capacity at the feeding substation wherever possible at the discretion of the supplier.

For arc furnace loads and other loads of equally violent fluctuating nature, voltage of supply will be 33kV and above depending upon availability of bus voltage and transformer winding capacity at the feeding substation wherever possible, at the discretion of the supplier."

Unquote

The Commission is of the view that choice of supply voltage for a particular connected load is dependent on various factors namely type of load and contract demand and availability of bus voltage and transformer winding capacity at the feeding substation. As these conditions cannot be envisaged and generalized beforehand, the Commission has already allowed the Petitioner to use its discretion in this matter. Accordingly, the Commission is not approving any modification in this condition.

vi. **New SPS (Single Point Supply) category for residents of JJ Clusters/ Slum Dwellers/ Unauthorized Colonies & Structures / Resident outside Lal Dora –to be given through leading person.**

The Commission observes that similar mechanism was approved in previous orders. However, a lot of operational anomalies and issues were observed in this arrangement.

In the submissions made by the Petitioner in the previous orders, the petitioner had submitted the judgment of the Hon'ble High Court of Punjab and Haryana dated 05th September 2011 in the LPA No. 631 of 2010 (O&M).

The relevant statements of the judgment are reiterated as follows:

Quote:

"*.....7. at the resumed hearing, Mr. V.K. Singh, Secretary, Electricity Wing, Engineering Department, U.T., Chandigarh is present in the court and states that the department has sent the policy titled 'Appointment of Distribution Franchisees' to the Administrator and thereafter the policy is required to be approved by the Joint Electricity Regulatory Commission for U.T. Chandigarh which is based in Gurgaon, under the provisions of the Electricity Act 2003. He undertakes that the whole process is to be completed within a period of 3 months from today.*

8. In view of the above statement, the order dated 09.12.2009 passed by the learned single judge as well as the order dated 10.06.2009 passed by the Permanent Lok Adalat are upheld and instant appeal is disposed off with the hope that the department will adhere to the statement made. However, till the finalization of said proposal, the interim arrangement as has been directed in the order dated 28.07.2011 shall continue i.e. sub-meters be installed in the premises of the respondents and the charges be permitted to be deposited with the U.T. Administration Chandigarh in accordance with the consumption as per rules. However, it is made clear that this is an interim arrangement which will not confer any right to permanent installation of meters."

The Commission is of the view that since these sites are not of permanent/regularized nature, the High Court had given the verdict wherein the rights to permanent installations of meters were not given.

At the same time, the proposal of the Petitioner is not in line with the provisions of Electricity Act 2003. The Commission is of the view that the supply is to be given through regular connections only. Keeping in view of the High Court Judgement, these connections should be released with a proviso that installation of meters is an interim arrangement for and can in no way be construed as right to permanent installation of meters.

In case of any operational difficulties, the Petitioner can also opt for other options as per Electricity Act 2003 and amendments thereon. However, there shall be no change in category of consumers, conditions of supply or applicable tariff.

vii. **Power Factor for HT Consumers- For less than 0.8 PF penalty to be escalated at rate of 2% of the bill amount for each 0.01 fall in power factor instead of earlier 1%. For NRS Category lower limit of Power factor for disconnection dropped to 0.80.**

The Commission is of the view that the PF penalty charges are already at a desired level and does not require any modification at this stage.

viii. **No FPPCA for Temporary consumers/Single Point Supply**

The Commission has discussed the issue of applicability of FPPCA in detail with all the stakeholders across various UTs and State of Goa and accordingly approved the amendment for levying of FPPCA across various categories. The Commission does not find it appropriate to modify the applicability provisions at this stage.

10.4. Revenue Gap at Approved Tariffs

Revenue Gap at Proposed Tariffs

The Petitioner has projected a revenue gap/ (surplus) of Rs. 219.72 Crores for FY 2016-17 and cumulative revenue gap/ (surplus) of Rs. 777.93 Crores for the period FY 2011-12 to FY 2015-16 without carrying cost and Rs 1127.69 Crores revenue gap with carrying cost. The Petitioner submitted that it was earlier working as part of the Administration of UT of Chandigarh and was therefore complying with the account preparation as that of the UT of Chandigarh. It was only after the directives of the Commission that the need for preparation of audited accounts on commercial principles was realized and approval for the same was provided. Therefore, the Petitioner requested the Commission to allow carrying cost on all the past revenue gap. The Petitioner further submitted that since the revenue gap for previous years is substantial and may require large tariff revisions, the Commission needs to devise a suitable mechanism in order to ensure the recovery of cumulative revenue gap along with carrying cost on account of truing-up FY12-FY15 and review of FY16.

Revenue Gap at Approved Tariffs

The Commission in this Tariff Order for FY 2016-17, has estimated the revenue gap/ (surplus) of Rs. 124.91 Crores at the end of FY 2016-17. Further the Commission concurs with the view of the Petitioner that the revenue gap of the past period (2011-16) (which the Commission has calculated as Rs 265.66 Crores) is very high. Loading the past revenue gap on to already high revenue gap of current year (17.77% of existing revenue) would lead to a tariff shock to the electricity consumers of the UT.

The Commission has also noted that the Petitioner, being a department of the Chandigarh Administration, has not taken any actual short-term loan from banks/FIs unlike other corporatized departments for financing past revenue gaps. Hence, deferring the revenue gap of the past years for recovery in future years would not lead to any adverse financial impact on the health of the Petitioner.

Further, as per clause 8.2.2. of the National Tariff Policy 2016,

Quote

The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:

a. *Under business as usual conditions, no creation of Regulatory Assets shall be allowed;*
b. *Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same*.

Unquote

The Commission is of the view that non-availability of audited accounts and Fixed Asset Registers for 4 years since the commencement of regulatory regime is beyond the "Business as usual" condition. The Commission thus finds it appropriate to approve the restricted tariff hike corresponding to recovery of standalone revenue gap of FY 2016-17 i.e. Rs 124.91 Crores only and creation of regulatory asset of Rs 265.04 Crores (Rs 242.49 Crores of accumulated revenue gap of upto FY 2015-16 plus carrying cost of Rs 22.55 Crores) to be liquidated from FY 2017-18 onwards.

While the National Tariff Policy provides for liquidation of outstanding Regulatory Assets in maximum 7 years, the Commission shall review the requirement of exact time frame in the next Tariff Order.

Keeping in view the above, the Commission has determined the tariff of the Petitioner by ensuring that it is able to recover its stand-alone revenue gap for FY 2016-17 as shown in Table below:

Table 10.2: Tariff Approved by the Commission for FY 2016-17

Category	Approved Charges			
	Energy Charge (Rs./Kwh)	Fixed Charges (Rs. kW/Month)	Average Tariff (Rs/Unit)**	"K" factor for FPPCA formula for FY 2016-17
Domestic				
0-150 kWh	2.55	10.00	2.64	0.52
151-400 kWh	4.80		4.95	0.97
Above 400 kWh	5.00		5.21	1.02
Commercial				

Category	Approved Charges			
	Energy Charge (Rs./Kwh)	Fixed Charges (Rs. kW/Month)	Average Tariff (Rs/Unit)**	"K" factor for FPPCA formula for FY 2016-17
0-150 kWh	5.00	20.00	5.09	0.99
151-400 kWh	5.20	100.00	5.65	1.10
Above 400 kWh	5.45	100.00	10.56	2.06
Large Supply	5.65	100.00	6.42	1.25
Medium Supply	5.35	100.00	9.42	1.84
Small Power	5.30	20.00	5.35	1.04
Agriculture	2.90	-	2.90	
Public Lighting	5.35	100.00	5.64	1.10
Bulk Supply	5.55	100.00	6.11	1.19
Others Temporary Supply	8.10	0.00	8.10	1.58

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

The Commission accordingly approves the average increase in tariff of 17.78% during FY 2016-17.

The Revenue at revised tariff approved by the Commission for FY 2016-17 is given below:

Table 10.3: Revenue at Approved Tariff Approved by the Commission for FY 2016-17

S. No.	Category	Connected Load (kW)	Energy Sales (In MU)	Revised Tariff		Revenue At Revised Tariff (Rs Crores)		
				Energy Charges (Rs /Unit)	Fixed Charges	Fixed Charges	Energy Charge	Total Revenue
1	**Domestic**	**8,76,406**	**760.27**			**10.52**	**295.02**	**305.54**
	0-150 kWh	2,41,477	326.92	2.55	10.00	2.90	83.36	*86.26*
	151-400 kWh	3,18,841	250.89	4.80		3.83	120.43	*124.25*
	Above 400 kWh	3,16,088	182.46	5.00		3.79	91.23	*95.03*
2	**Commercial**	**4,30,983**	**490.82**			**43.86**	**252.40**	**296.26**
	0-150 kWh	81,887	220.87	5.00	20.00	1.97	110.43	*112.40*
	151-400 kWh	77,577	206.14	5.20	100.00	9.31	107.20	*116.50*
	Above 400 kWh	2,71,520	63.81	5.45	100.00	32.58	34.77	*67.36*
3	Large Supply	74,661	117.00	5.65	100.00	8.96	66.11	*75.06*
4	Medium Supply	71,285	21.00	5.35	100.00	8.55	11.24	*19.79*
5	Small Power	19,655	104.72	5.30	20.00	0.47	55.50	*55.97*
6	Agriculture	737	1.87	2.90	-	-	0.54	*0.54*
7	Public Lighting	6,197	25.67	5.35	100.00	0.74	13.73	*14.48*
8	Bulk Supply	41,464	89.06	5.55	100.00	4.98	49.43	*54.40*
9	Others Temporary Supply	4,187	7.00	8.10	0.00	-	5.67	*5.67*
	Total	**15,25,574**	**1,617.4**			**78.08**	749.64	**827.72**

The revenue gap at revised tariff approved by the Commission is given in Table below:

Table 10.4: Revenue Gap at Revised Tariff Approved by the Commission for FY 2016-17 (Rs Crores)

Sr. No	Particulars	FY 2016-17
1	Net Revenue Requirement	827.66
2	Revenue from Sale of Power	827.72
3	**Net Gap During the Year**	**-0.06**
4	Add: Previous Year Gap	265.04
5	**Total Gap**	**264.98**
6	Gap transferred to Regulatory Assets to be liquidated from FY 2017-18 onwards	264.98
7	**Balance Gap**	**0.00**

The Commission accordingly approves NIL resultant revenue gap in the FY 2016-17 after considering the overall tariff hike of 17.78% and creation of regulatory asset to be liquidated from FY 2017-18 onwards.

11. Tariff Schedule

11.1. Tariff Schedule

Sl. No	Consumer Category	Consumption Range	Fixed Charge	Energy Charge
			Rs. per kW/Month	Rs./kWh
1	**DOMESTIC SUPPLY (DS)**			
	Domestic Supply (DS)	0-150 kWh	10.00	2.55
		151-400 kWh	10.00	4.80
		Above 400 kWh	10.00	5.00
2	**C OMMERCIAL / NON RESIDENTIAL (NRS)**			
	COMMERCIAL /NON RESIDENTIAL SUPPLY (NRS)	0-150 kWh	Rs. 20/kW/Month for Single Phase Rs. 100/kW/Month for Three Phase	5.00
		151-400 kWh		5.20
		Above 400 kWh		5.45
3	**LARGE INDUSTRIAL POWER SUPPLY (LS)**			
	Large Power Supply	All Units	100	5.65
4	**MEDIUM INDUSTRIAL POWER SUPPLY (MS)**			
	Medium Power Supply	All Units	100	5.35
5	**SMALL INDUSTRIAL POWER SUPPLY (SP)**			
	Small Scale Industry	All Units	20	5.30
6	**AGRICULTURAL PUMPING SUPPLY(AR)**			
	Agricultural Pumping Supply	All Units		2.90
7	**PUBLIC LIGHTING (PL)**			
	Public Lighting system managed by Municipal Corporation, Panchayat and Street Lights maintained / outsourced to an external Agency	All Units	100	5.35
	Advertisement / Neon sign Boards-Advertisement boards, bill boards(apart from advertisement boards installed on commercial establishments and charged under commercial tariff)	All Units	100	7.10
8	**Bulk Supply (BS)**			
	Bulk Supply	**All Units**	100	5.55
9	**Temporary Supply**			
	Temporary Supply	**All Units**		8.10

11.2. Applicability

11.3. Domestic Supply (DS)

APPLICABILITY

This schedule shall apply for light, fan, domestic pumping sets and household appliances in the following premises:

a) Single private house/flat.

b) Government recognized education institutions, viz schools, colleges, universities, ITI hostels, canteens, and residential quarters attached to the educational institutions.

c) Government and public sports institutions/Gymnasium halls etc. banks and PCO exclusively for the use of educational institutions.

d) Religious Institutions viz. Temples, Gurudwaras, Mosques, Churches, provided that the Sub Divisional officer concerned authenticates the genuineness of the place being exclusively used for worship by the general public.

e) Housing colonies and multi storied flats/buildings as defined in the Electricity Supply Code Regulations notified by the JERC.

f) Dispensary / Hospitals / Public Libraries / School / College / Working Women's Hostel / run by the Chandigarh Administration.

g) Recognized Center/ societies for welfare of blind, deaf and dumb, spastic children, physically handicapped persons, mentally retarded persons, as approved by the Chandigarh Administration.

h) Orphanage/ Cheshire Home/ Old age homes/ charitable homes and Gaushalas.

i) The Charitable Organizations viz. Schools, Hospitals, Dispensary, Education and research Institute and Hostel attached to such Institutions registered with the Income Tax authorities under Section 80G, or 80 GGA, or 35 AC. The individual organization shall apply in writing to the Electricity Department along with any of the above certificate for getting considered for the tariff in the Domestic Category

j) Shelter Homes (including Night Shelters) approved by Chandigarh Administration.

k) Crematoriums (including electric) and Burial Grounds.

