TARIFF ORDER

Determination of Tariff for the FY 2017-18, Annual Performance Review of the FY 2016-17 & True-up of the FY 2014-15 and FY 2015-16

Petition No. 224/2017

For

Electricity Department, Government of Puducherry (PED)

16th May 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
Shri. M. K. Goel (Chairperson)
Smt. Neerja Mathur (Member)

Petition No. 224/2017

In the matter of

Approval of True-up of the FY 2014-15 and FY 2015-16, Annual Performance Review of the FY 2016-17 and Aggregate Revenue Requirement (ARR) with tariff proposal for the FY 2017-18.

And in the matter of

Electricity Department, Puducherry (EDP)…………………………………………………**Petitioner**

ORDER

Dated: 16th May 2017

a. This Order is passed in respect of the Petition filed by the Electricity Department, Puducherry for the approval of True up for the FY 2014-15 and FY 2015-16, Review of the FY 2016-17, Aggregate Revenue Requirement for the FY 2017-18 and Retail Supply Tariff for the FY 2017-18.

b. After receiving the Petition, the Commission scrutinized 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, suggestions /comments/objections were invited from the public/stakeholders. A 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	28th December 2016
Technical Validation Session	24th January 2017
Public Hearing	15th February 2017

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

d. The licensee shall publish the revised Tariff Schedule and the salient features of tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply. The licensee shall also publish a booklet in Hindi, English and the local language containing all the details of tariff and its applicability for the benefit of consumers and shall be made available for sale to the public at a nominal price.

e. 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: 16 मई 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
CGS	:	Central Generating Station
COD	:	Commercial Operation Date
Commission/JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
CKt. Km	:	Circuit Kilometer
DISCOM	:	Electricity Department of Puducherry
DELP	:	Domestic Efficient Lightening Program
DSA	:	Deviation Settlement Account
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
IPDS	:	Integrated Power Development Scheme
JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
KVA	:	Kilo Volt Ampere
KWh	:	Kilo Watt Hour
KSEB	:	Kerala State Electricity Board
LPS	:	Late Payment Surcharge
LT	:	Low Tension
MOD	:	Merit Order Dispatch
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets
O&M	:	Operation & Maintenance
OHOB	:	One Hut One Bulb
PGCIL	:	Power Grid Corporation of India Ltd.

Abbreviation		**Full Form**
PLF	:	Plant Load Factor
PPCL	:	Puducherry Power Corporation Limited
PX	:	Power Exchange
R-APDRP	:	Restructured Accelerated Power Development and Reforms Programme
REA	:	Regional Energy Account
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SLDC	:	State Load Dispatch Centre
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
SRPC	:	Southern Regional Power Committee
TANGEDCO	:	Tamil Nadu Generation and Distribution Corporation Limited
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 Electricity Department, UT Administration of Puducherry

In earlier years, the Electricity Department of Puducherry (EDP) had submitted the Tariff and Business Plan Petitions, on which the Commission had subsequently issued the following Orders:

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

S No.	For FY	Filing date	Date of Tariff Order
1.	2009-10	5th October 2009	5th February 2010
2.	2011-12	29th September 2011	12th June 2012
3.	2012-13	21st December 2011	12th June 2012
4.	2013-14	15th January 2013	10th April 2013
5.	2014-15	20th January 2014	25th April 2014
6.	2015-16	2nd January 2015	10th April 2015
7.	Business Plan for First MYT Control Period	11th August 2015	4th December 2015
8.	ARR for First MYT Control Period	08th January 2016	24th May 2016

1.3. Filing and Admission of the Present Petition

The present Petition was filed vide letter dated 30th November 2016 and received at the Commission's office on 05th December 2016. The Petition, completed in due course duly complying with the Conduct of Business Regulations, was admitted on 28th December 2016 and numbered as Petition No. 224/2017.

1.4. Interaction with the Petitioner

The Order has referred at numerous places to various actions taken by the "Commission." It may be mentioned for the sake of clarity that the term "Commission," except for the hearing and Orders, denotes the Secretariat of the Commission responsible for carrying out the technical due diligence and validation of the data of the Petition filed by the EDP, obtaining and analysing information/clarifications received from the EDP, and submitting relevant issues for consideration of the Commission.

The Commission's staff held discussions with the Petitioner and 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) with the Petitioner during which discrepancies in the Tariff Petition were pointed out and additional information sought by the Commission was informed. Relevant dates, including dates of correspondence and interaction with the Petitioner are as follows:

Table 1.2: List of interactions with the Petitioner

S .No.	Date	Particulars
1.	03rd January 2017	Data Gaps sought by the Commission
2.	24th January 2017	Technical Validation Session
3.	24th January 2017	Reply to Data Gaps furnished by the Petitioner
4.	22nd March, 2017	Reply to remaining data gaps furnished by the Petitioner

1.5. Public Hearing process

The Commission directed the Petitioner to publish a summary of the present Petition in the abridged form to ensure public participation. Public Notices were published by the Petitioner for inviting suggestions /objections from the stakeholders on the Tariff Petition which are taken into consideration for finalization of the Tariff Petition are as follows.

Table 1.3: Details of Public Notices published by the Petitioner

Sr. No.	Date	Language	Name of Newspaper
1	31st December 2016	English	The New Indian Express
2	30th December 2016	Tamil	Malai Malar
3	31st December 2016	Tamil	Dinakaran
4	30th December 2016	Telgu	Janamitra

The Petitioner also uploaded the Petition on its website (http://electricity.puducherry.gov.in) for inviting suggestions and objections on the Petition. Interested parties/stakeholders were requested to file their objections/ suggestions on the Petition to the Commission with a copy to the Petitioner on or before 10th February 2017. The copies of the Public Notices published by the Petitioner are attached as **Annexure 1** to this Order. The Commission received many suggestions on the Petition, on which the department responded in writing.

1.6. Notice for Public Hearing

The Commission also published a Public Notices in the leading newspapers giving due intimation to stakeholders, consumers, stakeholders and the public at large about the public hearing to be conducted by the Commission on 15th February2017 from **10:00 AM** onwards at the PMSS Hall, No-81 Laporte Street, Puducherry as given below:

Table 1.4: Details of Public Notices published by the Commission

S. No.	Date	Description	Language	Name of Newspaper
1.	26th January 2017	First Public Notice	Tamil	Dinakaran
2.	26th January 2017	First Public Notice	Tamil	Malai Malar
3.	26th January 2017	First Public Notice	Telugu	Janamitra
4.	28th January 2017	First Public Notice	English	The New Indian Express
5.	28th January 2017	First Public Notice	Malyalam	Metro Vartha
6.	12th February 2017	Second Public Notice	Malyalam	Mathrubhumi
7.	13th February 2017	Second Public Notice	English	The Hindu
8.	13th February 2017	Second Public Notice	Telugu	Andhra Jyothi Daily

Copies of the Public Notices published by the Commission for intimation of the Public Hearing are attached as **Annexure 2** to this Order. This Public Notice was also uploaded on the Commission's website (www.jercuts.gov.in).

The major issues raised/indicated during the Public Hearing, along with the comments/replies of the utility 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 into the following chapters:

- **Chapter 1** of the Order provides the background and brief description of the regulatory process undertaken by the Commission.
- **Chapter 2:** Summary of Suggestions/Objections received, Response from the Petitioner and the Commission's Views
- **Chapter 3:** True-up for the FY 2014-15
- **Chapter 4:** True-up for the FY 2015-16
- **Chapter 5:** Review of FY 2016-17

- **Chapter 6:** Approval of the various Annual Revenue Requirement (ARR) components for the FY 2017-18

- **Chapter 7:** Open Access charges for the FY 2017-18

- **Chapter 8:** Approach of the Commission on tariff principles and design.

- **Chapter 9:** Tariff schedule of the FY 2017-18 and Schedule of Services and Charges approved by the Commission.

- **Chapter 10:** Directives of the Commission to Electricity Department Puducherry (EDP)

Chapter 2. Summary of Suggestions/Objections received, Response from 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 the salient features of the Petition in the newspapers in abridged form in the given format duly inviting comments/objections from the public in terms of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 (herein referred to as Tariff Regulations 2009) and JERC (Multiyear Distribution Tariff) Regulations 2014 (herein referred to as MYT Regulations 2014) as amended from time to time.

The Public Hearing was held on 15th February 2017 at Puducherry. During the Public Hearing, some of the stakeholders who had submitted their comments in writing also presented their views in person before the Commission. Other participants from the general public, who had not submitted written objections earlier, were also given an equal opportunity to present their views/suggestions in respect of the Petition.

The list of the Stakeholders is attached as **Annexure 3** to this Order.

2.2. Stakeholders Comments, Response of the Petitioner and Commission's View

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/comments/observations to make the Electricity Distribution Sector responsive and efficient. The Commission has noted and addressed the concerns of all the stakeholders in the subsequent sections:

2.2.1. Increase in Demand Charges

Stakeholder's Comment:

In Puducherry, the demand charges are abnormally low and energy charges are higher. EDP should increase demand charges and decrease energy charges. The same would increase the revenue of the department and would increase the consumer base.

Petitioner's Response:

It is accepted that the demand Charges in Puducherry are lower than other States. However even the energy charges are lower if compared to the other States and hence further reduction in the energy charges is not desirable. The suggestion to increase the demand charges shall be considered in the next Petition.

Commission's View:

Demand Charges are generally levied to allow the Discoms to recover the costs which are fixed in nature, e.g. O&M Expense, the Return on Capital and capacity charge payable to the power generators, transmission company etc. The Commission is of the view that the tariff structure approved by the Commission has judiciously considered all the aspects while fixing the demand and energy charges for various categories of consumers.

2.2.2. Decrease in Demand Charges to 20% for Steel Mills

Stakeholder's Comment:

EDP should follow Tamil Nadu State in reducing the demand charges to 20% of the normal amount for the steel mills which are not functioning on continuous basis due to business conditions.

Petitioner's Response:

The Petitioner has maintained same demand charges as in previous year.

Commission's View:

The Commission is of the view that the present demand charges are substantially lower than the prevailing demand charges in Tamil Nadu for the industrial consumers. Given the present cost structure of EDP, the Commission does not find any merit in any reduction of the demand charges.

2.2.3. Night Hour Power Incentive Schemes for HT and EHT consumers

Stakeholder's Comment:

EDP should offer incentive to the HT and EHT Industrial category consumers who consume power at their maximum contracted demand in the night.

Petitioner's Response:

The Commission has already notified the Time of the Day (ToD) tariff, being the lower tariff for energy consumption at night. Further restructuring of the ToD tariff may be proposed in the next Tariff Petition.

Commission's View:

The Commission notes the submission made by the Petitioner. Smart meters are required to capture the ToD demand and hence the Petitioner should expedite the installation of smart meters for all consumers, especially HT and EHT Industrial before the incentive scheme, as proposed, can be considered.

2.2.4. Consideration of accumulated Interest on Consumer Security Deposit

Stakeholder's Comment:

The Petitioner has considered provision of interest on consumer deposits (which has been calculated but not paid to the consumers) for calculation of revenue gap. Further, the Interest on Consumer Deposits is not being considered as part of the ARR by most of State utilities.

Petitioner's Response:

The Interest on Consumer Security Deposits is paid to all eligible HT Consumers without any arrears and for new LT Consumers from FY 2013-14 onwards.

The Interest on Consumer Security Deposit to be paid to the old (existing prior to the FY 2013-14) LT consumers for the period between FY 2009-10 to FY 2016-17, can be implemented conveniently through a new software system which is being prepared under the R-APDRP scheme. The Petitioner would require some time to complete this activity. Further Interest on Consumer deposits is being considered as part of the ARR by most of the State utilities contrary to the submission made by the stakeholder.

Commission's View:

The Commission has noted with serious concern that the Petitioner has not paid Interest on the Consumer Deposits to all the consumers in the time bound manner as per the provisions of JERC Supply Code Regulations, 2010. The Commission has decided not to consider the provision of backlog of Interest on Consumer Security Deposit as pass through in the Tariff for the FY 2017-18 and same will be considered at the time of True-up on the basis of actual payment.

However, the Petitioner is directed to positively clear the backlog of payment of Interest on Consumer Security Deposit within the FY 2017-18 and report the compliance to the Commission.

2.2.5. Voltage wise Segregation of Fixed Assets

Stakeholder's Comment:

Fixed Assets are not segregated as per their respective voltage level and hence voltage wise cost of supply can't be determined.

Petitioner's Response:

Separate Asset Registers have been prepared for Transmission Business, Distribution Business and Administration. Further segregation of assets based on the voltage level would be explored.

Commission's View:

The Commission notes the submission made by the Petitioner and directs the Petitioner to submit the Fixed Assets Register (including details of voltage wise assets) for examination and validation by the Commission along with next Tariff filing.

2.2.6. Cross Subsidy Surcharge

Stakeholder's Comment:

Currently Cross-Subsidy Surcharge (CSS) in the UT is at a very high level. EDP should submit category-wise cost of supply in its Petition and then only CSS and wheeling charges should be determined.

Petitioner's Response:

Cross subsidy Surcharge is levied on the Open Access consumers as per the applicable provisions of Electricity Act 2003, National Tariff Policy and Regulations framed by the Commission.

Currently voltage-wise asset register has not been prepared. Once it is prepared, only then it shall be possible to calculate the category-wise cost of supply.

The road map for reduction in cross subsidy surcharge is yet to be finalized and only after finalization of the same EDP can propose a reduction in the CSS. Further a consultative process would be adopted for a gradual decrease in cross subsidy/cross subsidy surcharge as per National Tariff Policy, 2016 so that no consumer category gets tariff shock.

Commission's View:

The Commission observes that the cross-subsidy surcharge is on higher side as compared to other UTs and State of Goa in its jurisdiction. The Commission directs the Petitioner to finalize and submit the roadmap for reduction in cross subsidy/Cross Subsidy Surcharge on priority.

2.2.7. Rebate for higher load factor and supply at higher voltage

Stakeholder's Comment:

Few states offer incentive for higher load factor as well as incentive for availing supply at higher voltage and same should also be implemented in Puducherry.

Petitioner's Response:

The proposal for incentives will be considered in the next Tariff Petition after undertaking a detailed study on the impact on revenue on account of these incentives.

Commission's View:

The Commission notes the submission made by the Petitioner and directs the Petitioner to submit the proposal for introduction of the incentive for higher load factor as well as incentive/penalty for availing supply at higher/lower voltage along with next tariff proposal. The Petitioner is also directed to submit the computation of likely impact on revenue due to this proposal.

2.2.8. Reduction in Non-Tariff Income

Stakeholder's Comment:

There has been steep fall in the Non-Tariff income from FY 2010-11 to FY 2016-17. EDP is not considering income from sales to power exchange and interest on loan to employees as Non-Tariff Income.

Petitioner's Response:

Earlier EDP was earning 90% of its Non-Tariff Income because of UI sales. However that has now declined steeply because of the revised Deviation Settlement Mechanism (DSM) and increase in the consumption within Puducherry from FY 2013-14 onwards.

Commission's View:

The Commission has noted that even in the present Petition, the Petitioner has submitted UI sales as part of Non-Tariff Income in True up of FY 2014-15 and FY 2015-16. The Commission, as a part of prudence check has considered revenue from UI sales under separate head "Revenue from Sale of surplus power/UI" and has accordingly not considered it as a part of Non-Tariff Income. However, the Commission has considered the Non-Tariff income as available in the Audited Accounts. The Commission also advises the Petitioner to look for other avenues for increasing the Non-Tariff Income.

Chapter 3. True-up for the FY 2014-15

3.1. Applicable provisions of JERC for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009

The True-up of the FY 2014-15 is to be carried out as per Regulation 8 (2) 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."

3.2. Approach for the True-up of the FY 2014-15

The Commission had determined the ARR for the FY 2014-15 vide its Order dated 25th April 2014 and subsequently carried out the Review of the FY 2014-15 in its Order dated 10th April 2015.

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

3.3. Energy sales, Number of consumers and Connected load

Petitioner's submission:

The total actual energy sales for the FY 2014-15 were 2366.31 MUs as against 2480.78 MUs approved earlier by the Commission vide Annual Performance Review (APR) Order dated 10th April 2015. The lower energy sales in the FY 2014-15 were due to poor industrial growth and performance. The reduced consumption by the Steel companies due to poor market demand has also hampered the expected sales growth in the FY 2014-15. The number of consumers at the end of the FY 2014-15 were at 4,32,609 and connected load for categories which were billed on the basis of the connected load was 4,18,598 kW.

Commission's analysis:

The Commission after going through the submissions of the Petitioner including the examination of the audited accounts for the FY 2014-15, approves the number of consumers and the sales as follows:

Table 3.1: Energy Sales approved by the Commission in the True-up of the FY 2014-15 (in MU)

S No	Categories	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Domestic	703.94	635.22	645.22
2	One Hut One Bulb (OHOB)		10.00	
3	Commercial	187.84	182.22	182.22
4	Agriculture	57.00	57.00	57.00
5	Public Lighting	26.00	26.00	26.00
6	LT Industrial	199.12	198.90	198.90
7	HT Industrial and Commercial	897.94	875.29	875.29
8	Industrial HT-EHT	335.34	319.60	319.60
9	HT State and Central Government Establishments	59.60	55.96	55.96
10	Other Temporary Supply	14.00	6.12	6.12
	Grand Total	**2480.78**	**2366.31**	**2366.31**

Table 3.2: Number of Consumers approved by the Commission in the True-up of the FY 2014-15 (in Nos.)

S No	Categories	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1.	Domestic	3,17,305	3,22,034	3,22,034
2.	OHOB			
3.	Commercial	46,511	46,938	46,938
4.	Agriculture	6,836	6,849	6,849
5.	Public Lighting	49,891	49,893	49,893

S No	Categories	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
6.	LT Industrial	6424	6423	6423
7.	HT Industrial and Commercial	415	412	412
8.	Industrial HT-EHT	7	7	7
9.	HT State and Central Government Establishments	51	53	53
	Grand Total	**4,27,440**	**4,32,609**	**4,32,609**

The Commission observes that the Petitioner has provided information of the connected load for a few categories only. Since the information pertaining to connected load is not complete, the Commission is not approving any connected load for the FY 2014-15 and directs the Petitioner to maintain and submit the information for all the categories in all future filings of Tariff Petitions before the Commission.

Therefore, the Commission approves the total sales of 2366.31 MU and the total number of consumers at 4,32,609 in the True-up of the FY 2014-15.

3.4. Power Purchase Quantum and Cost

Petitioner's submission:

An amount of Rs 940.45 crore (including Rs 13.60 crore incurred for meeting RPO) has been incurred for the procurement of power in the FY 2014-15 as against the total power purchase cost of Rs 963.84 crore (including provision of RPO of Rs 15.26 crore) approved by the Commission for the FY 2014-15 in its Order dated 10th April, 2015.

