TARIFF ORDER

Determination of Retail Supply Tariff for FY 2017-18,
Annual Performance Review of FY 2016-17
&
True-up of FY 2012-13, FY 2013-14, FY 2014-15

Petition No. 221/2017

For

Electricity Department, Lakshadweep Administration

5th April 2017

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
Sh. M. K. Goel (Chairperson)
Ms. Neerja Mathur (Member)

Petition No. 221/2017

In the matter of

Approval of True-up for the FY 2012-13, Provisional True-up for the FY 2013-14 and FY 2014-15, Annual Performance Review for the FY 2016-17 and Determination of Tariff for the FY 2017-18.

And in the matter of

Electricity Department, Lakshadweep Administration…………………………**Petitioner**

ORDER

Dated: 5th April 2017

a. This Order is passed in respect of the Petition filed by the Electricity Department, Lakshadweep Administration for approval of True-up for the FY 2012-13, Provisional True-up for the FY 2013-14 and FY 2014-15, Annual Performance Review for the FY 2016-17 and Determination of Tariff for the FY 2017-18.

b. After receiving the Petition, the Commission scrutinised its contents and requisitioned further information/clarifications on the data gaps observed in the Petition to take a prudent view of the Petition. The Commission also held a Technical Validation Session to determine its sufficiency. Further, comments/objections/suggestions were invited from the public/stakeholders. Public hearing was held and the stakeholders/Public were heard. The schedule of activities performed in the course of this quasi-judicial process is given below:

Particulars	Details
Date of Admission	22nd December 2016
Technical Validation Session	07th March 2017
Public Hearing	08th March 2017

c. The approved tariff of FY 2017-18, as detailed in the Chapter "Tariff Schedule," shall come in force from 1st April 2017 and shall remain valid till further Orders of the Commission.

d. All existing provisions which are not modified by this Order shall continue to be in force.

e. The licensee shall publish the tariff schedule and the salient features of the tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in its areas of supply. The Commission also directs the licensee to announce the Tariff Structure and the salient features of the Tariff over a public address system and local TV channels, if any, within one week from the date of the tariff order in the respective local languages of the regions, in case of non-availability/non-publication of any newspaper in the islands of the Union Territory (UT) of Lakshadweep.

f. It is seen that in the case of Lakshadweep islands, majority of generation is diesel-based, making the per unit cost of generation very high, compared to other utilities. In view of this, the approved tariff will not cover the full cost of supply. Historically also, there has been a substantial gap between the actual cost of supply and the revenue realized, which so far has been borne by the Lakshadweep Administration. Accordingly, the Commission is of the view that any variation in the power purchase cost (including variation in cost of its own generation) should, for the time being, be borne by the ED Lakshadweep.

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

-Sd-	-Sd-
नीरजा माथुर	**एम. के. गोयल**
(सदस्य)	**(अध्यक्ष)**

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

स्थान : गुडगाँव
दिनांक: 5 अप्रैल, 2017

(Certified Copy)
कीर्ति तिवारी, सचिव

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List of Abbreviations

Abbreviation		Full Form
A&G	:	Administration & General
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
CAGR	:	Compound Annualized Growth Rate
Capex	:	Capital Expenditure
CC	:	Current Consumption
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
COD	:	Commercial operation date
Commission/JERC	:	Joint Electricity Regulatory Commission for the State of Goa And Union Territories
DISCOM	:	Electricity Department of Lakshadweep Islands
CPSU	:	Central Public Sector Undertaking
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FPPCA	:	Fuel & Power Purchase Cost Adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HT	:	High Tension
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 & Maintenance
PLF	:	Plant Load Factor
PX	:	Power Exchange
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SBI CAPS	:	SBI Capital Market Limited
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
T&D	:	Transmission & Distribution
UI	:	Unscheduled Interchange
VC	:	Variable Charges

Chapter 1. Introduction

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&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 & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry) started functioning with effect from September 2008. The office of the Commission is located in Gurgaon, Haryana.

1.2. Electricity Regulatory Process in Lakshadweep Islands

The various Tariff Petitions etc. earlier submitted by the ED of Lakshadweep Administration and the Orders issued by the Commission on the same since the FY 2012-13 are as follows:

Table 1.1: Details of Tariff and related Petitions so far submitted by the Petitioner & Orders issued by JERC

Sr. No.	For FY	Filing date	Date of Tariff Order
1.	2012-13	01st August 2012	31st October 2012
2.	2013-14	09th April 2013	22nd May 2013
3.	2014-15	10th January 2014	11th April 2014
4.	2015-16	10th February 2015	17th April 2015
5.	Business Plan for 1st MYT Control Period (FY 2016-17 to FY 2018-19)	15th January 2016*	31st March 2016*
6.	MYT Order for 1st MYT Control Period (FY 2016-17 to FY 2018-19)	15th January 2016*	31st March 2016*

**** Business Plan Petition and MYT Petition for the first MYT Control Period (FY 2016-17 to FY 2018-19) on which the Commission issued order respectively.***

1.3. Filing and Admission of the Present Petition

ED Lakshadweep has filed the present Petition for approval of True-up for the FY 2012-13, Provisional True-up for the FY 2013-14 and FY 2014-15, Annual Performance Review for the FY 2016-17 and Determination of Tariff for the FY 2017-18, which was received at the Commission's office on 28th November 2016, admitted on 22nd December 2016 and numbered as Petition No. 221/2017.

1.4. Interaction with the Petitioner

This 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," except for the hearing and Orders, denotes the Secretariat of the Commission responsible for carrying out the technical due diligence and validation of data of the Petitions filed by the ED Lakshadweep, obtaining and analysing information/clarifications received from the Electricity Department, and submitting relevant issues for consideration of the Commission.

To analyse the Petition, the Commission's staff held discussions with the Petitioner/Petitioner's representatives, obtained information/clarifications wherever required, and carried out the technical validation with regard to the information provided by the Petitioner. The Commission's staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for analysis of the Tariff Petition and conducted a Technical Validation Session (TVS) on 07th March 2017 at Kavaratti with the Petitioner during which discrepancies in the Tariff Petition were pointed out and additional information required by the Commission was indicated. The Petitioner submitted its replies, as shown below, in response to various queries raised by the Commission during analysis of the Petition. These were taken into account for finalisation of the Tariff Petition:

The details of correspondence from/to the Petitioner, which were considered towards finalization of the Order are as follows:

Table 1.2: List of interactions with the Petitioner

S .No.	Date	Subject
1.	22nd December 2016	Admission Notice of the Petition
2.	02nd December 2016	Data gaps forwarded by the Commission
3	20th December 2016	Response to the data gaps by the Petitioner
4.	07th March 2017	Technical Validation Session
5.	12th March 2017	Further response to the data gaps by the Petitioner

1.5. Public Hearing process

In the absence of publication of regular newspapers in the UT of Lakshadweep, the Commission directed the Petitioner to make public announcements and to advertise in the local cable network giving wide publicity to the Public Hearing mentioning the date, time and venue.

The Petitioner also uploaded the Petition on its website http://lakpower.nic.in/ for inviting objections and suggestions. Interested parties/stakeholders were requested to file their objection/ suggestion on the Petition to the Commission with a copy to the Petitioner. The Commission has not received any written objection/suggestion on the Petition.

1.6. Notice for Public Hearing

The Commission also uploaded the Tariff Petition and the Public Notice on its website www.jercuts.gov.in giving due intimation to the stakeholders, consumers and the public at large about the Public Hearing to be conducted by the Commission on 08th March 2017 at Kavaratti. The schedule of Public Hearing conducted by the Commission is as below:

Table 1.3: Schedule of Public Hearing at Kavaratti

Sr. No.	Date & time	Venue of hearing	Subject
1.	08th March 2017 at 11:00 AM	Paradise Hut, Near Jetty, Kavaratti Island	Approval of True-up for FY 2012-13, Provisional True-up for FY 2013-14 and FY 2014-15, Annual Performance Review of FY 2016-17 and Determination of Tariff for FY 2017- 18

The major issues raised/indicated during the Public Hearing, along with comments/replies of the Electricity Department and views of the Commission, thereon, have been summarised in **Chapter 2** of this Order.

1.7. Organisation of the Order

This Order is organised in the following chapters:

- **Chapter 1**: Background and brief description of the regulatory process undertaken by the Commission.
- **Chapter 2:** Various suggestions and objections raised by stakeholders in writing as well as during the Public Hearing before the Commission. Various suggestions and objections have been summarised, followed by responses of the Petitioner and the rulings of the Commission on those issues.
- **Chapter 3:** True-up of FY 2012-13.
- **Chapter 4:** True-up of FY 2013-14.
- **Chapter 5:** True-up of FY 2014-15.

- **Chapter 6:** True-up of FY 2015-16.
- **Chapter 7:** Annual Performance Review of FY 2016-17.
- **Chapter 8:** Revised Aggregate Revenue Requirement (ARR) of FY 2017-18.
- **Chapter 9:** Discusses the approach of the Commission on Tariff Principles and Design.
- **Chapter 10:** Tariff schedule approved by the Commission.
- **Chapter 11:** Necessary directions of the Commission to the LED.

Chapter 2. Summary of objections/suggestions received, responses of the Petitioner and the Commission's views

2.1. Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the Petition on the website and also publish it in the newspapers in an abridged form, in the prescribed format, duly inviting comments/objections from the public as per provisions of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and JERC for the State of Goa and UTs (Multiyear Distribution Tariff) Regulations, 2014, as amended.

The Public Hearing was held on 08th March 2017 at Kavaratti. During the Public Hearing, some of the stakeholders who had submitted their objections in writing, also presented their objections/suggestions in person before the Commission. Other stakeholders from the general public, who had not submitted written comments earlier, were also given equal opportunities to present their views/suggestions in respect of the Petition.

2.2. Objections/suggestions, response of the Petitioner and Commission's comments

The Commission is appreciative of the efforts of the various stakeholders for providing suggestions / comments / observations to make the electricity distribution sector responsive and efficient.

In general, the main issues raised by the participants were:

1. There is minimum attendance/participation in the Public Hearing as the department has not done proper publicity of the Public Hearing. Further, there is no public representation from other islands. It was suggested that the department should distribute pamphlets to the general public at least a week before the hearing to create awareness in the general public and the Public Hearing should be conducted on other islands also.
2. There are high losses in transportation of diesel from mainland to the islands and diesel storage facilities are not yet functional. These losses should not be passed on to the consumers.
3. The departmental charges for temporary connections should be reduced.
4. Due to the frequent power interruptions, there is scarcity of water and the supply is getting adversely affected. It was suggested that the department should install separate and dedicated generation facility for drinking water supply.

5. While solar lanterns have been installed at several locations, there is no provision of maintenance of same on the islands.
6. There is misuse of electricity in the Government offices, especially due to high use of air conditioners.
7. Tariff should not be increased as majority of population is very poor and there is no economic activity except farming and fishing.
8. The Commission should change the existing slab of 0-100 units to 0-300 units as the islands have the joint family concept.
9. Optic fibers and cables may be used to transfer power from mainland.
10. The department is negligent as even though the defect in meter was informed, the meter was not replaced and the consumer was forced to pay the incorrect amount.
11. The Commission should conduct Public Hearing once in 5 years to avoid increase of charges every year.

Commission's Views

The Commission observes that the concerns raised by the stakeholders are mainly the operational issues. The Commission directs the Petitioner to ensure compliance of JERC (Standard of Performance for Distribution Licensees) Regulations, 2015.

The Commission has noted the concerns of all the Stakeholders. The Commission has dealt with the issue of tariff hike and design in Chapter 9, "Tariff Principles and Design."

Chapter 3. True-up for the FY 2012-13

3.1. Applicable Provisions of Tariff Regulations 2009

The True-up of the FY 2012-13 is to be carried out as per Regulation 8 of JERC for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009 herein referred to as "Tariff Regulations, 2009":

"(2) (i) 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'.

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

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

(4) 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.

(5) 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.

(6) 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.

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

3.2. Approach of the True-Up of the FY 2012-13

Tariff Regulations 2009 require the licensee to file the True-up along with the audited accounts. The Commission, in its previous order had stressed upon the requirement of the audited accounts on commercial principle basis and in the previous Order had directed the Petitioner as such:

> *"The Commission has noted with serious concern that the Petitioner is yet to take any action on preparation of accounts on commercial principles from FY 2012-13 onwards. The Commission directs the Petitioner to prepare accounts on Commercial*

Principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the true-up Petitions for these years along with next Petition failing which, the Commission will be constrained to take appropriate action against the Petitioner."

The Commission has noted that the Petitioner has submitted the True-up Petition for the FY 2012-13 along with the audited accounts prepared on commercial principles.

The Commission had determined the ARR for the FY 2012-13 vide its Order dated 31st October 2012 and subsequently carried out the review of FY 2012-13 vide its Order dated 22nd May 2013. The Petitioner, in its True-up Petition for the FY 2012-13, has now submitted details of the expenditure and the revenue for the FY 2012-13 based on the audited accounts of FY 2012-13. The Petitioner has compared the audited revenue and expenditure with the corresponding figures previously approved by the Commission.

In this Chapter, the Commission has analysed various elements of actual revenue and expenses for the FY 2012-13, based on the audited accounts submitted by the Petitioner, and has carried out the True-up exercise, after prudence check. It has allowed the necessary adjustments in cases where variations are reasonable and justifiable.

3.3. Energy sales

Petitioner's submission:

The actual energy sales were 38 MU for the FY 2012-13, as against 35.78 MU approved earlier by the Commission vide Tariff Order dated 31st October 2012.

Commission's analysis:

The Commission observes that there are discrepancies between the category-wise sales submitted by the Petitioner in the Tariff Petition (38 MU) and sales available in the audited accounts (37.63 MU). The Petitioner was requested to clarify the discrepancy during the Technical Validation Session (TVS). However, in the absence of response from the Petitioner, the Commission approves the energy sales at 37.63 MU as available in audited accounts for the purpose of True-up, as shown in the following Table:

Table 3.1: Sales approved by the Commission in the True-up of FY 2012-13 (in MU)

Consumer Categories	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	26.11	27.23	26.96
Commercial	7.6	9.26	9.21
Industrial	0.46	0.39	0.39
Public	1.59	1.07	1.06
Temporary	0.02	0.05	0.01
Grand total	**35.78**	**38.00**	**37.63**

Therefore, the Commission approves the total sales of 37.63 MU in the True-up of FY 2012-13.

3.4. Number of consumers

Petitioner's submission:

The actual number of consumers were 19,685 as per the True up of the FY 2012-13, as against 20,276 approved by the Commission vide the Tariff Order dated 31st October 2012.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission is constrained to approve the number of consumers at 19,685 as submitted by the Petitioner for the purpose of true-up, as shown in the Table below:

Table 3.2: Number of consumers approved by the Commission in the True-up of FY 2012-13

Consumer Categories	Approved in the Tariff Order Dated 31st October 2012	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
Domestic	16,798	16,302	16,302
Commercial	3,080	2,989	2,989
Industrial	316	321	321
Public	62	73	73
Temporary	20	0	0
Grand total	**20,276**	**19,685**	**19,685**

Therefore, the Commission approves the total number of consumers as 19,685 in the True-up of FY 2012-13.

3.5. Power Purchase Quantum and Cost

Petitioner's submission:

The energy requirement is met mainly from own generation and there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc.

The Petitioner has provided plant-wise power generation details as follows:

Table 3.3: Island wise and source wise Power purchase quantum submitted by the Petitioner in the True-up of FY 2012-13 (in MU)

Islands	Diesel Generators (DG)	Solar Photo Voltaic (SPV)	TOTAL
Minicoy	7.26	0.18	7.44
Kavaratti	9.91	0.72	10.62
Amini	4.39	0.00	4.39

Islands	Diesel Generators (DG)	Solar Photo Voltaic (SPV)	TOTAL
Andrott	6.18	0.24	6.43
Kalpeni	3.15	0.00	3.15
Agatti	4.89	0.10	4.99
Kadmat	3.87	0.16	4.03
Kilthan	2.36	0.00	2.37
Chetlat	1.57	0.00	1.57
Bitra	0.20	0.00	0.20
Total	**43.79**	**1.41**	**45.20**

The Petitioner has incurred fuel cost of Rs 57.12 crore against Rs 65.87 crore approved by the Commission in the Tariff Order dated 31st October 2012.