The Halls or Gardens/ Lawns or any portion of the premises listed in Para (i) above let out for consideration or used for Commercial activities at any time shall be charged at Commercial Rate of Electricity Tariff.

NOTES:

i. Where a portion of the dwelling is used for mixed load purposes the connection shall be billed for the purpose for which the tariff is higher.

ii. Hostels shall be considered as one unit and billed under domestic supply tariff without compounding.

iii. Private education institutions not recognized by the Chandigarh Administration shall be billed under Non Domestic Tariff.

iv. STD/PCO, shops attached to Religious Institutions will be billed under Non-Domestic Tariff.

v. A room or a part of a residential house utilized by a teacher for imparting tuition work, self-occupied handicapped persons operating from their residences, cooking classes taken by house ladies, beauty parlour run by house ladies, ladies doing tailoring work etc. shall be covered under domestic tariff.

CHARACTER OF SERVICE

AC, 50 cycles, Single phase 230 volts or three phase 400 volts or 11 Kilo volts.

For loads up to 5 KW supply shall be connected on single phase 230 volts and above 5 KW up to 60 KW supply shall be given on three phase 400 volts. For loads above 60 KW, supply shall be connected on 11 KV and a separate transformer of adequate capacity shall be installed at consumers cost as per the Electricity Supply Code Regulations notified by JERC. In case of consumers where the metering is being done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation/ losses. This arrangement shall be continued for a maximum of one year within which metering shall be shifted to HT (11KV) side of the transformers.

11.4. Commercial/Non-Residential Supply (NRS)

APPLICABILITY

This schedule shall apply to all consumers, using electrical energy for light, fans appliances like pumping sets, central air conditioning plant, lift ,welding set, small lathe, electric drill, heater, battery charger, embroidery machine, printing press, ice candy, dry cleaning machines, power press, small motors in non-residential premises such as defined below:

a) Hostels (other than those recognized/aided institutions of Chandigarh Administration)

b) Pvt. Schools/colleges, coaching institutes, research institutes, (Other than those run by the Chandigarh Administration),

c) Auditoriums, Hospitals, clinics, dispensaries, nursing homes / diagnostic centers other than those run by the Chandigarh Administration.

d) Railways (other than traction)

e) Hotels, restaurants, guest houses, boarding / lodging houses, marriage houses

f) Cinemas

g) Banks

h) Petrol pumps.

i) Government / Public Sector offices and undertakings

j) Public halls, auditoriums, exhibitions, theatres, circuses, cinemas etc.

k) All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act.

l) Cattle farms, fisheries, piggeries, poultry farms, floriculture, horticulture, plant nurseries, farm houses being used for commercial activity.

m) Ice-cream parlors, bars, coffee houses etc.

n) Any other category of commercial consumers not specified/covered in any other category in this Schedule.

NRS supply shall also be applicable to multi consumer complexes including commercial complexes as defined in the Electricity Supply Code Regulations notified by the JERC. No separate circuit/connection for power load including pumping set/central air conditioning plant, lifts etc. is permitted.

CHARACTER OF SERVICE

AC, 50 cycles, single phase at 230 Volts or 3 Phase at 400 Volts or 11 Kilo volts

For loads up to 5 KW, supply shall be connected on single phase 230 volts and above 5 KW up to 30 KW, supply shall be given on 3 phase 400 volts. For loads above 30KW, supply shall be given on 11 KV in case of multi consumer complexes including commercial complexes and in other cases for load above 60 KW the supply shall be on 11 KV. In case of consumers where metering is done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation losses.

11.5. Large Industrial Power Supply (LS)

APPLICABILITY

The schedule shall apply for consumers having industrial connected load above 100kW.Their contract demand shall not be less than 100 kVA.

No consumer shall increase his connected load without prior approval of the department. The consumer availing supply at high tension shall indicate rated capacity of all the step down transformers installed in his premises and shall not increase the capacity of such step down transformers without prior approval of the department.

CHARACTER OF SERVICE

AC, 50 Cycles, 3 phase 11 kV supply for loads above 100 kW

Supply can be given at 33/66/220kV depending on the quantum/type of load and contract demand and availability of bus voltage and transformer winding capacity at the feeding substation wherever possible at the discretion of the supplier.

For arc furnace loads and other loads of equally violent fluctuating nature, voltage of supply will be 33kV and above depending upon availability of bus voltage and transformer winding capacity at the feeding substation wherever possible, at the discretion of the supplier.

NOTE

i. The above tariff covers supply at 11 kV. Surcharge at 20% on the tariff shall be leviable for all the existing consumers who are being given supply at 400 volts. A consumer getting supply at 33 kV and above will get a rebate of 3%.

ii. Surcharge @ 17.5% on the tariff shall be leviable for all the arc furnace consumers who are being given supply at 11 kV. This surcharge at 17.5% shall also be leviable on other industrial consumers having contract demand exceeding 5000 kVA and running at 11kV.

iii. In case of steel rolling mills having supply at 400 volts, an additional surcharge of 5% shall be leviable.

iv. In case of HT consumers (11kV and above) where maximum demand and energy consumption is recorded on lower voltage side of consumer transformer instead of high voltage side, maximum demand and energy consumption for billing purpose should be computed by adding 3% extra on units on account of transformation/cables losses. However this agreement shall in no case continue for more than three months and meter shall be installed on the HT side of the transformer within the said period.

v. For new connections, all metering will be on HT side only.

POINT OF SUPPLY

The above mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage.

CONTRACT DEMAND

Contract demand is the load **kW, kVA** or **HP**, as the case may be, agreed to be supplied by the licenses and contracted by the consumer and specified in the agreement. If the consumer in a month exceeds the contract demand, such excess shall be charged at an additional rate of Rs 250/kVA.

11.6. Medium Industrial Power Supply (MS)

APPLICABILITY

This tariff schedule shall apply to all industrial power supply consumers having connected load ranging from 21 kW to 100 kW.

CHARACTER OF SERVICE

AC, 50 cycles, 3 phase, 400 volts, or at 11 kV for load above 60 KW.

POINT OF SUPPLY

The above mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage.

11.7. Small Industrial Power Supply (SP)

APPLICABILITY

This schedule shall apply to small power industries with connected load not exceeding 20 KW (26BHP) in urban and rural areas.

CHARACTER OF SERVICE

AC, 50 cycles, single phase 230 volts, or 3 phase, 400 volts.

POINT OF SUPPLY

The above mentioned tariff is based on the supply being given at a single delivery and metering point and at a single voltage.

11.8. Agricultural Pumping Supply (DS)

APPLICABILITY

This schedule shall apply to all consumers for use of electrical energy for irrigation pumping load upto 20 kW (26 BHP). Supply for loads above 26 BHP/20 KW shall be charged in accordance with the relevant industrial tariff (Govt. Tubewells meant for water supply are covered under the relevant Industrial Tariff)

CHARACTER OF SERVICE

AC, 50 Cycles, three phase, 400 volts, Single Phase at 230 volts.

NOTE

- Pumping sets shall be ISI marked. The responsibility for ensuring installation of ISI marked pumping sets as well as shunt capacitors shall be that of the JE concerned, who shall verify the same at the time of verification of test reports before release of connection.
- Supply for agriculture/Irrigation pump set, at one point, may also be given to a registered co-operative society or to a group of farmers recognized by the competent authority.
- An agriculture consumer, if he so desires, may shift the location (within his premises of his connection), with the approval of the competent authority, after payment of appropriate charges.

POINT OF SUPPLY

The above mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage.

11.9. Public Lighting (PL)

APPLICABILITY

This tariff schedule shall apply for use of Public Lighting system including signaling system, road and park lighting managed by municipal corporation, panchayats, institutions(at the discretion of the supplier)etc.

The tariff schedule shall also apply for use of electricity by street lights managed/outsourced to an external agency and advertisement boards, sign boards, bill boards, signages etc., (apart from the advertisement boards installed on commercial establishment & charged under commercial tariff).

CHARACTER OF SERVICE

AC, 50 cycles, Single phase at 230 Volts or three phase at 400 Volts.

11.10. Bulk Supply (BS)

APPLICABILITY

This tariff schedule shall apply to general or mixed loads exceeding 10 kW to MES, Defense establishments, Railways, Central PWD, Institutions, Hospitals, Departmental Colonies and other similar establishments where further distribution is to be done by the consumer. Above schedule shall not be applicable, if 50 % or more of the total sanctioned load is motive/ manufacturing load.

CHARACTER OF SERVICE

AC, 50 cycles, three phase, 400 volts or 11 kV or higher voltage at the option of the department. Loads exceeding 60 kW shall be released on HT only.

11.11. Temporary Supply

APPLICABILITY

Available to any person requiring power supply for a purpose temporary in nature for a period upto three months, which may be extended up to a maximum period of two years after completion of formalities.

CHARACTER OF SERVICE

AC, 50 cycles, Single phase at 230 Volts or three phase at 400 Volts.

11.12. General Conditions of HT and LT Supply

The above mentioned LT/HT Tariffs are subjected to the following conditions, applicable to all category of consumers.

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 Regulation notified by JERC.

4) Fixed charges, as applicable, will be charged on pro-rata basis from the date of release of connection. Fixed charges, as 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.

5) If connected load of a domestic category is found to be at variance with the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances, fittings, it shall not fall under Section 126 and Section 135 of the EA 2003.

6) The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulation. If such over-drawal is more than 20% of the contract demand then the connections shall be disconnected immediately.

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

7) Power Factor Charges for HT and EHT

a) **'Power Factor'** means, the average monthly power factor and shall be the ratio expressed as a percentage of the total kilowatt hours to the total kilovolt ampere hours supplied during the month; the ratio being rounded off to two decimal figures.
b) The consumer shall maintain the monthly average power factor of the supply not less than 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 1% in power factor upto 70%(lagging).
c) In case the monthly average power factor of the consumer is more than 95% (95% lagging), a power factor incentive @ 1% on demand and energy charges shall be given for each increase of 1% in power factor above 95% (lagging)
d) If the average power factor falls below 70% (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

8) Additional charges for exceeding contracted load/contracted maximum demand,

If in two continuous months the consumer exceeds the contracted load/contracted demand the portion of the load/demand in excess of the contracted load/demand will be dealt as per the provisions made in JERC (Electricity Supply Code), 2010.

This will not be applicable to the consumers who have self-declared their connected load as per the provision under Regulation 4.13 (2) of Supply Code Regulations, 2010 as amended from time to time.

9) Maximum Demand

The maximum demand of supply of electricity during a month shall be twice the largest number of Kilo-Volt Ampere hours (KVAH) delivered at the point of supply to the consumers during any consecutive 30 minutes in the month. However for the consumers having contracted demand above 4000 KVA the maximum demand shall be four times the largest number of Kilo-Volt Ampere hours (KVAH) delivered at the point of supply to the consumers during any consecutive 15 minutes in the month.

10) Delayed payment surcharge shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paisa shall be ignored and amount of 50 paisa or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only upto the month of permanent disconnection.

11) The Department shall have the right to disconnect the supply after giving 15 days' notice as per provision of the Act and the Supply Code Regulation ,if the consumer fails to pay the energy bill presented to him by the due date,.

12) Advance Payment Rebate: If payment is made in advance well before commencement of the consumption period for which the 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.

13) 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 to such rebate.

14) The adjustment on account of Fuel and Power Purchase Cost variation shall be calculated in accordance with the FPPCA formula separately notified by the Commission under the Regulations. Such charges shall be recovered / refunded in accordance with the terms and conditions specified in the FPPCA formula.

15) The values of the 'K' factor applicable for the different consumer categories for use in the FPPCA formula shall be as specified in this Tariff Order.

16) Surcharge for Low Power Factor/Non Installation of Required rated LT Shunt Capacitors

    a) Consumers using LT installation with welding transformers and induction meters of three HP and above and other low power factor consuming appliances shall arrange to install low tension shunt capacitors of required rating and shall maintain these capacitors in good working condition. No service connection shall be released without installation of shunt capacitor(s) of required rating. In case the shunt capacitor(s) are found to be missing or inoperative or damaged, 15 days' notice shall be issued to the consumer by the licensee for rectification of the defect. In case the defective capacitor(s) are not replaced/rectified within 15 days of given notice, a surcharge of 20% on the billed energy charges shall be levied till defective capacitor(S) are replaced/rectified to the satisfaction of the licensee.

b) Consumers in whose L.T connections the meters provided by the licensee have the power factor recording feature, shall install shunt capacitors of adequate rating to ensure power factor of 90% or above failing which low power factor surcharge at the rates noted below will be levied.

Sl.	Power Factor range	Surcharge
1.	90% and above	NIL
2.	Below 90% and upto 85%	1% of billed energy charges of that month for every 1% fall in power factor from90%
3.	Below 85% and upto 80%	1.5 % of billed energy charges of that month for energy 1% fall in P.F from 85%
4.	Below 80% and upto 75%	2% of billed energy charges of the month for energy 1% fall in P.F from 80%
5.	Below 75%	3% of billed energy charges of that month for energy 1% fall in P.F from 75%

Should the power factor drop below 70% the licensee may disconnect supply after due notice of 15 days to any installation without prejudice to the right of the licensee to levy demand/fixed charges as applicable during the disconnection period.

17) Plant & Apparatus

The following features shall be installed:

a) LT installation with welding transformers will be required to have suitable shunt capacitor(s) installed so as to ensure power factor of not less than 90%.

b) Every LT consumer, including irrigation pump set consumer, whose connected load includes induction motors of 3 HP and above and other low power factor coming appliances shall arrange to install Low tension Shunt capacitors of appropriate capacity, so as to ensure power factor of not less than 90% (at his cost) across the terminals of his motor(s)

c) A linked switch with fuse(s) or a circuit breaker for consumers having aggregate installed transformer/apparatus capacity up to 1000 KVA if supplied at voltage of 11 KV and 2500 kVA if supplied at voltage of 33 kV.

d) A circuit breaker along with linked switch for consumer having an aggregate installed transformer apparatus capacity above 1000 kVA if supplied at 11 kV and above 2500 kVA if supplied at 33 kV.

e) In either case, suitable automatic circuit breakers shall be installed on the low tension side of each transformer or on each LT feeder emanating from the transformer.

f) Extra High Tension consumers shall install a circuit breaker on HV side of the transformer.