Table 3.3: Power Purchase submitted by the Petitioner for the True-up of the FY 2014-15 (Rs. crore)

S. No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
A	**CGS**	**1,949.07**	**151.84**	**400.17**	**7.06**	**559.07**
1	RSTPS 1 & 2	*435.38*	*25.72*	*104.82*	*0.56*	*131.10*
2	RSTPS 3	*68.01*	*7.48*	*17.05*	*0.07*	*24.60*
3	Talcher-2	*515.80*	*36.62*	*75.33*	*3.18*	*115.13*
4	Simhadri-2	*32.59*	*7.75*	*8.33*	*0.24*	*16.33*
5	NTECL Vallur	*85.04*	*15.67*	*16.50*	*(0.15)*	*32.02*
6	NLC Stage-II Unit-I	*495.80*	*30.36*	*109.65*	*1.23*	*141.24*
7	NLC Stage-II Unit-II	*190.14*	*11.87*	*42.05*	*1.18*	*55.11*
8	NLC Stage I Expansion	*126.31*	*16.36*	*26.44*	*0.76*	*43.55*
B	**NPCIL**	**415.48**	**-**	**111.09**	**5.06**	**116.15**
1	MAPS	40.20		*8.14*	*0.20*	8.34
2	Kaiga 1 & 2	239.06		*71.32*	*2.32*	73.64
3	Kaiga Stage-2					
4	KKNP	136.22		*31.63*	*2.54*	34.17

S. No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
C	**PPCL**	**95.40**	**12.55**	**27.28**	**(0.98)**	**38.85**
1	PPCL	*95.40*	*12.55*	*27.28*	*(0.98)*	*38.85*
D	**TANGEDCO**	***356.11***		***123.57***		***123.57***
E	**KSEB**	***41.91***	***2.95***	***20.23***	***0.13***	***23.31***
D	Rebate				(12.75)	*(12.75)*
E	Transmission Charge				70.76	*70.76*
F	PoSoCO				0.95	*0.95*
G	REC				13.60	*13.60*
H	UI	*50.64*		5.84		*5.84*
I	PKCL				1.08	*1.08*
J	**Total**	**2908.61**	**167.33**	**688.18**	**84.92**	**940.45**

Commission's analysis:

The Commission has verified the power purchase details as submitted by the Petitioner in its Petition with the publicly available information from the Regional Energy Accounts (REA) maintained by Southern Region Power Committee (SRPC) on their website (http://www.srpc.kar.nic.in). The Commission has also verified the power purchase cost as submitted by the Petitioner with the amount reflecting in the audited accounts of the FY 2014-15. The Commission, as part of its prudence check, also verified the power purchase bills of the Petitioner and found the same to be in order. Hence the Commission approves power purchase cost as submitted by the Petitioner. Accordingly the Commission approves the following power purchase cost and quantum:

Table 3.4: Power purchase quantum (in MU) and Cost (Rs crore) approved by the Commission in the True-up of the FY 2014-15

Sr. No	Particulars	Energy MUs			Cost (Rs crore)				Per Unit (Paisa/ kWh)
		True Up Submission	True Up Order	Difference	Fixed	Variable	Other	Total	
A	**CGS**	**1,949.07**	**1,946.03**	**3.04**	**151.84**	**400.17**	**7.06**	**559.07**	**287**
1	RSTPS 1 & 2	435.38	432.38	3.00	25.72	104.82	0.56	131.10	303
2	RSTPS 3	68.01	68.01	-	7.48	17.05	0.07	24.60	362
3	Talcher-2	515.80	515.80	-	36.62	75.33	3.18	115.13	223
4	Simhadri-2	32.59	32.59	-	7.75	8.33	0.24	16.33	501
5	NTECL Vallur	85.04	84.99	0.05	15.67	16.50	(0.15)	32.02	377
6	NLC Stage-II Unit-I	495.80	495.80	-	30.36	109.65	1.23	141.24	285
7	NLC Stage-II Unit-II	190.14	190.14	-	11.87	42.05	1.18	55.11	290
8	NLC Stage I Expansion	126.31	126.31	-	16.36	26.44	0.76	43.55	345
B	**NPCIL**	**415.48**	**415.47**	0.00	**-**	**111.09**	**5.06**	**116.15**	**280**
1	MAPS	40.20	40.20	-		8.14	0.20	8.34	208
2	Kaiga 1 & 2	239.06	239.06	0.00		71.32	2.32	73.64	308

Sr. No	Particulars	Energy MUs			Cost (Rs crore)				Per Unit (Paisa/ kWh)
		True Up Submission	True Up Order	Difference	Fixed	Variable	Other	Total	
3	Kaiga Stage-2			-					
4	KKNP	136.22	136.22	0.00		31.63	2.54	34.17	251
C	**PPCL**	**95.40**	**95.40**	-	**12.55**	**27.28**	**(0.98)**	**38.85**	**407**
1	PPCL	95.40	95.40	-	12.55	27.28	(0.98)	38.85	407
D	**TANGEDCO**	**356.11**	356.11			**123.57**		**123.57**	347
E	**KSEB**	**41.91**	41.91		**2.95**	**20.23**	**0.13**	**23.31**	556
D	Rebate						(12.75)	(12.75)	
E	Transmission Charge						70.76	70.76	
F	PoSoCO						0.95	0.95	
G	REC						13.60	13.60	
H	UI	50.64	50.64			5.84		5.84	115
I	PKCL						1.08	1.08	
J	**Total**	**2908.61**	**2905.56**	**3.05**	**167.3**	**688.18**	**84.92**	**940.45**	**324**

Note: The above figures may have a variation at 2nd decimal level due to rounding off.

The Total Power purchase quantum and cost as submitted by the Petitioner and approved by the Commission is tabulated hereunder:

Table 3.5: Summary of Power Purchase approved by the Commission in the True-up of the FY 2014-15

Particulars	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Power Purchase Quantum (MU)	2996.47	2908.61	2905.56
Power Purchase Cost (including RPO) (Rs crore)	963.84	940.45	940.45

Therefore, the Commission approves the overall power purchase quantum and cost of 2905.56 MU and Rs 940.45 crore respectively in the True-up of the FY 2014-15.

3.5. Intra-State Transmission and Distribution (T&D) losses

Petitioner's submission:

Transmission and Distribution (T&D) losses for the FY 2014-15 have been computed at 12.30% as compared to 12.00% as approved by the Commission in the Order dated 10th April 2015. Significant capex could not be made towards reduction of the T&D losses. The HT-LT ratio has also deteriorated due to higher growth in LT consumers as compared to HT consumers, making it difficult for it to maintain the T&D loss levels approved by the Commission.

Certain pockets of Tamil Nadu region are being fed from its 110 kV sub-station located in Puducherry through 22 kV level feeders. These feeders are metered at the sub-station end. Usually, EDP draws certain power from Tamil Nadu Generation and Distribution Corporation (TANGEDCO) 110 kV feeder and TANGEDCO would bill EDP after deducting energy consumption by their 22 kV feeders. During the year FY 2014-15, due to surplus power available with EDP from CGS, it has not drawn any power from 110 kV TANGEDCO feeders. The Petitioner has taken up the matter with TANGEDCO to adjust their 22 kV feeder consumption at Puducherry region from the TANGEDCO sale of power at Karaikal region. However TANGEDCO has still not made the adjustment.

Commission's analysis:

The Commission has analyzed the actual T&D losses based on the drawal schedule as available on the Southern Regional Power Committee (SRPC) website. The actual drawal at the periphery of Puducherry at 2776.27 MU has been considered from the weekly UI sheets for the year as available on the SRPC website and energy purchased from PPCL, TANGEDCO (after considering 4% Transmission Loss) and KSEB. Further, the sales allowed for the FY 2014-15 i.e. 2390.23 MU (including 23.92 MU sold in TANGEDCO area as submitted by the Petitioner) have been considered, to arrive at the actual T&D loss of 13.90% for the utility as tabulated below:

Table 3.6: T&D Losses approved by the Commission in the True-up of the FY 2014-15 (MU)

S. No	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Energy sales within the State/UT (MU)	2,480.78	2,366.31	2,366.31
2	Add: Power Sale in TANGEDCO area (MU)	-	23.92	23.92
3	Total Sales within the State/UT (MU) (1+2)	2,480.78	2,390.23	2,390.23
4	Energy required at State Periphery for Sale to Retail Consumers (MU) (Based on Actual Drawal)	2,819.07	2,725.41	2776.27
5	T&D Losses (MU)	338.29	335.18	386.04
6	**T&D Losses (%) (5/4)**	**12.00%**	**12.30%**	**13.90%**

The Commission, therefore, considers the actual T&D loss of 13.90% for the True-up of the FY 2014-15. However in respect of T&D loss trajectory, the Commission does not consider it appropriate to revisit the normative T&D Loss level and has accordingly retained the normative loss level of 12.00% for the FY 2014-15.

3.6. Penalty towards under-achievement of T&D losses

In view of the above Para the Commission works out the penalty as under:

Commission's analysis:

As per Regulation 9 of the JERC Tariff Regulations 2009,

"Excess or Under Recovery with Respect to Norms and Targets

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

2) The generating company or the licensee, as the case may be, shall bear the entire loss on account of its failure to achieve the norms laid down by the Commission or targets set by the Commission from time to time."

During the review for the FY 2014-15 the Commission had approved a T&D loss level of 12.00%. However as per the actual energy balance of the Petitioner with reference to the Regional Energy Account (REA) and the Deviation Settlement Account (DSA) available on the website of SRPC, the Commission has computed the actual T&D loss of 13.90% for the FY 2014-15. Therefore, the Commission in accordance with Regulation 9 of the JERC Tariff Regulations, 2009 considers levying a penalty towards under-achievement of the norms laid down in the Regulations.

The Penalty has been considered at the rate of effective power purchase rate at the periphery of the Petitioner arrived at 338 Paisa/kWh [after deducting revenue from UI i.e. Rs 2.12 crore (refer section 3.15) from the gross power purchase cost i.e. Rs. 940.45 crore (refer section 3.4) and dividing it by energy available at periphery i.e. 2776.27 MU (refer section 3.5)].

Consequent to the increase in percentage losses over the target approved by the Commission, the power purchased is more than that corresponding to the approved % of losses in the Review Order for the FY 2014-15 dated 10th April, 2015. The assessment of penalty for increase in the T&D losses is shown in the Table below:

Table 3.7: Penalty for underachievement of T&D Losses in the FY 2014-15

S. No	Particulars	FY 2014-15	
		Approved	Actual
a	b	c	d
1	Retail sales within the UT + Sale to TANGEDCO (MU)	2390.23	2390.23
2	T&D Loss within the UT (MU)	12.00%	13.90%
3	Energy required at UT Periphery for Sale to Retail Consumers (1+ 1*2) (MU)	2716.17	2776.27
4	Excess Power Purchase (3d-3c)	60.10	
5	Effective Power Purchase p.u. rate (Paisa per kWH)	338	
6	**Penalty for Underachievement (Rs crore) (4*5)**	**20.31**	

3.7. Energy Balance

Petitioner Submission

Based on the actual sales and the T&D losses, the energy requirement at the periphery of the Petitioner's licensee area has been calculated at 2776.75 MU for the FY 2014-15. The Petitioner has further submitted that it has procured 2908.60 MU from generators/traders. In response to the data gaps, the Petitioner tabulated energy balance for the FY 2014-15 as below:

Table 3.8: Energy Balance for the FY 2014-15 as submitted by the Petitioner (MU)

S. No	Particulars	FY 2014-15
	Energy Requirement	
1	Metered Sales	2,299.31
2	Unmetered Sales	67.00
3	Total Sales within the UT (1+2)	2,366.31
4	Sales to common pool consumers / UI (DSA)	51.34
5	Sales to other distribution licensees(TANGEDCO)	23.92
6	Total Sales (3+4+5)	**2,441.57**
	T&D Losses within the UT	
7	Loss (%)	**12.30%**
8	Loss (MU) 6/(100%-7)	335.18
9	Total Energy Requirement 6+8	**2,776.75**
	Energy Availability	
10	Net thermal generation (Own+ IPP + Share from Central Stations)	**2,857.96**
11	Power purchase from Common Pool / UI / Traders / Exchange / Others	50.64
12	Net Power Purchased (10+11)	2,908.60
13	Inter-State Transmission Losses	131.86
14	**Net Energy Availability (12-13)**	**2776.75**

Commission's analysis:

The Commission has examined the REA for the FY 2014-15 as available in public domain for validating the energy purchased by the Petitioner from the power plants/ traders/ exchange/ banking arrangement/UI mechanism. The Commission has also added the power availability from other sources like PPCL, TANGEDCO and KSEB which are not reflected in the REA. Accordingly the Commission has arrived at the total power purchase quantum of 2905.56 MU (including the UI purchase of 50.64 MU). Further the Commission has relied on the DSA available on website of SRPC to arrive at the actual power availability of 2776.27 MU at periphery of UT and UI power sale of 51.34 MU.

Accordingly, the Energy Balance as considered by the Commission for the True-up of the FY 2014-15 is shown in Table below:

Table 3.9: Energy Balance approved by the Commission for True-up of the FY 2014-15 (MU)

S, No	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission	Approved by the Commission (True-up)
	ENERGY REQUIREMENT			
1	Energy sales in the UT	2,480.78	2,390.23	2,390.23
2	T&D losses within the UT (%age)	12.00%	12.30%	13.90%
3	Energy required for the Territory (MU) 1/(100%-2)	2,819.07	2,725.41	2776.27
4	Add: Sales to common pool consumers/ UI	41.80	51.34	51.34
5	**Energy Requirement @ periphery (3+4)**	**2860.87**	**2776.75**	**2827.61**
	ENERGY AVAILABILITY			
6	Gross Energy Purchase	**2,996.47**	**2,908.60**	**2,905.56**
7	Inter-State losses (MU) (6-5)	*135.60*	*131.86*	*77.96*
8	**Net Energy Availability (6-7)**	**2860.87**	**2776.75**	**2827.61**

3.8. Operation & Maintenance (O&M) Expenses

(i) <u>Employee Expenses</u>

Petitioner's submission:

The actual employee expenses for the FY 2014-15 amount to Rs 75.93 crore. The transport allowance as included in the 'employee cost' break-up is considered in the A&G expenses in the audited accounts. However, in line with the ARR formats, the same has been considered in the employee cost in the ARR. Therefore, the difference to the tune of the transport allowance will be there in the employee expenses and A&G expenses as per the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs. 75.32 crore in the Annual Performance Review of ARR for the FY 2014-15 as per the Tariff Order dated 10th April 2015.

The Commission has verified the break-up of the employee expenses as submitted by the Petitioner from the audited accounts submitted alongside. The Petitioner has submitted that the while the Transport Allowance is being reflected in the head of Administrative and General Expenses in the audited accounts, it has been considered as part of Employee Expenses and accordingly same has been reduced from the A&G Expenses. The Commission has verified the submission from the audited accounts and found the same to be correct and has accordingly approves the consideration of transport allowance as part of Employee Expenses.

The break-up of the employee expenses as approved for the True-up of the FY 2014-15 is as below:

Table 3.10: Employee Expenses approved by the Commission for True-up of the FY 2014-15 (Rs crore)

S. No.	Particulars	Approved (True-up)
	Salaries & Allowances	
1	Salary	87.78
2	Wages	0.64
3	Stipend	0.40
4	Transport Allowance	0.47
5	Overtime Allowance	0.78
	Sub-total	**90.07**
6	Less: Add/Deduct share of others	1.94
7	Less: Amount capitalized	12.21
	Net Employee Expenses	**75.93**

Therefore, the Commission approves actual employee expenses of Rs 75.93 crore (against Rs 75.32 crore earlier approved in the APR) for the True-up of the FY 2014-15.

(ii) Administrative and General Expenses (A&G)

Petitioner's submission:

The A&G expenses of Rs. 14.59 crore were incurred for the FY 2014-15. The transport allowance considered as part of the A&G expenses in the accounts has been considered as part of the employee cost as per the ARR formats.

There is a major increase in the professional charges and office expenses due to payment of licence fee corresponding to two years and appointment of consultants to assist in regulatory affairs and as well as for preparing final accounts and asset registers.

Incentive amounting to Rs 4.54 crore was provided to the consumers for maintaining better power factors and Rs 3.65 crore was incurred for payment to EESL for charges related to the DELP scheme.

The Commission is requested to approve an amount of Rs. 14.59 crore as A&G expenses for the FY 2014-15 based on actuals.

Commission's analysis:

The Commission had approved A&G expenses of Rs. 5.36 crore in the 'Review of ARR for the FY 2014-15 vide Order dated 10th April 2015.

The break-up of the A&G expenses submitted by the Petitioner for the True-up of the ARR of the FY 2014-15 was verified with the various sub-heads claimed under the head of A&G expenses from the audited accounts for the FY 2014-15 and following deviations were identified:

a) The incentive amount to consumers for maintaining better power factor amounting to Rs 4.54 crore should treated as reduction in revenue and not as a part of A&G Expense.

b) Payment of Rs 3.65 crore to EESL for charges related to Domestic Efficient Lightening Program (DELP) scheme is essentially a payment towards installment and has accordingly been approved by the Commission as a separate item.

c) The transport allowance has been clubbed under the head of employee expenses and has accordingly been considered by the Commission.

The break-up of the A&G expenses approved for the True-up of FY 2014-15 is as below:

Table 3.11: A&G Expenses approved by the Commission for True-up of the FY 2014-15 (Rs crore)

S. No.	Particulars	Approved (True-up)
1	Rent, rates & taxes	0.54
2	Other Professional charges (License + Petition Fees)	2.54
3	Office Expenses including Legal, Professional & Special Service Charges	2.66
4	Advertisement & Publicity	0.30
5	Other A&G Charges	0.04
6	Others	0.26
7	Other material related expenses	0.05
	Gross A&G Expenses	**6.40**
8	Less: Capitalized	-
	Net A&G expenses	**6.40**
9	EESL Charges-DELP Scheme	3.65

Therefore, the Commission approves the A&G expenses of Rs 6.40 crore for the True-up of the FY 2014-15 and additionally Rs 3.65 crore towards payment made to M/s EESL.

(iii) Repair and Maintenance Expenses (R&M)

Petitioner's submission:

The actual R&M expenses of Rs 7.71 crore incurred for the FY 2014-15 are less than the approved figure as R&M expense is being met from budgetary provision and therefore is limited to the amount allocated under such budgetary provision only. The Commission is requested to approve the R&M expense as per actual.

Commission's analysis:

It is observed that the Petitioner has not submitted the detailed break-up of the R&M expenses required as per the regulatory formats. The Commission directs the Petitioner to provide the detailed break-up of the R&M during the next ARR filing. **The Commission approves the R&M expenses of Rs 7.71 crore in the True-up of the FY 2014-15 as per information available in the Audited Accounts.**

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

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

Table 3.12: O&M Expenses approved by the Commission for True-up of the FY 2014-15 (Rs crore)

S. No	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Employee Expenses	75.32	75.93	75.93
2	A&G Expenses	5.36*	14.59	10.05**
3	R&M Expenses	19.12	7.71	7.71
	O&M Expenses	**99.80**	**98.23**	**93.69**

***Doesn't include increased incentive to consumers and DELP annual payout charges to EESL**
***** Includes DELP annual payout charges to EESL***

3.9. Gross Fixed Assets (GFA), Capitalisation and Depreciation

Petitioner's submission:

As per the audited accounts of the FY 2014-15, the opening GFA stands at Rs. 563.59 crore. Further there has been an addition of Rs. 70.39 crore in the GFA after which the closing GFA stands at Rs. 633.98 crore. The asset and depreciation register have been prepared and duly audited gross fixed assets (opening, addition and closing) and depreciation (opening, addition and closing) have been shown in the accounts for the FY 2014-15.