Commission's analysis:

The Commission has observed that the total power purchase cost has been taken from the audited accounts submitted by the Petitioner.

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

Table 3.4: Power purchase quantum (in MU) and cost (Rs crore) approved by the Commission in the True-up of FY 2012-13

Source	Net Generation (MU)	Total (Rs crore)	Average Rate (Rs/Unit)
Own-generation.			
Diesel	43.79	57.12	13.04
Renewable	1.41	0.00	0.00
Total Own Generation	**45.20**	**57.12**	**12.64**

The Commission would like to highlight that the approved cost towards diesel based generation consists of cost incurred towards consumption of HSD oil and Lube oil only as per the audited accounts as the fixed cost incurred against own generation (i.e. O&M expenses, interest and finance charges, depreciation, interest on working capital etc.) has been considered and approved for the department as a whole in subsequent sections. Accordingly, no separate cost has been approved for own renewable based generation.

Therefore, the Commission approves the overall power generation cost of Rs 57.12 crore in the True-up of the FY 2012-13.

Renewable Purchase Obligations (RPO)

As per Clause 1, Sub-clause (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010

"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."

In the Tariff Order dated 17th April 2015, the Commission has taken a view that:

"The Petitioner would be able to meet its RPO targets of Solar Power for FY 2015-16 based on the capacity addition proposed. It is observed that the Petitioner is not meeting its RPO target of 2.70% to be met from non-solar sources of renewable power generation; however, the Petitioner is meeting its overall target of 3.30%.

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

Actual availability of renewable power from Solar generation and the consequent RPO compliance in the True-up of FY 2012-13 is tabulated as follows:

Table 3.5: Summary of RPO Compliance

Description	FY 2012-13
Sales Within the State (in MU)	37.63
RPO Obligation (in %)	3.00%
RPO Obligation (in MU)	1.13
RPO Compliance (Actual Purchase) (in MU)	1.41
RPO Compliance (REC Certificate Purchase)	0.00
Total RPO Compliance (in MU)	1.41
Shortfall/ (Surplus) in RPO Compliance (in MU)	**(0.28)**

The Commission observes that the Petitioner is meeting its entire RPO compliance on cumulative basis from its Solar generation.

3.6. Intra-State Transmission and Distribution (T&D) losses and Energy Balance

Petitioner's submission:

The T&D losses for the FY 2012-13 are 15.93% as against 26% approved by the Commission in its Tariff Order dated 31st October 2012.

Commission's analysis:

As per Regulation 15 of the Tariff Regulations, 2009:

"*15. AT& C Losses*

1. *The licensee shall give information of total AT&C losses in Previous Year and Current Year and the basis on which such losses have been worked out.*

2. *The licensee shall also propose a loss reduction programme for the Ensuing Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*
3. *Based on the information furnished and field studies carried out and the loss reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:*

   Provided further that in the event of unbundling of the integrated utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.
4. *The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.*

   The energy audit report for the first six months of the year shall be provided by November end of the same year. Similarly energy audit report for the last six months of the year shall be provided by May end of the next year.
5. ***In the absence of energy audit, the Commission may not accept the claim of the licensee and may proceed to fix the loss levels on the basis of any other information available and its own judgment**."*

The Commission, in its Order dated 31st October 2012, had approved the target T&D loss level of 26%.

For the purpose of True-up, the Commission has considered net generation/purchase as submitted by the Petitioner. Considering actual sales of 37.63 MU and actual generation of 45.20 MU as approved above, actual T&D loss comes to 16.76%.

Accordingly, the Commission approves Intra-State T&D loss level at 16.76%, as shown in the following Table:

Table 3.6: T&D losses approved by the Commission in the True-up of FY 2012-13 (in percentage)

Particulars	**Approved in the Tariff Order Dated 31st October 2012**	**Petitioner's submission (True-up)**	**Approved by the Commission (True-up)**
Energy Availability from Own Generation (in MU)	48.35	45.20	45.20
Energy sales (in MU)	35.78	38.00	37.63
T&D losses (in MU)	12.57	7.20	7.57
T&D losses (in %)	**26.00%**	**15.93%**	**16.76%**

Therefore, the Commission approves the Intra-State T&D loss level at 16.76% in the True-up of FY 2012-13.

The Commission notes that the Energy Audit reports have not been submitted by the Petitioner. As the Commission is not able to validate the actual losses, no penalty/incentive in respect of the T&D loss is considered by the Commission. **The Commission directs the Petitioner to submit the energy audit reports along with True-up of future years**.

3.7. Employee expenses

Petitioner's submission:

The Employee expenses of Rs. 9.91 crore for the FY 2012-13 have been incurred during the year, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs 9.30 crore in the Tariff Order dated 31st October 2012 for FY 2012-13. The Petitioner has however submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses towards the Repair and Maintenance (R&M) expenses to the extent of Rs 0.65 crore.

The Commission has accordingly considered the employee expenses for the FY 2012-13 as per the audited accounts, as shown in the following table:

Table 3.7: Employee expenses approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Employee Expenses	9.30	9.91	10.56

Therefore, the Commission approves the employee expenses of Rs 10.56 crore in the True-up of FY 2012-13.

3.8. Administrative and General (A&G) expenses

Petitioner's submission:

The A&G expenses of Rs 2.13 crore for the FY 2012-13 have been incurred during the year as reflected in the audited accounts.

Commission's analysis:

The Commission had approved A&G expenses of Rs 0.90 crore in the Tariff Order dated 31st October 2012 for FY 2012-13.

The Commission has analysed the information available in the audited accounts submitted by the Petitioner and has accordingly considered the A&G expenses for the FY 2012-13 as per the audited accounts submitted by the Petitioner, as shown below:

Table 3.8: A&G expenses approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
A&G expenses	0.90	2.13	2.13

Therefore, the Commission approves the A&G expenses of Rs 2.13 crore in the True-up of FY 2012-13.

3.9. Repair and Maintenance (R&M) expenses

Petitioner's submission:

R&M expenses of Rs 1.14 crore have been incurred in the FY 2012-13, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved the R&M expenses of Rs 3.14 crore in the Tariff Order of FY 2012-13. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses in the R&M expenses to the extent of Rs 0.65 crore. The Commission has accordingly considered the R&M expenses for FY 2012-13 as per the audited accounts submitted by the Petitioner as shown below:

Table 3.9: R&M expenses approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
R&M expenses	3.14	1.14	0.49

Therefore, the Commission approves the Repair and Maintenance expenses of Rs. 0.49 crore in the True-up of FY 2012-13.

3.10. GFA, Capitalisation and Depreciation

Petitioner's submission:

The opening Gross Fixed Assets (GFA) of Rs 109.81 crores, addition in GFA of Rs. 15.23 crores and closing GFA of Rs 125.04 crore for FY 2012-13 has been submitted, on the basis of the audited accounts. Further, the Petitioner has also submitted Fixed Assets Register (FAR) as on 31st March 2013, in support of its claim.

The Petitioner has further submitted that it has booked depreciation of Rs 4.39 crore in the FY 2012-13.

Commission's analysis:

The Commission, in its Order dated 31st October 2012, had disallowed the opening GFA in the absence of the audited accounts and Fixed Asset and Depreciation Registers, and directed the Petitioner to furnish the details urgently. The Commission has repeatedly requested for the details year after year, but these have not been submitted by the Petitioner.

Accordingly, in the absence of an updated Fixed Asset Register, required to arrive at the historical value of the assets, the Commission was constrained to consider the capitalisation proposed by the Petitioner for the FY 2011-12 as the opening value of assets for the FY 2012-13.

However, as the Petitioner has now furnished the audited accounts for the FY 2012-13, the Commission, accordingly, has considered the value of GFA for the FY 2012-13 as per the audited accounts, as given in the Table below:

Table 3.10: GFA approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	25.50	109.81	109.81
Addition during the year	13.00	15.23	15.23
Closing GFA	38.50	125.04	125.04

As per Regulation 26 of the Tariff Regulations 2009,

*"**26. Depreciation***

(1) For the purpose of tariff, depreciation shall be computed in the following manner:

(i) The value base for the purpose of depreciation shall be the historical cost of the assets, that is actual expenses limited to approved capital cost where such capital cost has been approved by the Commission:

Provided that land is not a depreciable asset and its cost shall be excluded from the capital cost while computing depreciation.

(ii) The historical cost of the asset shall include additional capitalization.

(iii) The historical cost shall include foreign currency funding converted into equivalent rupees at the exchange rate prevalent on the date when foreign currency was actually availed but not later than the date of commercial operation.

(iv) Depreciation for generation and transmission assets shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time.

Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost.

Depreciation for distribution and other assets not covered by CERC shall be as per Government of India norms of 1994 as may be revised by the Commission from time to time."

The Commission has not applied the applicable CERC rates on the average assets in place, since some of these assets have already attained 90% limit of depreciation during the life of the asset and accordingly approved depreciation as per the audited accounts for the True-up of FY 2012-13.

Table 3.11: Asset-wise depreciation approved by the Commission in the True-up of FY 2012-13 (Rs crore)

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average assets	Rate of depreciation	Depreciation
1	Land	12.87	0.06	12.93	12.90	0.00%	0.00
2	Plant & machinery	75.11	13.07	88.19	81.65	4.70%	3.83
3	Buildings	19.41	0.99	20.39	19.90	2.34%	0.47
4	Vehicles	0.76	0.00	0.76	0.76	0.00%	0.00
5	Furniture and fixtures	0.62	0.00	0.62	0.62	3.77%	0.02
6	Computers & others	1.04	1.11	2.17	1.61	4.43%	0.07
7	**Total**	**109.81**	**15.23**	**125.05**	**117.43**	**3.74%**	**4.39**

The Table below captures the depreciation, as submitted by the Petitioner and approved by the Commission, in the True-up of FY 2012-13:

Table 3.12: Depreciation approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Depreciation	1.83	4.39	4.39

Therefore, the Commission approves the depreciation at Rs. 4.39 crore in the True-up of FY 2012-13.

3.11. Interest and Finance Charges

Petitioner's submission:

Being a government department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. However, the interest and finance charges arrived at, are based on normative loan considered to the extent of capitalisation during the year. Further, these charges factor in an addition in the gross fixed assets to the extent of assets capitalised for the FY 2012-13, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is the prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year. Accordingly, the Petitioner has claimed interest and finance charges of Rs 11.56 crore for the FY 2012-13.

Commission's analysis:

As per Regulation 25 of the Tariff Regulations, 2009:

" 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."

Further as per Regulation 23 of the said Tariff Regulations 2009:

"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."

The above stated Regulations prescribe the debt-equity ratio for the assets deployed, post the commencement of the Tariff Regulations, 2009. However, for the Petitioner, as the audited accounts are not available prior to FY 2012-13, the Commission finds it appropriate not to consider any loan for capitalisation prior to FY 2012-13.

Therefore, opening normative loan for FY 2012-13 is taken as NIL against the Petitioner's submission of Rs 76.87 crores and the normative interest on loan has been considered only on the assets created during FY 2012-13 onwards as per audited accounts.

The Commission has considered an addition of Rs 15.23 crores in GFA 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 capitalisation has considered the normative debt-equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 10.66 (70% of Rs 15.23 crore) 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. Calculation of interest on the normative loan is given below:

Table 3.13: Normative interest on loan approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	**Approved in the Tariff Order Dated 31st October 2012**	**Petitioner's submission (True-up)**	**Approved by the Commission (True-up)**
Opening normative loan	17.85	76.87	0.00
Add: Normative loan during the year	9.10	10.66	10.66
Less: Normative repayment 10% of opening loan	1.79	7.69	0.00
Closing normative loan	25.17	79.84	10.66
Average normative loan	21.51	78.35	5.33
Rate of interest	14.75%	14.75%	14.61%
Interest on normative loan	**3.87**	**11.56**	**0.78**

Therefore, the Commission approves the interest on loan at Rs. 0.78 crore in the True-up of FY 2012-13.

3.12. Interest on security deposit

Petitioner's submission:

The interest on consumer security deposit of Rs 0.10 crore has been claimed in the True-up of FY 2012-13.

Commission's analysis:

As per Regulation 6.10 (8) of the JERC for the State of Goa and UTs (Electricity Supply Code) Regulations, 2010

"The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle."

The security deposit of Rs 1.11 crore is available to the Petitioner as per the audited balance sheet. As per Section 47 (5) of the Electricity Act, 2003, the Petitioner has to pay the interest on the security deposits available with it and same shall be claimed in the ARR filed by the Petitioner. The Petitioner shall maintain the registers of security deposits collected from the consumers every year and pay the interest as per the bank rate of interest.

However, while the Petitioner has claimed interest of Rs 0.10 crores, there is no mention of the same in the audited accounts. Accordingly, the Commission observes that the Petitioner is not paying interest to consumers and hence, no interest is considered for True-Up of FY 2012-13. **The Commission directs the Petitioner to pay interest on security deposit to consumers for FY 2012-13 along with applicable penal interest in the FY 2017-18 and report the compliance to the Commission**.

Therefore, the Commission has not approved any interest on security deposits of the consumers in the True-up of FY 2012-13.

3.13. Interest on Working Capital

Petitioner's submission:

Interest on Working Capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The State Bank of India's Prime Lending Rate as on 1st April 2012 is considered for computation of interest on Working Capital in line with the Provisions of the Tariff Regulations, 2009. Accordingly, the Petitioner has claimed Rs. 1.40 crore towards interest on Working Capital.

Commission's analysis:

As per Regulation 29 of Tariff Regulations, 2009:

"*(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."

The Commission has considered the calculation of different components of the Working Capital on the basis of the above-stipulated norms. The Commission considers the security deposit as fund available with the Petitioner to meet the Working Capital requirement for FY 2012-13. The Commission has deducted this amount from the Working Capital requirement considered in the True-up of FY 2012-13. The Commission has considered the weighted average rate of SBI PLR for the FY 2012-13 for computation of interest on Working Capital for True-up of FY 2012-13.

Detailed calculation of interest on Working Capital is given below:

Table 3.14: Interest on Working Capital approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Fuel cost for two months	10.98	9.52	9.52
Power purchase cost for one month	0.00	0.00	0.00
Employee cost for one month	0.77	0.83	0.88
A&G expenses for one month	0.08	0.18	0.18
R&M expenses for one month	0.26	0.10	0.04
Total working capital	12.03	10.62	10.62
Security deposit	0.07	1.11	1.11
Total working capital after deduction of SD	**11.96**	**9.51**	**9.51**
SBAR rate (%)	14.75%	14.75%	14.61%
Interest on working capital	**1.76**	**1.40**	**1.39**

Therefore, the Commission approves the interest on Working Capital at Rs 1.39 crore in the True-up of FY 2012-13.

3.14. Return on Capital Base

Petitioner's submission:

The capital-based return of Rs 2.44 crore has been claimed in the True-up of FY 2012-13.

Commission's analysis:

As per Regulation 23 of Tariff Regulations 2009, the Petitioner is presently functioning as an integrated utility and is entitled for return on capital base. The Commission finds it appropriate to approve the return on capital base on the basis of GFA and cumulative depreciation, as on 01st April 2012 as given in the Table below:

Table 3.15: Return on capital base approved by the Commission in the True-up of FY 2012-13 (Rs. crore)

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Gross block at beginning of the year	25.50	109.81	109.81
Less accumulated depreciation	1.46	28.42	28.42
Net block at beginning of the year	24.04	81.39	81.39
Less accumulated consumer contribution	0.00	0.00	0.00
Net fixed assets at beginning of the year	24.04	81.39	81.39
Return @3% of NFA	**0.72**	**2.44**	**2.44**

Therefore, the Commission approves the return on capital base Rs. 2.44 crore in the True-up of FY 2012-13.

3.15. Provision for bad and doubtful debts

Petitioner's submission:

The Petitioner has made a provision of Rs 0.10 crore for bad and doubtful debts in the True-up of FY 2012-13.

Commission's analysis:

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.