18) Unauthorized use of Electricity

A) Cases to be treated as Unauthorized Use of Electricity

1) The following acts on the part of consumer are to be considered as unauthorized use of electricity for the purpose of assessment under the provisions of Section 126 of the Act;

   I. Use of electricity by any artificial means; or
   II. Unauthorized use of electricity by means without the permission of the concerned person or authority or licensee; or
   III. Use of Electricity in the premises where the supply is disconnected by the licensee.
   IV. Disconnection of neutral, or
   V. Tampering with meter or equipments associated with metering provided by the licensee and not reported to the licensee

B) Cases not to be treated as Unauthorized Use of Electricity

I. If connected load of a domestic category is found to be at variance with the sanctioned/contracted load as a result of increase of load or due to replacement of lamps, fans, fuses, switches, low voltage domestic appliances, fittings, etc it shall neither fall under unauthorized use of electricity (Section 126 of EA 2003) nor under theft of electricity (Section 135 of EA 2003).

II. Supply to activities incidental to the main activity, for example supply to chemist shop in nursing homes and hospitals; tea shop, canteen, employees' cooperative store, dispensaries, puncture shop in petrol pumps etc. provided that the connected load for such activities remains within 5% of the sanctioned load or 5 kW, whichever is less.

III. In case of domestic/non-domestic connection(s), extension of supply from the connection to other portion of the building/plot including for servant quarters, own parking garages or for social requirements relating to personally religious functions, sports etc. in residential areas so long as the supply is not extended to any portion for which the connection has been disconnected due to non-payment of dues and there is no change in the category of use.

IV. Professionals such as Doctors , Engineers, lawyers, CAs, Journalists and Consultants practicing from their residence irrespective of location provided that such use shall not exceed 25% of the area of the premises or 50 sq meters, whichever is less subject to installation of MDI meters.

V. For cottage and commercial activities operating in residences such as repair of shoes by cobbler, dhobi, ironing of clothes, stitching/knitting, paan-shop, bakeries, tea shops etc. with total load (maximum demand) of 5 kW domestic tariff shall be applicable subject to installation of MDI meters.

VI. In industrial or commercial premises where the supply is used by one or more persons where partition in the business takes place, or division in the family occurs or where the user of the connection changes due to succession.

20) Time of Day (TOD) tariff

(i) Under the Time of Day (ToD) Tariff, electricity consumption and maximum demand in respect of HT/EHT consumers for different periods of the day, i.e. normal period, peak load period and off-peak load period, shall be recorded by installing a ToD meter.

(ii) The maximum demand and consumption recorded in different periods shall be billed at the following rates on the tariff applicable to the consumer, as and when TOD metering is implemented.

Period of use	Hrs.	Demand Charges	Energy Charges
Normal period	6:00 a.m. to 6:00 p.m	Normal Rate	Normal rate of energy charges
Evening peak load period	6:00 p.m to 10.00 p.m	Normal Rate	120% of normal rate of energy charges
Off-peak load period	10:00 p.m to 6:00 a.m	Normal Rate	90% of normal rate of energy charges

(iii) Applicability and Terms and Conditions of TOD tariff:

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

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

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

11.13. Schedule of Miscellaneous Charges for FY 2016-17

Sr. No.	Description	Approved
A	Application processing charges for new connection/ enhancement of load/ reduction of load/	
I	Domestic supply	Rs 25/-
Ii	Non-Domestic Supply	Rs 100/-
Iii	Small Power, Medium Supply and street lighting supply.	Rs 250/-
Iv	Large Supply and bulk supply	Rs 500/-
V	Agriculture Power supply	Rs 25/-
Vi	Temporary metered supply	Two times the normal rates of category of permanent supply
B	Charges for Re-fixing/ Changing of meter /Meter Board in the same premise on consumer request when no additional material is required. (When the cause leading to subsequent change/replacement of meter is either manufacturing defect or Department's fault then, it shall be free of cost and further, if shifting of meter is done in the interest of department work then it is free of cost.)	
I	Single Phase Meter	250/- per meter
Ii	Three Phase Meter without CT	500/- per meter
Iii	Three Phase Meter (with CTs & PTs)	1000/- per meter
Iv	Trivector and special type meters	1200/- per meter
V	HT/ EHV metering equipment	3000/- per meter
C	Meter Inspection & Testing Charges	
	(In case correctness/accuracy of a meter belonging to the Licensee is challenged by the consumer)	
I	Single phase	150/- per meter
Ii	3-phase whole current i.e. without C.T	500/- per meter
Iii	L.T. meter with CTs	1500/- per meter
Iv	H.T. & E.H.F metering equipment.	3000/- per meter
	NOTE: If the challenged meter is found to be incorrect / defective, the credit of these charges will be given to the consumer, otherwise these will be forfeited.	
D	Re-sealing charges (irrespective of the number of seals involved against each item below and where seals found to have been broken by the consumer):	
I	Meter cupboard	50/-
Ii	Where cut-out is independently sealed	50/-
Iii	Meter cover or Meter Terminal cover (Single phase)	150/-
Iv	Meter cover or Meter Terminal cover (3- phase)	375/-
V	Maximum Demand Indicator or C.T.s Chamber	900/-

Sr. No.	Description	Approved
Vi	Potential fuses	900/-
	Note: If M&T and ME seals are found to be broken/tempered cost of meter shall be recoverable and the case shall be treated as theft case.	
E	Reconnection Charges	
A A	Reconnecting/connecting the premises of any consumer who was previously disconnected on account of breach of his agreement with the department or of any other provisions of the Act as may be relevant.	
I	Domestic supply	Rs 250/-
Ii	Non-Domestic Supply	Rs 500/-
Iii	Small Power, Medium Supply and street lighting supply	Rs 500/-
Iv	Large Supply and bulk supply	Rs 1000/-
V	Agriculture Power supply	Rs 250/-
Vi	Temporary metered supply	Rs 1500/-
F	Testing/ Inspection of Consumer's installation	
A	Initial Test/ Inspection	Free of Cost.
B	For subsequent test of a new installation or an extension to an existing installation if the installation is found to be defective or the wiring contractor or his representative fails to be present	
I	Single Phase	Rs 150/- (Payable in advance for each subsequent visit for the purpose of testing the installation.)
Ii	Three Phase	Rs 200/- (Payable in advance for each subsequent visit for the purpose of testing the installation)
Iii	Medium Supply/Bulk Supply loads upto 100 kW	Rs 500/- (Payable in advance for each subsequent visit for the purpose of testing the installation.)
Iv	Large Supply/Bulk Supply (loads above 100 kW)	Rs 1000/- (Payable in advance for each subsequent visit for the purpose of testing the installation.)
G	Meter Reading Cards/ Passbook (New/ Replacement)	
I	Provision of meter reading cards including PVC jacket	Rs 5/- per card
Ii	Replacement of meter card found to be missing on consumer's premises	
Iii	Domestic & NRS	Rs 5/- per card
Iv	SP and AP	Rs 10/- per card
V	MS	Rs 25/- per card

Sr. No.	Description	Approved
Vi	LS	Rs 45/- per card
Vii	Replacement of Passbook in case it is lost by AP Consumer	Rs 60/- each
Viii	Replacement of identification card missing on the premises of AP Consumer	Rs 25/- each
Ix	Temporary	Rs 60/- per card
H	Meter Rentals	
A	(In case where consumer opts that department to supply departmental meter)	
I	Single Phase meter	Rs 20/- per month
Ii	Three Phase LT meter	Rs 50/- per month
Iii	Three Phase LT meter with CT	Rs 70/- per month
Iv	11 kV Metering System	Rs 500/- per month
V	33 kV Metering System	Rs 1000/- per month
Vi	66 kV Metering System	Rs 2000/- per month
Vii	Replacement of broken glass	
A	Replacement of broken glass of meter cupboard (when the cause of the breakage is considered to be an act or fault of the consumer).	Rs 60/- each
B	Replacement of meter glass where the same has been tampered with or broken by the consumer	
	Bulk Supply	800/- each
	Public Lighting	750/- each
	Agriculture Power	120/- each
	Others & Temporary Supply	2000/- each
I	Amount of Security deposit for new/ extension of load	As per the procedure prescribed in clause 6.10 of the JERC Electricity Supply Code Regulation 2010.
O	Charges recoverable from the consumer when the meter is found damaged / burnt owing to negligence or default on the part of consumer	
I	Single Phase Meter	Rs 700/- each
Ii	Three Phase Meter	Rs 1550/- each
Iii	LT CT operated Solid State Meter. (Without CTs)	Rs.3000/- each
Iv	LT CTs	
	a) Upto 50/5A	Rs.1,580/- each
	b) Above 50/5 A	Rs. 600/- each
	a) Solid State HT TPT metering equipment (without CT/PT unit)	Rs.20,000/- each
	b) H.T.C.T./P.T. Unit	Rs.40,470/-
P	Special Meter reading charges in case of change in occupancy/ vacation of premises for domestic consumers	Rs. 50/-
I	Single phase meter	Rs 250/-

Sr. No.	Description	Approved
Ii	Three phase meter	Rs 450/-
J	Supply of duplicate copies of electricity bills	
I	Domestic consumers	Rs 5/-
Ii	Non-Domestic consumers	Rs 10/-
Iii	Temporary consumers	Rs 10/-
Iv	L.T. Industrial (upto 20 kW) & AP consumer	Rs 10/-
V	L.T. Industrial (above 20 kW) & Street lighting consumer	Rs 15/-
Vi	H.T. Industrial & bulk supply consumer	Rs 20/-
K	Review of electricity bills (If the accuracy of licensee's bill is challenged by the consumer and a review of the bills is demanded)	
I	Single Phase Supply	Rs 10/-
Ii	Three Phase Supply	
	load upto 20 kW	Rs 250/-
	load above 20 kW upto 60 kW	Rs 450/-
	load above 60 kW upto 100 kW	Rs 750/-
Iii	Large Supply (above 100 kW)	Rs 1000/-
	NOTE: If the challenged bill is found to be incorrect, the credit of the fee will be given to the consumer, otherwise these will be forfeited.	
L	Testing and calibration including sealing of energy meter owned /supplied by the consumer	
I	Single Phase	Rs 100/-
Ii	Polyphase whole current meter	Rs 500/-
Iii	Polyphase meters with CTs	Rs 1200/-
Iv	HT and EHT metering equipment	Rs 3500/-
M	Checking of the capacitors at the request of the consumer	
A	Consumer receiving supply at	
I	230/440 V	Rs 250/- per visit
Ii	Above 400 V and up to 11 KV	Rs 500/- per visit
N	Rates for Security Deposit for new/extension in load only.	
	Domestic Supply	200/-
	Non-residential supply	500/-
	Large Supply	1500/-
	Medium Supply	500/-
	Small Supply	300/-

11.14. Schedule for Service Connection Charges and Service Rentals

Service connection charges are provided in the schedule of service connection charges and service rentals are to be recovered from all prospective consumers and existing consumers seeking extension in load. Schedule of service connection charges and service rentals as applicable is given under:

A. SERVICE CONNECTION CHARGES FOR DOMESTIC SUPPLY

Sr. No	Particulars	Category	Rs
1	Single Phase Fixed Per kW Charges		
a	Up to 1 kW	Domestic	250/-
		NRS	250/-
b	Above 1 kW and up to 3 kW	Domestic	300/-
		NRS	300/-
c	Above 3 kW and 5 kW	Domestic	500/-
		NRS	750/-
2	Three Phase Fixed Per kW Charges		
a	Above 5 kW	Domestic	75/-
		NRS	1000/-

Variable Charges

No variable charges are leviable upto 75 meters of service line length from the point of interconnection. Beyond 75 meters for all loads variable charges @ Rs 125 per meter length of service line shall recoverable for loads in excess of 5 kW.

a) Domestic and Non Residential consumers falling under the following categories have the option, either to pay in lump sum the service connection charge as mentioned in the preceding clause or to pay monthly service rentals at 1.6 paisa per rupee of the estimated cost of the service line excluding the cost of 30.48 meters.

i) Members of Schedule Castes.

ii) The connection meant for religious and charitable institutions run by recognized/ registered associations or societies registered with Registrar of Societies.

b) All such prospective and existing consumers who will pay or have paid service connection charges in full, shall be exempted from the payment of monthly service rentals.

c) The service rentals to the consumers existing prior to 1-11-2002, if applicable already shall continue.

B. SERVICE CONNECTION CHARGES FOR INDUSTRIAL AND BULK SUPPLY FOR NEW CONNECTIONS:

Sr.	Load	Service Connection
1	Up to 60 kW	Rs 750/kW

Service connection charges under Para i) shall be applicable for loads upto 60 KW where the length of new and augmented or both line(s) to be provided is up to 100 meters which will include 11kV line (whether overhead or cable LT line and service cable. Where this limit exceeds 100 meters, applicant shall be required to pay the actual cost @ Rs 125 per meter of 11 kV line, LT line and service cable in excess of 100 meters as additional service connection charges (nonrefundable).However, no component of distribution substation transformer to be created would be charged wherever applicable.