The depreciation for the FY 2014-15 has been submitted as per the audited annual accounts for the FY 2014-15. The Commission is requested to approve Rs. 25.92 crore as depreciation for the FY 2014-15.

Commission's analysis:

The Commission has noted that the Petitioner has prepared the Asset and Depreciation registers for the FY 2014-15 and duly audited gross fixed assets (opening, addition and closing) and depreciation (opening, addition and closing) have been shown in the accounts for the FY 2014-15. The submission of the Petitioner has been verified from the audited accounts submitted alongside and has been found to be reasonable.

The opening GFA of Rs. 563.59 crore and addition in the GFA of Rs. 70.39 crore is allowed in the True-up of the FY 2014-15 in accordance with the audited accounts for the year. The GFA and capitalization allowed for the True-up of FY 2014-15 is as follows:

Table 3.13: GFA approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

Particulars	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	563.59	563.59	563.59
Addition during the year	48.00	70.39	70.39
Closing GFA	**611.59**	**633.98**	**633.98**

Depreciation

In respect of depreciation, the Commission has followed Regulation 26 of the Tariff Regulations 2009, as under:

Quote

"(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."

Unquote

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

Table 3.14: Depreciation approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

Particulars	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission As per Audited A/c (True-up)
Depreciation	**30.86**	**25.92**	**25.92**

Therefore, the Commission approves the actual depreciation of Rs 25.92 crore in the True-up of the FY 2014-15.

3.10. Interest and Finance Charges

Petitioner's submission:

The majority of capital assets are created out of the equity contribution from the Government of Puducherry and the actual borrowing of loan is only to the extent of the R-APDRP schemes. However, the Department has been claiming interest charges based on normative loan calculation. The Interest and Finance Charges have been arrived based on normative loan considered to the extent of capitalization during the year.

An addition of Rs. 70.39 crore in the Gross Fixed Assets for the FY 2014-15 is considered to be 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 the relevant year.

Certain financial charges are also incurred by the Department along with the normative interest claimed which are related to charges claimed by the bank charges, finance charges, L/C., etc. which are claimed along with the interest.

The Commission is requested to approve the Interest & Finance Charges at Rs. 18.81 crore for the FY 2014-15.

Commission's analysis:

As per Regulation 25 of the JERC 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.'' (Read SBI Advance Rate)

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

The normative interest under the JERC Tariff Regulations 2009 has therefore been considered on the assets created during FY 2009-10 onwards excluding the opening capital base for the FY 2009-10 as per the audited accounts for the year and has accordingly allowed interest on normative loan for the respective years. The Commission has arrived at the closing normative loan of FY 2013-14 of Rs 94.27 crore in its previous Order dated 24th May, 2016 in the True-up of FY 2013-14.

The Commission has considered an addition of Rs. 70.39 crore in the Gross Fixed Assets for the FY 2014-15 which are considered funded through normative debt to the tune of 70%. The Commission has considered weighted average rate of SBI advance interest for the year at 14.75%. Repayment of the debt has been considered at 10% of the opening loan amount. The Commission has also considered financing charges of Rs 1.96 crore as submitted by the Petitioner.

The calculation of the interest on the normative loan is given below:

Table 3.15: Normative interest on loan approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

Sr. No.	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Opening Normative Loan	**94.27**	**94.27**	**94.27**
2	Add: Normative Loan during the year	33.60	49.28	49.28
3	Less: Normative Repayment (10% of 1)	9.43	9.43	9.43
4	Closing Normative Loan (1+2-3)	118.44	134.12	134.12
5	**Average Normative Loan (1+4) * 0.5**	**106.36**	**114.20**	**114.19**
6	Rate of Interest (@SBAR rate)	14.75%	14.75%	14.75%
7	**Interest on Normative Loan**	**15.69**	**16.84**	**16.84**
8	Financing Charges	3.69	1.96	1.96
9	**Total Interest and Finance Charges**	**19.38**	**18.81**	**18.81**

Therefore, the Commission approves interest and finance charges of Rs 18.81 crore in the True-up for the FY 2014-15.

3.11. Interest on Working Capital

Petitioner's submission:

The interest on working capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The Interest on Working Capital has been calculated by the same methodology as adopted by the Commission in its Tariff Order for the FY 2014-15 for arriving at the Working Capital requirement, whereby it has excluded the Consumer Security Deposits available with the Petitioner from the working capital requirement.

Interest on the Working Capital for the FY 2014-15 is 'Nil' since the opening Consumer Security Deposit is much higher than the working capital requirement.

Commission's analysis:

As per Regulation 29 of the Tariff Regulations, 2009:

Quote

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

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

4) The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures."

Unquote

The Commission has considered the calculation of the different components of the Working Capital on the basis of the above-stipulated norms. The Commission has deducted Consumer Security Deposit from the Working Capital requirement considered for True-up of ARR for the FY 2014-15. The Commission has considered the SBI PLR as applicable on 01st April 2014. (https://www.sbi.co.in/portal/web/interest-rates/benchmark-prime-lending-rate-historical-data)

The detailed calculations of the interest on the Working Capital is as mentioned below.

Table 3.16: Interest on Working Capital approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

S. No.	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Power Purchase Cost for one month	80.32	78.37	78.37
2	Employee Cost for one month	6.28	6.33	6.33
3	A&G Expenses for one month	0.45	1.22	0.84
4	R&M Expenses for one month	1.59	0.64	0.64
5	**Total Working Capital for one month**	**88.64**	**86.56**	**86.56**
6	Average Security Deposit (amount with PED)	123.48	123.48	134.14
7	**Total borrowing for Working Capital considered for one month**	**-**	**-**	**-**
8	SBI PLR Rate (Read SBAR) (%)	14.75%	14.75%	14.75%
9	**Interest on Working Capital**	-	-	-

Therefore, the Commission approves 'Nil' Interest on Working Capital in the True-up of the FY 2014-15.

3.12. Interest on Security Deposit

Petitioner's submission:

Regulation 25 of the JERC Tariff Regulations, 2009 read along with Clause 47(4) of the Electricity Act, 2003 provides for Interest on Consumer Security Deposit, if any, made by the consumer with the licensee. The provision of interest on Consumer Security Deposit is to be made at the bank rate. The prevailing bank rate is considered at 8.50% for the FY 2014-15.

The Petitioner has requested the Commission to approve the Interest on the Consumer Security Deposit of Rs. 11.40 crore for the FY 2014-15. Actual Interest on Consumer Security Deposit of Rs. 2.02 crore has been paid for the FY 2014-15. The Petitioner has adjusted the remaining amount of interest on the Consumer Security Deposit provisioned in the FY 2014-15 in line with the principles adopted by the Commission in Tariff Order dated 25th April 2014.

Commission's analysis:

In terms of the Section 47 (4) of the Electricity Act, 2003 *'the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission'*.

The calculation of the interest on the Consumer Security Deposit is as follows:

Table 3.17: Interest on Security Deposit approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

S. No.	Description	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Opening Consumer Security Deposit (Rs crore)	**123.48**	**123.48**	**123.48**
2	Add: Deposits during the year (Rs crore)	27.58	21.31	21.31
3	Less: Deposits refunded (Rs crore)	-		
4	Closing Consumer Security Deposit (Rs crore) (1+2-3)	151.06	144.79	144.79
5	**Average Consumer Security Deposit (Rs crore) (1+4)*0.5**	**137.27**	**134.14**	**134.14**
6	Bank Rate (%age) RBI for bank loans	9.00%	8.50%	8.50%
7	**Interest on Consumer Security Deposit (Rs crore)**	**12.35**	**11.40**	**11.40**

The Consumer Security Deposit amount as submitted by the Petitioner has been considered and verified from the audited accounts for the FY 2014-15. The average Consumer Security Deposit amount outstanding for the year has been considered for the payment of the interest on the Consumer Security Deposit for the FY 2014-15 and accordingly the interest on Consumer Security Deposit works out to be Rs. 11.40 crore for the FY 2014-15.

However, the Commission notes that actual payment of only Rs 2.02 crore has been made to the consumers towards the interest on Consumer Security Deposit for the FY 2014-15, and therefore the same has only been considered in the True-up of ARR for the FY 2014-15. The remaining amount of Rs 9.38 crore has been carried forward and the cumulative adjustment towards the interest on Consumer Security Deposit has been discussed subsequently in Chapter-8 of this Tariff Order.

3.13. Return on Capital Base

Petitioner's submission:

Return on Capital Base/ Net Fixed Assets has been calculated as per Regulation 23 (2) and Regulation 24 of the Tariff Regulations 2009. The Return on Capital as the opening assets of the FY 2014-15 and accumulated depreciation as approved by the Commission in its Order dated 10th April 2015 in the True-up for the FY 2013-14 has been computed. Further a reasonable return equal to 3% of Net fixed assets after adjustment of the accumulated depreciation for the calculation of Return on Net Fixed Assets has been considered.

The Commission is requested to allow the Return on Net Fixed Assets of Rs. 8.37 crore for the FY 2014-15.

Commission's analysis:

EDP being an integrated utility is entitled to return on capital base as per Regulation 23 of the Tariff Regulations 2009. Hence the Commission approves Return on capital base on the basis of GFA and cumulative depreciation as on 01st April 2014 as submitted by the Petitioner and as verified from the audited accounts as per the following table:

Table 3.18: Return on Capital Base approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

S. No.	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Gross block at beginning of the FY	563.59	563.59	563.59
2	Less: Opening accumulated depreciation	274.63	274.63	274.63
3	Net block at beginning of the FY (1-2)	288.96	288.96	288.96
4	Less: Opening accumulated consumer contribution	9.92	9.92	9.92
5	Net fixed assets at beginning of the FY (3-4)	279.04	279.04	279.04
6	**Return @3% of NFA**	**8.37**	**8.37**	**8.37**

Therefore, the Commission approves Return on Net Fixed Assets (NFA) of Rs 8.37 crore in the True-up for the FY 2014-15.

3.14. Non-Tariff Income

Petitioner's submission:

Non-Tariff Income comprises of metering, late payment charges, interest on staff loans, income from trading, reconnection fee, UI sales/Sales to Exchanges and miscellaneous income amongst others. The Non-Tariff Income approved by the Commission in the APR for the FY 2014-15 was Rs. 4.88 crore.

The Commission is requested to approve Non-Tariff Income of Rs 4.60 crore for the FY 2014-15.

Commission's analysis:

As per the audited accounts of the FY 2014-15, other income has been accounted at Rs 2.48 crore. The Petitioner has earned Rs 2.12 crore from Sale of excess power/UI which has been accounted for separately. Hence the total Non-Tariff Income amounts to Rs 2.48 crore as per the audited accounts for the year.

Table 3.19: Non-Tariff Income approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
Non-Tariff Income	4.88	4.60	2.48

Therefore, the Commission approves the Non-Tariff Income of Rs 2.48 crore in the True-up for the FY 2014-15.

3.15. Revenue from Sale of Surplus Power/ Unscheduled Interchange (UI)

Petitioner's submission:

Sale of excess power/UI amounting to Rs 2.12 crore has been made in the FY 2014-15.

Commission's analysis:

The Commission has analyzed the submission made by the Petitioner regarding surplus power/UI sales and found that as per the audited accounts of the FY 2014-15, made surplus power/UI sale of Rs 2.12 crore.

The Commission therefore approves revenue from sale of surplus power at Rs 2.12 crore in the True-up of the FY 2014-15.

3.16. Revenue at approved Retail Tariff for the FY 2014-15

Petitioner's submission:

The revenue from Tariff for the FY 2014-15 was Rs. 1077.06 crore including FPPCA. A surcharge of 10%, in addition to the billing amount, works out to Rs. 103.94 crore. The Commission is requested to allow the total revenue of Rs. 1181.00 crore from tariff for the FY 2014-15 including FPPCA and 10% surcharge.

Commission's analysis:

The Commission approves revenue of Rs. 1077.06 crore through the sale of power within the UT (including FPPCA charges) as per the audited accounts in the True-up of the FY 2014-15. However, as detailed in the Section 3.8 of this Order, the Commission has deducted incentive amounting to Rs 4.54 crore from revenue of the FY 2014-15 to be given to consumers for maintaining better power factor and accordingly, the effective revenue billed for the FY 2014-15 stands at Rs 1072.52 crore.

The additional surcharge amount of Rs. 103.94 crore for the FY 2014-15 is considered as per the audited accounts and the adjustment of the same has been considered towards the liquidation of the regulatory asset originally created in the Tariff Order dated 12th

June 2012 to cover the revenue gap from the FY 2009-10 to the FY 2012-13 and subsequently revised in the Tariff Orders dated 10th April 2013, 25th April 2014 and 10th April 2015. The treatment of the same is discussed subsequently in this Tariff Order in the Section regarding Revenue Gap/Surplus of FY 2017-18.

3.17. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

The Net Aggregate Revenue Requirement as approved by the Commission in the Annual Performance Review of the FY 2014-15 was Rs. 1121.37 crore. Based on the True-up for the FY 2014-15, the Commission is requested to approve an ARR of Rs. 1089.15 crore.

Commission's analysis:

The Petitioner has submitted an ARR of Rs 1089.15 crore in the formats specified for calculation of the ARR. However, in the Petition it has submitted the True-up of ARR for the FY 2014-15 at Rs 1091.80 crore. The Commission on the basis of the detailed analysis of the cost parameters of the ARR has considered and approved the revenue requirement of the FY 2014-15 in the True up at Rs. 1065.45 crore as given in the Table below:

Table 3.20: Net ARR approved by the Commission in the True-up of the FY 2014-15 (Rs crore)

S. No.	Particular	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Cost of power purchase for full year	963.84	940.45	940.45
2	Employee costs	75.32	75.93	75.93
3	Administration and General Expenses	5.36	14.59	10.05
4	Repair and Maintenance Expenses	19.12	7.71	7.71
5	Depreciation	30.86	25.92	25.92
6	Interest and Finance charges	19.38	18.81	18.81
7	Interest on Working Capital	-	-	-
8	Interest on Consumer Security Deposit	4.00	1.97	2.02
9	Return on NFA /Equity	8.37	8.37	8.37
10	Penalty for under-achievement of T&D Loss	-	-	(20.31)
11	**Total Revenue Requirement Sum(1:10)**	**1,126.25**	**1,093.75**	**1068.95**
12	Less: Non-Tariff Income	3.61	2.48	2.48
13	Less: Revenue from Surplus Power Sale/UI	1.27	2.12	2.12
14	**Net Revenue Requirement (11-12-13)**	**1,121.37**	**1,089.15**	**1064.35**

3.18. Revenue Gap/ (Surplus) for True-up of FY 2014-15

Petitioner's submission:

The revenue surplus approved by the Commission in the Annual Performance Review of the FY 2014-15 was Rs. 21.33 crore. The revenue gap calculated by the Petitioner on the basis of True-up for the FY 2014-15 is Rs. 12.09 crore. The Petitioner has calculated the Revenue gap without considering the 10% surcharge amount levied in the FY 2014-15 as directed in the Tariff Order. The 10% surcharge collected has been adjusted against the Regulatory Assets as per the previous Tariff Order and the treatment of the same is explained in the subsequent chapter.

Commission's analysis:

The Commission has analyzed and approved the standalone Revenue Gap/(Surplus) as per the following Table:

Table 3.21: Revenue Gap/(Surplus) approved by the Commission in the True-up of FY 2014-15 (Rs crore)

S. No.	Particulars	Approved in APR Order dated 10th April 2015	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	**Net Revenue Requirement**	**1,121.37**	**1,089.15**	**1,064.35**
2	Effective Revenue from Retail Sales at Existing Tariff (Including FPPCA)	1,142.70	1,077.06	1072.52*
3	**Net Gap / (Surplus) (1-2)**	**(21.33)**	**12.09**	**(8.17)**

**** Rs 1072.52 crore = 1077.06 crore (revenue through the sale of power as per the audited accounts) Less Rs. 4.54 crore (incentive for maintaining better power factor) (refer Section 3.16)***

The Commission considers the standalone Revenue Surplus of Rs 8.17 crore in the True-up for the FY 2014-15.

Chapter 4. True-up for the FY 2015-16

4.1. Applicable provisions of JERC for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009

The True-up of the FY 2015-16 is to be carried out as per Regulation 8 (2) 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."

4.2. Approach for the True-up of the FY 2015-16

The Commission had determined the ARR for the FY 2015-16 vide its Order dated 10th April 2015 and subsequently carried out the Review of the FY 2015-16 in its Order dated 24th May 2016.

In this Chapter, the Commission has analysed various elements of actual revenue and expenses for the FY 2015-16 and has carried out the True up of expenses and revenue with reference to the final actual figures as per the audited accounts, after prudence check and has permitted necessary adjustments in cases where variations are for justifiable reasons.

4.3. Energy sales, Number of consumers and Connected load

Petitioner's submission:

The total actual energy sales for the FY 2015-16 were 2398 MU as against 2472.42 MU approved earlier by the Commission vide Annual Performance Review (APR) Order dated 24th May 2016. The lower energy sale in the FY 2015-16 were due to poor industrial growth and performance. The reduced consumption by the Steel companies due to poor market demand has also hampered the expected sales growth in the FY 2015-16. The number of consumers at the end of the FY 2015-16 were at 4,57,556 and connected load for categories which were billed on the basis of the connected load was 4,13,118 kW.

Commission's analysis:

The Commission after going through the submissions of the Petitioner including the examination of the audited accounts for the FY 2015-16, approves the number of consumers and the sales as follows:

Table 4.1: Energy Sales approved by the Commission in the True-up of the FY 2015-16 (in MU)

S No	Categories	Approved in APR Order dated 24th May 2016	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Domestic	679.85	675	675
2	One Hut One Bulb (OHOB)	9.18	10	10
3	Commercial	193.04	198	198
4	Agriculture	56.63	57	57
5	Public Lighting	27.24	26	26
6	LT Industrial	204.92	205	205
7	HT Industrial and Commercial	914.54	892	892
8	Industrial HT-EHT	320.44	268	268
9	HT State and Central Government Establishments	58.58	60	60
10	Other Temporary Supply	8.00	7	7
	Grand Total	**2472.42**	**2398**	**2398**

Table 4.2: Number of Consumers approved by the Commission in the True-up of the FY 2015-16 (in Nos.)