It is observed that the Petitioner has not actually written off any bad debt and the Commission finds it appropriate not to consider any bad and doubtful debts in the True-up of FY 2012-13.

3.16. Non-Tariff Income

Petitioner's submission:

A Non-Tariff Income of Rs 2.21 crore has been claimed in the True-up of FY 2012-13.

Commission's analysis:

The Commission approves the Non-Tariff income at Rs 2.21 crore as per audited accounts of FY 2012-13, as shown in the Table below:

Table 3.16: Non-tariff income approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Non-tariff income	0.19	2.21	2.21

Therefore, the Commission approves the Non-Tariff Income of Rs 2.21 crore in the True-up of FY 2012-13.

3.17. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

Aggregate Revenue Requirement, as approved by the Commission, in the Order dated 31st October 2012 was Rs 86.56 crore. The Petitioner, has now, on the basis of the True-up of FY 2012-13, requested the Commission to approve the ARR at Rs 88.08 crore.

Commission's analysis:

Based on the detailed analysis of all the expenditure heads of the ARR in the preceding sections, the Commission approves the Trued-up ARR of FY 2012-13 at Rs 77.09 crore as given in the Table below:

Table 3.17: ARR approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Cost of fuel	65.87	57.12	57.12
Cost of power purchase	-	-	-
Employee expenses	9.30	9.91	10.56
R&M expenses	3.14	1.14	0.49
A&G expenses	0.90	2.13	2.13
Depreciation	1.83	4.39	4.39
Interest on loan	3.17	11.56	0.78
Interest on consumer security deposit	0.01	0.10	0.00

Particulars	Approved in the Tariff Order Dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Interest on working capital	1.76	1.40	1.39
Return on capital base	0.72	2.44	2.44
Provision for bad debt	0.04	0.10	0.00
Total revenue requirement	**86.75**	**90.29**	**79.30**
Less: Non-tariff income	0.19	2.21	2.21
Net revenue requirement	**86.56**	**88.08**	**77.09**

3.18. Revenue at approved Tariffs for True-up of FY 2012-13

Petitioner's submission:

The revenue from the approved tariff for the FY 2012-13 was Rs 9.98 crore as per the audited accounts.

Commission's analysis:

The Commission has verified the revenue from retail sale of power in the FY 2012-13 from the audited accounts and considers the revenue from sale of power at Rs 9.98 crore as reasonable and approves the same in the True-up of FY 2012-13:

Table 3.18: Revenue from retail sale of power approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	4.13	5.01	5.01
Commercial	3.75	4.47	4.47
Industrial	0.20	0.17	0.17
Public	0.38	0.32	0.32
Temporary	0.01	0.01	0.01
Grand total	**8.47**	**9.98**	**9.98**

3.19. Revenue Gap

Petitioner's submission:

The revenue gap calculated by the Petitioner on the basis of True-up of FY 2012-13 is Rs 78.10 crore. The Petitioner has requested the Commission to approve the same in the True-up of FY 2012-13.

Commission's analysis:

The Commission has approved revenue gap/(surplus) as per the Table below:

Table 3.19: Net revenue gap as approved by the Commission in the True-up of FY 2012-13 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st October 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net revenue requirement	86.56	88.08	77.09
Revenue from retail sale of power	8.47	9.98	9.98
Revenue gap	**78.09**	**78.10**	**67.11**

The Petitioner has not proposed to carry forward the gap of FY 2012-13 for recovery in FY 2017-18, except the partial recovery of the standalone gap of FY 2017-18.

Therefore, the Commission approves the revenue gap of Rs 67.11 crore in the True-up of FY 2012-13, to be met from the budgetary support by the Government.

Chapter 4. True-up for FY 2013-14

4.1. Applicable provisions of Tariff Regulations, 2009

The True-up of FY 2013-14 is to be carried out as per the following provisions of Regulation 8 of Tariff Regulations, 2009:

"(2) (i) 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'.

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

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

(4) 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.

(5) 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.

(6) 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.

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

4.2. Approach for the True-Up of FY 2013-14

For FY 2013-14, the Commission has considered an approach similar to the one used in FY 2012-13 (refer section 3.2).

The Commission has determined the ARR for the FY 2013-14 vide its Order dated 22nd May 2013 and subsequently, carried out the review of FY 2013-14 vide its Order dated 11th April 2014. The Petitioner, in its True-up Petition for the FY 2013-14 submitted details of the expenditure and the revenue for the year based on its audited accounts. The Petitioner has provided the comparison of actual revenue and expenditure against the corresponding figures previously approved by the Commission in the respective Tariff Orders.

In this Chapter, the Commission has analysed 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-up exercise, after prudence check, and has allowed necessary adjustments in cases where variations are for reasonable and justifiable reasons.

4.3. Energy sales

Petitioner's submission:

The actual energy sales were 41.37 MU in the True-up of FY 2013-14, as against 39.16 MU approved earlier by the Commission vide Tariff Order dated 22nd May 2013.

Commission's analysis:

The Commission observes that there are discrepancies between category-wise sales submitted by the Petitioner in the Tariff Petition (41.37 MU) and sales available in the audited accounts (40.57 MU). The Petitioner was asked to clarify the discrepancy during the TVS session. However, in absence of any response from the Petitioner, the Commission approves the energy sales at 40.57 MU as available in audited accounts for the purpose of True-up, as shown in the Table below:

Table 4.1: Energy Sales approved by the Commission in the True-up of FY 2013-14 (in MU)

Consumer Categories	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	28.71	29.65	30.01
Commercial	7.93	10.08	9.12
Industrial	0.84	0.42	0.59
Public	1.66	1.17	0.80
Temporary	0.02	0.05	0.06
Grand total	**39.16**	**41.37**	**40.57**

Therefore, the Commission approves the total sales of 40.57 MU in the True-up of FY 2013-14.

4.4. Number of consumers

Petitioner's submission:

The actual number of consumers were 20,699 as per the True-up of FY 2013-14, as against 19,792 approved earlier by the Commission vide the Tariff Order dated 22nd May 2013.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission is constrained to approve the number of consumers at 20,699 as submitted by the Petitioner for the purpose of true-up, as shown in the Table below:

Table 4.2: Number of consumers approved by the Commission in the True-up of FY 2013-14

Consumer Categories	Approved in Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	16,302	17,169	17,169
Commercial	2,987	3,140	3,140
Industrial	323	317	317
Public	73	73	73
Temporary	107	0	0
Grand total	**19,792**	**20,699**	**20,699**

Therefore, the Commission approves the total number of consumers as 20,699 in the True-up of FY 2013-14.

4.5. Power Purchase Quantum and Cost

Petitioner's submission:

The energy requirement is met mainly from own generation. However, there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc.

The Petitioner has provided plant-wise power generation details as follows:

Table 4.3: Island wise and source wise Power purchase quantum submitted by the Petitioner in the True-up of FY 2013-14 (in MU)

Islands	Diesel Generators (DG)	Solar Photo Voltaic (SPV)	TOTAL
Minicoy	7.80	0.14	7.94
Kavaratti	10.54	0.72	11.26
Amini	5.02	0.00	5.02
Andrott	6.74	0.27	7.00
Kalpeni	3.58	0.02	3.60
Agatti	5.31	0.10	5.41
Kadmat	4.13	0.21	4.34
Kilthan	2.66	0.10	2.76
Chetlat	1.66	0.00	1.66
Bitra	0.23	0.00	0.23
Total	**47.68**	**1.55**	**49.22**

The Petitioner has incurred fuel cost of Rs 73.44 crore against Rs 83.48 crore approved by the Commission in the Tariff Order dated 22nd May 2013.

Commission's analysis:

The Commission observes that the total power purchase cost has been taken from the audited accounts submitted by the Petitioner.

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

Table 4.4: Power purchase quantum (in MU) and cost (Rs crore) approved in the True-up of FY 2013-14

Source	Net Generation (MU)	Total (Rs crore)	Avg Rate (Rs/Unit)
Own-generation.			
Diesel	47.68	73.44	15.40
Renewable	1.55	0.00	0.00
Total Own Generation	**49.22**	**73.44**	**14.92**

The Commission would like to highlight that the approved cost towards diesel based generation consists of cost incurred towards consumption of HSD oil and Lube oil only as per the audited accounts as the fixed cost incurred against own generation (i.e. O&M expenses, interest and finance charges, depreciation, interest on working capital etc.) has been considered and approved for the department as a whole in subsequent sections. Accordingly, no separate cost has been approved for own renewable based generation.

Therefore, the Commission approves the overall power generation cost of Rs 73.44 crore in the True-up of FY 2013-14.

Renewable purchase obligations (RPO)

As per Clause 1, Sub-clause (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010

"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."

In the Tariff Order dated 17th April 2015, the Commission has taken a view that:

"The Petitioner would be able to meet its RPO targets of Solar Power for FY 2015-16 based on the capacity addition proposed. It is observed that the Petitioner is not meeting its RPO target of 2.70% to be met from non-solar sources of renewable power generation; however, the Petitioner is meeting its overall target of 3.30%.

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

Actual availability of renewable power from solar generation and the consequent RPO compliance in the True-up of FY 2013-14 is shown in Table below:

Table 4.5: Summary of RPO compliance

Description	FY 2013-14
Sales Within the State (in MU)	40.57
RPO Obligation (in %)	3.00%
RPO Obligation (in MU)	1.22
RPO Compliance (Actual Purchase) (in MU)	1.55
RPO Compliance (REC Certificate Purchase)	0.00
Total RPO Compliance (in MU)	1.55
Shortfall/ (Surplus) in RPO Compliance (in MU)	**(0.33)**

The Commission observes that the Petitioner is meeting its entire RPO compliance on cumulative basis from its Solar generation.

4.6. Intra-State Transmission and Distribution (T&D) losses and Energy Balance

Petitioner's submission:

The T&D losses for the FY 2013-14 are 15.94% as against 17.58% approved by the Commission in its Tariff Order dated 22nd May 2013.

Commission's analysis:

As per Regulation 15 of the Tariff Regulations, 2009:

"*15. AT& C Losses*

1. *The licensee shall give information of total AT&C losses in Previous Year and Current Year and the basis on which such losses have been worked out.*
2. *The licensee shall also propose a loss reduction programme for the Ensuing Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*
3. *Based on the information furnished and field studies carried out and the loss reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:*

   Provided further that in the event of unbundling of the integrated utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.

4. *The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.*

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

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

The Commission, in its Order dated 22nd May 2013, had approved the target T&D loss level of 17.58%.

For the purpose of True-up, the Commission has considered net generation/purchase as submitted by the Petitioner. Considering the actual sales of 40.57 MU and actual generation of 49.22 MU as approved above, actual T&D loss comes to 17.57%. Accordingly, the Commission approves Intra-State T&D loss level at 17.57%, as shown in the Table below:

Table 4.6: T&D losses approved by the Commission in the True-up of FY 2013-14

Particulars	**Approved in the Tariff Order Dated 22nd May, 2013**	**Petitioner's submission (True-up)**	**Approved by the Commission (True-up)**
Energy Availability from own generation (in MU)	47.51	49.22	49.22
Energy sales (in MU)	39.16	41.37	40.57
T&D losses (in MU)	8.35	7.85	8.65
T&D losses (in %)	**17.58%**	**15.94%**	**17.57%**

Therefore, the Commission approves the Intra-State T&D loss level at 17.57% in the True-up of FY 2013-14.

The Commission notes that the Energy Audit reports have not been submitted by the Petitioner. As the Commission is not able to validate the actual losses, no penalty/incentive in respect of the T&S loss is considered by the Commission. **The Commission, therefore, directs the Petitioner to submit the energy audit reports along with True-up of future years**.

4.7. Employee expenses

Petitioner's submission:

The Employee expenses of Rs. 14.77 crore for the FY 2013-14 have been incurred during the year, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs 10.00 crore in its Tariff Order dated 22nd May 2013 for FY 2013-14. The Petitioner has however submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses towards the Repair and Maintenance (R&M) expenses to the extent of Rs 0.74 crore. The Commission has accordingly considered the employee expenses for the FY 2013-14 as per the audited accounts, as shown below:

Table 4.7: Employee expenses approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order Dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Employee Expenses	10.00	14.77	15.51

Therefore, the Commission approves the employee expenses of Rs 15.51 crore in the True-up of FY 2013-14.

4.8. Administrative and General (A&G) expenses

Petitioner's submission:

The A&G expenses of Rs 2.47 crore in the True-up of the FY 2013-14 have been incurred during the year as reflected in the audited accounts.

Commission's analysis:

The Commission had approved A&G expenses of Rs 3.38 crore in the Tariff Order dated 22nd May 2013 for FY 2013-14. The Commission has analysed the information available in the audited accounts submitted by the Petitioner and has accordingly considered the A&G expenses for the FY 2013-14 as per the audited accounts submitted by the Petitioner, as shown in the following Table:

Table 4.8: A&G expenses approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
A&G expenses	3.38	2.47	2.47

Therefore, the Commission approves the A&G expenses of Rs 2.47 crore in the True-up of FY 2013-14.

4.9. Repair and Maintenance (R&M) expenses

Petitioner's submission:

The R&M expenses of Rs 4.81 crore have been incurred in the FY 2013-14, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved R&M expenses of Rs 0.97 crore in the Tariff Order dated 22nd May 2013 of FY 2013-14. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses in the R&M expenses to the extent of Rs 0.74 crore. The Commission has accordingly considered the R&M expenses for FY 2013-14 as per the audited accounts submitted by the Petitioner as shown below:

Table 4.9: R&M expenses approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
R&M expenses	0.98	4.81	4.07

Therefore, the Commission approves the Repair and Maintenance expenses of Rs. 4.07 crore in the True-up of FY 2013-14.

4.10. GFA, Capitalisation and Depreciation

Petitioner's submission:

The opening Gross Fixed Assets (GFA) of Rs 125.04 crores, addition in GFA of Rs. 12.22 crores and closing GFA of Rs 137.26 crore for FY 2013-14 has been submitted, on the basis of the audited accounts. Further, Fixed Assets Register (FAR) is also submitted as on 31st March 2014, in support of claim.

The Petitioner has further submitted that it has booked depreciation of Rs 6.41 crore in the FY 2013-14.

Commission's analysis:

The Commission, in its Tariff Order dated 22nd May 2013, had disallowed the opening GFA in the absence of the audited accounts and Fixed Asset and Depreciation Registers, and directed the Petitioner to furnish the details urgently. The Commission has repeatedly asked for the details year after year, but these have not been submitted by the Petitioner.

Accordingly, in the absence of an updated Fixed Asset Register, required to arrive at the historical value of the assets, the Commission was constrained to consider the capitalisation proposed by the Petitioner for the FY 2011-12 as the opening value of assets for the FY 2012-13 and capitalization of FY 2012-13 was added in it to arrive at the opening GFA for the FY 2013-14.

However, as the Petitioner has now furnished the audited accounts and FAR for FY 2013-14, the Commission, accordingly, has considered the value of GFA for FY 2013-14 as per the audited accounts, as given in the Table below:

Table 4.10: GFA approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	38.50	125.04	125.04
Addition during the year	15.96	12.22	12.22
Closing GFA	54.46	137.25	137.25

As per Regulation 26 of the Tariff Regulations 2009,

*"**26. Depreciation***

(1) For the purpose of tariff, depreciation shall be computed in the following manner:

(i) The value base for the purpose of depreciation shall be the historical cost of the assets, that is actual expenses limited to approved capital cost where such capital cost has been approved by the Commission:

Provided that land is not a depreciable asset and its cost shall be excluded from the capital cost while computing depreciation.

(ii) The historical cost of the asset shall include additional capitalization.

(iii) The historical cost shall include foreign currency funding converted into equivalent rupees at the exchange rate prevalent on the date when foreign currency was actually availed but not later than the date of commercial operation.

(iv) Depreciation for generation and transmission assets shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time.

Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost.

Depreciation for distribution and other assets not covered by CERC shall be as per Government of India norms of 1994 as may be revised by the Commission from time to time."

The Commission has not applied the applicable CERC rates on the average assets in place, since some of these assets have already attained 90% limit of depreciation during the life of the asset and accordingly approved depreciation as per the audited accounts in the True-up of FY 2013-14.