Extension of Load

a) Where the consumer is either paying service rentals or had paid the service connection charges on kW basis for the original load.

i. Extension in load to be charged at Rs 750/- per the total load up to 60 kW for extension part only. However charges for service line in excess of 100 meters shall be charged @ Rs 125 per meter for length of service line (new or augmented or both) feeding such consumer. Rentals on original load, if applicable, shall continue.

b) Where the consumers had paid the service connection charge in full.

ii. No charges for extension shall be recoverable where the cost of service/common part of service line had been paid by the applicant at the time of release of original connection. No augmentation of service/common portion of service lines had been carried out ever since the release of the connection, the additional load can be released from the existing line without augmentation and the cost deposited by the consumer at the time of release of original connection is not less than 'per kW charges' payable on the basis of total connected load (including extension in load). For calculating per kW charges, the rate as applicable at the time of release of original connection shall apply for the existing load and prevailing rates for the extension in load. Difference, if any, between the actual cost paid and the recoverable amount 'per KW charges' shall be payable by such consumers at the time of extension in load. This shall also apply to the cases fed through an independent feeder laid at the cost of the consumer. The cost of line/bay (33/66/132/220kV) paid by the consumer or at the time of clubbing/conversion paid by the consumer at the time of clubbing of supply to higher voltage shall be appropriated towards service connection charges at the time of subsequent release of extension in load, if applicable. However, for calculating total 'per kW charges' service connection charges already recovered from the consumer in respect of clubbing cases, applicable rates to different connections as existing immediately prior to clubbing are to be taken into account.

Cases involving augmentation of service/Common portion of service line or if the augmentation had taken place subsequent to release of connection shall be dealt with as per provisions of sub Para (a)

c) While accessing the connected load for working out service connection charges, both general and industrial loads of an individual consumer at one location shall be taken into account.

d) The "per kW", service charges for extension in load shall be as contained in Para ii above and those shall be, in addition to the service rentals on the original load, if applicable thereon.

e) An increase in the connected load even without increase in the contract demand shall call for payment of service connection charges on "per kW" basis as applicable to the category in which total connected load after extension falls and shall be recoverable for extension of electrical part only. Consumers seeking extension in contract demand within the sanctioned connected load shall not be required to pay service connection charges on KW basis.

f) Consumers seeking contract demand higher than 60% of the connected load, shall be charged one time charge termed as 'Contract Demand Charges' as under :

S. No	Particulars	Rs/kVA
1	For Contract Demand above 60% and up to 80% of connected load	200/-
2	For Contract Demand above 80% and up to 100% of connected load	300/-
3	Large Supply Consumers getting at 33 kV and above are exempted from the payment of one time contract demand charges for purpose of increasing contract	

g) In case of LT connections, service rentals to the consumer existing prior to 1-11-2002, if applicable already shall continue.

C. RECOVERY OF SERVICE CONNECTION CHARGES FOR EXTENSION OF LOAD BY CONSUMERS WHO HAD PAID THE FULL COST OF THE LINE

Industrial and Bulk supply consumers availing connection for load exceeding 1 MW have to pay the entire cost of the service line laid for them. By virtue of paying the entire cost of the line involved in releasing the connection, the consumer is entitled to avail (within five years) extension in load upto 100% of the original line for which the line had been erected provided that the line so erected is capable of carrying the load i.e. original load and extended load up to 100% of original load. If, however, the line already erected is unable to take 100% extension of load, extension in load shall be limited to the capacity of the line. In such an event, the consumer is not required to pay service connection charges for the extension in load, provided the cost of the line already provided by him is more than per kW charges calculated at the applicable rate from time to time on the total load including extension in load applied by the consumer.

i) If the extension in load applied by the consumer is in excess of the capacity of the line already erected or more than 100 % of the original load, the consumer shall pay the service connection charges as applicable to the new applicants.

ii) If during the period of 5 Years from the date of connection some load has already been released from the line, whose entire cost has been paid by the consumer, who seeks extension in load within five years up to the extent of the capacity of the line, or 100% of the original load within 5 years up to the extent of the capacity of the line, or 100 % of the original load, whichever is lesser, release of additional load shall be regulated as under:

Load released on voltage above 11 kV and loads 1MW and above:

Extension in load to the original consumer shall be allowed(within the contract demand for which line was originally erected for the said consumer) at the cost of the Electricity Department, even if augmentation/erection of new lines is required.

Load less than 1MW released on 11 kV

In this case care should to taken for a period of 5 years that a margin of 100 % of the load of the original consumer is available in the capacity of the line. if other consumer(s) want connection(s) to be released by utilizing the available margin, new consumer(s) singly or jointly, as the case may be shall pay towards the cost of augmentation of the line so that sufficient margin in electricity carrying capacity is available to cater to the additional requirement of the original consumer.

iii)Provisions of the preceding paras of this schedule shall not be applicable where as a result of extension in load the supply voltage level of the consumer changes or when the consumer changes the premises.

D. SERVICE CONNECTION CHARGES FOR AGRICULTURE POWER

All prospective tube well consumers covered under general category shall pay Rs 3000 per BHP as service connection charges. The above charges are recoverable where total length of service line including new 11 kV line, LT line (new/augmented) and service cable is upto 1 Km (out of which LT line/Service cable route length should not exceed 500 meters from the common pole).Where the total length of the service line is more than 1 km (out of which LT line/Service cable route length should not exceed 500 meters),applicant under this category shall be required to pay the cost of new 11 kV line beyond this limit at Rs 125 per meter as additional service connection charges. However, no component of distribution substation/transmission cost would be charged.

12. Open Access Charges for FY 2016-17

12.1. Allocation Matrix - Allocation of ARR into Wheeling and Retail Supply of Electricity

Petitioner Submission:

The allocation of ARR into wheeling and retail supply of electricity based on the Business Plan submission for the FY 2016-17 as below:

Table 12.1 Allocation of ARR between Wheeling and Retail Supply as proposed by the Petitioner (Rs Crores)

Particulars	Wire Business (%)	Retail Supply Business (%)	Wire Business Cost (Rs. Crores)	Retail Supply Cost (Rs. Crores)	Total Amount (Rs. Crores)
Cost of Power Purchase	0%	100%	-	749.69	749.69
Employee Cost	70%	30%	53.45	22.91	76.36
A&G expenses	90%	10%	5.96	0.66	6.62
R&M Expenses	50%	50%	6.37	6.37	12.75
Depreciation	90%	10%	20.22	2.25	22.47
Interest & Fin Charges	90%	10%	19.73	2.19	21.92
Interest on Working Capital	22%	78%	-	-	-
Interest on S.D.	0%	100%	-	12.01	12.01
Return on NFA	90%	10%	18.39	2.04	20.43
Provision for Bad Debt	0%	100%	-	9.11	9.11
Sub-Total			**124.12**	**807.23**	**931.35**
Less: NTI	0%	100%	-	20.78	20.78
Less: Revenue from surplus sale of power	0%	100%	-	-	-
Net Revenue Requirement			**124.12**	**786.45**	**910.57**
Energy Sales (MU)					1,581.85
Avg Cost of Supply Rs/kWh)					**5.76**

Commission Analysis:

The Commission has a firm view that there has to be proper bifurcation of all expenses pertaining to the Petitioner between functions of wheeling business (wire business) and retail supply business. The Commission feels that it is prudent to consider the allocation matrix for bifurcation of wheeling and retail ARR as proposed in the 'Staff Paper on Operationalization of Open Access (OA) in the State of Goa and the UTs' in September 2012. The allocation between wheeling and retail supply business for FY 2016-17 as per the approved ARR in this order is provided in the Table below:

Table 12.2 Allocation of ARR between Wheeling and Retail Supply as approved by the Commission (Rs Crores)

Particulars	Wire Business (%)	Retail Supply Business (%)	Wire Business Cost (Rs. Crores)	Retail Supply Cost (Rs. Crores)	Total Amount (Rs. Crores)
Cost of Power Purchase	0%	100%	0.00	728.70	728.70
Employee Cost	70%	30%	45.75	19.61	65.35
A&G expenses	90%	10%	5.54	0.62	6.16
R&M Expenses	50%	50%	3.35	3.35	6.70
Depreciation	90%	10%	12.96	1.44	14.40
Interest & Fin Charges	90%	10%	6.47	0.72	7.19
Interest on Working Capital	22%	78%	0.00	0.00	0.00
Interest on S.D.	22%	78%	2.41	8.54	10.95
Return on NFA	90%	10%	11.42	1.27	12.69
Provision for Bad Debt	0%	100%	0.00	0.00	0.00
Sub-Total			87.90	764.25	852.15
Less: NTI	0%	100%	0.00	24.48	24.48
Less: Revenue from surplus sale of power	0%	100%	0.00	0.00	0.00
Net Revenue Requirement			87.90	739.76	827.66
Energy Sales (MU)					1,617.41
Avg Cost of Supply Rs/kWh)					**5.12**

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

12.2. Voltage Wise Wheeling Charges

Petitioner Submission:

The Petitioner has determined Wheeling charges for the relevant voltage level as per methodology approved by the Commission in the Tariff Order for FY 2015-16. The wheeling charges are determined as below:

Table 12.3 Wheeling Cost as submitted by the Petitioner (Rs Crores)

Particulars	Unit	Formulas	FY 16-17
Wheeling Cost	Rs. Crores	a	124.12
Wheeling Cost at EHT and HT	Rs. Crores	b=a*18%	22.34
Wheeling Cost at LT	Rs. Crores	c=a*82%	101.78
Energy Input at DISCOM	MU	d	1,839.36
Energy input at EHT and HT Level	MU	e=i/(1-g)	324.21
Wheeling Charge at EHT and HT Level	**(Rs./kWh)**	**F=b/e*10**	**0.69**
EHT and LT Losses	%	g	3.95%
EHT and LT Losses	MU	h=e-i	12.81
Sales at EHT and LT Level	MU	i	311.40
Energy Input at LT	MU	j=d-e	1,515.15
Wheeling Charge at LT Level	**(Rs./KWh)**	**k=c/j*10**	**0.67**
Sales at LT Level	MU	l	1,270.45
LT Losses	MU	m=j-l	244.70
LT Losses	%	(m/l)*100	19.26%
Total Losses	MU	n=h+m	257.51
	%	(n/d)*100	14.00%

Commission Analysis:

The Commission, in order to facilitate open access, has approved the Open Access Charges for FY 2016-17. The Commission opines that despite the absence of the details of bifurcation of assets and expenses, open access should not be restricted due to lack of information. The Commission in this regard would like to mention that the apportionment of wheeling charges has to account for losses and sales at each level. Therefore in the absence of the voltage wise details, the Commission has considered the bifurcation of wheeling cost based on the sales and losses at each voltage level.

The Commission has considered the voltage wise losses for FY 2016-17 as per methodology adopted in Tariff Order date 10th April 2015 where-in EHT and HT loss level of Delhi was assumed for Chandigarh (3.95%) and the balance losses were assumed at LT level.

The total loss for FY 2016-17 has been considered as approved in this Tariff Order as 13.25%. The HT and EHT level loss has been considered at 3.95% and the balancing loss has been considered as the loss at LT level.

To arrive at the network usage, the input energy at each level has been arrived and is shown in the Table below:

Table 12.4 Determination of input energy for network usage percentage

Sr. No	Particulars	UoM	Amount
1	Sales at 11 kV and above (HT/EHT Level)	MU	138.00
2	Losses in % for HT/EHT Network	%	3.95%
3	Input required for sales at 11 kV and above	MU	143.68
4	Projected total input	MU	1,864.45
5	Projection of HT/EHT network usage	%	7.71%
6	Balance proportion of LT network usage	%	92.29%

Accordingly the wheeling cost has been considered in the ratio of 92.29: 7.71 and the wheeling charge so arrived has been shown in the Table below:

Table 12.5 Wheeling Charge Approved for FY 2016-17

Sr. No	Particulars	UoM	Formulae	Amount
1	Wheeling Cost	Rs Crores	A	87.90
2	Wheeling Cost for HT/EHT network	Rs Crores	B=A*7.71%	6.77
3	Input required for sales at 11 kV and above	MU	C	143.68
4	Wheeling charges for HT/EHT network usage	Rs/kWh	D=B/C*10	**0.47**
5	Wheeling cost for LT network	Rs Crores	E=A*92.29%	81.13
6	Input required for sales at LT level	MU	F	1,720.77
7	Wheeling charges for LT network usage	Rs/kWh	G=E/F*10	**0.47**

Accordingly, the Commission hereby approves wheeling charge for HT/EHT category as Rs 0.47/kWh and for LT category as Rs 0.47/kWh for FY 2016-17.

12.3. Cross-Subsidy Surcharge

Commission Analysis:

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

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

Where,

S is the surcharge

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

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

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

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

R is per unit cost of carrying regulatory assets.

The Computation of cross subsidy surcharge for EHT/HT consumers getting supply above 11 KV voltage level is given below.

The cross subsidy surcharge shall be taken as 'NIL' if negative. The calculation of cross-subsidy surcharge is given below:

Table 12.6 Calculation of "T" Approved for FY 2016-17

Particular	Sale (MU)	Revenue from approved tariff (Rs Crores)	Average Tariff (Rs/kWh)
T	117.00	64.76	5.54

Table 12.7 Calculation of "C" Approved for FY 2016-17

Particulars	Quantum (MU)	Rs Crores	Rs/kWh
Power purchase at generator end excluding open access purchase	1,775.80	3.83	680.31
Less: Interstate Losses	66.22		
Total power purchase for the Distribution licensee – C	1,709.58	3.98	680.31

Table 12.8 Cross-Subsidy Surcharge Approved for FY 2016-17

Cross Subsidy Surcharge	UoM	HT and EHT Industry
T	Rs. per kwh	5.54
C	Rs. per kwh	3.98
D	Rs. per kwh	0.47
L	%	3.95%
R	Rs. per kwh	0
Surcharge	Rs. per kwh	1.09

Accordingly, the Commission hereby approves cross subsidy surcharge of Rs 0.99/kWh for FY 2016-17.

In order to promote competition through open access the Commission retains "NIL" Additional Surcharge as approved in the last Tariff Order dated 10th April 2015.