<table>
<tr><th>S No</th><th>Categories</th><th>Approved in APR Order dated 24th May 2016</th><th>Petitioner's submission (True-up)</th><th>Approved by the Commission (True-up)</th></tr>
<tr><td>1.</td><td>Domestic</td><td>2,94,202</td><td rowspan="2">3,41,924</td><td rowspan="2">3,41,924</td></tr>
<tr><td>2.</td><td>OHOB</td><td>35,539</td></tr>
<tr><td>3.</td><td>Commercial</td><td>48,173</td><td>51,674</td><td>51,674</td></tr>
<tr><td>4.</td><td>Agriculture</td><td>6,849</td><td>6,854</td><td>6,854</td></tr>
<tr><td>5.</td><td>Public Lighting</td><td>50,055</td><td>50,055</td><td>50,055</td></tr>
</table>

S No	Categories	Approved in APR Order dated 24th May 2016	Petitioner's submission (True-up)	Approved by the Commission (True-up)
6.	LT Industrial	6,617	6,556	6,556
7.	HT Industrial and Commercial	427	433	433
8.	Industrial HT-EHT	53	7	7
9.	HT State and Central Government Establishments	7	53	53
	Grand Total	**4,41,922**	**4,57,556**	**4,57,556**

The Commission observes that the Petitioner has provided information of the connected load for a few categories only. Since the information pertaining to connected load is not complete, the Commission is not approving any connected load for the FY 2015-16 and directs the Petitioner to maintain and submit the information for all the categories in all future filings of Tariff Petitions before the Commission.

Therefore, the Commission approves the total sales of 2398 MU and the total number of consumers at 4,57,556 in the True-up of the FY 2015-16.

4.4. Power Purchase Quantum and Cost

Petitioner's submission:

An amount of Rs 967.60 crore has been incurred for the procurement of power in the FY 2015-16 as against the total power purchase cost of Rs 1029.34 crore approved by the Commission for the FY 2015-16 in its Order dated 24th May, 2016. The power purchase cost included Rs 26.25 crore incurred for the purchase of REC towards meeting Renewable Purchase Obligation (RPO).

Table 4.3: Power Purchase submitted by the Petitioner for the True-up of the FY 2015-16 (Rs. crore)

S. No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
A	**CGS**	**2,045.15**	**180.07**	**423.47**	**(5.42)**	**598.13**
1	RSTPS 1 & 2	*476.92*	*31.51*	*109.24*	*(5.10)*	*135.65*
2	RSTPS 3	*90.54*	*10.17*	*20.69*	*(0.39)*	*30.47*
3	Talcher-2	*482.22*	*34.87*	*64.11*	*(1.39)*	*97.59*
4	Simhadri-2	*53.78*	*12.90*	*13.09*	*(0.56)*	*25.42*
5	NTECL Vallur	*112.99*	*19.61*	*22.37*	*(0.61)*	*41.38*
6	NLC Stage-II Unit-I	*469.31*	*29.77*	*110.76*	*1.67*	*142.20*
7	NLC Stage-II Unit-II	*163.56*	*11.01*	*38.49*	*0.00*	*49.51*
8	NLC Stage I Expansion	*120.36*	*16.15*	*26.95*	*0.58*	*43.69*
9	NLC Stage II Expansion	*22.26*	*4.65*	*4.97*	*0.47*	*10.08*

S. No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
10	NTPL	*53.21*	*9.44*	*12.78*	*(0.09)*	*22.14*
B	**NPCIL**	**380.49**	**-**	**112.50**	**6.54**	**119.04**
1	MAPS	48.80		*9.89*	*0.29*	10.18
2	Kaiga 1 & 2	140.74		*41.98*	*2.46*	44.44
3	Kaiga Stage-2	129.17		*38.54*	*0.62*	39.17
4	KKNP	61.78		*22.09*	*3.16*	25.26
C	**PPCL**	**212.55**	**25.88**	**68.39**	**(1.85)**	**92.42**
1	PPCL	*212.55*	*25.88*	*68.39*	*(1.85)*	*92.42*
D	**TANGEDCO**	*187.81*		*65.17*		*65.17*
E	**KSEB**	*43.48*	*3.01*	*22.17*	*0.11*	*25.30*
D	Rebate				(14.89)	*(14.89)*
E	Transmission Charge				47.65	*47.65*
F	PoSoCO				0.72	*0.72*
G	REC				26.25	*26.25*
H	UI	*57.45*		7.26		*7.26*
I	PKCL				0.58	*0.58*
J	**Total**	**2926.95**	**208.97**	**698.97**	**59.69**	**967.60**

Commission's analysis:

The Commission has verified the power purchase details as submitted by the Petitioner in its Petition with the publicly available information from the Regional Energy Accounts (REA) maintained by Southern Region Power Committee (SRPC) on their website (http://www.srpc.kar.nic.in). The Commission has also verified the power purchase cost as submitted by the Petitioner with the amount reflecting in the audited accounts of the FY 2015-16. The Commission, as part of its prudence check, also verified the power purchase bills of the Petitioner and found the same to be in order. Hence the Commission approves power purchase cost as submitted by the Petitioner. Accordingly the Commission approves the following power purchase cost and quantum:

Table 4.4: Power purchase quantum (in MU) and Cost (Rs crore) approved by the Commission in the True-up of the FY 2015-16

Sr. No	Particulars	Energy MU			Cost (Rs crore)				Per Unit (Paisa/ kWh)
		True Up Submission	True Up Order	Difference	Fixed	Variable	Other	Total	
A	**CGS**	**2,045.15**	**2,045.17**	**(0.01)**	**180.07**	**423.47**	**(5.42)**	**598.13**	**292**
1	RSTPS 1 & 2	476.92	476.92	(0.00)	31.51	109.24	(5.10)	135.65	284
2	RSTPS 3	90.54	90.54	(0.00)	10.17	20.69	(0.39)	30.47	337
3	Talcher-2	482.22	482.22	(0.00)	34.87	64.11	(1.39)	97.59	202
4	Simhadri-2	53.78	53.78	(0.00)	12.90	13.09	(0.56)	25.42	473
5	NTECL Vallur	112.99	112.99	0.00	19.61	22.37	(0.61)	41.38	366
6	NLC Stage-II Unit-I	469.31	469.31	(0.00)	29.77	110.76	1.67	142.20	303
7	NLC Stage-II Unit-II	163.56	163.56	(0.00)	11.01	38.49	0.00	49.51	303

Sr. No	Particulars	Energy MU			Cost (Rs crore)				Per Unit (Paisa/ kWh)
		True Up Submission	True Up Order	Difference	Fixed	Variable	Other	Total	
8	NLC Stage I Expansion	120.36	120.36	-	16.15	26.95	0.58	43.69	363
8	NLC Stage I Expansion	22.26	22.26	-	4.65	4.97	0.47	10.08	453
9	NLC Stage II Expansion	53.21	53.21	-	9.44	12.78	(0.09)	22.14	416
B	**NPCIL**	**380.49**	**373.70**	6.79	**-**	**112.50**	**6.54**	**119.04**	**319**
1	MAPS	48.80	48.80	-		9.89	0.29	10.18	209
2	Kaiga 1 & 2	140.74	140.74	-		41.98	2.46	44.44	316
3	Kaiga Stage-2	129.17	122.38	6.79		38.54	0.62	39.17	320
4	KKNP	61.78	61.78	-		22.09	3.16	25.26	409
C	**PPCL**	**212.55**	**212.55**	-	**25.88**	**68.39**	**(1.85)**	**92.42**	**435**
1	PPCL	212.55	212.55	-	25.88	68.39	(1.85)	92.42	435
D	**TANGEDCO**	187.81	187.81	-		65.17		65.17	347
E	**KSEB**	43.48	43.48	-	3.01	22.17	0.11	25.30	582
D	Rebate			-			(14.89)	(14.89)	
E	Transmission Charge			-			47.65	47.65	
F	PoSoCO			-			0.72	0.72	
G	REC			-			26.25	26.25	
H	UI	57.45	57.45	-		7.26		7.26	126
I	PKCL			-			0.58	0.58	
J	**Total**	**2,926.95**	**2,920.16**	**6.78**	**208.97**	**698.97**	**59.69**	**967.60**	**331**

Note: The above figures may have a variation at 2nd decimal level due to rounding off.

The Total Power purchase quantum and cost as submitted by the Petitioner and approved by the Commission is tabulated hereunder:

Table 4.5: Summary of Power Purchase approved by the Commission in the True-up of the FY 2015-16

Particulars	Approved in APR Order dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
Power Purchase Quantum (MU)	2936.75	2926.95	2920.16
Power Purchase Cost (including RPO) (Rs crore)	1029.34	967.60	967.60

Therefore, the Commission approves the overall power purchase quantum and cost of 2920.16 MU and Rs 967.60 crore respectively in the True-up of the FY 2015-16.

4.5. Renewable Purchase Obligation (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."

Further, the Commission has notified the amendment to the JERC (Procurement of Renewable Energy) Regulations, 2010 on 19th February 2014. As per the amendment issued, the Petitioner has to purchase 3.55% of total energy purchase from renewable sources for the FY 2015-16 including 0.85% for Solar and 2.70% for Non-Solar.

The Commission, in its Business Plan Order dated 04th December 2015 issued against Petition no. 181/2015, has reiterated that all pending RPO's up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March 2016 and no backlog would be allowed to be carried forward to the MYT Control Period of FY 2016-17 to FY 2018-19.

Accordingly, the RPO compliance has been computed on the basis of submissions made by the Petitioner during the true up of FY 2010-11, FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15.

The Commission notes that the Petitioner has not purchased physical renewable power and is dependent on buying RECs to comply with RPO requirement. The Petitioner has purchased solar RE certificates equivalent to 69 MU (at the rate of Rs 3500/MWh) and non- solar RE Certificates equivalent to 14 MU (at the rate of Rs 1500/MWh) in the FY 2015-16. The Commission approves additional Rs 26.25 crore towards purchase of RECs (Rs. 24.15 crore for solar RECs and Rs. 2.1 crore for non-solar RECs) as pass through in ARR of the FY 2015-16.

Based on the above, the Commission has computed the accumulated compliance of RPO at the end of the FY 2015-16 as shown below:

Table 4.6: Summary of RPO Compliance upto the end of the FY 2015-16

S. N.	Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	*Solar*	*0.25%*	*0.30%*	*0.40%*	*0.40%*	*0.60%*	*0.85%*
2	*Non Solar*	*0.75%*	*1.70%*	*2.60%*	*2.60%*	*2.70%*	*2.70%*
3	**Total**	**1.00%**	**2.00%**	**3.00%**	**3.00%**	**3.30%**	**3.55%**
4	**Sales Within UT (in MU)**	**2,182.48**	**2,321.29**	**2,474.98**	**2,365.72**	**2,366.31**	**2,398.00**
5	**RPO Obligation (in MU)**	**21.82**	**46.43**	**74.25**	**70.97**	**78.09**	**85.13**
6	*- Solar*	*5.46*	*6.96*	*9.90*	*9.46*	*14.20*	*20.38*
7	*-Non Solar*	*16.37*	*39.46*	*64.35*	*61.51*	*63.89*	*64.75*

S. N.	Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
8	**Total RPO Compliance (REC Certificate Purchase) (in MU)**	**0.00**	**0.00**	**48.00**	**112.00**	**90.69**	**83.00**
9	*- Solar*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*69.00*
10	*-Non Solar*	*0.00*	*0.00*	*48.00*	*112.00*	*90.69*	*14.00*
11	**Cumulative Requirement till current year (in MU)**	**21.82**	**68.25**	**142.50**	**213.47**	**291.56**	**376.69**
12	*- Solar*	*5.46*	*12.42*	*22.32*	*31.78*	*45.98*	*66.36*
13	*-Non Solar*	*16.37*	*55.83*	*120.18*	*181.69*	*245.58*	*310.33*
14	**Cumulative Compliance till current year (in MU)**	**0.00**	**0.00**	**48.00**	**160.00**	**250.69**	**333.69**
15	*- Solar*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*69.00*
16	*-Non Solar*	*0.00*	*0.00*	*48.00*	*160.00*	*250.69*	*264.69*
17	**Net Shortfall in RPO Compliance till current year (in MU)**	**21.82**	**68.25**	**94.50**	**53.47**	**40.87**	**43.00**
18	*- Solar 12-15*	*5.46*	*12.42*	*22.32*	*31.78*	*45.98*	*-2.64*
19	*-Non Solar 13-16*	*16.37*	*55.83*	*72.18*	*21.69*	*-5.11*	*45.64*

It is evident from the table above that the Petitioner has failed to comply with the directive of the Commission that all pending RPO's up-to FY 2015-16 must be fulfilled by the Petitioner by 31st March 2016. The Commission notes that there is net shortfall in RPO compliance of 43.00 MU (2.64 MU: – solar RPO surplus and 45.64 MU: – non solar RPO deficit).

As per Regulation 10 of JERC (Procurement of Renewable Energy) (Second Amendment), Regulations, 2015 issued on 22nd December 2015, following are the Consequences of Default:

"*If the obligated entity does not fulfill the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by State Agency, such amount as the Commission may determine on the basis of the shortfall in units of RPO and the forbearance price decided by the Central Commission. Where any obligated entity fails to comply with the obligation to purchase the required minimum quantum of purchase from renewable energy sources or procure the Renewable Energy Certificate (s), it shall also be liable for penalty as may be decided by the Commission under Section 142 of the Act.*

Provided

10.1. That the fund so created shall be utilized as may be directed by the Commission for purchase of the certificates.

10.2. Further that the Commission may empower an officer of the State Agency to operate the fund and procure from the Power Exchange the required number of certificates to the extent of the shortfall in the fulfillment of the obligations, out of the amount in the fund.

10.3. That the obligated entities shall be in breach of its license condition if it fails to deposit the amount directed by the Commission within 15 days of the communication of such direction.

10.4. That in case of genuine difficulty in complying with a Renewable Purchase Obligation the obligated entity can approach the Commission for carry forward of compliance requirement to the next year.

However, credit for excess renewal energy purchase would not be adjusted in the next year.

Provided that where the Commission has consented to the carry forward of compliance requirement, the provision of penalty as mentioned in the first paragraph of this Regulation or the provision of section 142 of the Act shall not be invoked.

Provided further that the penalty enforced by the Commission on the obligated entity shall not be a pass through in the Aggregate Revenue Requirement (ARR) in case the obligated entity is the licensee / deemed licensee."

Accordingly, considering the shortfall of 43.00 MU in RPO compliance as computed above and prevailing forbearance price of Rs 5800/MWh for solar and Rs. 3300/MWh for non-solar, the Commission arrives at the amount of Rs. 13.53 crore (Rs. 15.06 crore towards non-solar after deducting Rs 1.53 crore surplus for solar) to be deposited in fund.

In view of the above mentioned provisions, the Commission directs the Petitioner to deposit into a separate fund (to be created and maintained by State Nodal Agency), the full amount of Rs. 13.53 crore corresponding to the shortfall in RPO within 15 days of issuance of this Order and purchase the RECs to fulfill the shortfall from this fund. The remaining fund amount shall be utilized as contribution towards the Solar Installations in progress in UT of Puducherry.

The Petitioner shall submit compliance to this directive strictly within the stipulated time period duly informing the REC purchased by sending the copies of the certificates and the list of installations where such fund is proposed to be utilized.

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

Petitioner's submission:

Transmission and Distribution (T&D) losses for the FY 2015-16 have been computed at 11.82% as compared to 11.75% as approved by the Commission in the Order dated 24th May 2016. Significant capex could not been made towards reduction of the T&D losses. The HT-LT ratio has also deteriorated due to higher growth in LT consumers as compared to HT consumers, making it difficult for it to maintain the T&D loss levels approved by the Commission.

Certain pockets of Tamil Nadu region are being fed from its 110 kV sub-station located in

Puducherry through 22 kV level feeders. These feeders are metered at the sub-station end. Usually, EDP draws certain power from Tamil Nadu Generation and Distribution Corporation (TANGEDCO) 110 kV feeder and TANGEDCO would bill EDP after deducting energy consumption by their 22 kV feeders. During the year FY 2015-16, due to surplus power available with EDP from CGS, it has not drawn any power from 110 kV TANGEDCO feeders. The Petitioner has taken up the matter with TANGEDCO to adjust their 22 kV feeder consumption at Puducherry region from the TANGEDCO sale of power at Karaikal region. However TANGEDCO has still not made the adjustment.

Commission's analysis:

The Commission has analyzed the actual T&D losses based on the drawal schedule as available on the Southern Regional Power Committee (SRPC) website. The actual drawal at the periphery of Puducherry at 2,803.09 MU has been considered from the weekly UI sheets for the year as available on the SRPC website and energy purchased from PPCL, TANGEDCO (after considering 4% Transmission Loss) and KSEB. Further, the sales allowed for the FY 2015-16 i.e. 2,422.19 MU (including 24.19 MU sold in TANGEDCO area as submitted by the Petitioner) have been considered, to arrive at the actual T&D loss of 13.59% for the utility as tabulated below:

Table 4.7: T&D Losses approved by the Commission in the True-up of the FY 2015-16 (MU)

S. No	Particulars	Approved in APR Order dated 24th May 2016	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Energy sales within the State/UT (MU)	2,472.42	2,398.00	2,398.00
2	Add: Power Sale in TANGEDCO area (MU)	16.93	24.19	24.19
3	Total Sales within the State/UT (MU) (1+2)	2,489.35	2,422.19	2,422.19
4	Energy required at State Periphery for Sale to Retail Consumers (MU) (Based on Actual Drawl)	2,818.54	2,746.97	2,803.09
5	T&D Losses (MU)	329.19	324.78	380.90
6	**T&D Losses (%) (5/4)**	**11.75%**	**11.82%**	**13.59%**

The Commission, therefore, considers the actual T&D loss of 13.59% for the True-up of the FY 2015-16. However in respect of T&D loss trajectory, the Commission does not consider it appropriate to revisit the normative T&D Loss level and has accordingly retained the normative loss level of 11.75% for the FY 2015-16.

4.7. Penalty towards under-achievement of T&D losses

In view of the above Para the Commission works out the penalty as under:

Commission's analysis:

As per Regulation 9 of the JERC Tariff Regulations 2009,

"Excess or Under Recovery with Respect to Norms and Targets

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

2) The generating company or the licensee, as the case may be, shall bear the entire loss on account of its failure to achieve the norms laid down by the Commission or targets set by the Commission from time to time."

During the review for the FY 2015-16 the Commission had approved a T&D loss level of 12.00%. However as per the actual energy balance of the Petitioner with reference to the Regional Energy Account (REA) and the Deviation Settlement Account (DSA) available on the website of SRPC, the Commission has computed the actual T&D loss of 13.59% for the FY 2015-16. Therefore, the Commission in accordance with Regulation 9 of the JERC Tariff Regulations, 2009 considers levying a penalty towards under-achievement of the norms laid down in the Regulations.

The Penalty has been considered at the rate of effective power purchase rate at the periphery of the Petitioner arrived at 344 Paisa/kWh [after deducting revenue from UI i.e. Rs 1.95 crore (refer section 4.16) from the gross power purchase cost i.e. Rs. 967.60 crore (refer section 4.4) and dividing it by energy available at periphery i.e. 2,803.09 MU (refer section 4.6)].