Table 4.11: Asset-wise depreciation approved by the Commission in the True-up of FY 2013-14 (Rs crore)

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average assets	Rate of depreciation	Depreciation*
1	Land	12.93	0.00	12.93	12.93	0.00%	0.00
2	Plant & machinery	88.19	11.44	99.62	93.90	4.71%	4.43
3	Buildings	20.39	0.04	20.43	20.41	3.30%	0.67
4	Vehicles	0.76	0.00	0.76	0.76	0.01%	0.00
5	Furniture and fixtures	0.62	0.00	0.62	0.62	2.06%	0.01
6	Computers & others	2.16	0.74	2.91	2.53	4.77%	0.12
7	**Total**	**125.04**	**12.22**	**137.26**	**131.15**	**3.99%**	**5.23**

* ***As per audited accounts***

The Commission observes that the actual depreciation as per the audited accounts is lower than the depreciation claimed by the Petitioner. The Commission approves the depreciation as per the audited accounts. The Table below captures the depreciation, as submitted by the Petitioner and approved by the Commission, for FY 2013-14:

Table 4.12: Depreciation approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Depreciation	2.66	6.41	5.23

Therefore, the Commission approves the depreciation at Rs. 5.23 crore in the True-up of FY 2013-14.

4.11. Interest and Finance Charges

Petitioner's submission:

Being a government department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. However, the interest and finance charges arrived at, are based on normative loan considered to the extent of capitalisation during the year. Further, these charges factor in an addition in the gross fixed assets to the extent of assets capitalised for the FY 2013-14, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is the prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year. Accordingly, the Petitioner has claimed interest and finance charges of Rs 12.63 crore for FY 2013-14.

Commission's analysis:

As per Regulation 25 of the Tariff Regulations, 2009:

" 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.''

Further as per Regulation 23 of the said Tariff Regulations 2009:

"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."

The closing True-up normative loan of Rs 10.66 crore of FY 2012-13 has been considered as opening normative loan as against Rs 87.52 crore as submitted by the Petitioner for FY 2013-14.

The Commission has considered an addition of Rs 12.22 crores in GFA for FY 2013-14, which is considered funded through normative debt to the tune of 70%. The Commission, for the purpose of funding of the capitalisation has considered the normative debt-equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 8.55 crore (70% of Rs 12.22 crore) 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.

Calculation of interest on the normative loan is given below:

Table 4.13: Normative interest on loan approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening normative loan	25.17	87.52	10.66
Add: Normative loan during the year	11.17	8.55	8.55
Less: Normative repayment 10% of opening loan	2.70	8.75	1.07
Closing normative loan	33.64	87.32	18.14
Average normative loan	29.41	87.42	14.40
Rate of interest	14.45%	14.45%	14.61%
Interest on normative loan	**4.25**	**12.63**	**2.10**

Therefore, the Commission approves the interest on loan at Rs. 2.10 crore in the True-up of FY 2013-14.

4.12. Interest on security deposit

Petitioner's submission:

The interest on consumer security deposit of Rs 0.10 crore has been claimed in the True-up of FY 2013-14.

Commission's analysis:

As per Regulation 6.10 (8) of the JERC for the State of Goa and UTs (Electricity Supply Code) Regulations, 2010

"The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle."

The security deposit of Rs 0.78 crore is available to the Petitioner as per the audited accounts. As per Section 47 (5) of the Electricity Act, 2003, the Petitioner has to pay the interest on the security deposits available with it and same shall be claimed in the ARR filed by the Petitioner. The Petitioner shall maintain the registers of security deposits collected from the consumers every year and pay the interest as per the bank rate of interest.

However, while the Petitioner has claimed interest of Rs 0.10 crores, there is no mention of the same in the audited accounts. Accordingly, the Commission observes that the Petitioner is not paying interest to consumers and hence, no interest is considered for

True-Up of FY 2013-14. **The Commission directs the Petitioner to pay interest on security deposit to consumers for FY 2013-14 along with applicable penal interest in the FY 2017-18 and report the compliance to the Commission**.

Therefore, the Commission has not approved any interest on security deposits of the consumers in the True-up of FY 2013-14.

4.13. Interest on working capital

Petitioner's submission:

Interest on working capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The State Bank of India's Prime Lending Rate as on 1st April 2013 is considered for computation of interest on Working Capital in line with the provisions of the Tariff Regulations, 2009. Accordingly, the Petitioner has claimed Rs. 1.92 crore as interest on Working Capital.

Commission's analysis:

As per Regulation 29 of Tariff Regulations, 2009:

"*(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."

The Commission has considered the calculation of different components of the Working Capital on the basis of the above-stipulated norms. The Commission considers the security deposit as fund available with the Petitioner to meet the Working Capital requirement for FY 2013-14. The Commission has deducted this amount from the Working Capital requirement considered in the True-up of FY 2013-14. The Commission has considered the weighted average rate of SBI PLR for the year for computation of interest on working capital for True-up of FY 2013-14.

Detailed calculation of interest on Working Capital is given below:

Table 4.14: Interest on working capital approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Fuel cost for two months	13.91	12.24	12.24
Power purchase cost for one month	0.00	0.00	0.00
Employee cost for one month	0.83	1.23	1.29
A&G expenses for one month	0.28	0.21	0.21
R&M expenses for one month	0.08	0.40	0.34
Total working capital	15.10	14.08	14.08
Security deposit	0.05	0.78	0.78
Total working capital after deduction of SD	**15.05**	**13.30**	**13.30**
SBAR rate (%)	14.45%	14.45%	14.58%
Interest on working capital	**2.17**	**1.92**	**1.94**

Therefore, the Commission approves the interest on working capital at Rs 1.94 crore in the True-up of FY 2013-14.

4.14. Return on Capital Base

Petitioner's submission:

The capital-based return of Rs 2.77 crore has been claimed in the True-up of FY 2013-14.

Commission's analysis:

As per Regulation 23 of the Tariff Regulations, the Petitioner is entitled for return on its capital base. The Commission finds it appropriate to approve the return on capital base, on the basis of GFA and cumulative depreciation as on 01st April 2013 (as reflected in the audited accounts submitted by the Petitioner) as per the Table below:

Table 4.15: Return on capital base approved by the Commission in the True-up of FY 2013-14 (Rs. crore)

Particulars	Approved in Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Gross block at beginning of the year	38.50	125.04	125.04
Less accumulated depreciation	3.29	32.81	32.81
Net block at beginning of the year	35.21	92.22	92.22
Less accumulated consumer contribution	0.00	0.00	0.00
Net fixed assets at beginning of the year	35.21	92.22	92.22
Return @3% of NFA	**1.06**	**2.77**	**2.77**

Therefore, the Commission approves the return on capital base Rs. 2.77 crore in the True-up of FY 2013-14.

4.15. Provision for bad and doubtful debts

Petitioner's submission:

The Petitioner has made a provision of Rs 0.12 crore for bad and doubtful debts for FY 2013-14.

Commission's analysis:

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.

It is observed that the Petitioner has not actually written off any bad debt and the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2013-14.

4.16. Non-Tariff Income

Petitioner's submission:

A Non-Tariff Income of Rs 0.40 crore has been claimed in the ARR of FY 2013-14.

Commission's analysis:

The Commission approves the Non-Tariff income at Rs 0.40 crore as per audited accounts of FY 2013-14, as shown in the Table below:

Table 4.16: Non-tariff income approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Non-tariff income	0.20	0.40	0.40

Therefore, the Commission approves the Non-Tariff Income of Rs 0.40 crore in the True-up of FY 2013-14.

4.17. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

Aggregate Revenue Requirement, as approved by the Commission, in the Order dated 22nd May 2013 was Rs 107.83 crore. The Petitioner, on the basis of the True-up of FY 2013-14, requests the Commission to approve the ARR at Rs 119.07 crore.

Commission's analysis:

Based on the detailed analysis of all the expenditure heads of the ARR in the preceding sections, the Commission approves the trued-up ARR of FY 2013-14 at Rs 107.14 crore as shown in the Table below:

Table 4.17: ARR approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Cost of fuel	83.48	73.44	73.44
Employee expenses	10.00	14.77	15.51
R&M expenses	0.97	4.81	4.07
A&G expenses	3.38	2.47	2.47
Depreciation	2.66	6.41	5.23
Interest on loan	4.25	12.63	2.10
Interest on consumer security deposit	0.01	0.10	0.00
Interest on working capital	2.17	1.92	1.94
Return on capital base	1.06	2.77	2.77
Provision for bad debt	0.04	0.14	0.00
Total revenue requirement	**108.03**	**119.47**	**107.54**
Less: Non-tariff income	0.20	0.40	0.40
Net revenue requirement	**107.83**	**119.07**	**107.14**

4.18. Revenue at approved Tariffs for True-up of FY 2013-14

Petitioner's submission:

The revenue from tariff for the FY 2013-14 was Rs 13.72 crore.

Commission's analysis:

The Commission has verified the revenue from retail sale of power in the FY 2013-14 from the audited accounts and considers the revenue from sale of power at Rs 13.72 crore as reasonable and approves the same in the True-up of FY 2013-14:

Table 4.18: Revenue from retail sale of power approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	5.29	7.04	7.04
Commercial	4.19	5.77	5.77
Industrial	0.70	0.44	0.44
Public	0.67	0.34	0.34
Temporary	0.01	0.12	0.12
Grand total	**10.86**	**13.72**	**13.72**

4.19. Revenue Gap

Petitioner's submission:

The revenue gap calculated by the Petitioner on the basis of True-up of FY 2013-14 is Rs 105.35 crore. The Petitioner has requested the Commission to approve the same in the True-up of FY 2013-14.

Commission's analysis:

The Commission has approved revenue gap/(surplus) as per the Table below:

Table 4.19: Net revenue gap as approved by the Commission in the True-up of FY 2013-14 (In Rs crore)

Particulars	Approved in the Tariff Order dated 22nd May 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net revenue requirement	107.83	119.07	107.14
Revenue from retail sale of power	10.86	13.72	13.72
Revenue gap	**96.97**	**105.35**	**93.42**

The Petitioner has not proposed to carry forward the gap of FY 2013-14 for recovery in FY 2017-18, except the partial recovery of the standalone gap of FY 2017-18

Therefore, the Commission approves the revenue gap of Rs 93.42 crore in the True-up of FY 2013-14, to be met from the budgetary support by the Government.

Chapter 5. True-up for FY 2014-15

5.1. Applicable provisions of Tariff Regulations, 2009

The True-up of FY 2014-15 is to be carried out as per the following provisions of Regulation 8 of Tariff Regulations, 2009:

"(2) (i) 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'.

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

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

(4) 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.

(5) 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.

(6) 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.

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

5.2. Approach for True-Up of FY 2014-15

For FY 2014-15, the Commission has considered an approach similar to the one used in FY 2012-13 (refer section 3.2).

The Commission has determined the ARR for the FY 2014-15 vide its Order dated 11th April 2014. The Petitioner, in their True-up Petition for the FY 2014-15 submitted details of the expenditure and the revenue for the year based on its audited accounts. 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 analysed various elements of actual revenue and expenses for the FY 2014-15 based on the audited accounts submitted by the Petitioner, and has carried out the True-up exercise, after prudence check, approving necessary adjustments in cases where the variations are for reasonable and justifiable reasons.

5.3. Energy Sales

Petitioner's submission:

The actual energy sales were 44.26 MU in the True-up of FY 2014-15, as against 48.78 MU approved earlier by the Commission vide Tariff Order dated 11th April 2014.

Commission's analysis:

The Commission approves the energy sales at 44.26 MU as available in the audited accounts for the purpose of True-up, as shown in the following Table:

Table 5.1: Sales approved by the Commission in the True-up of FY 2014-15 (in MU)

Consumer Categories	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	35.69	33.57	33.57
Commercial	11.54	9.34	9.34
Industrial	0.39	0.42	0.42
Public	1.07	0.81	0.82
Temporary	0.09	0.12	0.12
Grand total	**48.78**	**44.26**	**44.26**

Therefore, the Commission approves the total sales of 44.26 MU in the True-up of FY 2014-15.

5.4. Number of consumers

Petitioner's submission:

The actual number of consumers were 21,344 for the FY 2014-15, as against 20,657 approved earlier by the Commission vide Tariff Order dated 11th April 2014.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission is constrained to approve the number of consumers at 21,344 as submitted by the Petitioner for the purpose of True-up, as shown in the Table below:

Table 5.2: Number of consumers approved by the Commission in the True-up of FY 2014-15

Consumer Categories	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	16,984	17,761	17,761
Commercial	3,157	3,189	3,189
Industrial	335	321	321
Public	74	73	73

Consumer Categories	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Temporary	107	0	0
Grand total	**20,657**	**21,344**	**21,344**

Therefore, the Commission approves the total number of consumers as 21,344 in the True-up of FY 2014-15.

5.5. Power Purchase Quantum and Cost

Petitioner's submission:

The energy requirement is met mainly from own generation and there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc.

The Petitioner has provided plant-wise power generation details as follows:

Table 5.3: Island wise and source wise Power purchase quantum submitted by the Petitioner in the True-up of FY 2014-15 (in MU)

Islands	Diesel Generators (DG)	Solar Photo Voltaic (SPV)	TOTAL
Minicoy	7.87	0.19	8.06
Kavaratti	10.85	0.92	11.77
Amini	5.12	0.00	5.12
Andrott	7.22	0.22	7.44
Kalpeni	3.61	0.01	3.62
Agatti	5.92	0.09	6.01
Kadmat	4.48	0.18	4.66
Kilthan	2.75	0.04	2.79
Chetlat	1.60	0.00	1.60
Bitra	0.24	0.00	0.24
Total	**49.66**	**1.66**	**51.32**

The Petitioner has incurred power purchase cost of Rs 77.27 crore against Rs 108.19 crore approved by the Commission in the Tariff Order dated 11th April 2014.

Commission's analysis:

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

Table 5.4: Power purchase quantum (in MU) and cost (Rs crore) approved by the Commission in the True-up of FY 2014-15

Source	Net Generation (MU)	Total (Rs crore)	Avg Rate (Rs/Unit)
Own-generation.			
Diesel	49.66	77.27	15.56
Renewable	1.66	0.00	0.00
Total Own Generation	**51.32**	**77.27**	**15.06**

The Commission would like to highlight that the approved cost towards diesel based generation consists of cost incurred towards consumption of HSD oil and Lube oil only as per the audited accounts as the fixed cost incurred against own generation (i.e. O&M expenses, interest and finance charges, depreciation, interest on working capital etc.) has been considered and approved for the department as a whole in subsequent sections. Accordingly, no separate cost has been approved for own renewable based generation.

Therefore, the Commission approves the overall power generation cost of Rs 77.27 crore in the True-up of FY 2014-15.

Renewable purchase obligations (RPO)

As per Clause 1, Sub-clause (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010

"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."

In the Tariff Order dated 17th April 2015, the Commission has taken a view that:

"The Petitioner would be able to meet its RPO targets of Solar Power for FY 2015-16 based on the capacity addition proposed. It is observed that the Petitioner is not meeting its RPO target of 2.70% to be met from non-solar sources of renewable power generation; however, the Petitioner is meeting its overall target of 3.30%.

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

Actual availability of renewable power from solar and the consequential RPO compliance in the True-up of FY 2014-15 is tabulated as follows:

Table 5.5: Summary of RPO compliance

Description	FY 2014-15
Sales Within State (in MU)	44.26
RPO Obligation (in %)	3.30%
RPO Obligation (in MU)	1.46
RPO Compliance (Actual Purchase) (in MU)	1.66
RPO Compliance (REC Certificate Purchase)	0.00
Total RPO Compliance (in MU)	1.66
Shortfall/ (Surplus) in RPO Compliance (in MU)	**(0.20)**

The Commission observes that the Petitioner is meeting its entire RPO compliance on cumulative basis from its Solar generation.

5.6. Intra-State Transmission and Distribution (T&D) losses and Energy Balance

Petitioner's submission:

The T&D losses for the FY 2014-15 are 13.75 % as against 14% approved by the Commission in its Tariff Order dated 11th April 2014.