13. Directives

13.1. Directives liable for action under Section 142 of Electricity Act 2003 and various provisions of applicable Regulations in case of further Non-Compliance

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it has been observed that the some of the directives issued in previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission is of the view that substantial time has already been given to the utility for compliance of these directions. Thus, the Commission hereby directs the utility to comply with the directions mentioned below in the given timeframe failing which, the Commission will be forced to take appropriate action under various provisions of the Electricity Act 2003 and Regulations framed by JERC.

13.1.1. Capital Expenditure

The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in the subsequent quarter.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	Capital Expenditure for the FY 2012-13 - Q1: Rs 115.54 Crores, Q2: Rs 819.59 Crores.	Action taken is noted. A typographical error has been observed in the above action taken, it would be in Rs Lacs.
Tariff Order 11th April 2014	No submission from the Petitioner.	The Commission has noted that it has not received any compliance for this directive. The Commission again directs the Petitioner to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in subsequent quarter failing which the Commission would be constraint to take action according to the JERC Regulations and the Electricity Act, 2003 which may include the non-consideration of capital expenditure of FY 2011-12 and FY 2012-13 for purpose of True-up in all the

		future Orders.
Tariff Order dated 10th April 2015	The quarter wise detailed statement of capital expenditure incurred and capitalization from 2011 onwards duly audited by Accounts Officer, Electricity, OP Circle, NT Chandigarh is submitted on Mar 24th, 2015.	Action taken is noted. The report when submitted next should have sub totals of each quarter. Petitioner to submit a detailed statement of capital expenditure incurred and capitalization for every quarter with summary of each quarter, as per the format prescribed by the Commission, within 15 days in the subsequent quarter, failing which the Commission will be bound to take action according to the JERC Regulations and the Electricity Act, 2003 including the non-consideration of capital expenditure of FY 2011-12 and FY 2012-13 for purpose of True-up in all the future Tariff Orders. The following format on Investment Schemes including Investment on Safety of Manpower should be updated in the 1st week of July, Oct, Jan and April every year and sent to the Commission. Investment Schemes- Monitoring Format (to be followed on Quarterly Basis) Sl. Scheme Name Object of Scheme Details of Area (Existing Sales and Loss Level) Date of Approval Expected date of Project Completion Actual date of Completion Approved Scheme Cost Actual Cost Incurred Expected Outcome Units Saved / Revenue earned Actual Outcome derived Reasons for Variations Whether DPR submitted to Commission Yes/ NO
Business Plan Order dated		As per the provision 22 of MYT Regulations, 2014, the Distribution

December 28th 2015		Licensee shall seek prior approval of the Commission for capital expenditure greater than Rs.10 Crores (Rupees Ten Crores). The Commission has observed that the Petitioner has neither provided the cost-benefit analysis for the schemes above Rs 10 Crores nor provided any supporting documents relating to such schemes for prior approval from the Commission in line with the provisions of MYT Regulations 2014. The Commission directs the Petitioner to submit complete documents related to each such scheme along with approvals from the CEA/ UT Administration/ other competent authority for further review and approval of the Commission for all schemes above Rs 10 Crores.
Present Petition	No submission from the Petitioner.	The Commission has noted that it has not received full compliance for this directive. The Commission again directs the Petitioner to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in the subsequent quarter, failing which the Commission will be bound to take action according to the JERC Regulations and the Electricity Act, 2003. This may include the non-consideration of capital expenditure of FY 2015-16 onwards for purpose of True-up in all the future Orders.

13.2. Directives continued in this Tariff Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it has been observed that some of the directives issued in the previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission, considering the constraints/submissions of the Petitioner, is of the view that some of the directions need further action by the Petitioner. Thus, the Commission has decided to continue with the following directives:

13.2.1. Management Information System

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
The Petitioner has not maintained proper data in respect of sales, revenue and revenue expenses as also the category wise / slab wise number of consumers, connected load / demand etc. for proper analysis of the past data based on actual and estimate of proper projections for consideration in the ARR and Tariff Petition. The ED Chandigarh is directed to take steps to build credible & accurate and verifiable data base and management information system (MIS) to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement of the Commission & CERC and also to suit the Multi Year Tariff principles. The ED Chandigarh should get a study conducted on computerized database, and shall give a proposal as to how the department proposes to achieve this & submit an action plan with target dates. Petitioner is directed to submit quarterly progress report and the completion date.		
Tariff Order 15th April 2013	M/S NIELIT (formerly known as DOEACC) has been entrusted the work of computerized billing and accordingly the Management Information Reports are being generated on regular basis as per requirement. These reports are being considered for filing the ARR and Tariff Petition. However, R-APRDP project has already been initiated for a credible & accurate and verifiable database and management information system (MIS).	Action taken is noted. Petitioner is directed to submit quarterly progress report and the completion date.
Tariff Order 11th April 2014	M/S NIELIT has been entrusted the work of computerized billing and accordingly MIS reports are being generated on regular basis regarding units billed, no. of consumers, sanctioned load, defaulting amount, exception list and other ARR related reports. However, the implementation of Part-A of R-APDRP is under process and recently a meeting of Distribution	Action taken is noted.

	Reform Committee (DRC) in the chairmanship of Advisor to Administrator, UT Chandigarh was held on 20.9.2013 in which it was in principally decided that the work of allotment of M/S SPANCO (ITIA of PSPCL, Punjab) would be put up before the Standing Financial Committee, Chandigarh Administration (Upper) for its financial approval. However, the DPR of SCADA and Part-B of R-APDRP have already been prepared by the respective consultants viz M/S Reliance Infrastructure and M/S Feedback Infra. The same would be forwarded to M/S PFC after approval of the competent authority of the Chandigarh Administration.	
Tariff Order dated 10th April 2015	M/s NIELIT has been entrusted the work of computerized billing and accordingly MIS reports are being generated on regular basis regarding units billed, no. of consumers, sanctioned load, defaulting amount, exception list and other ARR related reports. However for further improvement, CED has submitted the proposal of M/S NIELIT to higher officer vide memo no. 1721 dated 22.7.2014 and another reminder dated Feb 2nd, 2015 for approval so that implementation of improved MIS using browser based development tools and RDBMS tools. Further, Electricity Department has planned the process of computerization under the R-APDRP Program. However, R-APDRP project has not been implemented due to non-performance of ITIA (IT implementing Agency) M/S SPANCO by Punjab. Matter has been taken up with Haryana Utility for doing the work by their ITIA i.e. M/S HCL. Response from DHBVN Haryana has been received recently and	Action taken is noted. The progress may be reported quarterly. The Commission also directs that if the funds from PFC are delayed or denied, an alternate action plan be initiated not later than June 2015. Such an action plan with quarterly milestones and the completion date for the above work has to be submitted to the Commission by Sept 30th, 2015.

	referred to PFC/ MoP for approval.	
Present Petition	The status report on MIS had been submitted Hon'ble JERC vide memo no. 3017 Dated 24.09.2015 (copy attached).	The Commission notes the submission made by the Petitioner and directs the Petitioner to continue submission of the status report and to ensure that an effective MIS is in place by 31st December 2016.

13.2.2. Metering /replacement of Non-Functional or defective/ 11KV Meters

The Petitioner is directed to ensure replacement of non-functional or defective meter on a continuous basis and bring the pendency to the minimum and bring in 11KV consumer metering urgently. This may be executed through own staff/ outsourced staff/ EPC Contractor		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	In this regard, it is submitted that as per SOP Report submitted to the Hon'ble JERC for December 2012, 1932 number of meters were defective and 96 number of meters were burnt which totally contributes to about 1% of the total installed meter and it is within the prescribed tolerance limit. However, CED has already arranged 5,550 number of single phase meters and 5,550 number of three phase meters. The case for procurement of 35000 numbers of single phase meters and 8000 nos. three phase meters are in the advance stage of sample testing after clearing the technical and commercial bids.	Action taken is noted. Procurement process be expedited and complete the work of installation of such meters by 30.09.13, through owned staff/outsourced staff/EPC contractor, without fail.
Tariff Order 11th April 2014	In Order to replace the non-functional / defective meters, CED has placed Order on DGS&D for Single phase meters (Qty 15000 Nos) and almost same has been received in Store and the due date of delivery is around end of January, 2014.	Action taken is noted. The Commission directs the Petitioner to ensure replacement of such meters on a continuous basis and report to the Commission

	Besides this matter has also been taken up for allocation of 15000 single phase meters with UHBVN/DHBVN. This office has placed Order on DGS&D for three phase meters (Qty 3500 Nos) and same will be received in stores soon. The current non-functional/ defective meters as identified shall be replaced within this financial year. However, it is submitted that the replacement of defective meters is a continuous process. However, as per this office memo no. 5982 dated 9.12.2013 to Hon'ble Commission regarding pending complaints for the month of Oct 2013, 1900 nos. of meters are defective/ burnt which shall be replaced in regular exercise. However, such no. of defective/ burnt meters is approximately 1% which is much lesser than the standard 3%.	the quarterly status.
Tariff Order dated 10th April 2015	In Order to replace the non-functional/ defective meters, CED is continuously putting its best efforts to purchase new meters and replacing defective and electromechanical meters. However, as per memo no. 311 dated Feb 12th, 2015 submitted to Hon`ble Commission in the suo-moto Petition no. 77/2012, 7252 nos. of meters are defective/ burnt as on 31.12.2014 which shall be replaced as soon as possible. It is respectfully submitted that number of defective/burnt meters are approximately 3% which are within the SOP Regulation as notified by JERC. The Hon`ble JERC vide its Order dated 12.11.2014 has mentioned that status of CED on consumer`s metering is much better amongst other licensees.	Action taken is noted. The Petitioner is directed ensure replacement of such meter on a continuous basis and bring the pendency to the minimum and bring in 11 KV consumers metering urgently. This may be executed through own staff/ outsourced staff/ EPC Contractor.
Present Petition	The Hon'ble JERC is conducting suo-moto hearings on consumer metering, reading and billing vide Petition no. 77/2012 and CED has regularly been	The Commission notes the submission made by the Petitioner and directs the Petitioner to continue with

	submitting the status report to Commission. The latest status report on these issues was submitted to Hon'ble JERC vide memo no. 3363 dated 28.10.2015(copy attached).	the submission of the status report. Further, the Commission directs the Petitioner to install smart meters as per provision 8.4(3) of National Tariff Policy notified on 06th January 2016.

13.2.3. Energy Audit

The Petitioner is directed to get an Energy Audit conducted through an accredited agency to assess actual technical and commercial losses. Based on the studies, ED Chandigarh shall propose reduction of losses in subsequent years. The investment required to reduce the losses be included in the investment plan for augmentation of T&D system to be submitted to the Commission. 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 30 September, 2012.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The aspect of Energy Audit is covered under Part- A of the R-APDRP project (IT Implementation). Earlier the case for allotment of work to M/S SPANCO has been initiated but due to poor/ unsatisfactory performance in the State of Bihar, Punjab and other states, the allotment has been put on hold as directed by Joint Secretary (Power) GOI in a review meeting held on 3.10.2012. However, PFC has advised the department to explore the other possibilities for IT implementation or explore feasibility for sharing DC/ DRC with the State of Haryana. The aspect of investment plan for augmentation of T&D system is covered under the R-APDRP project for which the DPR for Part- B (System Strengthening and loss reduction program) has already been prepared by	Action taken is noted. Procurement process be expedited and to submit quarterly progress report and the completion date.

	Part- B Consultant i.e. M/S Feedback Infra and the DPR shall be submitted to PFC for its investment approval.	
Tariff Order 11th April 2014	Energy Audit of Chandigarh Electricity Department to assess actual technical and commercial losses shall be covered in Part-A (IT Implementation) of R-APDRP project and allotment of work of IT Implementation to the M/S SPANCO (ITIA of Punjab) is under process.	The Commission is of the view that it is apparent from the submissions of the Petitioner that considerable delay has occurred on the account of allotment of work to a particular agency. As per the regulation 15(4) of JERC Tariff Regulations, 2009 wherein it is stated that 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. Therefore, the Commission directs the Petitioner that, pending the award of work to specialized agencies and assessment of actual losses as covered under R-APDRP, the Petitioner shall prepare the interim energy audit report in house for FY 2011-12, FY 2012-13 and FY 2013-14 and submit for review of Commission by 30 September 2014.
Tariff Order dated 10th April 2015	CED submitted the Energy Audit report to the Commission vide memo no. 3332 dated 22.9.2014. However, Commission vide letter no. 756 dated 14.10.2014 directed CED to prepare Energy Audit as per directive stated in tariff Order. Energy Audit of Chandigarh Electricity Department to assess actual technical and commercial losses has been covered in Part-A (IT implementation)	Action taken is noted. The Commission is of the view that it is apparent from the submissions of the Petitioner that considerable delay has occurred on the account of allotment of work to a particular agency. Further, after the Energy Audit process has been

	of R-APDRP project. However, R-APDRP project has not been implemented due to Non-performance of ITIA (IT Implementing Agency) M/S SPANCO by Punjab. Since MoP has not allowed separate Data Centre (DC) and Data recovery Centre (DRC), it will not be possible for CED to take up this job independently in view of the huge cost involved besides software issues. Now MoP has directed to take the consent of Haryana to get the work done through Haryana ITIA. Response from DHBVN Haryana has been received recently and refereed to PFC / MoP for approval. Hence, compliance of JERC direction dated 14.10.2014 can be made only after the implementation of R-APDRP project in UT Chandigarh.	initiated, a six monthly energy audit report shall be submitted to the Commission, as per the regulation 15(4) of JERC Tariff Regulations, 2009 wherein it is stated that the licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. In case the PFC funding for APDRP is delayed or denied, the Commission reemphasizes its directive to the Petitioner for initiating alternate action for the award of work to specialized agencies for such work. The Petitioner shall prepare the interim energy audit report in house and submit for review of Commission by September 30th, 2015. The Electricity meters on 66 kV and 11kV be installed and information generated in this regard. This may be done with the help of NIC or NIELIT or any other organization who can support CED for Computer center or by starting the work from desktop computer stations for assessing Feeder wise /Transformer wise T&D Losses.
Present Petition	The status report on Energy Audit had been submitted to the Hon'ble JERC vide memo no. 3644 Dated 20.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and directs the Petitioner to continue submission of the quarterly status report and ensure

		that Energy Audit Report of FY 2015-16 is submitted along with the next Tariff filing.