Consequent to the increase in percentage losses over the target approved by the Commission, the power purchased is more than that corresponding to the approved % of losses in the Review Order for the FY 2015-16 dated 24th May 2016. The assessment of penalty for increase in the T&D losses is shown in the Table below:

Table 4.8: Penalty for underachievement of T&D Losses in the FY 2015-16

S. No	Particulars	FY 2015-16	
		Approved	Actual
a	b	c	d
1	Retail sales within the UT + Sale to TANGEDCO (MU)	2422.19	2422.19
2	T&D Loss within the UT (MU)	11.75%	13.59%
3	Energy required at UT Periphery for Sale to Retail Consumers (1+ 1*2) (MU)	2744.69	2803.09
4	Excess Power Purchase (3d-3c)	58.40	
5	Effective Power Purchase p.u. rate (Paisa per kWH)	344	
6	**Penalty for Underachievement (Rs crore) (4*5)**	**20.12**	

4.8. Energy Balance

Petitioner Submission

Based on the actual sales and the T&D losses, the energy requirement at the periphery of the Petitioner's licensee area has been calculated at 2803.09 MU for the FY 2014-15. The Petitioner has further submitted that it has procured 2926.95 MU from generators/traders.

In response to the data gaps, the Petitioner tabulated energy balance for the FY 2014-15 as below:

Table 4.9: Energy Balance for the FY 2015-16 as submitted by the Petitioner (MU)

S. No	Particulars	FY 2015-16
	Energy Requirement	
1	Metered Sales	2331.00
2	Unmetered Sales	67.00
3	Total Sales within the UT (1+2)	2398.00
4	Sales to common pool consumers / UI (DSA)	56.12
5	Sales to other distribution licensees(TANGEDCO)	24.19
6	Total Sales (3+4+5)	**2,478.31**
	T&D Losses	
7	Loss (%)	**11.82%**
8	Loss (MU) 6/(100%-7)	324.78
9	Total Energy Requirement 6+8	**2803.09**
	Energy Availability	
10	Net thermal generation (Own+ IPP + Share from Central Stations)	2869.50
11	Power purchase from Common Pool / UI / Traders / Exchange / Others	57.45
12	Net Power Purchased (10+11)	2926.95
13	Inter-State Transmission Losses	123.86
14	**Net Energy Availability (12-13)**	**2803.09**

Commission's analysis:

The Commission has examined the REA for the FY 2015-16 as available in public domain for validating the energy purchased by the Petitioner from the power plants/ traders/ exchange/ banking arrangement/UI mechanism. The Commission has also added the power availability from other sources like PPCL, TANGEDCO and KSEB which are not reflected in the REA. Accordingly the Commission has arrived at the total power purchase quantum of 2,920.30 MU (including the UI purchase of 57.59 MU). Further the Commission has relied on the DSA available on website of SRPC to arrive at the actual power availability of 2,803.09 MU at periphery of UT and UI power sale of 56.11 MU.

Accordingly, the Energy Balance as considered by the Commission for the True-up of the FY 2015-16 is shown in Table below:

Table 4.10: Energy Balance approved by the Commission for True-up of the FY 2015-16 (MU)

S, No	Particulars	Approved APR Order dated 24th May 2016	Petitioner's Submission	Approved by the Commission (True-up)
	ENERGY REQUIREMENT			
1	Energy sales in the UT	**2,489.35**	**2,422.19**	**2,422.19**
2	Distribution losses (%age)	11.75%	11.82%	13.59%
3	Energy required for the Territory (MU) 1/(100%-2)	**2,818.54**	**2,746.97**	**2,803.09**
4	Add: Sales to common pool consumers/ UI	24.56	56.12	56.11
5	**Energy Requirement @ periphery (3+4)**	**2,843.10**	**2,803.09**	**2,859.20**
	ENERGY AVAILABILITY			
6	Gross Energy Purchase	**2,936.75**	**2,926.95**	**2,920.30**
7	External losses (MU) (6-5)	93.65	123.86	61.10
8	**Net Energy Availability (6-7)**	2,843.10	2,803.09	**2,859.20**

4.9. Operation & Maintenance (O&M) Expenses

(i) Employee Expenses

Petitioner's submission:

The actual employee expenses for the FY 2015-16 amount to Rs 78.21 crore. The transport allowance as included in the 'employee cost' break-up is considered in the A&G expenses in the audited accounts. However, in line with the ARR formats, the same has been considered in the employee cost in the ARR. Therefore, the difference to the tune of the transport allowance will be there in the employee expenses and A&G expenses as per the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs. 78.22 crore in the Annual Performance Review of ARR for the FY 2015-16 as per the Tariff Order dated 24th May 2016.

The Commission has verified the break-up of the employee expenses as submitted by the Petitioner from the audited accounts submitted alongside. The Petitioner has submitted that the while the Transport Allowance is being reflected in the head of Administrative and General Expenses in the audited accounts, it has been considered as part of Employee Expenses and accordingly same has been reduced from the A&G Expenses. The Commission has verified the submission from the audited accounts and found the same to be correct and has accordingly approves the consideration of transport allowance as part of Employee Expenses.

The break-up of the employee expenses as approved for the True-up of the FY 2015-16 is as below:

Table 4.11: Employee Expenses approved by the Commission for True-up of the FY 2015-16 (Rs crore)

S. No.	Particulars	Approved (True-up)
	Salaries & Allowances	
1	Salary	90.91
2	Wages	0.64
3	Stipend	0.46
4	Transport Allowance	0.54
5	Overtime Allowance	1.76
	Sub-total	**94.31**
6	Less: Add/Deduct share of others	1.85
7	Less: Amount capitalized	14.26
	Net Employee Expenses	**78.21**

Therefore, the Commission approves actual employee expenses of Rs 78.21 crore (against Rs 78.22 crore earlier approved in the APR) for the True-up of the FY 2015-16.

(ii) Administrative and General Expenses (A&G)

Petitioner's submission:

The A&G expenses of Rs. 26.21 crore were incurred for the FY 2015-16. The transport allowance considered as part of the A&G expenses in the accounts has been considered as part of the employee cost as per the ARR formats.

There is a major increase in the professional charges and office expenses due to payment of licence fee corresponding to two years and appointment of consultants to assist in regulatory affairs and as well as for preparing final accounts and asset registers.

Incentive amounting to Rs 15.68 crore was provided to the consumers for maintaining better power factors and Rs 4.71 crore was incurred for payment to EESL for charges related to the DELP scheme.

The Commission is requested to approve an amount of Rs. 26.21 crore as A&G expenses for the FY 2015-16 based on actuals.

Commission's analysis:

The Commission had approved A&G expenses of Rs. 5.68 crore in the 'Review of ARR for the FY 2015-16 vide Order dated 24th May 2016.

The break-up of the A&G expenses submitted by the Petitioner for the True-up of the ARR of the FY 2015-16 was verified with the various sub-heads claimed under the head of A&G expenses from the audited accounts for the FY 2015-16 and following deviations were identified:

a) The incentive amount to consumers for maintaining better power factor amounting to Rs 15.68 crore should treated as reduction in revenue and not as a part of A&G Expense.

b) Payment of Rs 4.71 crore to EESL for charges related to Domestic Efficient Lightening Program (DELP) scheme is essentially a payment towards installment and has accordingly been approved by the Commission as a separate item.

c) The transport allowance has been clubbed under the head of employee expenses and has accordingly been considered by the Commission.

The break-up of the A&G expenses approved for the True-up of FY 2015-16 is as below:

Table 4.12: A&G Expenses approved by the Commission for True-up of the FY 2015-16 (Rs crore)

S. No.	Particulars	Approved (True-up)
1	Rent, rates & taxes	0.33
2	Other Professional charges (License + Petition Fees)	3.52
3	Office Expenses including Legal, Professional & Special Service Charges	1.20
4	Advertisement & Publicity	0.29
5	Other A&G Charges	0.07
6	Others	0.26
7	Other material related expenses	0.16
	Gross A&G Expenses	**5.83**
8	Less: Capitalized	-
	Net A&G expenses	**5.83**
9	EESL Charges-DELP Scheme	4.71

Therefore, the Commission approves the A&G expenses of Rs 5.83 crore for the True-up of the FY 2015-16 and additionally Rs 4.71 crore towards payment to M/s EESL.

(iii) Repair and Maintenance Expenses (R&M)

Petitioner's submission:

The actual R&M expenses of Rs 9.62 crore incurred for the FY 2015-16 are less than the approved figure as R&M expense is being met from budgetary provision and therefore is limited to the amount allocated under such budgetary provisions only. The Commission is requested to approve the R&M expense as per actual.

Commission's analysis:

It is observed that the Petitioner has not submitted the detailed break-up of the R&M expenses required as per the regulatory formats. The Commission directs the Petitioner to provide the detailed break-up of the R&M during the next ARR filing. **The Commission approves the R&M expenses of Rs 9.62 crore in the True-up of the FY 2015-16 as**

per information available in the Audited Accounts.

However, the Commission has noted with serious concern that the Petitioner is not incurring adequate expenditure towards the maintenance of its network despite the fact the Commission has already allowed higher R&M to be recovered in Tariff. The Commission directs the Petitioner take up with the Government to get higher funds sanctioned in this account and also incur adequate expenditure for the upkeep of its network.

Summary of O&M Expenses approved for the FY 2015-16

The O&M expenses as submitted and approved for the FY 2015-16 are as follows:

Table 4.13: O&M Expenses approved by the Commission for True-up of the FY 2015-16 (Rs crore)

S. No	Particulars	Approved in APR Order dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Employee Expenses	78.22	78.21	78.21
2	A&G Expenses	5.68*	26.21	10.54**
3	R&M Expenses	18.35	9.62	9.62
	O&M Expenses	**102.25**	**114.03**	**98.37**

Doesn't include increased incentive to consumers and DELP annual payout charges to EESL
***** Includes DELP annual payout charges to EESL***

4.10. Gross Fixed Assets (GFA), Capitalisation and Depreciation

Petitioner's submission:

As per the audited accounts of the FY 2015-16, the opening GFA stands at Rs. 633.98 crore. Further there has been an addition of Rs. 26.94 crore in the GFA after which the closing GFA stands at Rs. 660.92 crore. The asset and depreciation register has been prepared and duly audited gross fixed assets (opening, addition and closing) and depreciation (opening, addition and closing) have been shown in the accounts for the FY 2015-16.

The depreciation for the FY 2015-16 has been submitted as per the audited annual accounts for the FY 2015-16. The Commission is requested to approve Rs. 27.91 crore as depreciation for the FY 2015-16.

Commission's analysis:

The Commission has noted that the Petitioner has prepared the Asset and Depreciation register for the FY 2015-16 and duly audited gross fixed assets (opening, addition and closing) and depreciation (opening, addition and closing) have been shown in the accounts for the FY 2015-16. The submission of the Petitioner has been verified from the audited accounts submitted alongside and has been found to be reasonable.

The opening GFA of Rs. 633.98 crore and addition in the GFA of Rs. 26.94 crore is allowed in the True-up of the FY 2015-16 in accordance with the audited accounts for the year. The GFA and capitalization allowed for the True-up of FY 2015-16 is as follows:

Table 4.14: GFA approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

Particulars	Approved in APR Order dated 24th may 2016	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	611.59	633.98	633.98
Addition during the year	63.29	26.94	26.94
Closing GFA	**674.88**	**660.92**	**660.92**

<u>Depreciation</u>

In respect of depreciation, the Commission has followed Regulation 26 of the Tariff Regulations 2009, as under:

Quote

(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."

Unquote

The Commission has not applied the CERC rates applicable on the average assets in place, since some of these assets have already attained the 90% limit of depreciation during the life of the asset, and accordingly has approved depreciation as per the audited accounts for the True-up of the FY 2015-16 as shown in the following Table:

Table 4.15: Depreciation approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

Particulars	Approved in the APR Order dated 24th May 2016	Petitioner's submission (True-up)	Approved by the Commission As per Audited A/c (True-up)
Depreciation	26.89	27.91	27.91

Therefore, the Commission approves the actual depreciation of Rs 27.91 crore in the True-up of the FY 2015-16.

4.11. Interest and Finance Charges

Petitioner's submission:

The majority of capital assets are created out of the equity contribution from the Government of Puducherry and the actual borrowing of loan is only to the extent of the R-APDRP schemes. However, the Department has been claiming interest charges based on normative loan calculation. The Interest and Finance Charges have been arrived based on normative loan considered to the extent of capitalization during the year.

An addition of Rs. 26.94 crore in the Gross Fixed Assets for the FY 2015-16 is considered to be 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 the relevant year.

Certain financial charges are also incurred by the Department along with the normative interest claimed which are related to charges claimed by the bank charges, finance charges, L/C., etc. which are claimed along with the interest.

The Commission is requested to approve the Interest & Finance Charges at Rs. 22.18 crore for the FY 2015-16.

Commission's analysis:

As per Regulation 25 of the JERC 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." (Read SBI Advance Rate)

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

The normative interest under the JERC Tariff Regulations 2009 has therefore been considered on the assets created during FY 2009-10 onwards excluding the opening capital base for the FY 2009-10 as per the audited accounts for the year and has accordingly allowed interest on normative loan for the respective years. The Commission has arrived at the closing normative loan of FY 2014-15 of Rs 134.12 crore in previous chapter of this Order in the True-up of the FY 2014-15.

The Commission has considered an addition of Rs. 18.85 crore in the Gross Fixed Assets for the FY 2015-16 which are considered funded through normative debt to the tune of 70%. The Commission has considered weighted average rate of SBI advance interest for the year at 14.29%. Repayment of the debt has been considered at 10% of the opening loan amount. The Commission has also considered financing charges of Rs 2.32 crore as submitted by the Petitioner.

The calculation of the interest on the normative loan is given below:

Table 4.16: Normative interest on loan approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

Sr. No.	Particulars	Approved in the APR Order dated 24th May 2016	Petitioner's submission (True-up)	Approved by the Commission (True-up)
1	Opening Normative Loan	118.44	134.12	134.12
2	Add: Normative Loan during the year	44.31	18.85	18.85
3	Less: Normative Repayment (10% of 1)	11.84	13.41	13.41
4	Closing Normative Loan (1+2-3)	150.91	139.56	139.56
5	**Average Normative Loan (1+4) * 0.5**	**134.68**	**136.84**	**136.84**
6	Rate of Interest (@SBAR rate)	14.29%	14.51%	14.29%
7	**Interest on Normative Loan**	**19.25**	**19.86**	**19.55**
8	Financing Charges	2.06	2.32	2.32
9	**Total Interest and Finance Charges**	**21.31**	**22.18**	**21.87**

Therefore, the Commission approves interest and finance charges of Rs 21.87 crore in the True-up for the FY 2015-16.

4.12. Interest on Working Capital

Petitioner's submission:

The interest on working capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The Interest on Working Capital has been calculated by the same methodology as adopted by the Commission in its Tariff Order for the FY 2015-16 for arriving at the working capital requirement, whereby it has excluded the Consumer Security Deposits available with the Petitioner from the working capital requirement.

Interest on the Working Capital for the FY 2015-16 is 'Nil' since the opening Consumer Security Deposit is much higher than the working capital requirement.

Commission's analysis:

As per Regulation 29 of the Tariff Regulations, 2009:

Quote

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

a. Power purchase cost

b. Employees cost

c. Administration & general expenses

d. Repair & Maintenance expenses.

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

(4) The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures."

Unquote

The Commission has considered the calculation of the different components of the working capital on the basis of the above-stipulated norms. The Commission has deducted Consumer Security Deposit from the working capital requirement considered for True-up of ARR for the FY 2015-16. The Commission has considered the SBI PLR as applicable on 01st April 2015. (https://www.sbi.co.in/portal/web/interest-rates/benchmark-prime-lending-rate-historical-data)

The detailed calculations of the interest on the Working Capital is as mentioned below.

Table 4.17: Interest on Working Capital approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

S. No.	Particulars	Approved in APR Order dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Power Purchase Cost for one month	54.78	80.44	80.64
2	Employee Cost for one month	5.26	6.52	6.52
3	A&G Expenses for one month	0.30	2.18	2.18
4	R&M Expenses for one month	1.13	0.80	0.80
5	**Total Working Capital for one month**	**61.47**	**89.94**	**90.14**
6	Security Deposit (amount with PED)	138.84	144.79	136.67
7	**Total borrowing for Working Capital considered for one month**	-	-	-
8	SBI PLR Rate (%)	14.29%	14.75%	14.75%
9	**Interest on Working Capital**	-	-	-

Therefore, the Commission approves 'Nil' Interest on Working Capital in the True-up of the FY 2015-16.

4.13. Interest on Security Deposit

Petitioner's submission:

Regulation 25 of the JERC Tariff Regulations, 2009 read along with Clause 47(4) of the Electricity Act, 2003 provides for Interest on Consumer Security Deposit, if any, made by the consumer with the licensee. The provision of interest on Consumer Security Deposit is to be made at the bank rate. The prevailing bank rate is considered at 8.50% for the FY 2015-16.

The Petitioner has requested the Commission to approve the Interest on the Consumer Security Deposit of Rs. 13.02 crore for the FY 2015-16. Actual Interest on Consumer Security Deposit of Rs. 2.50 crore has been paid for the FY 2015-16. The Petitioner has adjusted the remaining amount of interest on the Consumer Security Deposit provisioned in the FY 2015-16 in line with the principles adopted by the Commission in Tariff Order dated 25th April 2014.

Commission's analysis:

In terms of the Section 47 (4) of the Electricity Act, 2003 *'the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission'*.

The calculation of the interest on the Consumer Security Deposit is as follows:

Table 4.18: Interest on Security Deposit approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

S. No.	Description	Approved in APR Order dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Opening Consumer Security Deposit (Rs crore)	144.79	144.79	144.79
2	Add: Deposits during the year (Rs crore)	21.31	16.79	16.79
3	Less: Deposits refunded (Rs crore)	-		
4	Closing Consumer Security Deposit (Rs crore) (1+2-3)	166.10	161.58	161.58
5	**Average Consumer Security Deposit (Rs crore) (1+4)*0.5**	**155.45**	**153.19**	**153.19**
6	Bank Rate (%age) RBI for bank loans	8.50%	8.50%	8.50%
7	**Interest on Consumer Security Deposit (Rs crore)**	**13.21**	**13.02**	**13.02**

The Consumer Security Deposit amount as submitted by the Petitioner has been considered and verified from the audited accounts for the FY 2015-16. The average Consumer Security Deposit amount outstanding for the year has been considered for the payment of the interest on the Consumer Security Deposit for the FY 2015-16 and accordingly the interest on Consumer Security Deposit works out to be Rs. 13.02 crore for the FY 2015-16.

However, the Commission notes that actual payment of only Rs 2.50 crore has been made to the consumers towards the interest on Consumer Security Deposit for the FY 2015-16, and therefore the same has only been considered in the True-up of ARR for the FY 2015-16. The remaining amount of Rs 10.52 crore (13.02-2.50) crore has been carried forward and the cumulative adjustment towards the interest on Consumer Security Deposit has been discussed subsequently in Chapter-8 of this Tariff Order.