Commission's analysis:

As per Regulation 15 of the Tariff Regulations, 2009:

"*15. AT& C Losses*

1. *The licensee shall give information of total AT&C losses in Previous Year and Current Year and the basis on which such losses have been worked out.*
2. *The licensee shall also propose a loss reduction programme for the Ensuing Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*
3. *Based on the information furnished and field studies carried out and the loss reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:*

   Provided further that in the event of unbundling of the integrated utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.
4. *The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.*

   The energy audit report for the first six months of the year shall be provided by November end of the same year. Similarly energy audit report for the last six months of the year shall be provided by May end of the next year.
5. ***In the absence of energy audit, the Commission may not accept the claim of the licensee and may proceed to fix the loss levels on the basis of any other information available and its own judgment**.*"

The Commission, in its Order dated 11th April 2014, had approved the target T&D loss level of 14.00%.

For the purpose of True-up, the Commission has considered net generation/purchase as submitted by the Petitioner. Considering actual sales of 44.26 MU and actual generation of 51.32 MU as approved above, actual T&D loss comes to 13.75%. Accordingly, the Commission approves the Intra-State T&D loss level at 13.75% as shown in the Table below:

Table 5.6: T&D losses approved by the Commission in the True-up of FY 2014-15 (in percentage)

Particulars	Approved in the Tariff Order Dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Energy Availability from Own Generation (in MU)	56.72	51.32	51.32
Energy sales (in MU)	48.78	44.26	44.26
T&D losses (in MU)	7.94	7.06	7.06
T&D losses (in %)	14.00%	13.76%	13.75%

Therefore, the Commission approves the Intra-State T&D loss level at 13.75% in the True-up of FY 2014-15.

The Commission notes that the Energy Audit reports have not been submitted by the Petitioner. **The Commission directs the Petitioner to submit the energy audit reports along with True-up of future years**.

5.7. Employee expenses

Petitioner's submission:

The Employee expenses of Rs. 16.38 crore in the True-up of the FY 2014-15 have been incurred during the year, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs 10.57 crore in its Tariff Order dated 11th April 2014 for FY 2014-15. The Petitioner has however submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses towards the Repair and Maintenance (R&M) expenses to the extent of Rs 0.75 crore. The Commission has accordingly considered the employee expenses for the FY 2014-15 as per the audited accounts, as shown below:

Table 5.7: Employee expenses approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Employee Expenses	10.57	16.38	17.13

Therefore, the Commission approves the employee expenses of Rs 17.13 crore in the True-up of FY 2014-15.

5.8. Administrative and General (A&G) expenses

Petitioner's submission:

The A&G expenses of Rs 2.98 crore in the True-up of the FY 2014-15 have been incurred during the year as reflected in the audited accounts.

Commission's analysis:

The Commission had approved A&G expenses of Rs 1.03 crore in the Tariff Order for FY 2014-15. The Commission has analysed the information available in the audited accounts submitted by the Petitioner and has accordingly considered the A&G expenses for the FY 2014-15 as per the audited accounts submitted by the Petitioner, as shown below:

Table 5.8: A&G expenses approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
A&G expenses	1.03	2.98	2.98

Therefore, the Commission approves the A&G expenses of Rs 2.98 crore in the True-up of FY 2014-15.

5.9. Repair and Maintenance (R&M) expenses

Petitioner's submission:

The R&M expenses of Rs 6.35 crore have been incurred in the True-up of the FY 2014-15, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved R&M expenses of Rs 3.57 crore in the Tariff Order of FY 2014-15. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of employee expenses in the R&M expenses to the extent of Rs 0.75 crore. The Commission has accordingly considered the R&M expenses for FY 2014-15 as per the audited accounts submitted by the Petitioner as shown below:

Table 5.9: R&M expenses approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
R&M expenses	3.57	6.35	5.60

Therefore, the Commission approves the Repair and Maintenance expenses of Rs. 5.60 crore in the True-up of FY 2014-15.

5.10. GFA, Capitalisation and Depreciation

Petitioner's submission:

The opening Gross Fixed Assets (GFA) of Rs 137.25 crores, addition in GFA of Rs 8.20 crores and closing GFA of Rs 145.45 crore for FY 2014-15 has been submitted, on the basis of the audited accounts. Further, the Petitioner has also submitted Fixed Assets Register (FAR) as on 31st March 2015, in support of claim.

The Petitioner has further submitted that it has booked depreciation of Rs 5.62 crore in the FY 2014-15.

Commission's analysis:

The Commission, in its Order dated 11th April 2014, had disallowed the opening GFA in the absence of the audited accounts and Fixed Asset and Depreciation Registers, and directed the Petitioner to furnish the details urgently. The Commission has repeatedly asked for the details year after year, but these have not been submitted by the Petitioner.

Accordingly, in the absence of an updated Fixed Asset Register, required to arrive at the historical value of the assets, the Commission was constrained to consider the capitalisation proposed by the Petitioner for the FY 2011-12 as the opening value of assets for the FY 2012-13 and capitalization of FY 2012-13 and FY 2013-14 was added in it to arrive at the opening GFA for the FY 2014-15.

However, as the Petitioner has now furnished the audited accounts and Fixed Asset Register for FY 2014-15, the Commission, accordingly, has considered the value of GFA for FY 2014-15 as per the audited accounts, as given in the Table below:

Table 5.10: GFA approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	54.46	137.25	137.25
Addition during the year	19.06	8.20	8.20
Closing GFA	73.52	145.45	145.45

As per Regulation 26 of the Tariff Regulations 2009,

*"**26. Depreciation***

(1) For the purpose of tariff, depreciation shall be computed in the following manner:

(i) The value base for the purpose of depreciation shall be the historical cost of the assets, that is actual expenses limited to approved capital cost where such capital cost has been approved by the Commission:

Provided that land is not a depreciable asset and its cost shall be excluded from the capital cost while computing depreciation.

(ii) The historical cost of the asset shall include additional capitalization.

(iii) The historical cost shall include foreign currency funding converted into equivalent rupees at the exchange rate prevalent on the date when foreign currency was actually availed but not later than the date of commercial operation.

(iv) Depreciation for generation and transmission assets shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time.

Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost.

Depreciation for distribution and other assets not covered by CERC shall be as per Government of India norms of 1994 as may be revised by the Commission from time to time."

The Commission has not applied the applicable CERC rates on the average assets in place, since some of these assets have already attained 90% limit of depreciation during the life of the asset and accordingly approved depreciation as per the audited accounts in the True-up of FY 2014-15.

Table 5.11: Asset-wise depreciation approved by the Commission in the True-up of FY 2014-15 (Rs crore)

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average assets	Rate of depreciation	Depreciation
1	Land	12.93	0.00	12.93	12.93	0.00%	0.00
2	Plant & machinery	99.62	6.78	106.40	103.01	4.66%	4.80
3	Buildings	20.43	0.28	20.70	20.57	3.15%	0.65
4	Vehicles	0.76	0.00	0.76	0.76	0.02%	0.00
5	Furniture and fixtures	0.62	0.00	0.62	0.62	1.56%	0.01
6	Computers & others	2.90	1.15	4.06	3.48	4.66%	0.16
7	**Total**	**137.25**	**8.20**	**145.46**	**141.36**	**3.98%**	**5.62**

The Table below captures the depreciation, as submitted by the Petitioner and approved by the Commission, in the True-up of FY 2014-15:

Table 5.12: Depreciation approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Depreciation	3.66	5.62	5.62

Therefore, the Commission approves the depreciation at Rs. 5.62 crore in the True-up of FY 2014-15.

5.11. Interest and Finance Charges

Petitioner's submission:

Being a government department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. However, the interest and finance charges arrived at, are based on normative loan considered to the extent of capitalisation during the year. Further, these charges factor in an addition in the gross fixed assets to the extent of assets capitalised for the FY 2014-15, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is the prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year. Accordingly, the Petitioner has claimed interest and finance charges of Rs 13.89 crore for FY 2014-15.

Commission's analysis:

As per Regulation 25 of the Tariff Regulations, 2009:

" 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.''

Further as per Regulation 23 of the said Tariff Regulations 2009:

"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."

The closing True-up normative loan of Rs 18.14 crore of FY 2013-14 has been considered as opening normative loan as against Rs 96.08 crore as submitted by the Petitioner for FY 2014-15.

The Commission has considered an addition of Rs 8.20 crores in GFA 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 capitalisation has considered the normative debt-equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 5.74 crore (70% of Rs 8.20 crore) 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. Calculation of interest on the normative loan is given below:

Table 5.13: Normative interest on loan approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening normative loan	31.90	96.08	18.14
Add: Normative loan during the year	13.34	5.74	5.74
Less: Normative repayment 10% of opening loan	3.44	9.61	1.81
Closing normative loan	41.80	92.21	22.07
Average normative loan	36.85	94.14	20.11
Rate of interest	14.75%	14.75%	14.75%
Interest on normative loan	**5.44**	**13.89**	**2.97**

Therefore, the Commission approves the interest on loan at Rs. 2.97 crore in the True-up of FY 2014-15.

5.12. Interest on security deposit

Petitioner's submission:

The interest on consumer security deposit of Rs 0.07 crore has been claimed in the True-up of FY 2014-15.

Commission's analysis:

As per Regulation 6.10 (8) of the JERC for the State of Goa and UTs (Electricity Supply Code) Regulations, 2010

"The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard

it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle."

The security deposit of Rs 0.41 crore is available to the Petitioner as per the audited accounts. As per Section 47 (5) of the Electricity Act, 2003, the Petitioner has to pay the interest on the security deposits available with it and same shall be claimed in the ARR filed by the Petitioner. The Petitioner shall maintain the registers of security deposits collected from the consumers every year and pay the interest as per the bank rate of interest.

However, while the Petitioner has claimed interest of Rs 0.17 crores, there is no mention of the same in the audited accounts. Accordingly, the Commission observes that the Petitioner is not paying interest to consumers and hence, no interest is considered for True-Up of FY 2014-15. **The Commission directs the Petitioner to pay interest on security deposit to consumers for FY 2014-15 along with applicable penal interest in the FY 2017-18 and report the compliance to the Commission**.

In view of the above, the Commission has not approved any interest on security deposits of the consumers in the True-up of FY 2014-15.

5.13. Interest on Working Capital

Petitioner's submission:

Interest on Working Capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The State Bank of India's Prime Lending Rate as on 1st April 2013 is considered for computation of interest on Working Capital in line with the provisions of the Tariff Regulations, 2009. Accordingly, the Petitioner has claimed Rs. 2.15 crore as interest on Working Capital.

Commission's analysis:

As per Regulation 29 of Tariff Regulations, 2009:

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

- *f. Power purchase cost*
- *g. Employees cost*
- *h. Administration & general expenses*
- *i. Repair & Maintenance expenses.*
- *j. 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."

The Commission has considered the calculation of different components of the Working Capital on the basis of the above-stipulated norms. The Commission considers the security deposit as fund available with the Petitioner to meet the Working Capital requirement for FY 2014-15. The Commission has deducted this amount from the working capital requirement considered for True-up of FY 2014-15. The Commission has considered the weighted average rate of SBI PLR for the FY 2014-15 for computation of interest on Working Capital for True-up of FY 2014-15.

Detailed calculation of interest on Working Capital is given below:

Table 5.14: Interest on Working Capital approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	**Approved in the Tariff Order dated 11th April 2014**	**Petitioner's submission (True-up)**	**Approved by the Commission (True-up)**
Fuel cost for two months	17.95	12.88	12.88
Power purchase cost for one month	0.00	0.00	0.00
Employee cost for one month	0.88	1.37	1.43
A&G expenses for one month	0.09	0.25	0.25
R&M expenses for one month	0.30	0.53	0.47
Total working capital	19.22	15.02	15.02
Security deposit	0.09	0.41	0.41
Total working capital after deduction of SD	**19.13**	**14.60**	**14.61**
SBAR rate (%)	14.75%	14.75%	14.75%
Interest on working capital	**2.82**	**2.15**	**2.15**

Therefore, the Commission approves the interest on working capital at Rs 2.15 crore in the True-up of FY 2014-15.

5.14. Return on Capital Base

Petitioner's submission:

The capital-based return of Rs 2.94 crore has been claimed in the ARR of FY 2014-15.

Commission's analysis:

As per Regulation 23 of the Tariff Regulations, the Petitioner is entitled for return on its capital base. The Commission finds it appropriate to approve the return on capital base, on the basis of GFA and cumulative depreciation as on 01st April 2014 (as reflected in the audited accounts submitted by the Petitioner) as per the Table below:

Table 5.15: Return on capital base approved by the Commission in the True-up of FY 2014-15 (Rs. crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Gross block at beginning of the year	54.46	137.25	137.25
Less accumulated depreciation	3.66	39.22	39.22
Net block at beginning of the year	50.80	98.03	98.03
Less accumulated consumer contribution	0.00	0.00	0.00
Net fixed assets at beginning of the year	50.80	98.03	98.03
Return @3% of NFA	**1.52**	**2.94**	**2.94**

Therefore, the Commission approves the return on capital base Rs. 2.94 crore in the True-up of FY 2014-15.

5.15. Provision for bad and doubtful debts

Petitioner's submission:

The Petitioner has made a provision of Rs 0.14 crore for bad and doubtful debts for the FY 2014-15.

Commission's analysis:

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.

It is observed that the Petitioner has not actually written off any bad debt and the Commission finds it appropriate not to consider any bad and doubtful debts for True-up of FY 2014-15.

5.16. Non-Tariff Income

Petitioner's submission:

A Non-Tariff Income of Rs 0.85 crore has been claimed in the True-up of FY 2014-15.

Commission's analysis:

The Commission approves the Non-Tariff income at Rs 0.85 crore as per audited accounts of FY 2014-15, as shown in the table below:

Table 5.16: Non-tariff income approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Non-tariff income	0.33	0.85	0.85

Therefore, the Commission approves the Non-Tariff Income of Rs 0.85 crore in the True-up of FY 2014-15.

5.17. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

Aggregate Revenue Requirement, as approved by the Commission, in the Order dated 11th April 2014 was Rs 136.56 crore. The Petitioner, on the basis of the True-up of FY 2014-15, requests the Commission to approve the ARR at Rs 126.95 crore.

Commission's analysis:

Based on the detailed analysis of all the expenditure heads of the ARR in the preceding sections, the Commission approves the trued-up ARR of FY 2014-15 at Rs 115.80 crore as tabled below:

Table 5.17: ARR approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Cost of fuel	108.19	77.27	77.27
Cost of power purchase	-	-	-
Employee expenses	10.57	16.38	17.13
R&M expenses	3.57	6.35	5.60
A&G expenses	1.03	2.98	2.98
Depreciation	3.66	5.62	5.62
Interest on loan	5.44	13.89	2.97
Interest on consumer security deposit	0.01	0.07	0.00
Interest on working capital	2.82	2.15	2.15
Return on capital base	1.52	2.94	2.94
Provision for bad debt	0.07	0.14	0.00
Total revenue requirement	**136.89**	**127.80**	**116.65**

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Less: Non-tariff income	0.33	0.85	0.85
Net revenue requirement	**136.56**	**126.95**	**115.80**

5.18. Revenue at approved Tariffs for True-up of FY 2014-15

Petitioner's submission:

The revenue from approved tariff for the FY 2014-15 was Rs 14.43 crore.

Commission's analysis:

The Commission has verified the revenue from retail sale of power in the FY 2014-15 from the audited accounts and considers the revenue from sale of power at Rs 14.43 crore as reasonable and approves the same in the True-up of FY 2014-15:

Table 5.18: Revenue from sale of power approved by the Commission in the True-up of FY 2014-15 (Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	6.95	8.07	8.07
Commercial	5.67	5.43	5.43
Industrial	0.19	0.34	0.34
Public	0.43	0.33	0.33
Temporary	0.06	0.26	0.26
Grand total	**13.30**	**14.43**	**14.43**

5.19. Revenue Gap

Petitioner's submission:

The revenue gap calculated by the Petitioner on the basis of True-up of FY 2014-15 is Rs 112.52 crore. The Petitioner has requested the Commission to approve the same for True-up of FY 2014-15.