13.2.4. Demand Side Management and Energy Conservation

The Petitioner is directed to conduct a detailed study on demand side management and energy conservation through an external accredited agency for efficient use of electricity by various means. Petitioner is directed to inform the time bound action plan for installation of TOD meters.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	Tender was floated for purchase of meters having TOD facility. However, the tender was not matured due to one reason or the other and despite several time extensions. Therefore, the decision was taken to refloat the same. The refloating of the tender is under progress.	Action taken is noted. Petitioner is directed to inform the time bound action plan for installation of TOD meters.
Tariff Order 11th April 2014	1. DNIT for appointment of consultant for demand side management and energy conservation shall be prepared after receiving the approved regulation on DSM from Hon'ble Commission. Hon'ble JERC has already invited suggestions/ comments on above cited draft regulation and CED has also submitted its comments to JERC vide memo no. 4047 dated 14.8.13. 2. CED has started the process of procurement of Trivector DLMS meters which have multiple function capability and ToD feature. However, the whole project covers under R-APDRP, which is under process. After the procurement, these meters shall be installed.	The Commission would like to reiterate its direction to conduct a detailed study on demand side management and energy conservation through an external accredited agency for efficient use of electricity by various means and submit the compliance report to the Commission by September 30th 2014.
Tariff Order dated 10th April 2015	The whole project for demand side management and energy conservation covered under R-APDRP project has not been implemented due to Non-Performance of ITIA (IT Implementing	The Commission reiterates its direction to conduct a detailed study on demand side management and energy conservation

	Agency) M/S SPANCO by Punjab. Matter has been taken up with Haryana Utility for doing the work by their ITIA i.e. M/S HCL. Response for DHBVN Haryana has been received recently and referred to PFC/MoP for approval. As an additional initiative, CED has taken up the matter of DSM for improving energy efficient street lighting system in UT Chandigarh with TERI which is under progress. DNIT for procurement of meters (30000 nos. for single phase, 250 nos. of DLMS LT CT meters etc) having ToD feature has been again sent to higher authorities of Chandigarh Administration for approval and shall be procured in due course of time.	through an external accredited agency for efficient use of electricity by various means. Puducherry successful model of DSM followed by other states may be examined and action taken may be intimated in the compliance report to the Commission by Sept 30th 2015.
Present Petition	The proposal for implementation of Efficient Lighting Program by distribution of LED bulbs in the UT of Chandigarh as a part of Demand Side Management Activity, through M/s. Energy Efficiency Services Limited (EESL), New Delhi has been sent to higher authorities for its approval.	The Commission has received the copy of approval of UT Administration. The Commission directs the Petitioner to submit the detailed roll out plan at the earliest.

13.2.5. Manpower Deployment

The Petitioner is directed to conduct a detailed study on manpower requirement by an accredited agency while taking into account the future load growth in Chandigarh. The employee cost provision shall be based on the results of above study in the Tariff Petition for 2012-13.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	CED has already issued letter of intent (LOI) to M/S Deloitte Touche Tohmatsu India Pvt Ltd, Gurgaon to conduct manpower study on 31.1.2013 and the study is under progress.	Compliance be reported by 30-9-2013 and outcome of the study be incorporated in the ARR of FY2014-15 to be submitted before 30.11.2013.
Tariff Order 11th April 2014	The Manpower Study has been conducted by the Consultant M/S Deloitte and has also recently been	Action taken is noted. The Commission has admitted the Petition as Petition no.

	approved by the competent authority of Chandigarh Administration vide his office memo no. 8 dated 1.1.2014. The Petition in this regard has already been submitted to Hon'ble JERC vide memo no. 75 dated 14.01.2014 for its acceptance and implementation, very shortly.	129/2014 and will deal this report through separate Order.
Tariff Order dated 10th April 2015	The Manpower study submitted by the CED has been approved by the Commission vide its Order dated 29.12.2014 in the Petition no. 141/2014. The matter has been referred to Chandigarh Administration for sanction of posts by MoHA / MoP.	After the public hearing on 18 March 2015 the Commission has already written to CED's higher management for immediate implementation of induction of manpower approved by the Commission. The CED is required to follow up and keep the Commission informed of any impediments coming in the way of its implementation. Regarding utilizing Draftsman's cadre or any other cadre not effectively being utilized , CED is required to utilize their services by training them in Project Management of various Capital Investment Schemes, Project Estimation, Bill of Materials and training them on Primavera and such tools to effectively utilize their services for productive use.
Business Plan Order dated December 28th 2015		The manpower study conducted through M/s Deloitte has been approved by the Hon'ble Commission and the same has been submitted to Ministry of Power, GoI for its approval so that the same could be implemented.

		The Commission directs the Petitioner to vigorously pursue the matter with the Ministry of Power and close this matter by January 31, 2016.
Present Petition	The status report on Manpower deployment had been submitted to Hon'ble JERC vide memo no. 3648 Dated 20.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and directs the Petitioner to expedite availability of information as desired by MoP in the meeting held on 09th March 2015. Further the Petitioner should make recruitment of manpower as per the report approved by the Commission and submit the status report by 30th September 2016.

13.2.6. Segregation of T&D losses and loss reduction trajectory

The Petitioner is directed to furnish segregation of losses into transmission, distribution and commercial losses separately in their next Petition along with a status report on energy accounting and T&D losses.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The aspect of Energy Audit is covered under Part- A of the R-APDRP project (IT Implementation).Earlier the case for allotment of work to M/S SPANCO has been initiated but due to poor/ unsatisfactory performance in the State of Bihar, Punjab and other states, the allotment has been put on hold as directed by Joint Secretary (Power) GOI in a review meeting held on 3.10.2012. However, PFC has advised the department to explore the other possibilities for IT implementation or explore feasibility for sharing DC/ DRC with the State of Haryana.	Action taken is noted. The Petitioner is directed to inform the time bound action plan for the same by 30.09.13
Tariff Order	The interstate losses of these interstate	The Commission directs

11th April 2014	points of Nalagarh, Dhulkot etc. were not included in the approved target by Hon'ble Commission while these losses are contributed in the T&D losses of CED . The interstate losses of Nalagarh - Kishangarh line is 2.97 % for the FY-2012-13 as intimated by PGCIL authorities. Moreover the T&D losses (un-audited) of CED for the FY-2012-13 are 19.21 %. If total average interstate T&D losses of CED in respect of Nalagarh- Kishangarh and Dhulkot- Chandigarh line are assumed to be 3%, the actual T&D losses of CED will become 16% (as per unaudited data) which is very near to the targets as fixed by Hon'ble JERC for the FY-2012-13.	the Petitioner that, pending the award of work to specialized agencies and assessment of actual voltage wise losses as covered under R-APDRP, the Petitioner shall prepare the interim voltage wise energy audit report in house for FY 2011-12, FY 2012-13 and FY 2013-14 and submit for review of Commission by 30 September 2014. As regard to the losses existing in the system the Commission has given its view in this Order at appropriate places which may be taken note off.
Tariff Order dated 10th April 2015	This aspect has been covered in Part-A (IT Implementation) of R-APDRP project. However, R-APDRP project has not been implemented due to Non-Performance of ITIA (IT Implementing Agency) M/S SPANCO by Punjab. Since MoP has not allowed separate Data Center (DC) and Data recovery Center (DRC), it will not be possible for CED to take up this job independently in view of the huge cost involved & software issues. Now MoP has directed to take the consent of Haryana. Matter has been taken up with Haryana Utility for implementation of work by their ITIA i.e. M/S HCL. Response from DHBVN Haryana has been received recently and refereed to PFC/MoP for approval.	Action taken is noted. The matter may be pursued. The Commission intends to see the results and accordingly the Petitioner is directed to inform the time bound action plan for the same by Sept 30th, 2015. This will help CED to have a better Business Plan and serve the stakeholders effectively.
Present Petition	There are around 400 nos. 66/11 kV feeders in UT Chandigarh.It was planned to conduct Segregation of T&D losses and loss reduction trajectory through the existing feeder meters, but due to non-provision of the communication interface between the meters, the same was tried	The Commission notes the submission made by the Petitioner and directs the Petitioner to install the meters by 30th September 2016 and revert to the Commission with

	to be carried out by manual readings but the whole exercise was not fruitful. Accordingly, an estimate for the replacement of all the feeder meters (which have reliable communication interface) has been framed to calculate loss level at various voltage level. The NIC, UT Chandigarh has also given its consent to provide the server for such huge data base to be generated for energy audit. An estimate of around Rs. 1,63,20,000/- for replacement of all the feeder meters has been framed along with the modems and the software to read the data and analysis of the losses. The same is under the process of approval. Further it is intimated that CED has prepared the DPR of IPDS Scheme amounting to Rs 201 Cr and DPR of Pilot Smart Grid Project amounting to Rs 49 Cr & the same has been recommended by Distribution reform Committee (DRC) headed by Advisor to Administrator, UT Chandigarh on dated 18.12.2015 and District Electricity Committee (DEC) headed by Member of Parliament – Chandigarh during the meeting held on dated 18.1.2016. The same is being sent to PFC (Nodal Agency for IPDS) for getting further approval of MoP, GOI.	quarterly segregated T&D loss data thereafter.

13.2.7. Load Forecasting:

The Petitioner is directed to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in Order to understand the load requirements in their area at various periods and submits to Commission along with next tariff Petition.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The DNIT for the appointment of consultant for load forecasting in under finalization process and shall be submitted to competent authority for its	Action taken is noted. Petitioner is directed to inform the time bound action plan for the same

	approval very shortly.	by 30.09.13
Tariff Order 11th April 2014	The scope of work of previous DNIT for appointment of consultant for load forecasting has been amended in view of the draft JERC Regulations of Multi Year Distribution Tariff (MYT) Regulation 2013 and Demand Side Management Regulation 2013 and accordingly, amended DNIT has been put up to competent authority for approval.	Action taken is noted. T h e Petitioner is directed to inform the time bound action plan for the same by 30.09.2014
Tariff Order dated 10th April 2015	Amended DNIT for appointment of consultant for load forecasting based on the provisions of Multi Year Distribution Tariff (MYT) Regulation and Demand Side Management Regulation 2013 has been floated on the e-tender portal of Chandigarh Administration and the work shall be allotted very soon.	Action taken is noted. The matter may be persuaded and a report may be submitted by 31st July, 2015.
Present Petition	LOI for the load forecasting study along with preparation of action plan for short term, medium term and long term has been issued on 12.10.2015 to the consultant M/S Feedback Infra and the compliance report in this regard has been sent to JERC vide memo no. 3622 Dated 19.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and directs the Petitioner to expedite the study for load forecasting for short term, medium term and long term by 30th December 2016. The Petitioner should also submit the quarterly status report of the progress in this matter.

13.2.8. Optimization of Power Purchase from short-term sources

The Petitioner is directed to restrict high cost short-term power purchases, including UI to a prudent level subject to CERC regulation (Unscheduled Interchange and related matters) as amended from time to time. The scheduling be done on day ahead (spot & contingency), term ahead (weekly), monthly and yearly, strictly on a merit Order purchase of power from approved sources, which is not being done appropriately. In case of an emergency, approval be obtained on the same day from the Commission for spot purchase. The short-term power purchase be rationalized especially under UI mechanism; the overdrawls from UI below 49.7 Hz will not be allowed. As last year (FY 2011-12), 18 MU have been recorded as overdrawls below 49.5 Hz, purchased at 873 paise/KWh. The Petitioner is directed to give details of power purchase under UI mechanism. The

details include the overdrawl frequency, date, time, block, quantity, UI charges, and additional UI charges. The summary of total Sale/Purchase from short term sources including Net gain/Net loss under purchase of UI and from other sources including power exchange, bilateral etc. The results of gain/loss of such sale/purchase from other sources be explicitly mentioned. In Order to optimize the cost of power purchase, if unavoidable, the rotational power cuts could be undertaken by the utility, keeping equity among all consumers of the utility irrespective of their status.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The above details have been incorporated in the Petition filed by the Petitioner for FY 2013-14 and CED had imposed rotation power cuts in view of the system constraints to ensure grid security.	Action taken is noted.
Tariff Order 11th April 2014	No submission from the Petitioner.	The Commission directs the Petitioner to continue compliance of this directive as a part of normal operations and submit the compliance report along with the FPPCA computations.
Tariff Order dated 10th April 2015	It is submitted that the UT Chandigarh is having PPAs with NTPC, NHPCL, NPCIL BBMB etc, which provide power at comparatively higher cost considering fixed and variable charges both. Also, UT Chandigarh is having more than 50% of the power from hydro projects i.e. NPHC, SJVNL, THDCL, BBMB etc., which have the higher fixed cost for the initial years. Further, there has been an agreement with BBMB as special assistance for 10 LUs/day (around 41 MW) which is being billed at the global rates (i.e. rate of Badarpur Thermal Power Station) which ranges from 4.70 to Rs. 5.70 / unit in different months. The matter was taken up with BBMB vide letter dated 2.5.2014 to review the rates of the BBMB 10 LUs special assistance power to UT Chandigarh but no rates revision could take place as communicated by BBMB vide memo no.	Action taken is noted. The matter may be persuaded and a report may be submitted by 31st July, 2015.