4.14. Return on Capital Base

Petitioner's submission:

Return on Capital Base/ Net Fixed Assets has been calculated as per Regulation 23 (2) and Regulation 24 of the Tariff Regulations 2009. The Return on Capital as the opening assets of the FY 2015-16 and accumulated depreciation in the True-up for the FY 2014-15 has been computed. Further a reasonable return equal to 3% of Net fixed assets after adjustment of the accumulated depreciation for the calculation of Return on Net Fixed Assets has been considered.

The Commission is requested to allow the Return on Net Fixed Assets of Rs. 9.47 crore for the FY 2015-16.

Commission's analysis:

EDP being an integrated utility is entitled to return on capital base as per Regulation 23 of the Tariff Regulations 2009. Hence the Commission approves Return on capital base on the basis of GFA and cumulative depreciation as on 01st April 2015 as submitted by the Petitioner and as verified from the audited accounts as per the following table:

Table 4.19: Return on Capital Base approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

S. No.	Particulars	Approved in APR dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Gross block at beginning of the FY	611.59	633.98	633.98
2	Less: Opening accumulated depreciation	305.49	300.55	300.55
3	Net block at beginning of the FY (1-2)	306.10	333.43	333.43
4	Less: Opening accumulated consumer contribution	17.71	17.71	17.71
5	Net fixed assets at beginning of the FY (3-4)	288.39	315.72	315.72
6	**Return @3% of NFA**	**8.65**	**9.47**	**9.47**

Therefore, the Commission approves Return on Net Fixed Assets (NFA) of Rs 9.47 crore in the True-up for the FY 2015-16.

4.15. Non-Tariff Income

Petitioner's submission:

Non-Tariff Income comprises of metering, late payment charges, interest on staff loans, income from trading, reconnection fee, UI sales/Sales to Exchanges and miscellaneous income amongst others. The Non-Tariff Income approved by the Commission in the APR for the FY 2015-16 was Rs. 3.83 crore.

The Commission is requested to approve Non-Tariff Income of Rs 6.49 crore for the FY

2015-16.

Commission's analysis:

As per the audited accounts of the FY 2015-16, other income has been accounted at Rs 4.53 crore. The Petitioner has earned Rs 1.95 crore from Sale of excess power/UI which has been accounted for separately. Hence the total Non-Tariff Income amounts to Rs 4.53 crore as per the audited accounts for the year.

Table 4.20: Non-Tariff Income approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

Particulars	Approved in APR dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
Non-Tariff Income	3.83	6.49	4.53

Therefore, the Commission approves the Non-Tariff Income of Rs 4.53 crore in the True-up for the FY 2015-16.

4.16. Revenue from Sale of Surplus Power/ Unscheduled Interchange (UI)

Petitioner's submission:

Sale of excess power/UI amounting to Rs 1.95 crore has been made in the FY 2015-16.

Commission's analysis:

The Commission has analyzed the submission made by the Petitioner regarding surplus power/UI sales and found that as per the audited accounts of the FY 2015-16, made a surplus power/UI sale of Rs 1.95 crore.

The Commission therefore approves revenue from sale of surplus power at Rs 1.95 crore in the True-up of the FY 2015-16.

4.17. Revenue at approved Retail Tariff for the FY 2015-16

Petitioner's submission:

The revenue from Tariff for the FY 2015-16 was Rs. 1101.81 crore including FPPCA. A surcharge of 10%, in addition to the billing amount, works out to Rs. 28.59 crore. The Commission is requested to allow the total revenue of Rs. 1130.40 crore from tariff for the FY 2015-16 including FPPCA and 10% surcharge.

Commission's analysis:

The Commission approves revenue of Rs. 1101.81 crore through the sale of power within the UT (including FPPCA charges) as per the audited accounts in the True-up of the FY 2015-16. However, as detailed in the Section 4.9 of this Order, the Commission has deducted incentive amounting to Rs 15.68 crore from revenue of the FY 2015-16 to be given to consumers for maintaining better power factor and accordingly, the effective revenue billed for the FY 2015-16 stands at Rs 1086.13 crore.

The additional surcharge amount of Rs. 28.59 crore for the FY 2015-16 is considered as per the audited accounts and the adjustment of the same has been considered towards the liquidation of the regulatory asset originally created in the Tariff Order dated 12th June 2012 to cover the revenue gap from the FY 2009-10 to the FY 2012-13 and subsequently revised in the Tariff Orders dated 10th April 2013, 25th April 2014 and 10th April 2015. The treatment of the same is discussed subsequently in this Tariff Order in the Section regarding Revenue Gap/Surplus of FY 2017-18.

4.18. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

The Net Aggregate Revenue Requirement as approved by the Commission in the Annual Performance Review of the FY 2015-16 was Rs. 1187.10 crore. Based on the True-up for the FY 2015-16, the Commission is requested to approve an ARR of Rs. 1137.58 crore.

Commission's analysis:

The Petitioner has submitted an ARR of Rs 1137. 58 crore in the formats specified for calculation of the ARR. The Commission on the basis of the detailed analysis of the cost parameters of the ARR has considered and approved the revenue requirement of the FY 2015-16 in the True up at Rs. 1101.12 crore as given in the Table below:

Table 4.21: Net ARR approved by the Commission in the True-up of the FY 2015-16 (Rs crore)

S. No.	Particular	Approved in APR dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	Cost of power purchase for full year	1,029.33	967.60	967.60
2	Employee costs	78.22	78.21	78.21
3	Administration and General Expenses	5.68	26.21	10.54
4	Repair and Maintenance Expenses	18.35	9.62	9.62
5	Depreciation	26.89	27.91	27.91
6	Interest and Finance charges	21.31	22.18	21.87
7	Interest on Working Capital	-	-	-
8	Interest on Consumer Security Deposit	2.50	2.88	2.50

S. No.	Particular	Approved in APR dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
9	Return on NFA /Equity	8.65	9.47	9.47
10	Penalty for under-achievement of T&D Loss			(20.12)
11	**Total Revenue Requirement Sum(1:10)**	**1,190.93**	**1,144.07**	**1107.61**
12	Less: Non-Tariff Income	2.66	4.53	4.53
13	Less: Revenue from Surplus Power Sale/UI	1.17	1.95	1.95
14	**Net Revenue Requirement (11-12-13)**	**1,187.10**	**1,137.58**	**1101.12**

4.19. Revenue Gap/ (Surplus) for True-up of FY 2015-16

Petitioner's submission:

The revenue surplus approved by the Commission in the Annual Performance Review of the FY 2015-16 was Rs. 22.98 crore. The revenue gap calculated by the Petitioner on the basis of True-up for the FY 2015-16 is Rs. 35.77 crore. The Petitioner has calculated the Revenue gap without considering the 10% surcharge amount levied in the FY 2015-16 as directed in the Tariff Order. The 10% surcharge collected has been adjusted against the Regulatory Assets as per the previous Tariff Order and the treatment of the same is explained in the subsequent chapter.

Commission's analysis:

The Commission has analyzed and approved the standalone Revenue Gap/(Surplus) as per the following Table:

Table 4.22: Revenue Gap/(Surplus) approved by the Commission in the True-up of FY 2015-16 (Rs crore)

S. No.	Particulars	Approved in APR dated 24th May 2016	Petitioner's Submission (True-up)	Approved by the Commission (True-up)
1	**Net Revenue Requirement**	**1,187.10**	**1,137.58**	**1101.12**
2	Effective Revenue from Retail Sales at Existing Tariff (Including FPPCA)	1,164.12	1,101.81	1086.13*
3	**Net Gap / (Surplus) (1-2)**	**22.98**	**35.77**	**14.99**

Rs 1086.13 crore = 1101.81 crore (revenue through the sale of power as per the audited accounts) Less Rs. 15.68 crore (incentive for maintaining better power factor) (refer Section 4.17)

The Commission considers the standalone Revenue Gap of Rs 14.99 crore in the True-up for the FY 2015-16.

Chapter 5. Review of FY 2016-17

5.1. Applicable Provisions of MYT Regulations, 2014

The Annual Performance Review of the FY 2016-17 is to be carried out as per Regulation 8 of the JERC (Multi Year Distribution Tariff) Regulations, 2014 (Referred as MYT Regulations, 2014) which is reproduced below:

" (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."

5.2. Approach for Review of FY 2016-17

The Annual Performance Review for the FY 2016-17 has been undertaken considering the actual information for 1st 6 months for energy sales and power purchase (quantum and cost) and projecting same for the remaining 6 months.

The revised estimates of the FY 2016-17 for the O&M Expenses are based on the norms approved in the Business Plan Order dated 28th November 2015.

5.3. Energy sales, Number of consumers and Connected load

Petitioner's submission:

The revised estimates of energy sale for the FY 2016-17 is 2566.17 MU as compared to 2797.07 MU approved in the MYT Order dated 24th May 2016 for the FY 2016-17. The energy sales for the FY 2016-17 have been projected based on the actual H1 sales; by simply doubling it, assuming H2 values to be same as H1 values. The sales in the industrial sector is not expected to grow as envisaged by the Commission and therefore the sales is lower than as approved in the Tariff Order. The number of consumers at the end of the FY 2016-17 is estimated at 4,68,884 as compared to 4,57,562 consumers approved by the Commission in the MYT Order dated 24th May 2016 for the FY 2016-17. Further, while there is no specific submission regarding the connected load for the FY 2016-17 in the main Petition, the Petitioner has submitted the total connected load of 11,68,278 (kW) in the format 26 annexed with the main Petition.

Commission's analysis:

<u>Energy Sales</u>

The Petitioner has submitted the actual energy sales for H1 of the FY 2016-17 and the projected sales for the whole year on that basis, which is considered by the Commission. In addition, the energy sales to the unmetered categories – One Hut One Bulb (OHOB) and the agriculture have been approved as under:

a) In the Tariff Order dated 25th April 2014, the Commission has approved the norms for OHOB and agriculture categories as follows:

    i. OHOB Category: Sales equivalent to consumption of 2 fluorescent tube lights each of 40 W running 10 hours per day for each OHOB consumer.

    ii. Agriculture Category: Sales equivalent to 951.1units/HP/year

b) Considering approved base of 35539 consumers and applying the norms stated above, the normative sales in OHOB category work out be 10.38 MU. However, the approved revised sales in OHOB category for the Review of FY 2016-17 is limited to 10 MU in line with the submission of the Petitioner.

c) Similarly in agriculture category, considering the approved connected load of 59548 HP (converted from kW by applying the conversion factor) and applying the norms stated above, the normative sales work out to 56.95 MU. However, the approved revised sales in agriculture category for the Annual Performance Review of the FY 2016-17 is limited to 56.85 MU in line with the submission of the Petitioner.

The Commission directs the Petitioner to replace the CFL and fluorescent lamps with LEDs for OHOB category and report compliance to the Commission.

Accordingly, Sales for the metered categories for the FY 2016-17 have been considered as submitted by the Petitioner to be reasonable and thereby approved. The unmetered sales for OHOB and agriculture have been considered as per the above norms.

The sales approved for the respective consumer categories are as follows:

Table 5.1: Energy Sales approved by the Commission for the FY 2016-17 (in MU)

S No	Categories	Approved as per T.O dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1.	Domestic	819.46	758.39	758.39
2.	OHOB	10.38	10.00	10.00
3.	Commercial	207.32	204.45	204.45
4.	Agriculture	57.00	56.85	56.85
5.	Public Lighting	28.17	24.00	24.00
6.	LT Industrial	224.02	186.00	186.00
7.	Temporary Supply	-	6.00	6.00
8.	HT Industrial and Commercial	1008.99	966.31	966.31
9.	Industrial HT-EHT	376.41	290.01	290.01
10.	HT State and Central Government Establishments	65.33	64.01	64.01
	Grand Total	**2797.07**	**2566.17**	**2566.17**

Number of Consumers

The Commission has analyzed the past trend of the consumer base and observed that the Petitioner has revised the number of consumers slightly upwards based on H1 actuals as compared to the figure approved for the FY 2016-17 in the Tariff Order dated 24th May2016. The Commission considers the number of consumers as submitted by the Petitioner to be reasonable and therefore, approves the same as 4,68,884 for the Review of the FY 2016-17, which would be re-visited during the True-up of the year based on actuals.

The category-wise number of consumers are as follows:

Table 5.2: No. of consumers approved by the Commission for the FY 2016-17 (in Nos.)

S No	Categories	Approved as per T.O dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1.	Domestic	3,07,421	3,15,896	3,15,896
2.	Commercial	35,539	35,539	35,539
3.	Agriculture	49,754	53,256	53,256
4.	Public Lighting	6,836	6,871	6,871
5.	LT Industrial	50,824	50,221	50,221
6.	Temporary Supply	6,683	6594	6594
7.	HT Industrial and Commercial	443	446	446
8.	Industrial HT-EHT	7	7	7
9.	HT State and Central Government Establishments	56	54	54
	Grand Total	**4,57,562**	**4,68,884**	**4,68,884**

Connected Load

The connected load as submitted by the Petitioner for Review of the FY 2016-17 is considered reasonable and thereby approved. The category-wise connected details are as follows:

Table 5.3: Connected Load approved by the Commission for the FY 2016-17 (in kW)

S No	Categories	Approved as per T.O dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1.	Domestic	5,06,829	5,06,829	5,06,829
2.	Commercial	2,843	2,843	2,843
3.	Agriculture	1,09,627	1,09,627	1,09,627
4.	Public Lighting	44,654	44,654	44,654
5.	LT Industrial	6,058	6,058	6,058
6.	Temporary Supply	1,22,804	1,22,804	1,22,804
7.	HT Industrial and Commercial	3,33,098	2,71,665	2,71,665
8.	Industrial HT-EHT	1,15,167	83,586	83,586
9.	HT State and Central Government Establishments	27,731	20,222	20,222
	Grand Total	**12,68,811**	**11,68,278**	**11,68,278**

Therefore, the Commission approves the total sales of 2566.17 MU for a total number of consumers at 4,68,884 with a total connected load at 11,68,278 kW in the Review of the ARR for the FY 2016-17.

5.4. Intra-State Transmission and Distribution (T&D) losses

Petitioner's submission:

Actual T&D losses for the FY 2016-17 have been arrived at 11.70% as compared to 11.50% approved by the Commission. A significant reduction has been achieved in the distribution losses and now the UT is having one of the lowest T&D losses in India. However, the loss reduction is a slow process and as the loss levels come down, further reduction in loss becomes difficult. Since distribution loss of <12% has already been achieved; loss reduction trajectory cannot be considered at the same rate as considered previously.

Commission's analysis:

The Commission had approved loss level of 11.50% for FY 2016-17 in the MYT Order dated 24th May 2016 while determining ARR for the FY 2016-17. The Commission has approved the loss level trajectory by reducing the level of losses by 0.25% per year, though as per the recommendation of the Abraham Committee, the reduction in the loss levels should be 1% per year.

Hence the Commission finds it appropriate to retain the loss level of 11.50% as approved in previous Order for the FY 2016-17.

5.5. Inter-State Transmission losses

Petitioner's submission:

Transmission loss of 126.15 MU has been considered, which is 4.05% of the total energy purchase of 3112.99 MU.

Commission's analysis:

The Commission observes that the Petitioner receives supply from 4 different sources i.e. PPCL, KSEB, TANGEDCO and Central Generating Stations (CGS). The Inter-State losses as considered for these sources is summarized below:

- For PPCL and KSEB, the external losses have been considered as nil as their supply is from within the periphery of the licensee area.
- For TANGEDCO, the external losses of 4% has been considered in line with the approach adopted in previous years. The Commission directs the Petitioner to submit actual losses for supply from TANGEDCO in all future submissions.
- For CGS, the external losses of 2.24% has been considered (the recent 52 weeks moving average of regional pooled losses is 2.24% from 29th February 2016 to 20th February 2017).

The Commission approves the above losses for the Review of ARR of the FY 2016-17, which would be revised based on actual audited accounts in True-up exercise.

5.6. Energy Requirement

Petitioner's submission:

The overall energy requirement at the periphery of the UT is estimated at 3001.20 MU. The total energy availability at the generator end for the FY 2016-17 has been estimated at 3127.35 MU.

The total energy requirement of includes the sale of 18.11 MU to TANGEDCO (towards adjustment of their 22 kV feeder consumption from 110 kV substation in Puducherry).

Commission's analysis:

The Commission has considered the approved sales of 2566.17 MU, sales to Open Access Consumers of 16.27 MU as per the REA account and sales to TANGEDCO consumers of 18.11 MU. The Commission has grossed up the total sales including sales to open access consumers as well as TANGEDCO by the T&D losses of 11.50% and the energy requirement at the periphery of Puducherry is approved at 2904.10 MU.

The Commission has allowed UI sales at 56.14 MU (as per the actual H1 of FY 2016-17). Merit order principles have been adopted for estimating the energy requirement for H2 of FY 2016-17 and accordingly only that much power purchase has been estimated as is required to meet the requirement within the territory. Therefore, no surplus sale of power has been considered for H2 of FY 2016-17.

Considering the UI under-drawal of 56.14 MU, energy requirement at the periphery of 2960.24 MU is approved.

The Commission has considered the gross power purchase of 3010.55 MU as per the analysis of the Commission. Actual UI Purchase of 14.36 MU have been considered in H1 of FY 2016-17. The detailed analysis of the power purchase from the different sources has been discussed in the next paragraph of this Order. The external losses have been arrived at 64.67 MU, as a difference between total energy availability at generator end and total energy requirement at UT periphery.

The gross energy requirement approved for the FY 2016-17 is shown in the Table below:

Table 5.4: Energy Requirement approved by the Commission for the FY 2016-17(in MU)

S. No	Particulars	Approved as per T.O dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
	ENERGY REQUIREMENT			
1	Energy sales in the UT	2,756.96	2,566.17	2,566.17
2	Energy Sales to TANGEDCO	-	18.11	18.11
3	Sale to Open Access Consumers from REA	-	16.27	16.27
4	Distribution losses (%age)	11.50%	11.70%	11.50%
5	**Energy required for the Territory (MU) (1+2+3)/(100%-4)**	**3115.22**	**2945.06**	**2904.10**
6	UI Sales from DSA (in H1)	-	56.14	56.14
7	**Energy Requirement @ periphery (5+6)**	**3115.22**	**3001.20**	**2960.24**
8	External losses (MU)	145.48	126.15	64.67
9	**Energy Requirement @ Generator End (7+8)**	**3,260.70**	**3,127.35**	**3,024.91**
10	**Gross Availability Sources**			
11	Long-Term PPAs (From REA)	3,260.70	3,112.99	3010.55
12	UI Purchase from DSA		14.36	14.36
13	Gross Purchase (11+12)	**3,260.70**	**3,127.35**	**3,024.91**

Therefore, the Commission approves total energy purchase of 3010.55 MU by the Petitioner to meet its energy requirement from Long-Term PPAs in the review of the ARR for the FY 2016-17.