Commission's analysis:

The Commission has approved revenue gap/(surplus) as per the Table below:

Table 5.19: Net revenue gap as approved by the Commission in the True-up of FY 2014-15 (In Rs crore)

Particulars	Approved in the Tariff Order dated 11th April 2014	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net revenue requirement	136.56	126.95	115.80
Revenue from retail sale of power	13.30	14.43	14.43
Revenue gap	**123.26**	**112.52**	**101.38**

The Petitioner has not proposed to carry forward the gap of FY 2014-15 for recovery in FY 2017-18, except the partial recovery of the standalone gap of FY 2017-18

Therefore, the Commission approves the revenue gap of Rs 101.38 crore in the True-up of FY 2014-15, to be met from the budgetary support by the Government.

Chapter 6. True-up for FY 2015-16

6.1. Applicable provisions of Tariff Regulations, 2009

The True-up of FY 2015-16 is to be carried out as per the following provisions of Regulation 8 of the Tariff Regulations, 2009:

"(2) (i) 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'.

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

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

(4) 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.

(5) 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.

(6) 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.

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

6.2. Approach for True-up of FY 2015-16

Petitioner's submission:

The annual accounts and Fixed Assets Register for the FY 2015-16 is under preparation and shall be submitted after the same are audited. The Petitioner accordingly has not requested for the True-up of FY 2015-16.

Commission's analysis:

The Commission notes that the Petitioner has not submitted the audited accounts prepared on commercial principles for the FY 2015-16. The Commission in its previous

Orders had stressed upon the requirement of the audited accounts to bring in more accuracy in the estimates of the Commission. The Tariff Regulations 2009 also require the licensee to file the True up along with the audited accounts in the filing.

The Commission now directs the Petitioner to prepare and submit the accounts from FY 2015-16 onwards based on commercial principles by 30th November 2017. In the event of non-compliance by the Petitioner, the Commission shall be constrained to take appropriate action against the Petitioner.

The True-up would therefore be taken up only after submission of the audited accounts. Accordingly, the Commission has decided not to consider True-up for FY 2015-16 in the current Order.

Chapter 7. Annual Performance Review of FY 2016-17

7.1. Applicable provisions of MYT Regulations, 2014

The review of FY 2016-17 is to be carried out as per the following provisions of Regulation 8 of the JERC for the State of Goa and Union Territories (except Delhi) (Multi Year Distribution Tariff) Regulations, 2014 herein referred to as MYT Regulations, 2014:

"(1) The Commission shall undertake a review along with the next Tariff Order of the expenses and revenue approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/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'.

……(3) The revenue gap/surplus, if any, of the ensuing year shall be adjusted as a result of review and truing up exercises.

(4) While approving such expenses/revenue 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/revenue. Carrying costs shall be limited to the interest rate approved for working capital borrowings.

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

(6) 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 additional supply of power and also indicate the manner in which the licensee proposes to meet the cost for such additional supply of power."

7.2. Approach for review of the FY 2016-17

Petitioner's submission:

The ARR for the MYT Control Period (FY 2016-17 to FY 2018-19) was approved by the Commission vide MYT order dated 06th April, 2016 along with the Tariff for the FY 2016-17. In accordance with the Regulation 8 (1) of the JERC MYT Regulations, 2014, the Petitioner has filed for the Annual Performance Review for the FY 2016-17.

On the basis of the actual sales, number of consumers and connected load during the first half of FY 2016-17, the Petitioner has submitted the revised estimates of sales, number of consumers and connected load for the FY 2016-17. Keeping the T&D losses and other expenditure the same as approved by the Commission in the MYT Order, the Petitioner has submitted the revised energy requirement and consequently, the revised power purchase cost. By re-computing the other expenditure by assuming the expense to be incurred in 2nd half same as that of 1st half actuals, the Petitioner has computed the revised ARR for the FY 2016-17. Furthermore, the Petitioner has also submitted the revised revenue from sale of power and revenue gap on the basis of revised energy sales.

Commission's analysis:

The Commission is of the view that the submission of the Petitioner is not in line with the provisions of the MYT Regulations, 2014. In the Business Plan Petition filed before the Commission last year, the Petitioner had submitted 52.70 MU as the projected sales for the FY 2016-17. After much deliberations and justifications detailed in the section 6.1 of the Business Plan Order dated 31st March 2016, the Commission had approved the sales for FY 2016-17 at 54.54 MU. The Petitioner has now submitted the H1 actuals of FY 2016-17 as 24.61 MU and projected the sales in H2 of FY 2016-17 at 28.09 MU thereby projecting the revised sales of FY 2016-17 at 52.70 MU. The Petitioner has failed to provide any justification regarding how the H1 actuals of FY 2016-17 are leading to the exact figures submitted by the Petitioner in the Business Plan Petition.

Also, while the Commission has approved the T&D Losses at 13.25% for the FY 2016-17, the Petitioner has again submitted the T&D losses at 13.50% for review (same as submitted in the Business Plan Petition). The Petitioner has not provided any justification for the variations in the T&D losses.

The Petitioner has submitted the revised power purchase cost as Rs 79.34 crore (same as submitted in the MYT Petition). The Petitioner has failed to provide any justification that despite the variations in the fuel (HSD and Lube Oil) cost in past 1 year, how the power purchase cost will remain at the same level as submitted last year.

The Commission also observes that the while the True-up of previous years has been undertaken for the 1st time in the current Order, the Petitioner has not requested for reconsideration of norms of operation and maintenance expenses on the basis of final trued-up figures. The Commission also observes that while the norms of Operation and Maintenance have been approved in the Business Plan Order dated 31st March 2016, the Petitioner has not based its claim for review of O&M expenses as per provisions of regulations.

Accordingly, the Commission has decided to consider the performance at the time of True-up once the audited accounts are submitted by the Petitioner.

Accordingly, the Commission has decided not to consider the Annual Performance Review of FY 2016-17.

Chapter 8. Approval of ARR for the FY 2017-18

8.1. Approach for the approval of ARR of FY 2017-18

The Petitioner has submitted the same ARR for the FY 2017-18 as approved in the MYT Order dated 31st March 2016 and has not sought any variation in any expense component. However, the Petitioner has now recomputed revenue from the sale of power on the basis of the revised Tariff approved by the Commission in its previous Tariff Order. As the Commission is not undertaking any review for the FY 2016-17 for the reasons detailed in the previous chapter, the Commission is retaining the projections and consequently costs and revenue for the FY 2017-18 at the same level as approved in the MYT Order dated 31st March 2016.

8.2. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

The ARR submitted for the FY 2017-18 is same as that approved in the MYT Order dated 31st March 2016 by the Commission.

Commission's analysis:

As detailed in the previous Chapter, the Commission is not undertaking any review of FY 2016-17. Since no review is being done by the Commission, the Commission finds no justification of revising the ARR of FY 2017-18 and accordingly, has decided to retain the same ARR as approved in the MYT Order dated 06th April 2016 for FY 2017-18 as shown in the Table below:

Table 8.1: ARR approved by the Commission for FY 2017-18 (Rs crore)

Sr. no.	Particulars	Approved in MYT Order	ARR considered by the Commission in present Order
1	Cost of Fuel	74.76	74.76
2	Cost of power purchase	5.59	5.59
3	Employee expenses	13.35	13.35
4	R&M expenses	4.52	4.52
5	A&G expenses	1.83	1.83
6	Depreciation	6.36	6.36
7	Interest on loan	8.06	8.06
8	Interest on consumer security deposit	0.01	0.01
9	Interest on working capital	1.24	1.24
10	Return on equity	5.50	5.50
11	Provision for dad debt	0.00	0.00
12	**Total revenue requirement**	**121.22**	**121.22**
13	Less: Non-tariff income	0.45	0.45
14	**Net revenue requirement**	**120.77**	**120.77**

8.3. Revenue at existing tariff and revenue gap

Petitioner's submission:

The estimated revenue at the existing tariff for FY 2017-18 and the resultant gap is provided in the Table below:

Table 8.2: Revenue gap submitted by the Petitioner for FY 2017-18 (Rs crore)

Sr. no.	Particulars	FY 2017-18
1	Net revenue requirement	120.77
2	Revenue from sale of power	19.78
3	**Net gap during the year**	**100.99**

Commission's analysis:

Based on the slab-wise information provided by the Petitioner and category-wise sales, connected load and number of consumers approved by the Commission, the Commission has computed the revenue from sale of power for FY 2017-18 as follows:

Table 8.3: Revenue at existing tariff approved by the Commission for FY 2017-18

S. no.	Category	No. of consumers*	Energy sales * (MU)	Existing tariff		Revenue at existing tariff (Rs crore)		
				Energy charges (Rs /Unit)	Fixed charges	Fixed charges	Energy charge	Total revenue
1	**Domestic**							
	Up to 100		3.89	1.25	Rs 15/- per connection per month for single phase and Rs 50/- per connection per month for three phase		0.49	
	101 to 200		11.01	2.75			3.03	
	201 to 300		12.91	4.40			5.68	
	301 & above		19.64	5.70			11.20	
Sub-total		**20198**	**47.45**			**0.62**[1]	**20.39**	**21.01**
2	**Commercial**							
	0-100		0.62	5.50	Rs 25/- per connection per month for single phase and Rs 100/- per connection per month for three phase		0.34	
	101-200		0.57	6.60			0.37	
	201 & above		10.80	7.70			8.31	
Sub-total		**3514**	**11.98**			**0.20**[2]	**9.03**	**9.23**
3	**Industrial**							
	All units	**319**	**0.24**	**5.25**	**Rs 35/- per kVA per month**	**0.15**[3]	**0.13**	**0.28**
4	**HT consumers**							
	All units	**2**	**0.18**	**7.00**	**Rs 100/- per kVA per month**	**0.02**[4]	**0.13**	**0.15**
5	**Public lighting**							
	All units	**73**	**0.81**	**4.80**			**0.39**	**0.39**
	Total	**24106**	**60.66**			**1.00**	**30.06**	**31.06**

As approved in MYT Order dated 31st March 2016 for FY 2017-18

[1] ***Domestic Category:*** *In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 15 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 50 per connection per month) has been taken.*

[2] ***Commercial Category:*** *In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 25 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 100 per connection per month) has been taken.*

[3] ***Industrial Category:*** *Connected load has been taken at the level as approved in the MYT Order i.e. 3238 kW at PF of 0.9.*

[4] ***HT Consumers:*** *Connected load has been taken at the level as approved in the MYT Order i.e. 206 kW at PF of 0.9.*

Keeping in view the ARR and revenue from the sale of power approved above, the Commission hereby approves the revenue gap for the FY 2017-18 as shown in the Table below:

Table 8.4: Revenue gap at existing tariff approved by the Commission for FY 2017-18 (Rs crore)

Sr. no.	Particulars	FY 2017-18
1	Net revenue requirement	120.77
2	Revenue from sale of power	31.06
3	**Net gap during the year**	**89.71**
4	Add: Previous year gap	0.00
5	**Total Gap**	**89.71**

The Commission has computed the average cost of supply based on the expense and revenue components approved in the previous Sections as shown in the Table below:

Table 8.5: Average cost of supply approved by the Commission for FY 2017-18 (Rs/ Unit)

Sr. no.	Particulars	FY 2017-18
1	Average cost of supply	19.91
2	Average billing rate	5.12
3	**Net gap**	**14.79**

Chapter 9. Tariff principles and design

9.1. Preamble

The Commission in determining the ARR and retail supply tariff for FY 2017-18, 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 the MYT Regulations, 2014 notified by JERC under Section 64 of the Act which lay down the broad principles and shall guide determination of retail tariff.

9.2. Principles of Tariff Design

As per Regulation 36 (Cross Subsidy) of the MYT Regulations, 2014, Allocation of Cost to Serve and Tariff Design:

a. *The Commission shall gradually move towards reduction of cross subsidy in accordance with the Electricity Act, Tariff Policy & 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 and distribution.*

   ***Step 2: Classification of cost** – Each of the functionalised costs shall be further classified, based on its intrinsic nature into demand, energy and customer related costs. 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 and interest on working capital. 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 various tariff categories, load research shall be made an integral part of the operations of 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 operationalising 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 utilised to meet the cross-subsidy requirements of subsidised 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. 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.*

The Commission is aware that the sole source of power in the ED-Lakshadweep is own generation with no availability of external generating sources. Furthermore, over 99% of the sales are at LT level only, in which domestic and commercial categories constitute over 97% share.

Accordingly, the Commission is of the view that the functional demarcation of costs will not be of substantial impact on the present tariff structure. Additionally, due to practical constraints, open access is not an option for the consumers of Lakshadweep Islands.

Therefore, the tariff needs to be designed in such a way that cross subsidy between different categories of consumers is progressively brought within ±20% of average cost of supply and that even for BPL category consumers, tariff rates should at least be 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, and has designed the Tariff for different categories of consumers as brought out subsequently.

9.3. Tariff Proposal

Petitioner's submission:

The Petitioner has proposed an average increase of 65 paise per unit in the tariff for the FY 2017-18, which constitutes 19.81% hike over the tariff of FY 2016-17.

Over 95% of the power is generated from diesel-based generating stations as there is no other source of energy. The major component of the cost of supply is the cost of HSD and lubricants. Further, there has been a reduction in budgetary support from the government. The above factors apart from the general rise in prices have necessitated the increase in tariff. In this tariff proposal, partial recovery of the cost is proposed.

The cost of supply computes to Rs 19.91 per unit while the average revenue per unit is Rs 3.26. Thus, there is gap of Rs 16.65 per unit as shown in Table below:

Table 9.1: Average Tariff Hike for FY 2017-18 submitted by the Petitioner

Sr. No.	Particulars	Units	FY 2017-18	
			Existing	Proposed
1	ARR for FY 2017-18	Rs. crore	120.77	120.77
2	Revenue for FY 2017-18	Rs. crore	19.78	23.70
3	Gap (1-2)	Rs. crore	100.99	97.07
4	Total Sales	MU	60.66	60.66
5	Average Cost of Supply (1 /4 x 10)	Rs. per kWh	19.91	19.91
6	Average Revenue (2 /4 x 10)	Rs. per kWh	3.26	3.91
7	Pure Gap (5-6)	Rs. per kWh	16.65	16.00
8	Average Hike in Tariff			0.65
9	Hike in %			19.81%

The detailed Tariff Proposal for FY 2017-18 for individual categories is given below along with the comparison of existing and proposed energy charges:

Table 9.2: Existing vs. proposed tariff for FY 2017-18 submitted by the Petitioner

Category	Existing charges		Category	Proposed charges	
	Energy charge (Rs/kWh)	Fixed charges		Energy charge (Rs/kWh)	Fixed charges
BPL/Kutir Jyoti		Rs 25/- per service connection for month or part thereof	**BPL/Kutir Jyoti**		Rs 25/- per service connection per month or part thereof
Domestic Connection			**Domestic Connection**		
-0 to 100 units	1.25	Rs 15/- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase	-0 to 100 units	1.50	Rs 15/- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase plus Rs 10/- for cashless transaction
-101 to 200 units	2.75		-101 to 200 units	3.05	
-201 to 300 units	4.40		-201 to 300 units	5.50	
-301 units & above	5.70		-301 units & above	8.00	
Commercial			**Commercial**		
-0 to 100 units	5.50	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	-0 to 100 units	6.05	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase plus Rs 10/- for cashless transaction
-101 to 200 units	6.60		-101 to 200 units	7.25	
-201 units & above	7.70		-201 units & above	8.45	
Industrial	5.25	Rs 35/- per kVA per month or part thereof	**Industrial**	5.80	Rs 35/- per kVA per month or part thereof plus Rs 10/- for cashless transaction
HT consumers	7.00	Rs 100/- per kVA per month or part thereof	**HT consumers**	8.40	Rs 100/- per kVA per month or part thereof plus Rs 10/- for cashless transaction
Public lighting	4.80		**Public lighting**	5.30	
Temporary connection	8.50		**Temporary connection**	10.20	

Commission's analysis:

The Commission, after analysis of the various components of ARR for FY 2017-18, has come to the conclusion that the utility has to increase the average tariff from the existing level of Rs 5.12 per unit, to Rs 19.91 per unit, to recover the full amount of ARR as projected for the FY 2017-18.