	6044 dated 1.7.2014. It may be seen that UT Chandigarh has been taking pro-active efforts to reduce the power purchase cost which includes surrendering of the comparatively higher cost power from NTPC (RLNG and LNG power) as these power cost around Rs. 8.00/ unit to Rs. 12.00/unit. it is Further submitted that the UT Chandigarh being capital city of State of Haryana and Punjab has a large no. of Govt. offices/ Offices besides educational/health institutes. As a result, the peak load is noticed during the day time i.e. 1200 hrs. to 1600 hrs. and since UT procures a major portion of power from hydro projects, which mainly are peak load power projects, which generate maximum power during the peak hours of 1800 to 2200 hrs. and 0500 to 0800 hrs. As such, UT Chandigarh is generally short of power during day time. The banking arrangement has been carried out with PDD J&K wherein the UT Chandigarh gets the power from 1000 to 1800 hrs. during May to August @ 30 MW and return the same from 2200 to 0600 hrs. during November to February. The short term power purchase is being carried out from April to September which is peak summer season at different slots after accessing the base load gap and further the power is procured/sold on day ahead basis through power exchange (s) so as to meet up with the gap. It is pertinent to mention here that the short term tenders were called for summer season 2014-15 (April to September) and the rates of the short term power were highly competitive and must be lower than most of the power stations from where the long term power purchase agreements exist. The approx. rate/unit for the power purchase under short term tender were around Rs. 3.20/unit. As desired by the Commission in the tariff Order, the complete data regarding overdrawl frequency, data, time, block, quantity, UI Charges etc. for FY 2013-14 has been stored in CD (data being bulky in nature) which shall be submitted along with this MYT Petition for kind consideration of Hon`ble JERC.	

Present Petition	The CED had submitted the reply on the subject cited directive in Tariff Petition for FY 2015-16 and at present, it is following merit order dispatch principle.	Action taken is noted. Further as per recent directive of the Ministry of Power all utilities will procure short-term power from a common platform. The Petitioner is directed to comply with the same.

13.2.9. Initiate action for Corporatization of the Electricity Department:

The Petitioner is directed to initiate action for Corporatizing of the Department on similar basis as has been done by other licensee under the jurisdiction of the Commission.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The DNIT for the restructuring/ corporatization has been prepared and is under approval. CED Chandigarh shall update the Hon'ble JERC in this regard from time to time.	The Commission notes the submission made by the Petitioner and directs the Petitioner to submit quarterly progress reports in this matter.

13.2.10. Strengthen CGRF and give wide publicity about it

The CGRF cell should be strengthened to make the cell work effectively. Wide publicity is required to be done to make the public aware of the existence of the cell including CGRF contact details at the back of electricity bills.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The status report on Strengthening of Consumer Grievance Redressal forum (CGRF) and giving it wider publicity had been submitted to Hon'ble JERC vide memo no. 3642 Dated 20.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and directs the Petitioner to continue its efforts to further strengthen the CGRF and

		submit quarterly progress reports in this matter.

13.2.11. Renewable Purchase Obligation

The Commission, directs, that all pending RPO up-to FY 2015-16 must be fulfilled by the Petitioner by March 31, 2016 and no backlog would be allowed to be carried forward to the Control Period FY 2016-17 to FY 2018-19. The Commission expects that the Petitioner would give priority to obtaining physical solar and non-solar power.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The Petitioner has made no submission in this regard	The Commission notes that though the Petitioner has not made any specific submission in regard to fulfilment of this direction it has submitted a plan to fulfil RPO till FY 2015-16. The Commission will examine the matter at the time of True-up of FY 2015-16. Further MoP has set a target of 8% RPO to be achieved till 2022. As a part of this target, the Petitioner is required to install 50 MW solar capacity. The Petitioner is required to submit a road-map regarding the same.

13.2.12. Energy Saving, Energy Efficiency and Demand Side Management

The Petitioner is directed to conduct a detailed study on demand side management and energy conservation through an external accredited agency for efficient use of electricity by various means. The action taken in this regard and in regard to day light saving may be intimated in the compliance report to the Commission by 30th September, 2015.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order dated 10th April 2015	TERI has been asked by CED to study the energy saving on Street Lights.	The Commission has noted about the submission of the Petitioner about Study on Street Lights by TERI. Demand Side Management (DSM) initiative has been approved by the Commission in one constituent territory of the Commission, which has been followed by other states. CED is directed to look into the same and submit a proposal for its approval by the Commission. Switching off streetlights and park lights

		during day light hours needs no study for energy saving. These measures should be enforced urgently by deploying the light sensor switches, and until then manually. The Commission reiterates its direction to conduct a detailed study on demand side management and energy conservation through an external accredited agency for efficient use of electricity by various means. Puducherry's successful model of DSM followed by other states may be examined. In Puducherry, Energy Efficiency Systems Ltd., (EESL) a Government of India set up under Bureau of Energy Efficiency executed the work on Energy Saving. The energy saving was achieved through distribution of LED Bulbs to various consumers and also by installation of these bulbs on Street lights, in Parks and Public places. The work was undertaken based on sharing the expenditure on energy saved through Energy Efficiency after a Petition was filed by the Puducherry Electricity Department and approved by the Commission. The action taken in this regard and in regard to day light saving may be intimated
Business Plan Order dated 28th December 2015		The Commission directs the Petitioner to submit detailed action plan after finalization of the Efficient Lighting Program (by distribution of LED bulbs in the UT of Chandigarh) by M/s EESL for its approval. The Commission also directs the Petitioner to focus on similar DSM measures through LED lamps in Government buildings and street lights (under National Program for LED Street Lightning).
Present Petition	The proposal for implementation of Efficient Lighting Program by distribution of LED bulbs in	The Commission notes the submission made by the Petitioner and directs the Petitioner actively pursue this matter with the higher authorities and submit

	the UT of Chandigarh as a part of Demand Side Management Activity, through M/s. Energy Efficiency Services Limited (EESL), New Delhi has been sent to higher authorities for its approval.	quarterly progress reports in this regard.

13.2.13. Solar Power Purchase

Chandigarh has been declared as a Solar City by MNRE. Solar RPOs should be first met by using Solar Energy produced in the UT from the existing plants or any new plant that may come up, before making any purchases of RECs for RPO compliance. Efforts are to be made to popularize Solar Power by sending handbills along with the bills or any other method.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The status report on compliance of RPOs up to 30.9.2013 had been submitted to the Hon'ble JERC vide endst no. 3509 Dated 12.11.2015 (copy attached). However, efforts are being made to popularize Solar Power by inserting the same in the new electricity bill format.	MoP has set a target of 8% RPO to be achieved till 2022. As a part of this target, the Petitioner is required to install 50 MW solar capacity. The Petitioner is required to submit a road-map regarding the same not later than 30th September 2016.

13.2.14. Filing of Petition on time

The last date of filing the ARR & Tariff Petition is 30th November every year. The Petitioner has never filed the Petition in time as seen from Table 2.1. The Commission views this as a repeated failure in filing the Petition on time. The Petitioner shall ensure filing the Petition for ARR & Tariff Petition latest by 30th November of the preceding year for which ARR and Tariff is being filed. The next Petition will be filed by 30th November, 2015.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Business Plan Order Dated 28th December 2015		It is directed that the MYT Tariff Petition for the Control Period from FY 2016-17 to FY 2018-19 be filed before the Commission within 30 days of the issuance of this

		Business Plan Order. The Retail Tariff proposals are to be submitted only for the first year of the Control Period namely FY 2016-17 whereas ARR calculations are to be submitted for the full Control Period FY 2016-17 to FY 2018-19.
Present Petition	The directive has been complied with.	The Commission notes that this time there was considerable delay in filing of the Petition. The Petition was filed on 29th February i.e. 2 months after passing of Business Plan Order. The Petitioner should ensure that henceforth all Tariff Petitions should be filed on or before 30th November.

13.3. Directives dropped in this Tariff Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it has been observed that the some of the directives issued in previous Tariff Orders are no longer required.

The Commission is of the view that since these directions have been complied with satisfactorily, these directions are no longer required in the present context and are required to be dropped or replaced with new directions. No further compliance/status is required to be submitted by the Petitioner for the following directives:

13.3.1. Annual Statement of Accounts

The Commission while approving Tariff Order for FY 2011-12 issued following directive to the Petitioner: Electricity Department Chandigarh has not prepared the account for the Electricity Department separately. As Electricity Business comes under the preview of Electricity Act, 2003, the accounts pertaining to Electricity Business are required to be prepared separately and got audited. Accounts of the licensee need to be prepared on commercial

account principles for regulated business of electricity as per regulatory requirement by 30th September 2012.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The CED being a UT and a Govt. Department has been carrying out the transmission and distribution business as an integrated utility till date. As such the accounts pertain to Electricity Business (Integrated Utility) are prepared regularly on year-to-year basis and submitted to AG UT Chandigarh for audit. The audit certificate for the accounts FY 2007-08, 2008-09 and 2009-10 have been received while the audit certificate of FY 2010-11 and FY 2011-12 are awaited. However, DNIT is being prepared for appointment of consultant/CA with the help of Information Technology department, UT Chandigarh for preparation of Accounts of the department on commercial account principles.	Accounts of the licensee need to be prepared on commercial account principles for regulated business of electricity as per regulatory requirement by 30th September, each year. The Commission in its previous Order has also directed the Petitioner to comply with the directives and file the True-ups accordingly. The Commission directs the Petitioner to file the True-ups for FY 2011-12 by October 31, 2013, failing which the Commission would be constraint to take action according to the JERC Regulations and the Electricity Act, 2003.
Tariff Order 11th April 2014	CED submits that Tender (OP-4/19/2013-14) for appointment of consultant for (i) preparation of Annual Statement of Accounts on commercial accounting principles and (ii) Asset & Depreciation Register was floated on 23.8.2013 with opening date of 17.3.2013. However, due to some observations raised by 3-4 firms, the date of opening of tender is further extended upto 11.10.2013. As no any EMD was received from any firm till 11.10.2013 and due to system constraints, the tender was made cancelled. The DNIT said was got amended by including comments/ suggestions	While the Commission acknowledges the efforts have been initiated by the Petitioner for preparation of accounts on commercial principles, there have been serious delays in the compliance of this directive on the account of Petitioner. The Commission has already clarified in detail in previous Orders that no carrying cost of revenue gaps (if any, at the time of final true - up) will be

	furnished by various firms including M/S Deloitte Touche Tohmatsu India Pvt Ltd , M/S Feedback Infra and M/S S.K. Bhasin & Associates. The amended DNIT was deliberated by the Standing Committee constituted by the competent authority of Chandigarh Administration on 14.10.2013 & 31.10.2013 and later on approved by the Chief Engineer, UT Chandigarh vide his office memo no. 11891 dated 31.12.2013. The said DNIT has been refloated on 17.1.2014 at e-tender portal of Chandigarh Administration. In view of above cited constraints, CED kindly request Hon'ble JERC to extend the submission date further in respect of submission of Annual statement of account on commercial accounting principles as CED is sincerely putting its best to comply with the directive of Hon'ble Commission.	entertained. The Commission now directs the Petitioner to file the True-ups for FY 2011-12 and FY 2012-13 by 31 October 2014 (to be prepared on the basis of the accounts prepared on the Commercial Accounting principles), failing which the Commission would be constraint to take action according to the JERC Regulations and the Electricity Act, 2003 which may also include the non-consideration of True-Up of FY 2011-12 and FY 2012-13 in all the future Orders.
Tariff Order dated 10th April 2015	The Commission vide its tariff Order dated 11.4.2014 directed CED to file True-ups for FY 2011-12, 2013-13 on the basis of accounts prepared on commercial accounting principles, by 31.10.2014. The Commission vide its Order dated 15.12.2014 in the Petition no. 149/2014 filed by CED, has accorded extension in time for the compliance of this directive and submit the Assets and Depreciation register along with accounts on commercial principles basis by Sept 30th,2015. In view of above, CED has again floated the tender for appointment of consultant for preparation of accounts on commercial accounting principles and preparation of fixed asset register on 31.12.2014 and technical bid has been already been opened and the tendering process is under progress.	The matter should be pursued and directive should be complied with by September 30th 2015 and a report submitted without any further excuses.
		The Commission notes

<table>
<tr><td></td><td></td><td>that already there is a considerable delay in submission of audited accounts based on commercial principles. The Commission advises the Petitioner to take up the matter with CAG for expediting the same. The Commission directs the Petitioner to submit the accounts prepared on commercial principles before the Commission for truing-up of previous years. The Commission will undertake final True-up for financial years for which accounts are already audited by CAG and provisional True-up for years which the accounts are in process of auditing by CAG.</td></tr>
<tr><td>Present Petition</td><td>As per the directive of the Commission the annual accounts based on commercial principles have been prepared and submitted to the Commission as per following references (copies attached). :-
<table>
<tr><th>FY 2011-2012</th><th>FY 2012-13</th><th>FY 2013-14</th><th>FY 2014-15</th></tr>
<tr><td>Endst. No. 2287 Dated 06.08.2015</td><td>Endst no. 2831 Dated 8.09.2015</td><td>Endst no. 3019 Dated 21.12.2015</td><td>Endst No. 02 Dated 01.01.2016</td></tr>
</table></td><td>The Commission notes the submission made by the Petitioner and drops the directive.</td></tr>
</table>

13.3.2. Preparation of Asset and Depreciation Register

<table>
<tr><td colspan="3">The Petitioner should submit fixed assets register</td></tr>
<tr><th>Reference Order/ Petitions</th><th>Petitioner Submission</th><th>Commission Analysis</th></tr>
<tr><td>Tariff Order</td><td>The preparation of Asset and</td><td>The Commission has noted</td></tr>
</table>