5.7. Power Purchase Quantum and Cost

Petitioner's submission:

The total energy requirements are met from the allocation from the Central Generating Stations (CGS) and purchase from the State utilities like TANGEDCO, KSEB and PPCL. PPCL is a generating company within the UT of Puducherry catering to the requirement of Karaikal region. KSEB supplies for the Mahe region under the UT of Puducherry. From FY 2013-14 onwards supply from Kudunkulam Nuclear Plant and Vallur Thermal Plant has started resulting in additional power allocation to the Union Territory, Puducherry to meet the demand. The power is also drawn from the NTPL from June 2015 onwards.

In H1 FY 2016-17, the Petitioner bought 1614.85 MU at cost of Rs 559.73 crore at average power procurement cost of Rs 3.43/kWh. Hence, power purchase has been projected by considering the actual power purchase for the 1st half of the year FY 2016-17 (i.e. Apr 16 – Sep 16) and considering power purchase under the principle of Merit Order Dispatch (MOD) for H2 of the FY 2016-17. The key assumptions for determination of the power purchase cost is as follows:

a) MOD for H2 FY 2016-17: The power purchase for the second half has been considered under the principle of MOD. The must run stations have been identified as all the NPCIL plants, KSEB, TANGEDCO and PPCL. The remaining amount of power is envisaged to be purchased from the remaining available sources.

b) The fixed charges for all the generating stations have been taken as the same as incurred in the FY 2015-16.

c) The variable cost for the FY 2016-17 has been computed considering actual average variable cost of each source for the first six months period of the FY 2016-17.

d) The other costs which include ED, cess, incentive etc. and supplementary charges are considered on actual basis as incurred in the first six months period of April - September 2016 and have not been assumed for H2 at present and may be considered at the time of True-up.

e) The power purchase cost for power over-drawl from the grid is considered on actual basis paid in the first six months period of April - September 2016 only. For H2 over-drawl is not assumed under the principle of MOD

f) There is an obligation to comply with the Renewable Purchase Obligation of 3.95%. Therefore, the REC purchase of Rs 17.02 crore has been computed for compliance of RPO for the FY 2016-17, which would be incurred in the H2 of the FY 2016-17.

g) The Transmission Charges for the FY 2016-17 are considered as per POC computation, i.e. Part A - Transmission charge for withdrawal of power and Part B

- Transmission charges of generators. However, for H2 calculation, a similar amount as charged in H1 of FY 2016-17 has been considered for calculation of the total transmission charges.

The estimated power purchase cost summary for the FY 2016-17 is as below:

Table 5.5: Power Procurement quantum (in MU) and cost (Rs. crore) submitted by the Petitioner

S. No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
A	**CGS**	**2132.02**	**180.07**	**467.74**	**1.03**	**648.84**
1	RSTPS 1 & 2	*621.69*	*31.51*	*130.14*	(0.81)	*160.84*
2	RSTPS 3	*157.96*	*10.17*	*33.86*	0.06	*44.09*
3	Talcher-2	*427.53*	*34.87*	*67.96*	1.29	*104.11*
4	Simhadri-2	*97.54*	*12.90*	*25.26*	(0.85)	*37.31*
5	NTECL Vallur	*112.99*	*19.61*	*20.30*	1.10	*41.01*
6	NLC Stage-II Unit-I	*227.83*	*29.77*	*66.67*	0.09	*96.53*
7	NLC Stage-II Unit-II	*69.88*	*11.01*	*20.51*	0.01	*31.54*
8	NLC Stage I Expansion	*119.50*	*16.15*	*29.44*	0.10	*45.69*
9	NLC Stage II Expansion	*134.36*	*4.65*	*32.60*	(0.01)	*37.23*
10	NTPL	*178.11*	*9.44*	*41.01*	0.04	*50.49*
B	NPCIL	**396.31**	**-**	**124.23**	**13.28**	**137.52**
1	MAPS	*37.79*		*7.78*	0.29	*8.07*
2	Kaiga 1 & 2	*101.79*		*30.37*	2.98	*33.35*
3	Kaiga Stage-2	*87.70*		*26.17*	0.48	*26.65*
4	KKNP	*169.03*		*59.92*	9.53	*69.44*
C	PPCL	***233.84***	***23.25***	***59.83***	***(1.00)***	***82.09***
1	PPCL	*233.84*	*23.25*	*59.83*	*(1.00)*	*82.09*
D	TANGEDCO	***309.33***		***107.34***		***107.34***
E	KSEB	***41.49***	***3.01***	***21.16***	***(0.04)***	***24.14***
D	Rebate				(19.75)	**(19.75)**
E	Transmission Charge				58.87	**58.87**
F	PoSoCO				0.48	***0.48***
G	REC				17.03	***17.03***
H	UI	*14.36*		0.26		***0.26***
I	PKCL				-	-
J	**Total**	**3127.35**	**206.34**	**780.57**	**69.91**	**1056.81**

Commission's analysis:

The power purchase quantum approved by the Commission in the last Tariff Order dated 24th May 2016 for the FY 2016-17 was 3260.60 MU at an approved power purchase cost of Rs. 1121.79 crore including transmission charges. The Commission during the Review exercise for the year has considered the power purchase quantum and the cost for H1 of the FY 2016-17 based on actuals and for H2 based on MOD.

Power Purchase Quantum and Cost for H1 of the FY 2016-17

The Petitioner has submitted 1614.85 MU at a cost of Rs. 554.16 crore for H1 of the FY 2016-17 which was revised to Rs 559.73 crore with a detailed break-up. The monthly summary sheets of the power purchase bills submitted by the Petitioner were validated with the station-wise power purchase bills on random basis for the first six months of the FY 2016-17. The power purchase quantum was verified from the REA available on website of SRPC and the power purchase cost from invoices. The Commission observed minor differences in the power purchase quantum as submitted by the Petitioner and **therefore, approves 1605.89 MU at a cost of Rs. 559.73 crore for the H1 of the FY 2016-17**.

Power Purchase Quantum and Cost for H2 of the FY 2016-17

For estimating the energy requirement for H2 of the FY 2016-17, merit order principles have been followed. The Petitioner meets its total energy requirement from its allocation from the Central Generating Stations (CGS) and State utilities like TANGEDCO, KSEB and PPCL. PPCL is a generating company within the UT of Puducherry catering to the requirement of Karaikal region. KSEB supplies for the Mahe region under EDP.

The Commission has considered the nuclear plants, TANGEDCO (Karaikal), KSEB and PPCL as 'must-run' at the top of the merit order and not subjected them to MOD principles. Fixed charges from all the generating stations (irrespective of the merit order) have been considered for arriving at the power purchase cost. Variable charges have only been considered from the plants at the top of the merit order, required for meeting the energy requirement within the UT.

The Commission has considered the following to arrive at the energy availability from the above stations:

1) **Share Allocation:** The firm allocation and allocation from the unallocated quota from the above stations is considered as per the notification of the Southern Region Power Committee vide its Order No: SRPC/SE-I/54/UA/2016 dated 12th September 2016, effective from 00:00 Hrs. of 14th September 2016.

2) **Gross Energy Availability:** The gross energy availability from the existing stations is estimated based on the installed capacity and the average Plant Load Factor for the past years (FY 2012-13, FY 2013-14, FY 2014-15 FY 2015-16 and FY 2016-17 (till December)). The net energy sent out has been considered after the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. Energy Purchase from TANGEDCO as proposed by the Petitioner for H2 of the FY 2016-17 appears to be very high as compared to previous years as well as compared with H1 of the FY 2016-17. Hence the Commission has considered power purchase from the TANGEDCO equal to the actual amount purchased in the H1 of the FY 2016-17 as submitted by the Petitioner. Energy Purchase from KSEB as proposed by the Petitioner for the H2 of the FY 2016-17 is considered as submitted by the Petitioner.

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

The following assumptions have been made to arrive at the power purchase cost for the remaining six months of FY 2016-17:

1) **Fixed Charges:** The fixed charges of the Central Generating Stations (CGS) have been considered on the basis of formula specified for the stations in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges for each station have been taken as per the latest available Tariff Orders for the respective stations as available. In the absence of the Tariff Orders, the Commission has considered the fixed charges as submitted by the Petitioner to be reasonable, which will be revisited during True-up. Further, the fixed charges of PPCL have been considered as approved by the Commission in the Order dated 23rd May 2016.

2) **Variable Charges:** The average variable cost for the period July 2016 to September 2016 (as per actuals) is verified from the power purchase bills submitted by the Petitioner for consideration of the per unit variable charges for the H2 of the FY 2016-17 for various plants.

   i. For nuclear plants, Madras APS and Kaiga the unit rates of Rs 2.03/unit and Rs 2.98/unit have been considered. For Kudankulam, the unit rate of Rs. 3.60/unit has been considered

   ii. For TANGEDCO (Karaikal), the revised rate of Rs 3.47/unit has been considered. For KSEB, the average variable cost for H1 period has been considered at Rs. 5.10/unit. For PPCL, the average variable cost of the H1 period has been considered at Rs. 3.51/unit.

   iii. For NTPC and NLC plants, average variable cost for the period from July 2016 to September 2016 has been considered.

   iv. No escalation in the variable charges have been considered towards the increase in fuel cost as these will be taken care of in the Fuel and Power Purchase Adjustment mechanism.

3) **UI over-drawl/under-drawl:** As per the MOD principles adopted by the Commission for estimating the energy requirement for the H2 of the FY 2016-17, no surplus sale of power has been considered for the H2 of the FY 2016-17 and only power purchase corresponding to meet the requirement within the territory has been estimated. Accordingly, the UI over-drawal/under-drawl quantum and amount would be considered at the time of True-up based on the UI bills.

4) **Inter-State losses:** PGCIL losses have been assumed at 2.24% (based on the SRPC website) and for TANGEDCO, 4% losses have been considered to be reasonable. For PPCL and KSEB, being within the periphery of the utility area, external losses have been considered as NIL.

Transmission Charges

The transmission charges for the H2 of the FY 2016-17 have been taken as the same as considered for the H1 of the FY 2016-17.

Accordingly, the transmission charges for usage of the PGCIL network are approved at Rs. 29.68 crore for H2 of FY 2016-17.

Other Charges

The Commission has noted that the Petitioner has claimed 'other charges' for the H2 of the FY 2016-17 which includes ED, cess, incentive etc. The 'other charges' for the FY 2016-17 have been considered equal to H1 by the Petitioner. In the absence of any information, the Commission has not considered the 'other charges' including supplementary charges for the H2 of the FY 2016-17 which would be considered based on actuals in the True-up of the FY 2016-17.

Renewable Purchase Obligations

The Commission has approved the REC Purchase cost of Rs 27.14 crore in the H2 of the FY 2016-17 as explained in the next section.

Based on the above, the total power purchase quantum and cost from the various sources as approved for the H2 of the FY 2016-17 is as follows:

Table 5.6: Power Procurement quantum (in MU) and cost (Rs crore) approved by the Commission for H2 of FY 2016-17

S.No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
A	CGS	**880.20**	**99.37**	**192.42**	**-**	**291.79**
1	RSTPS 1 & 2	196.07	21.35	41.08		62.42
2	RSTPS 3	-	7.18	-		7.18
3	Talcher-2	230.23	18.23	36.79		55.02
4	Simhadri-2	-	8.73	-		8.73
5	NTECL Vallur	37.59	3.25	7.56		10.81
6	NLC Stage-II Unit-I	245.65	16.89	63.80		80.70
7	NLC Stage-II Unit-II	91.25	6.05	23.70		29.75
8	NLC Stage I Expansion	59.90	6.24	14.75		20.99
9	NLC Stage II Expansion	19.51	8.36	4.74		13.10
10	NTPL	-	3.10	-		3.10
B	NPCIL	**306.12**	**-**	**122.24**	**-**	**122.24**
1	MAPS	22.31	-	4.62		4.62
2	Kaiga 1 & 2	51.24	-	22.94		22.94
3	Kaiga Stage-2	45.37	-	20.31		20.31
4	KKNP	187.20	-	74.36		74.36

S.No	Plant	Power Purchase (MU)	Fixed Cost	Variable Cost	Other Cost	Total Cost
C	**PPCL**	**117.35**	**23.25**	**23.87**		**47.12**
1	PPCL	117.35	23.25	23.87		47.12
D	**TANGEDCO**	**97.51**	**-**	**33.84**		**33.84**
E	**KSEB**	**17.83**	**1.49**	**9.09**		**10.58**
F	**Transmission Charge**	**-**	**-**	**-**		**29.68**
G	**REC**					**27.14**
H	**Total**	**1419.02**	**124.11**	**381.46**		**562.39**

Accordingly, the Commission approves power purchase quantum of 1419.02 MU and cost of Rs. 562.39 crore in the H2 of the FY 2016-17, including the transmission charges of Rs. 29.68 crore.

Considering the quantum of 1605.89 MU at a cost of Rs. 559.73 crore approved for H1 of FY 2016-17, the Commission, therefore, allows the total power purchase quantum and cost of 3024.91 MU and Rs. 1122.12 crore for the FY 2016-17.

The summary of the power purchase quantum and cost approved by the Commission for Review of FY 2016-17 is as follows:

Table 5.7: Power Procurement quantum (in MU) and cost (Rs crore) approved by the Commission for the FY 2016-17

S.No	Particulars	Approved as per T.O dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	H1 Power Purchase Quantum (MU)		1605.89	1605.89
2	H1 Power Purchase Cost (Rs. crore)		559.73	559.73
3	H2 Power Purchase Quantum (MU)		1521.46	1419.02
4	H2 Power Purchase Cost (Rs. crore)		497.08	562.39
5	**Total Power Purchase Quantum (MU) 1+3**	**3260.60**	**3127.35**	**3024.91**
6	**Total Power Purchase Cost (Rs. crore) 2+4**	**1121.79**	**1056.81**	**1122.12**

Therefore, the Commission approves the power purchase cost of Rs. 1122.12 crore for procurement of 3024.91 MU of energy in the Review of the ARR for the FY 2016-17.

5.8. Renewable Purchase Obligations (RPOs)

The Commission notified the JERC (Procurement of Renewable Energy), (Third Amendment) Regulations, 2016 on 22nd August, 2016 and approved the revised RPO targets, as per which the Petitioner has to purchase 4.85% of total energy purchase from renewable sources for the FY 2016-17 of which 1.65% shall be from Solar. The Petitioner has stated that the estimated cost towards RPO compliance is Rs. 17.02 crore which it will be incurring during the second half of the FY 2016-17.

The Commission has computed the estimated amount for purchase of RECs at the floor price as approved by the CERC, for complying the RPO target as shown below:

Table 5.8: Computation of RPO for the FY 2016-17 (MU)

Sr. No	Particulars	FY 2016-17
1	**Solar RPOs as % of the Energy Sales**	**1.65%**
2	**Non-Solar RPOs as % of the Energy Sales**	**3.20%**
3	**Sales within UT**	**2,566.17**
4	**RPO Obligation (in MU)**	**124.46**
5	*- Solar (1*3)*	*42.34*
6	*-Non Solar (2*3)*	*82.12*
7	**RPO Compliance (Actual Power Purchase) (in MU)**	**-**
8	*- Solar*	-
9	*-Non Solar*	-
10	**RPO Compliance (REC Certificate Purchase) (in MU)**	**124.46**
11	*- Solar (5+8)*	*42.34*
12	*-Non Solar (6+9)*	*82.12*
13	**Total RPO Compliance (in MU)**	**124.46**
14	*- Solar (8+11)*	*42.34*
15	*-Non Solar (9+12)*	*82.12*

Keeping in view the Renewable Purchase Obligation as well as the actual compliance of the Petitioner, the Commission approves the provision of Rs 27.14 crore towards purchase of RECs equivalent to 124.46 MU at the floor price approved by the CERC (http://www.cercind.gov.in/2014/Regulation/ord16.pdf). (Rs 14.82 crore for solar REC and Rs 12.32 for non-solar REC). The cost has already been factored in the Power Procurement Cost.

5.9. Operation & Maintenance (O&M) Expenses

(i) Employee Expenses

Petitioner's submission:

As per Regulation 21.1 of JERC MYT Regulations 2014, expenses beyond the control of the Distribution Licensee like arrears and impact of pay commission shall be adjusted. Central Government has announced the implementation of 7th Pay Commission report which shall have an increased outgo in the employee expense for the Petitioner. As the salary and other expenses have to be paid based on the 7th Pay Commission during the current year and also the arrears of the fourth quarter of FY 2015-16 (implementation from 01st January 2016), the impact of the same has been considered while projecting the revised estimates for the current year.

The provisional actual employee expenses for the FY 2015-16 have been escalated by the average WPI (last 3 years) to arrive at the employee expenses for the FY 2016-17. Further, 1/4th of the employee expenses for the FY 2015-16 and projections for the FY 2016-17 arrived earlier have been escalated by 8% (i.e. average impact of 7th Pay Commission) to arrive at the final projected employee expenses of the FY 2016-17.

Accordingly, the employee cost has been revised for the current year to Rs. 89.20 crore (net of capitalization) and the Commission is requested to approve the same.

Commission's analysis:

As per the provision 21 (b) of the MYT Regulations 2014, norms for employee expenses shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per sub-station along with annual expenses per personnel. The Commission in Business Plan Order dated 04th December 2015 has determined the norm of 4.52 employees per '000 consumers for the MYT Control Period and the per employee cost of Rs. 3,12,825 at the end of the FY 2013-14.

For purpose of Review of FY 2016-17, the normative per employee cost has been suitably escalated by moving average WPI of the previous 3 FYs as per following Table:

Table 5.9: Calculation of WPI for projection of Per Employee Cost Norms

Financial Year	WPI	% age increase	Avg 3 Years increase
FY 2010-11	143.32	-	-
FY 2011-12	156.13	8.94%	-
FY 2012-13	167.62	7.36%	-
FY 2013-14	177.64	5.98%	-
FY 2014-15	181.19	2.00%	7.43%
FY 2015-16	176.67	-2.49%	5.11%
FY 2016-17	-	-	1.83%
FY 2017-18	-	-	1.83%

The Commission understands that the Petitioner would be impacted due to revision in the salaries as per the recommendation of 7th Pay Commission. The revision is beyond the control of the Petitioner and shall be adjusted as per Regulation 21.1 of the JERC MYT Regulations, 2014. The Commission has considered impact of pay revision of Rs 9.57 crore as calculated by the Petitioner and approves the same in addition to the Employee Expense calculated as per norms.

Keeping in view of the above, the employee expenses approved by the Commission in the Annual Performance Review of FY 2016-17 is calculated as shown below:

Table 5.10: Employee Expense as approved by the Commission for the Review of FY 2016-17 (Rs crore)

Sr. No	Particulars	FY 2013-14 As approved in the Business Plan	FY 2014-15 Escalating Col c @ 7.43%	FY 2015-16 Col d @ 5.11%	FY 2016-17 Col e @ 1.83%
a	b	c	d	e	f
1	Employee Expenses Per Employee (Rs)	3,12,285	3,35,488	3,52,631	3,59,084
2	No of Employee Per '000 Consumers				4.52
3	No of Consumers '000				469
4	No of Employee				2,119
5	**Employee Expenses**				**76.09**
6	**Impact of 7th Pay Commission**				**9.57**
7	**Total Employee Expense**				**85.66**

The Commission approves the employee cost of Rs. 85.66 crore in the Review of the ARR for the FY 2016-17. The treatment of the employee expenses during the True-up would be in accordance with the Provisions of Regulations 9.2, 10 and 11 of the JERC MYT Regulations, 2014.