The fact that approximately 84% of consumers fall in the domestic category, and remote areas, number of small islands, distance between the islands and logistic / communication problems are also considered by the Commission. Having regard to the above considerations, in order to avoid tariff shock, the Commission has approved a marginal increase of 10.06%[5] in the tariff of FY 2017-18 over the FY 2016-17.

The Commission has determined the retail tariff for FY 2017-18 also keeping in view the guiding principles as stated in the Electricity Act 2003, the Tariff Policy, MYT Regulations 2014, the suggestions/objections of the stakeholders in this regard and the Petition submitted by the ED-Lakshadweep.

The Commission approves the tariff for FY 2017-18 as given below:

Table 9.3: Tariff approved by the Commission for FY 2017-18

Category	Approved charges	
	Energy Charge (Rs/kWh)	Fixed charges
BPL/Kutir Jyoti		Rs 25/- per service connection for month or part thereof
Domestic		
-0 to 100 units	1.30	Rs 15/- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase
-101 to 200 units	3.00	
-201 to 300 units	4.85	
-301 units & above	6.30	
Commercial		
-0 to 100 units	6.05	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase
-101 to 200 units	7.30	
-201 units & above	8.55	
Government connections		
-0 to 200 units	7.30	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase
-201 units & above	8.55	
Industrial		
All units	5.80	Rs 35/- per kVA per month or part thereof
HT consumers	8.40	Rs 100/- per kVA per month or part thereof
Public lighting	5.30	
Temporary connection	10.20	

[5] *While the Petitioner has computed the revenue at average billing rate for each consumer category, the Commission has computed the revenue considering the slab-wise information made available by the Petitioner in the MYT Order. Hence, there is variation in overall revenue at existing and proposed tariff as submitted by the Petitioner and as computed by the Commission and consequentially in the overall hike %age also. However, the Commission has approved the same retail tariff as proposed by the Petitioner.*

The revenue at revised tariff approved by the Commission for FY 2017-18 is given below:

Table 9.4: Revenue at revised tariff approved by the Commission for FY 2017-18

S. no.	Category	No. of consumers	Energy sales (MU)	Approved Tariff*		Revenue at revised tariff (Rs crore)		
				Energy charges (Rs /Unit)	Fixed charges	Fixed charges	Energy charge	Total revenue
1	**Domestic**							
	Up to 100		3.89	1.30	Rs 15/- per connection per month for single phase and Rs 50/- per connection per month for three phase		0.51	
	101 to 200		11.01	3.00			3.30	
	201 to 300		12.91	4.85			6.26	
	301 & above		19.64	6.30			12.37	
Sub-total		**20198**	**47.45**			**0.62**[6]	**22.44**	**23.06**
2	**Commercial**							
	0-100		0.62	6.05	Rs 25/- per connection per month for single phase and Rs 100/- per connection per month for three phase		0.38	
	101-200		0.57	7.30			0.41	
	201 & above		10.80	8.55			9.23	
Sub-total		**3514**	**11.98**			**0.20**[7]	**10.02**	**10.22**
3	**Industrial**							
	All units	**319**	**0.24**	**5.80**	**Rs 35/- per kVA per month**	**0.15**[8]	**0.14**	**0.29**
4	**HT consumers**							
	All units	**2**	**0.18**	**8.40**	**Rs 100/- per kVA per month**	**0.03**[9]	**0.15**	**0.18**
5	**Public lighting**							
	All units	**73**	**0.81**	**5.30**			**0.43**	**0.43**
	Total	**24106**	**60.66**			**1.00**	**33.18**	**34.18**

Note: The Commission has not considered revenue projections for government connections separately as segregated information is not available at this stage

In order to promote cashless transactions, the Commission, for the time being, is not approving any additional charge as proposed by the Petitioner.

The revenue gap at revised tariff approved by the Commission is given in the Table below:

Table 9.5: Revenue gap at revised tariff approved by the Commission for FY 2017-18

Sr. no.	Particulars	FY 2017-18
1	Net revenue requirement	120.77
2	Revenue from sale of power	34.18
3	**Net gap during the year**	**86.59**
4	Add: Previous year gap	0.00
5	**Total gap**	**86.59**

[6] ***Domestic Category:*** *In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 15 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 50 per connection per month) has been taken.*

[7] ***Commercial Category:*** *In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 25 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 100 per connection per month) has been taken.*

[8] ***Industrial Category:*** *Connected load has been taken at the level as approved in the MYT Order i.e. 3238 kW at PF of 0.9.*

[9] ***HT Consumers:*** *Connected load has been taken at the level as approved in the MYT Order i.e. 206 kW at PF of 0.9.*

The following comparative chart gives the overview of the category-wise levels of percentage recovery of average cost of supply at existing and revised tariffs:

Table 9.6: Percentage recovery of ACOS at existing and revised tariffs approved by the Commission for FY 2017-18

S. no.	Category	Existing tariff		%age hike	Approved tariff	
		Average Billing Rate [10]	%age of ACOS[11]		Average Billing Rate	%age of ACOS
1	Domestic	4.43	22.09%	9.78%	4.86	24.25%
2	Commercial	7.70	38.42%	10.74%	8.53	42.55%
3	Industrial	11.55	57.61%	4.76%	12.10	60.36%
4	HT consumers	8.53	42.54%	16.42%	9.93	49.52%
5	Public lighting	4.80	23.95%	10.42%	5.30	26.44%
6	**Overall**	**5.12**	**25.54%**	**10.06%**	**5.63**	**28.11%**

To summarize:

- *Considering the justifications detailed above, the Commission has considered minor variations from the submission of the Petitioner while approving the tariff hike in domestic and commercial. The Commission approves an average tariff hike of 10.06 % against 19.81% as proposed by the Petitioner.*
- *The Commission has approved a separate tariff for all Government connections in the previous Tariff Order for FY 2016-17 and has decided to retain this category for the current year also. Due to insufficiency of the data for this category, the Commission is not able to compute separate revenue in this category. The Commission directs the Petitioner to strictly adhere to the notified tariff categories and submit all the future Petitions containing all the requisite details as per the relevant Tariff Orders of the Commission.*
- *Against the average cost of supply of Rs 19.91 per unit, the Petitioner will be able to recover Rs 5.63 per unit at the approved tariff for FY 2017-18 against Rs 5.12 at the existing tariff, a net increase in revenue of Rs. 0.52 per unit sold and a tariff hike of 10.06% for the Petitioner as shown in the Table below:*

Table 9.7: Average Tariff Hike approved by the Commission for FY 2017-18

Sr. No.	Particulars	Units	FY 2017-18	
			Existing	Approved
1	ARR for FY 2017-18	Rs. crore	120.77	120.77
2	Revenue for FY 2017-18	Rs. crore	31.06	34.18
3	Gap (1 2)	Rs. crore	89.71	86.59
4	Total Sales	MU	60.66	60.66
5	Average Cost of Supply (1/4 x 10)	Rs. per kWh	19.91	19.91
6	Average Revenue (2 /4 x 10)	Rs. per kWh	5.12	5.63
7	Pure Gap (5-6)	Rs. per kWh	14.79	14.27
8	Average Hike in Tariff			0.52
9	**Hike in %**			**10.06%**

[10] *Average Billing Rate (ABR) has been computed by dividing the total revenue by total sales of the category.*
[11] *%age of Average Cost of Supply (ACOS) has been computed by dividing the ABR by ACOS*

The Commission observes that the revenue gap of the previous years was funded by the government through budgetary support. Previously, ED-Lakshadweep had submitted a copy of the letter from the Administration of Lakshadweep Islands regarding budgetary support to meet the revenue gap. The Petitioner has not submitted any such letter for FY 2017-18. However, in response to the data gaps, the Petitioner has submitted that the proposed revenue gap will be met by the budgetary support of the Government. The Commission recommends that ED-Lakshadweep takes up the matter with the Administration of Lakshadweep Islands to get the budgetary support to meet the revenue gap for FY 2017-18.

Chapter 10. Tariff and Terms and Conditions of Tariff

10.1. Tariff schedule

S. no.	Category	Fixed charges	Energy charges
1.	**Below poverty line (BPL)**		
	Up to 30 units per month	Rs 25/- per service connection per month or part thereof	
2.	**Domestic**		
I	-0 to 100 units	Rs 15- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase	1.30
ii	-101 to 200 units		3.00
iii	-201 to 300 units		4.85
iv	-301 units & above		6.30
3.	**Commercial**		
i	-0 to 100 units	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	6.05
ii	-101 to 200 units		7.30
iii	-201 units & above		8.55
4.	**Government**		
I	-0 to 200 units	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	7.30
iii	-201 units & above		8.55
5.	**Industrial**		
i	All units	Rs 35/- per kVA per month or part thereof	5.80
6.	**HT consumers**		
i	All units	Rs 100/- per kVA per month or part thereof	8.40
7.	**Public lighting**		
i	All units		5.30
8.	**Temporary supply**		
i	All units		10.20

10.2. Applicability

Category	Applicability	Point of Supply/Notes
1. BPL/Kutir Jyoti	Applicable to consumers of BPL category with monthly consumption of 30 units and below	***Note:*** *Production of relevant BPL certificate issued by the authority concerned in the island is a must for considering tariff for this category. Besides, their consumption should not exceed 30 kWh per month at any instance*
2. Domestic	Applicable to private houses, bungalows, hostels and hospitals run on non-commercial lines, charitable educational and religious institutions for lights, fans, radios, domestic heating and other household appliances	
3. Commercial	Includes all categories that are not covered by other tariff categories, i.e., domestic, BPL, industrial LT, HT consumers and public lighting. Applicable for shops, offices, restaurants, bus stations, photo studios, laundries, cinema theatres, industrial lighting, clubs and other commercial installations	
4. Government connections	Applicable to all government connections except those specifically included in industrial LT and public lighting	
5. Industrial supply	Applicable to all industrial LT connections including water works/pumps	
6. HT supply	Applicable for the consumers connected with 11 kV	***Note:*** *To be read with other terms and conditions for HT supply mentioned separately*

Category	Applicability	Point of Supply/Notes
7. **Public lighting**	Applicable for lighting on public roads, footpaths, streets and fairs in parks & markets	
8. **Temporary supply**	The supply shall be given for a period of not more than three months. For any extension, a fresh connection has to be obtained on a new application. The temporary connection can only be for a maximum period of six months.	The above-mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage

10.3. General terms and conditions

1) The tariffs are exclusive of electricity duty, taxes and other charges levied by the government or other competent authority from time to time, which are payable by the consumers in addition to the charges levied as per the tariff.

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 unauthorised use of electricity and shall be dealt with for assessment under the provisions of Section 126 of the Electricity Act, 2003, and Supply Code Regulations notified by JERC.

   Provided that if a portion of the domestic premises limited to only one room is used for running small household business having connection under domestic category, such connection shall be billed under domestic category provided that the total monthly consumption of the consumer (including consumption for above mentioned small household business) does not exceed 150 kWh.

   If one room or either more than one room having monthly consumption exceeding 150 kWh for consecutive three months is detected in the domestic premises being used for mixed purposes having domestic connection, such connection shall further be billed under commercial category until a separate connection of appropriate tariff is taken for that portion used for non-domestic purpose.

4) If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps,

fans, fuses, switches, low voltage domestic appliances and fittings, it shall not fall under Section 126 and Section 135 of the EA 2003.

5) The department shall not permit installation of contracted loads of 3 HP and above in LT unless they are provided with capacitors of adequate rating to comply with power factor conditions as specified in the JERC Supply Code Regulations, 2010. The consumer has to provide appropriate capacitors for these installations presently running on or without capacitors.

6) If the consumer fails to pay the energy bill presented to him/her by the due date, the department shall have the right to disconnect the supply after giving 15 days' notice as per the provision of the Act and the Supply Code Regulations. Notice to this effect shall be printed on the bill of the consumer.

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

8) Supply to consumers connected at 11 kV will be charged as per the HT consumer category rate.

9) The billing in case of HT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds the contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the JERC Supply Code Regulations, 2010. If such overdrawal is more than 20% of the contract demand, then the connection shall be disconnected after due notice to the consumers.

   i. **Explanation:** Assuming the contract demand as 100 kVA, maximum demand at 120 kVA and total energy consumption as 12000 kWh, 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 after due notice.

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

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

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

13) **Advance payment rebate:** If payment is made in advance well before commencement of 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.

14) **Prompt payment rebate:** If payment is made at least seven days in advance of the due date of payment, a rebate for prompt payment @0.25% of the bill amount shall be given. Consumers having arrears shall not be entitled to such rebate.

15) Schedule of other charges would be as approved in this Tariff Order.

16) In case any dispute arises about the applicability of any tariff for any particular class of service or as to the interpretation of any clause of these tariffs, the decision of the Commission shall be final and binding.

10.5. Other terms and conditions for HT supply

i. **Penalty charges:**
Shall be in accordance with S. no. 9 of the general terms and conditions.

ii. **Power factor charges**

a. The monthly average power factor of the supply shall be maintained by the consumer not less than 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his/her normal tariff @1% on billed demand and energy charges for each fall of 0.01 in power factor up to 0.7 (lagging).
b. In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @1% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).
c. If the average power factor falls below 0.70 (lagging) consecutively for three months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.
d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

iii. **Billing demand**
Billing demand in a billing cycle will be the higher of the following: (a) 75% of the contract demand or (b) actual demand recorded by the meter.

10.6. Schedule for Miscellaneous Charges

S. no.	Particulars	Charges
Meter rent charges		
1.	Single-phase meter	Rs 10 per month or part thereof
2.	Three-phase meter	Rs 25 per month or part thereof
3.	LT meter with MD indicator	Rs 200 per month or part thereof
4.	Tri-vector meter	Rs 500 per month or part thereof
Note: *The type of meter to be installed in consumer premises will be decided by the department. Generally, LT consumers having connected load above 50 HP will be provided with LT (maximum demand indicator) meters. Considering the constraints prevailing in Lakshadweep, the energy meters will be provided by the department only.*		
Reconnection charges after temporary disconnection		
5.	Single-phase LT connection	Rs 50
6.	Three-phase LT connection	Rs 100
7.	HT connection	Rs 500
Service connection charges		
8.	Single-phase LT connection	Rs 250
9.	Three-phase LT connection	Rs 500
10.	HT connection	Rs 1000
Extra length charge		
11.	Single phase	Rs 50/metre
12.	Three phase	Rs 100/metre
Note: *Extra length chargeable will be beyond permissible 30 metres free length from existing network for new connection for all categories.*		
Testing fee for various metering equipment		
13.	Single-phase meter	Rs 100 per meter
14.	Three-phase meter	Rs 300 per meter
15.	Three-phase tri-vector meter (0.5 Class) industrial LT consumer	Rs 500 per meter
16.	Three-phase tri-vector meter (0.5 Class) 11 kV HT consumer	Rs 500 per meter
17.	Combined CT-PT unit for 11 kV consumer	Rs 500 per unit
18.	Three-phase CT block	Rs 300 per block
19.	CT coil	Rs 100 per coil
Fees (non-refundable) for submission of test report of wiring completion		
20.	Single-phase lighting / domestic connection	Rs 10 per test report
21.	Three-phase lighting /domestic connection	Rs 25 per test report
22.	Single-phase lighting / commercial connection	Rs 50 per test report
23.	Three-phase lighting / commercial connection	Rs 100 per test report
24.	Three-phase LT industries	Rs 250 per test report
25.	Single phase / streetlight / public lighting & others	Rs 50 per test report
Other charges		
26.	Meter shifting charges (within the premises on consumer request)	Rs 1000
27.	Shifting of poles on consumer request	Rs 1500
28.	Diversion of HT/LT line on consumer request	Rs 100 per meter
29.	Penalty for tampering/damaging of supplier equipment	As per the relevant provisions of the JERC Supply Code Regulations, 2010

Chapter 11. Directives

Over the years, the Commission has issued various directives to the Petitioner for necessary action. It has been observed that the Petitioner is not fully complying with most of the directives issued by the Commission. In order to ensure timely implementation of all the directives and strengthen the effective monitoring, the Commission hereby orders that the Petitioner will now compulsorily submit:

- ***The detailed action plan for compliance of all the directives <u>within 1 month of issuance of this order</u>.***
- ***The quarterly progress report as per the detailed action plan for all the directives issued in the subsequent sections <u>within 10 days after the end of each quarter of the calendar year</u>.***

11.1. New Directives

11.1.1. Notified Tariff Categories

Commission's latest directive in the Present Tariff Order
The Commission had introduced a new Tariff category – Government connections in the MYT Order dated 31st March, 2016. However, it has been observed that the Petitioner has not incorporated that category in the present Tariff Petition.   *The Commission, therefore, directs the Petitioner to strictly adhere to the notified tariff categories and submit all the future Petitions containing all the requisite details as per the relevant Tariff Orders of the Commission.*

11.2. 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 is observed that some of the directives issued in the 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 with 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.