15th April 2013	Depreciation register is covered under R-APDRP Part-A project. While doing GIS mapping, these registers will be prepared. The DNIT for the third party audit for evaluation of asset (Transmission and distribution business) is being prepared. The final study report is expected to be finalized by Dec 2013.	the action taken and directs to file a monthly progress report in this regard.
Tariff Order 11th April 2014	CED submits that Tender (OP-4/19/2013-14) for appointment of consultant for (i) preparation of Annual Statement of Accounts on commercial accounting principles and (ii) Asset & Depreciation Register was floated on 23.8.2013 with opening date of 17.3.2013. However, due to some observations raised by 3-4 firms, the date of opening of tender is further extended upto 11.10.2013. As no any EMD was received from any firm till 11.10.2013 and due to system constraints, the tender was made cancelled. The DNIT said was got amended by including comments/ suggestions furnished by various firms including M/S Deloitte Touche Tohmatsu India Pvt Ltd , M/S Feedback Infra and M/S S.K. Bhasin & Associates. The amended DNIT was deliberated by the Standing Committee constituted by the competent authority ofChandigarh Administration on 14.10.2013 & 31.10.2013 and later on approved by the Chief Engineer, UT Chandigarh vide his office memo no. 11891 dated 31.12.2013. The said DNIT has been refloated on 17.1.2014 at e-tender portal of Chandigarh Administration. In view of above cited constraints, CED kindly request Hon'ble JERC to extend the submission date further in respect of Annual statement of account on commercial accounting principles as CED is sincerely putting its best to	While the Commission acknowledges that efforts have been initiated by the Petitioner for preparation of fixed assets register, there have been serious delays in the compliance of this direction on the account of Petitioner. The Commission is of the view that the preparation of fixed assets registers will take considerable time from award of work to any particular agency. As the work is yet to be awarded to any particular agency as per the latest submissions of the Petitioner, the Commission has serious doubts about the early availability of verified fixed assets register. The Commission now directs the Petitioner prepare and submit the Fixed Assets Register by 31 October 2014, failing which the Commission would be constraint to take action according to the JERC Regulations and the Electricity Act, 2003 which may also include the non-consideration of asset addition of period when the

	comply with the directive of Hon'ble Commission.	direction was first imparted and when the Fixed Asset Registers are actually made available in all the future Orders.
Tariff Order dated 10th April 2015	The Commission vide its tariff Order dated 11.4.2014 directed CED to file True-ups for FY 2011-12, 2013- 14 on the basis of accounts prepared on commercial accounting principles, by 31.10.2014. The Commission vide its Order dated 15.12.2014 in the Petition no. 149/2014 filed by CED, has accorded extension in time for the compliance of this directive and submit the Assets and Depreciation register along with accounts on commercial principles basis by 30.9.2015. In view of above, CED has again floated the tender for appointment of consultant for preparation of accounts on commercial accounting principles and preparation of fixed asset register on 31.12.2014 and technical bid has been already been opened and the tendering process is under progress.	The matter should be pursued and directive should be complied with by September 30th 2015 and a report submitted without any further excuses.
Present Petition	As per the directive of the Commission the Fixed Asset Register has been prepared and submitted to the Commission vide Endst. No. 3192 Dated 12.10.2015 (copy attached).	The Commission notes the submission made by the Petitioner and drops the directive.

13.3.3. Interest on Consumer Deposit

U/S 47(4) of Electricity Act 2003, the distribution licenses shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission. The Petitioner is directed to pay interest on consumer security deposit at the applicable bank rate.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	CED has already prepared a detailed list of consumers and their security amount	The Commission in its previous Order has directed

	for FY 2011-12 and FY 12-13 and provided the same to the billing agency i.e. M/S NIELIT (formerly known as DOEACC) for further processing of the same to pay interest on consumer security deposit at the applicable bank rate. However, voluminous and previous years' data pertaining to actual consumer security deposit amount since inception of the electricity department (Year 1966/67) are being prepared which may take some more time.	the Petitioner to pay the interest on security deposit to the consumers in accordance with the Electricity Act 2003. The Commission feels that enough time has been given to the Petitioner for compliance of the same and reconciliation of the security deposit. The Petitioner is directed to pay interest on consumer security deposit at the applicable bank rate by September 30, 2013 failing which appropriate action would be taken for non-compliance of the Commission's Directives.
Tariff Order 11th April 2014	The interest on consumer security has been given in consumer bills and the compliance report of the same has already been provided to Hon'ble JERC vide memo no. 4997 dated 4.10.2013. However, additional consumption security has also been demanded in the above cited bills in compliance to the clause 6.10(3) of JERC Electricity Supply Code Regulation 2010.	Action taken is noted.
Tariff Order dated 10th April 2015	The Commission vide its Order dated 23.5.2014 in Petition no. 132/2014 had directed CED to give interest on consumer security deposit w.e.f. commencement of Electricity Act 2003 or the date of payment of security deposit by the consumer whichever is later. Further, the interest on consumer security deposit for FY 2013- 14 was also to be given to consumer as per directive. In compliance to the above, interest of consumer security deposit has been given to consumers in FY 2014-15 as under: Years 2003-11 — Rs 5,23,754.00	The resentment of the Consumers in this regard was noticed in the Public Hearing. The Commission in its previous Order has directed the Petitioner to pay the interest on security deposit to the consumers in accordance with the Electricity Act 2003. The Commission feels that enough time has been given to the Petitioner for compliance of the same and

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<tr><td>FY 2011-12</td><td>Rs 5,00,88,891.00</td></tr>
<tr><td>FY 2012-13</td><td>Rs 8,49,389.00</td></tr>
<tr><td>FY 2013-14</td><td>Rs 3,20,37,158.00</td></tr>
</table>

Those consumers who were not given interest for FY 2011-12 and FY 2012-13 in FY 2013-14 due to non-availability of date of connection, have been given interest on consumer security deposit in FY 2014-15 to the tune of Rs. 5,23,754.00 and Rs. 8,49,389.00 respectively and thus making total interest given on security deposit for FY 2011-12 as Rs. 57,99,514 (Rs 52,75,760 + Rs. 5,23,754) and for FY 2012-13 as Rs. 1,03,88,157 (Rs. 95,38,768 + Rs. 8,49,389) respectively. However, some consumers whose date of connection is still not clear/ traceable, have not been given interest for the period 2003-11, for which efforts are still on and those consumers shall be given interest for 2003-11 very shortly. The interest on consumer security deposit for FY 2014-15 shall be given in May/ June 2015 as per clause 6.10(8) of JERC Electricity Supply Code Regulation 2010.
However, additional consumption security has also been demanded in the above cited bills in compliance to the clause 6.10(3) of JERC Electricity Supply Code Regulation 2010.
</td>
<td>reconciliation of the security deposit. The Petitioner is directed to pay interest on consumer security deposit at the applicable bank rate by 30th June 2015 as committed. The CED should also ensure to trace out all the consumers with missing connection dates by Sept, 2015, failing which appropriate action would be taken for non-compliance of the Commission's Directives. The Commission directs the Licensee to credit the interest to the Consumers and send the compliance report by July 15th, 2015.</td>
</tr>
<tr>
<td>Present Petition</td>
<td>Interest on consumer security deposit at the applicable bank rate has been given to the consumers and to support the fact, our billing agency M/S NIELIT vide its letter no. NIELIT/CH/UTELEC-101/2016/21772 dated 1.1.2016 has submitted the compliance report. (copy attached).</td>
<td>The Commission notes the submission made by the Petitioner and drops the directive.</td>
</tr>
</table>

13.3.4. Change of Category

The Petitioner is directed to conduct an analysis and the impact of conversion of consumers belonging to Government recognized institutions' 'Government & public sports institutions/gymnasium halls etc.' and 'Religious Institutions exclusively used for worship by the general public into Bulk Supply Tariff or Non-Domestic Tariff and accordingly submit a proposal for their conversion into the applicable category in their future ARR & Tariff Petition. The number of consumers, connected load and actual consumption of such consumers be submitted with their future ARR & Tariff Petition.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Tariff Order 15th April 2013	The consumer category of 'Government recognized institutions', 'Government & public sports institutions/gymnasium halls etc.' and 'Religious Institutions exclusively used for worship by the general public' are being considered under Domestic category by NDMC, New Delhi and JVVNL, Rajasthan in their approved tariff schedule by the respective regulatory Commissions. Accordingly, CED has submitted similar tariff proposal in its tariff Petition for FY 13-14.	The Commission has specifically directed the Petitioner to submit the analysis and impact of the conversion into Bulk tariff or Non-domestic tariff which has not been submitted by the Petitioner. However, the Commission considering the nonprofit nature of the following establishments has considered the same in the Domestic category. (a) Government recognized education institutions (b) Government and public sports institution (c) Religious Institutions (d) Dispensary/ Hospital/Public Library etc (e) Orphanage /Cheshire homes etc (f) Electric Crematorium This has been reflected in the Tariff Schedule at the appropriate category.
Tariff Order 11th April 2014	No Submission from Petitioner.	The Commission directs the Petitioner to submit the analysis as directed for

		review of Commission latest by 30 September 2014.
Tariff Order dated 10th April 2015	The CED Chandigarh vide its memo no. 164 dated Jan 1st, 2015 has already submitted the desired analysis as directed by the Commission vide its letter no. 686 dated Sept 24th ,2014 with reference to this office memo no. 3068 dated September 10th, 2014.	Action is taken is noted.
Present Petition	The CED Chandigarh vide its memo no. 164 dated Jan 1st, 2015 has already submitted the desired analysis as directed by the Commission.	The Commission notes the submission made by the Petitioner and drops the directive.

13.3.5. Safety of Manpower at work

The Commission directs the Petitioner to procure Telescopic Ladders, Safety harnesses, Helmets with headlights, hand gloves, auto lift platforms and other similar equipment for Safety of men at work. The Petitioner should also ensure that the Subcontractors also provide the safety equipment to their men. The Manpower at work (Petitioner's Employees and Sub contractor's employees) needs to be skilled/ reskilled by the respective organizations once a year.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Business Plan Order Dated 28th December 2015		The Petitioner is directed to take appropriate actions on procurement of necessary safety equipment as mentioned in the last Tariff Order and provide adequate training to the staff on safety measures. The Commission also directs the Petitioner to file progress report on safety equipment purchased in every quarter of the financial year.
Present Petition	he status report on Safety of Manpower on work had been submitted to the Hon'ble JERC vide memo no. 3640 dated 20.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and drops the directive. However, the

		Petitioner should continue its effort to purchase and update security equipments.

13.3.6. Repair & Maintenance of Equipment to give uninterrupted service

The Petitioner is directed that the equipment required for preventive maintenance schedule should be drawn and action taken to ensure the equipment remains in good health to give uninterrupted service to the Consumers.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The status report on Repair & Maintenance of Equipment to give uninterrupted service had been submitted to the Hon'ble JERC vide memo no. 3646 Dated 20.11.2015 (copy attached).	The Commission notes the submission made by the Petitioner and drops the directive.

13.3.7. Cell for spreading Electricity Regulatory Process

The Petitioner is directed to set up a Cell making Consumer understand Electricity Regulatory Process and give wide publicity about it. Such a cell will address the issues of the Consumers making them understand on the Electricity Regulatory Process including issues on FPPCA, Solar Power etc.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Business Plan Order dated December 28th 2015		The Commission directs the CED to create awareness amongst the consumers on the standards of performance notified by the Commission and arrange to publish the standards of performance/salient features of Supply Code and Distribution Code in all leading newspapers and through notice board displays in the vernacular, in simple language i.e. understandable to the general consumer. The Commission also directs the CED to convene periodic public

		grievance meetings once in every month to redress consumer related issues.
Present Petition	The CED has set up a Consumer Awareness Cell to address the issues of consumers and making them understand the Electricity Regulatory Process including issues of FPPCA, solar Power etc. A public notice in this regard was published in the leading newspapers of UT Chandigarh on 30th June 2015. The compliance report in this regard has already been submitted to the Hon'ble JERC vide memo no. 1920 Dated 01.07.2015	The Commission notes the submission made by the Petitioner and drops the directive. The Petitioner should continue the process of consumer interaction.

13.3.8. Levy of Service charge

The service charges, as are being levied by the CED in line with Chandigarh Administration Gazette notification no. G1/2002/4 dated 30 Sept 2002 will not be levied by the CED henceforth as these will be covered under fixed charges as are approved by the Commission in the Tariff Order for FY 2015-16		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The status report on levy of service charges had been submitted to the Hon'ble JERC vide memo no. 3769 dated 1.12.2015 (copy attached).	The Commission notes the submission made by the Petitioner and drops the directive. The Petitioner should continue the practice for future years also.

13.3.9. Levy of Service charge

The service charges, as are being levied by the CED in line with Chandigarh Administration Gazette notification no. G1/2002/4 dated 30 Sept 2002 will not be levied by the CED henceforth as these will be covered under fixed charges as are approved by the Commission in the Tariff Order for FY 2015-16		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present	The status report on levy of	The Commission notes the

Petition	service charges had been submitted to the Hon'ble JERC vide memo no. 3769 dated 1.12.2015 (copy attached).	submission made by the Petitioner and drops the directive. The Petitioner should continue the practice for future years also.

13.3.10. Connected Load (kW wise)

With the introduction of Fixed Charges per month the Petitioner is required to submit the data based on kW of connected load. The information furnished during Technical validation session on 24th -25th March 2015 on NRS (19694 number of consumers up to 20 kW for 101661.895 kW load, and 2431 nos. for 281904.594 kW also be confirmed in writing). The kWh consumption and kW profile of agriculture may also be given.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The status report on Connected Load)(kW) wise - number of Domestic, Commercial and Agriculture consumers had been submitted to the Hon'ble JERC vide memo no. 3767 Dated 1.12.2015 (copy attached).	The Commission notes the submission made by the Petitioner and drops the directive. The Petitioner needs to submit the information henceforth in every future Petition

13.3.11. Smart Grid

The Commission directs the Petitioner to submit all the details pertaining to technological, financial and implementation aspects for review and approval of the Commission post finalization of the scheme.		
Reference Order/ Petitions	**Petitioner Submission**	**Commission Analysis**
Present Petition	The Smart Grid DPR has been submitted with this Petition.	The Commission notes the submission made by the Petitioner and drops the directive.