11.2.1. Metering of consumer installations / replacement of non-functional or defective meters

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission is of the view that already substantial delay has occurred in 100% metering.* ***The Commission directs the Petitioner to report with 100% compliance of this directive by 30th October 2016, failing which, the Commission will be constrained to take appropriate action against the Petitioner.***
Petitioner's response in present Tariff Petition *It is submitted that the details are being compiled and shall be submitted separately.*
Commission's response *The Commission has noted with serious concern the submission of Petitioner.* ***The Commission now directs the Petitioner to report with 100% compliance of this directive by 30th October 2017, failing which, the Commission will be constrained to take appropriate action against the Petitioner.***

11.2.2. Energy Audit Report

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to submit energy audit reports of relevant years along with all the future filings.*
Petitioner's Response in present Tariff Petition *It is submitted that the energy audit report shall be submitted on completion of the audit as directed.*
Commission's response *The Commission has noted with serious concern the submission of Petitioner.* ***The Commission now directs the Petitioner to report with 100% compliance of this directive by 30th October 2017, failing which, the Commission will be constrained to take appropriate action against the Petitioner.***

11.3. 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 the some of the directives issued in previous Tariff Orders have not been fully complied with by the Petitioner.

These directives are important for the functioning of department and the Commission has decided to continue with the following directives:

11.3.1. Filing of review and True-up Petition for previous years

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to prepare accounts on commercial principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the True-up Petitions for these years along with the next Petition, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *It is submitted that LED has prepared the accounts for FY 2012-13, FY 2013-14 and 2014-15, and the same has been audited by C&AG. Audit certificate for FY 2012-13 has been issued, while that for FY 2013-14 and 2014-15 shall be issued shortly. Audit certificate for the FY 2013-14 and 2014-15 shall be submitted on receipt of the same. The same is being pursued with C&AG. LED has submitted the True-up Petitions for the above years based on the accounts. The accounts for FY 2015-16 are under preparation and True-up Petition for the same shall be submitted immediately on completion of audit by C&AG. The Hon'ble Commission may kindly allow the same.*
Commission's response *The Commission has noted the efforts undertaken by the Petitioner. However, the Commission notes that the True-up of FY 2015-16 was required to be filed along with the current Tariff Petition only. The Commission now directs the Petitioner to file all the True-up Petitions (along with audited accounts within the timeframe notified in the Tariff Regulations notified by the Commission from time to time.*

11.3.2. Annual statement of accounts

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to prepare accounts on commercial principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the True-up Petitions for these years along with the next Petition, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*

Petitioner's response in present tariff Petition *It is submitted that LED has prepared the accounts for FY 2012-13, FY 2013-14 and FY 2014-15 and the same has been audited by C&AG. Audit certificate for FY 2012-13 has been issued, while that for FY 2013-14 and 2014-15 shall be issued shortly. The audit certificate for FY 2013-14 and 2014-15 shall be submitted on receipt of the same. The same is being pursued with C&AG. LED has submitted the True-up Petitions for the above years based on the accounts. The accounts for FY 2015-16 are under preparation and True-up Petition for the same shall be submitted immediately on completion of audit by C&AG. The Hon'ble Commission may kindly allow the same.*
Commission's response *The Commission has noted the efforts undertaken by the Petitioner. However, the Commission notes that the True-up of FY 2015-16 (along with audited accounts) was required to be filed along with the current Tariff Petition only. The Commission now directs the Petitioner to file all the True-up Petitions (along with audited accounts within the timeframe notified in the Tariff Regulations notified by the Commission from time to time.*

11.3.3. Capital Expenditure

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to submit the detailed statement of capital expenditure incurred and capitalized for every quarter, within 15 days of the subsequent quarter as sought by the Commission every quarter, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *It is submitted that LED has not been able submit the quarterly reports as directed by the Hon'ble Commission. The Hon'ble Commission may kindly condone the same. However, the capital expenditure details for the first and second quarter of FY 2016-17 has been compiled and the same is attached in Annexure 2. Henceforth, quarterly report shall be submitted as directed.*
Commission's Response *The Commission has noted the compliance and directs the Petitioner to continue the submission of the quarterly progress reports.*

11.3.4. Interest on security deposit

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to submit the status report of payment of the interest on consumer security deposit for previous FYs at the Bank Rate with effect from 1st April 2012 to the consumers on their security deposit*

irrespective of Petitioner's constraints and should explicitly mention the same as the 'Interest on security deposit' on the bills of the consumers by 30th April 2016, failing which, the Commission will be constrained to take appropriate action against the Petitioner.
Petitioner's response in present Tariff Petition *It is submitted that the LED has already started paying interest and security deposit as directed. The details are provided below:*

Interest on security deposit due as on 31.06.2016 (Rs)	Total interest paid/adjusted during 01.04.16 to 30.06.2016 (Rs)	Total outstanding as on 31.06.2016 (Rs)
1433998.00	1433878.00	120.00

Commission's response *The Commission has noted the while the Petitioner has complied with this directive for the current year, interest is yet to be paid for previous years as evident from the audited balance sheets submitted by the Petitioner. The Commission now directs the Petitioner to pay the interest on consumer security deposit due for previous years along with applicable penalty in FY 2017-18 and report the status to the Commission by 31st May 2017.*

11.3.5. Improvement in specific fuel consumption

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission has noted the submission of the Petitioner that it has taken efforts in this direction by overhauling of the existing DG sets and augmentation of DG capacity and has proposed accordingly in the Business Plan for the MYT Control Period. The Commission directs the Petitioner to submit half-yearly status reports for the same.*
Petitioner's response in present Tariff Petition *As directed, LED has taken steps for overhauling of the existing DG sets and augmentation of DG capacity and other efficiency improvement initiatives. The island-wise fuel consumption details are being compiled submitted shortly.*
Commission's response *The Commission has noted the compliance and directs the Petitioner to submit the quarterly progress reports starting from 30th June 2017.*

11.3.6. Manpower Studies

Originally issued in Tariff Order dated 11th April 2014
Commission's latest directive in Tariff Order dated 31st March 2016 *The report on the action taken in this regard may be submitted by 30th September 2016.*
Petitioner's response in present Tariff Petition *Report on status of manpower studies shall be submitted by 31st December 2016.*
Commission's response *The Commission has noted that the Petitioner has not yet submitted the report. The Commission directs the Petitioner to expedite the study and report compliance to the Commission by 31st July 2017.*

11.3.7. Quarterly reports

Originally issued in Tariff Order dated 11th April 2014
Commission's latest directive in Tariff Order dated 31st March 2016 *The Petitioner is directed to submit the quarterly reports without fail in hard and soft copy from the first quarter of FY 2016-17.*
Petitioner's response in present Tariff Petition *Online powerhouse management, inventory system and indexing system of consumers are being developed by NIC, Kavaratti.*
Commission's response *The Commission has noted the Petitioner has not yet submitted the quarterly status report. Pending the operationalisation of system by NIC, the Petitioner is directed to submit all the quarterly reports without fail from the first quarter of FY 2017-18 in the manual form.*

11.3.8. Publicity for consumer grievance handling system

Originally issued in Tariff Order dated 17th April 2015
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to explore offline means for creating awareness and submit status report along with the next filing.*
Petitioner's response in present Tariff Petition *It is submitted that LED is taking all efforts to create awareness among the consumers regarding CGRF.*

Commission's response
The Commission has noted the Petitioner has not yet submitted the status reports of the means for creating awareness and directs the Petitioner to submit status report along with next filing.

11.4. Directives dropped in this Tariff Order

After examining the compliance notes and supporting documents submitted by the Petitioner in the present petition, the Commission is of the view that since some of the directives have been complied with satisfactorily, these directives are no longer required. No further compliance/status is required to be submitted by the Petitioner for the following directives:

11.4.1. Preparation of Fixed Asset and depreciation register

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to prepare fixed asset and depreciation register and get it audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file along with next Petition, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *It is submitted that LED has prepared the fixed asset and depreciation register for FY 2012-13, FY 2013-14, FY 2014-15 and the same has been audited by C&AG along with the accounts. A copy of the same is attached.*
Commission's response *The Commission has noted the compliance and has decided to drop this directive with an advisory to file all future True-up Petitions along with audited fixed asset registers within the timeframe notified in the tariff regulations notified by the Commission from time to time.*

11.4.2. Optimisation of fuel cost

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission appreciates the efforts taken in streamlining fuel accounting system. However, the Commission directs the Petitioner to prepare software-based fuel accounting system for generating station-wise fuel receipts and issues along with the data of fuel quantity received at the port end, dispatches to the different islands and quantity actually received at the islands.*

The Commission directs the Petitioner to ensure compliance of the same by 31st December 2016.
Petitioner's response in present Tariff Petition *It is submitted that LED has developed a software-based fuel accounting system for generating station-wise fuel receipts and issues along with the data of fuel quantity received at the port end, dispatches to the different islands and quantity actually received at the islands and the same has started functioning. The details for the current FY are attached.*
Commission's response *The Commission has noted the compliance and has decided to drop this directive.*

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

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to maintain segregation of the O&M expenses under different accounting heads and maintain the information as desired as per the regulatory formats and submit the same along with the next ARR/tariff filing.* *The Commission directs the Petitioner to prepare accounts on commercial principles and get them audited before 30th October 2016, for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the True-up Petitions for these years along with next Petition, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *It is submitted that LED has prepared the accounts for FY 2012-13, FY 2013-14 and FY 2014-15 and the same has been audited by C&AG. Audit certificate for FY 2012-13 has been issued, while that for FY 2013-14 and FY 2014-15 shall be issued shortly. Audit certificate for FY 2013-14 and FY 2014-15 shall be submitted on receipt of the same. The same is being pursued with C&AG. LED has submitted the True-up Petitions for the above years based on the accounts. The accounts for FY 2015-16 are under preparation and True-up Petition for the same shall be submitted immediately on completion of audit by C&AG. The Hon'ble Commission may kindly allow the same.*
Commission's response *The Commission has noted the compliance and has verified that the segregation of O&M expenses under different account heads has been done in the audited accounts. Therefore, the Commission has decided to drop this directive with an advisory to file all future True-up Petitions along with audited accounts within the timeframe notified in the tariff regulations notified by the Commission from time to time.*

11.4.4. Collection of arrears

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission directs the Petitioner to submit the requisite details (analysis of the outstanding dues; bad debts etc. & construction of a data base of such consumers including particulars like amount, aging schedule and category) as sought by the Commission by 30th May 2016, failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *The arrears details are provided in Annexure 1.*
Commission's response *The Commission has noted the compliance and has decided to drop this directive with an advisory to recover these arrears in a time-bound manner in its own interest.*

11.4.5. Renewable purchase obligation and exploration of alternative sources of electrical energy

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission has noted the submission of the Petitioner that it has proposed augmentation solar power generating capacity in the investment plan for the MYT Control Period and directs the Petitioner to continue its efforts in this direction.*
Petitioner's response in present Tariff Petition *Complied.*
Commission's Response *The Commission has noted the compliance and has decided to drop this directive.*

11.4.6. Bill payment

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 31st March 2016 *The Commission has noted the submission of the Petitioner that the system of online collection of bills is already operating and LED is further working to further improve it and increase its reach. The Commission directs the Petitioner to submit the latest status report within one month of issuance of this order.*

Petitioner's response in present Tariff Petition

It is submitted that online collection of bills is already operating and the facility is now also available for consumers of other islands. The details are provided below:

S. n.	Month	Total no. of consumers paid during the month	Total no. of consumers paid online
1	Mar-16	19512	1083
2	Apr-16	19236	1163
3	May-16	19704	783
4	Jun-16	25787	713
5	Jul-16	21520	926
6	Aug-16	20927	726
7	Sep-16	20621	750

Commission's response

The Commission has noted the compliance and has decided to drop this directive.

11.4.7. Strengthening of the consumer grievance redressal system

Originally issued in Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order dated 31st March 2016

The Commission has noted that the Petitioner has not yet complied with the directive. The Commission directs the Petitioner to submit the latest status report within one month of issuance of this order and submit quarterly reports henceforth.

Petitioner's response in present Tariff Petition

The status report on the number of complaints received, attended, etc., is given below:

No. of complaints received during 01.04.2016 to 30.09.2016	No. of complaints attended/resolved during 01.04.2016 to 30.09.2016
3	3

Commission's response

The Commission has noted the compliance and has decided to drop this directive with an advisory to continue monthly/quarterly schedule for visit to different islands by officers, i.e., SDO, executive engineers and superintendent engineer LED, to bring in greater efficiency in the working of LED and also to hear and settle the public grievances and complaints of the consumers at the spot so that no consumer is forced to visit the main office of the LED.

11.4.8. Safety of consumers and employees

Originally issued in Tariff Order dated 17th April 2015

Commission's latest directive in Tariff Order dated 31st March 2016

The Commission has noted the submission of the Petitioner that training programs have been planned for employees and safety awareness campaigns for consumers. The Commission is of the view that Petitioner has not fully complied with the directive.

The Commission directs the Petitioner to ensure 100% compliance of this directive and submit status report along with the next filing.

Petitioner's response in present Tariff Petition

It is submitted that the as directed by the Hon'ble Commission, LED has arranged training for the employees and awareness programmes with regard to safety for consumers.

Commission's response

The Commission has noted the compliance and has decided to drop this directive with an advisory to conduct similar trainings and awareness programmes periodically.

11.4.9. Energy efficiency measures

Originally issued in Tariff Order dated 11th April 2014

Commission's latest directive in Tariff Order dated 31st March 2016

The Commission directs the Petitioner to submit the details of roll-out plan for distribution of LED bulbs along with year-wise potential savings within two months of issuance of this order.

Petitioner's response in present Tariff Petition

S. no.	Name of island	No. of LED bulbs supplied	No. of LED bulbs distributed	No. of ICL/CFL collected	Wattage of ICL/CFL collected in (Watt)	Saving in Watts	Balance quantity	Remarks
1	Amini	12000	7379	7360	139957	73546	4621	23 bulbs damaged
2	Kadmat	10000	6250	6250	227,150	170,900	3750	
3	Kiltan	7000	5088	5088	132439	86647	1912	51 bulbs defective
4	Bitra	200	187	187	4210	2620	13	Distribution completed. Remaining 13 bulbs kept for sale/replaceme
5	Chetlat	4800	2925	2925	61807	35482	1875	25 bulbs defective
6	Agatti	10000	7443	7443	461430	163728	2557	27 bulbs defective
7	Kalpeni	9000	6688	2520	106800	46644	2312	

	8	Kavaratti	20000	11785	11785	--	228226	8215	
	9	Androth	15000	11800	11800	-	70800	3200	
	10	Minicoy	12000	5774	5774	73125	21159	6226	
		Total	100000	65319	61132	979768	728852	34681	

Commission's response

The Commission has noted the compliance and has decided to drop this directive with an advisory to the balance LEDs within next six months with intimation of status of completion of distribution of LEDs to the Commission.

Annexure 1: List of Stakeholders

The following is the list of the Stakeholders who have submitted objections/ suggestions:

S. no.	Name of Stakeholder	Representation (in writing)	Representation (in person)
1.	Mr. T. P. Abubakar	X	√
2.	Mr. Mustafa	X	√
3.	Mr. Thangagoya	X	√
4.	Mr. Asif Ali`	X	√
5.	Mr. Munir	X	√
6.	Mr. M.P. Yaku	X	√
7.	Mr. Khalil K.P.	X	√