(ii) Administrative and General Expenses (A&G)

Petitioner's submission:

The A&G expenses for the FY 2016-17 has been revised based on inflation of 1.83% (average of last three years) on the provisional actuals of the FY 2015-16. There has been major increase in the Professional charges and Office expenses due to payment of license fees and appointment of consultants to assist in the regulatory affairs, preparing final accounts and asset registers and for the internal audit from the FY 2014-15 onwards. The increase in the A&G expenses is also due to increase in incentive to Rs. 22.82 crore estimated to be paid to consumers based incentives for maintaining higher load factor paid during first half of the current year (due to increase in incentive by the Commission from 0.50% to 1% on demand and energy charges from FY 2015-16 onwards). An amount of Rs. 4.79 crore has been incurred by the Petitioner towards payment of EESL charges related to DELP scheme approved by the Commission. Actual A&G Expenses incurred in previous 3 years are as tabulated below:

Table 5.11: Actual A&G Expense incurred in last 3 years (Rs crore)

S. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Normal A&G Expense	6.08	6.40	5.82
2	Incentive to Consumers	1.17	4.54	15.68
3	EESL Charges (DELP scheme)		3.65	4.71
	Total A&G Expense	**7.25**	**14.59**	**26.21**

EESL payout for the DELP scheme started from the FY 2014-15 onwards for the next five years.

The Commission is requested to approve the revised estimate of Rs. 33.54 crore as A&G Expense for the FY 2016-17.

Commission's analysis:

As per the provision 21 (b) of the JERC MYT Regulations 2014, norms for A&G Expenses shall be defined in terms of combination of the A&G expense per personnel and the A&G expense per 1000 consumers. In the Business Plan Order, the Commission has already approved the base A&G expense per employee of Rs. 17,592 and the base A&G expense per '000 consumers of Rs. 1,03,436 at end of FY 2012-13. The Commission has also approved the weightage of these two factors in the overall A&G computation as 50:50

The base expenses have been suitably escalated by the moving average WPI to arrive at the A&G Expenses for the FY 2016-17.

The Commission has considered provision of incentive to consumers on power factor amounting to Rs 22.82 crore as reduction in effective billed revenue and not as part of A&G Expenses.

Further, Rs 4.79 crore as submitted by the Petitioner as annual charges payable to M/s EESL towards DELP has been allowed as provision above the normative A&G Expenditure as per Regulation 21.3 of JERC MYT Regulations, 2014.

The A&G expenses as per norms approved in the Business Plan Order is shown in the Table below:

Table 5.12: A&G Expense as approved by the Commission for the Review of FY 2016-17 (Rs crore)

Sr. No	Particulars	FY 2012-13 As approved in the Business Plan	FY 2014-15 Escalating Col c @ 5.98%	FY 2014-15 Escalating Col d @ 7.43%	FY 2015-16 Col e @ 5.11%	FY 2016-17 Col f @ 1.83%
a	b	c	d	e	f	g
1	Average A&G Expenses Per Employee (Rs)	17,592	18,644	20,029	21,052	21,438
2	Average A&G Expenses Per '000 Consumers (Rs)	1,03,436	1,09,619	1,17,764	1,23,782	1,26,047
3	No of Employee					2,119.00
4	No of Consumers '000					469
5	A&G Expenses Per Employee - 50% weightage					2.27
6	A&G Expenses Per '000 Consumers - 50% weightage					2.96
7	**A&G Expenses**					**5.23**
8	**Provision for EESL annual payout towards DELP Charges**					**4.79**
9	**Total A&G Expenses**					**10.02**

The Commission thus approves an A&G expense of Rs. 10.02 crore in the Review of

the ARR for the FY 2016-17. The treatment of the A&G expenses during the True-up would be in accordance with the Provisions of Regulation 9.2, 10 and 11 of the JERC MYT Regulations, 2014.

(iii) Repair and Maintenance Expenses (R&M)

Petitioner's submission:

R&M expense for the current year has been arrived as based on k-factor of 2.68% approved by the Commission in the Business Plan Order dated 04th December 2015 and opening gross fixed assets for the FY 2016-17. The Commission is requested to allow Repair and Maintenance Expenses of Rs. 19.01 crore for the FY 2016-17.

Commission's analysis:

As per the Regulation 21 (b) and 21.2 of the JERC (Multi Year Distribution Tariff) Regulations 2014, the norm for R&M Expenses shall be defined in terms of as percentage of opening gross fixed assets for estimation of the R&M expenses. The Commission has analyzed the figures of the R&M expenses and the opening GFA based on the trued-up values. The "K-factor" of 2.68% was considered by the Commission during approval of business plan order dated 04th December 2015, has been employed to estimate the R&M Expenses for the FY 2016-17. The Commission has also considered the capitalization in the FY 2015-16 as approved in the True-up for the FY 2015-16. Inflation index (CPI and WPI) has been considered with weightage of 60:40. The average of the CPI Index of the last 3 years works out to 7.21% and an average of WPI of the last 3 years comes to be 1.83% The R&M expenses as per norms as approved in the Business plan Order is shown below:

Table 5.13: R&M Expense as approved by the Commission for the Review of FY 2016-17 (Rs crore)

Sr. No	Particulars	FY 17
1	Opening GFA	660.92
2	K Factor Approved by the Commission	2.68%
3	Inflation index (60:40=CPI:WPI)	5.05%
4	**R&M Expenses**	**18.61**

The Commission approves an R&M expense of Rs. 18.61 crore in the Review of the ARR for the FY 2016-17. The treatment of the A&G expenses during the True-up would be in accordance with the Provisions of Regulation 9.2, 10 and 11 of the JERC MYT Regulations, 2014.

Summary of O&M Expenses approved for the Review of the FY 2016-17

The O&M expenses as submitted and approved for the FY 2016-17 are as shown below:

Table 5.14: O&M Expenses approved by the Commission for True-up of FY 2016-17 (Rs crore)

S.No	Particulars	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	Employee Expenses	75.13	89.20	85.66
2	A&G Expenses	5.11*	33.54	10.02**
3	R&M Expenses	19.41	19.01	18.61
	Total O&M Expenses	**99.65**	**141.75**	**114.28**

***Doesn't include increased incentive to consumers and DELP annual payout charges to EESL**
***** Includes DELP annual payout charges to EESL***

5.10. Gross Fixed Assets (GFA), Capitalisation and Depreciation

Petitioner's submission:

The opening balance of GFA for the FY 2016-17 of Rs. 660.92 crore and additions to GFA of Rs. 63.40 crore is considered. The depreciation for each year of the Control Period is calculated on the original cost of the fixed assets at the depreciation rates specified by CERC for calculation of depreciation on different asset categories, which came to Rs 29.95 crore for the FY 2016-17. The Commission is requested to approve the same.

Commission's analysis:

The Commission observes that the capital expenditure and the capitalization submitted by the Petitioner for the FY 2016-17 is required to maintain a reliable supply for the consumers of UT of Puducherry. Considering the reasonableness of the expenditure, the capitalization of Rs. 63.40 crore for the FY 2016-17 is approved. This expenditure is allowed to ensure the creation of infrastructure for adherence to Standards of Performance and Supply Code Regulations of the JERC.

The Commission with deep concern notes that as against a capitalization of Rs. 90.53 crore approved by the Commission in its Tariff Order dated 24th May 2016, has been revised by the Petitioner for the FY 2016-17 to Rs. 63.40 crore. **The Commission approves the capitalization of Rs 63.40 crore in the Review for the FY 2016-17.**

The Commission directs the Petitioner to submit a detailed statement of the capital expenditure incurred quarterly and the assets capitalized (duly indicating the scheme against which capitalized) up to 31.03.2017 on different dates during the year along with the True-up for the FY 2016-17. The Commission also directs the Petitioner to expedite the capex for improving the infrastructure.

Table 5.15: GFA approved by the Commission in the Review of the FY 2016-17 (Rs crore)

S No.	Particulars (Rs Cr)	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	Opening Gross Fixed Assets	674.88	660.92	660.92
2	Addition during the year	90.53	63.40	63.40
3	**Closing Gross Fixed Assets**	**765.41**	**724.32**	**724.32**

Depreciation

As per Regulation 26 of JERC Tariff Regulations 2009, depreciation for the assets shall be calculated annually at the rates specified by the CERC from time to time. The same have been applied on the different asset categories. The addition in assets for the FY 2016-17 is assumed to be for Plant and Machinery only.

The computation of the depreciation for the year is as shown below:

Table 5.16: Depreciation calculation by the Commission in the Review of the FY 2016-17 (Rs. crore)

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average Assets	Rate of depreciation	Depreciation
1	Plant & Machinery	604.54	63.40	667.94	636.24	5.28%	33.59
2	Buildings	17.37		17.37	17.37	3.34%	0.58
3	Vehicles	1.89		1.89	1.89	9.50%	0.18
4	Office	27.61		27.61	27.61	6.33%	1.75
5	Furniture and Fixtures	0.15		0.15	0.15	6.33%	0.01
6	Computers and Others	2.00		2.00	2.00	15%	0.30
7	Land	7.35		7.35	7.35		-
8	**Total**	**660.92**	**63.40**	**724.32**	**692.62**		**36.41**

The Commission, notes that the depreciation amount calculated on individual asset as above is higher than that submitted by the Petitioner. The Commission also notes that ED-Puducherry has started maintaining a proper Fixed Asset Register along with the audited accounts for the year. Some of the assets have already attained the 90% depreciation limit and they are to be excluded in the calculation of the depreciation as per CERC Regulations. The Commission, therefore, has not applied the applicable CERC rates on the group-wise assets in place while approving the depreciation for the year, since some of these assets have already attained the 90% limit.

In the absence of the complete break-up of the assets from the Petitioner which have attained the 90% depreciation limit, the Commission has considered the submission of the Petitioner on the average depreciation rate to be reasonable and considers the same for the Review of ARR for the FY 2016-17. The Commission has applied the average depreciation rate i.e. 4.32% as submitted by the Petitioner, on the average assets approved by the Commission i.e. Rs. 692.62 crore to arrive at the depreciation of Rs. 29.95

crore for the Review of FY 2016-17.

The Commission expects that in the next filing, the audited Fixed Asset Register (FAR) along with the audited accounts of the year shall be submitted to the Commission for validation.

The Table below captures the depreciation as submitted by the Petitioner and that approved by the Commission for the FY 2016-17.

Table 5.17: Depreciation approved by the Commission in the Review of the FY 2016-17 (Rs. crore)

Particulars	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
Depreciation	31.25	29.95	29.95

Therefore, the Commission approves the depreciation of Rs 29.95 crore for the Review of the FY 2016-17.

5.11. Interest and Finance Charges

Petitioner's submission:

The majority of capital assets are created out of the equity contribution from Government of Puducherry and the actual borrowing of loan is only to the extent of the R-APDRP schemes. The Petitioner has considered an addition of Rs. 63.40 crore in the Gross Fixed Assets for the FY 2016-17, which are considered to be funded through a normative debt to the tune of 70%. The rate of interest considered is as prevailing Prime Lending Rate (PLR) of the State Bank of India as on 1st April of FY 2016-17. The Financing charges amounting to Rs 2.43 crore have also been incurred by the department which are related to charges claimed by the bank charges, finance charges, etc. which are claimed along with the interest.

The Commission is requested to approve the Interest & Finance Charges at Rs. 23.06 crore for the FY 2016-17.

Commission's analysis:

As per Regulation 24 of JERC (Multi Year Distribution Tariff) Regulations 2014, if the equity actually deployed is more than 30% of capital cost, then equity in excess of 30% would be considered as normative loan. Actual loan or normative loan, if any shall be referred as gross normative loan. Since the majority funding of EDP is through equity, the Commission has considered 70% of capital cost as normative loan. The normative loan outstanding as on 1st April of FY 2016-17 has been computed by adjusting the cumulative repayment as approved by the Commission till FY 2015-16. Further, the Commission has considered the actual capitalization of assets amounting to Rs 63.40 crore as approved in the foregoing paragraphs. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30 since new capitalization is through 100% equity support by GoI. Repayment in the FY 2016-17 has been considered to be equal to depreciation allowed during the year. Further, the Commission has considered the interest rate (SBI PLR) for the FY 2016-17 at 14.05%. Accordingly, the calculation for the interest on the normative loan is given in the Table below:

Table 5.18: Normative interest on loan approved by the Commission for the Review of FY 2016-17

(Rs crore)

Sr. No.	Particulars	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	Opening Normative Loan	150.91	139.56	139.56
2	Add: Normative Loan during the year	63.37	44.38	44.38
3	Less: Normative Repayment	31.25	29.95	29.95
4	Closing Normative Loan (1+2-3)	183.03	153.99	153.99
5	**Average Normative Loan (1+4) * 0.5**	**166.97**	**146.78**	**146.78**
6	Rate of Interest (@SBAR rate)	14.05%	14.05%	14.05%
7	**Interest on Normative Loan**	**23.46**	**20.62**	**20.62**
8	Financing Charges	2.17	2.43	2.43
9	**Interest and Financing Charges**	**25.63**	**23.06**	**23.06**

Therefore, the Commission approves interest and finance charges of Rs 23.06 crores in the Review for the FY 2016-17.

5.12. Interest on Working Capital

Petitioner's submission:

The Interest on the Working Capital has been claimed in accordance with the Regulation no. 25 of the JERC MYT Regulations 2014. SBI advance rate of 9.30% as on 1st April 2016 has been considered for computation of Interest on Working Capital.

Commission's analysis:

As per Regulation 25 of MYT Regulations, 2014 the Working Capital is:

- Receivables of two months of billing
- Less Power Purchase Cost of one month
- Less consumer security deposit in cash (excluding Bank Guarantee/Fixed Deposit)
- Inventory for two months based on annual requirement for the previous year

The Interest rate on the Working Capital has been considered at 9.30% (SBI base Rate as on 05.10.2015) applicable as on 01st April 2016 i.e. start of the relevant year.

https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data

Inventory Based on Annual Requirement for the previous FY has been taken as per the audited accounts of the FY 2015-16. The Commission has verified the inventory for the FY 2015-16 with the audited account as Rs 40.67 crore and thereby approve two months inventory of Rs 6.77 crore. The actual Working Capital requirement after adjustment of the amount of Consumer Security Deposit is working to be negative. Thus, the Interest on Working Capital has been considered as nil.

The detailed calculation of the interest on Working Capital is tabulated below:

Table 5.19: Interest on Working Capital approved by the Commission for Review of the FY 2016-17 (Rs crore)

S. No	Particulars (Rs Cr)	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	Receivables of 2 Months Billing	217.71	209.63	218.86
2	Power Purchase Cost 1 Month	93.48	88.07	93.51
3	Consumer Security Deposit Excl. BG/FDR	187.41	178.36	178.37
4	Inventory Based on Annual Requirement for Previous FY	4.65	8.92	6.77
5	**Total Working after deduction of Security Deposit (1-2-3+4)**	-	-	-
6	SBI Base Rate (%)	9.30%	9.30%	9.30%
7	**Interest on Working Capital**	-	-	-

Therefore, the Commission approves 'Nil' Interest on Working Capital in the Review of the ARR for the FY 2016-17.

5.13. Interest on Consumer Security Deposit

Petitioner's submission:

Opening Consumer Security Deposit for the FY 2016-17 has been considered as per the audited balance sheet of the FY 2016-17. Addition in the Consumer Security Deposit for the FY 2016-17 has been considered equal to actual increase in the Consumer Security Deposit for the FY 2015-16. The Petitioner has also considered Interest at 7.75% as notified by Reserve Bank of India with effect from 06th March 2016. Even though the total Interest on Consumer Security Deposit is Rs. 13.70 crore, it is expected that the consumer would be paid Rs. 4.00 crore in the FY 2016-17 and the balance is proposed to be paid during subsequent years. The Commission is requested to approve an amount of Rs. 4.00 crore towards Interest on Consumer Security Deposit estimated to be paid in the FY 2016-17.

Commission's analysis:

In terms of the Section 47 (4) of the Electricity Act, 2003 '*the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission.'* The Commission has considered the closing Consumer Security Deposit for the FY 2015-16 as submitted by the Petitioner subject to True-up based on the audited accounts. Addition in Consumer Security Deposit of Rs. 5 Crores as submitted by the Petitioner during the FY 2016-17 is considered to be reasonable and the same would be revisited from the audited accounts for the FY 2016-17 at the time of True up of the FY 2016-17.

The Commission has considered the RBI bank Rate[1] for calculation of Interest rate as on 01st April 2016 i.e. 7.75% and the detailed calculation is shown in the Table below:

Table 5.20: Interest on Consumer Security Deposit approved by the Commission for the Review of FY 2016-17 (Rs crore)

S. No	Particulars	Approved in Tariff Order dated 24th May 2016	Petitioner's Submission (APR)	Approved by Commission (APR)
1	Opening Consumer Security Deposit	138.84	136.67	136.67
2	Net Addition During the year	5.00	5.00	5.00
3	Closing Consumer Security Deposit (1+2)	143.84	141.67	141.67
4	Average Deposit (1+3)*50%	141.34	139.17	139.17
5	Bank Rate	7.75%	7.75%	7.75%
6	**Interest on Consumer Security Deposit**	**10.95**	**10.79**	**10.79**

As the Petitioner has requested to approve an amount of 4.00 crore that it would be able to pay to the consumers in the FY 2016-17. The Commission allows Rs. 4.00 crore in Review of the FY 2016-17. The balance amount due to be paid to the consumers for the past years from FY 2009-10 to FY 2015-16 has been provisioned separately, to be paid afterwards, and the balance amount for the FY 2016-17 is Rs. (13.17-4.0) = Rs 9.17 crore.

The Commission approves Interest on Consumer Security Deposit of Rs. 4.00 crore in the Review for the FY 2016-17. This shall be paid to the eligible consumers and actual expenditure be shown at the time of True-up for the FY 2016-17.

However, the Commission has noted with serious concern that the delay in disbursement of complete interest on Security Deposit is increasing the liability of the Petitioner and directs the Petitioner to pay the balance amount at the earliest.

5.14. Return on Equity

Petitioner's submission:

Regulation 27 of MYT Regulations 2014 provides for entitlement for Return on Equity. As per the regulations, the RoE is allowed @16% on 30% of the capital base or actual equity,

[1] (https://www.rbi.org.in/Scripts/WSSViewDetail.aspx?TYPE=Section&PARAM1=4)

whichever is lower. However, the assets funded by the consumer contribution, capital subsidies/grants and corresponding depreciation do not form part of the capital base. A capital base of 30% of the approved average capital base is considered as the average equity for the FY 2016-17 and an addition to equity is considered at 30% of the capitalization. A Post-tax return on equity of 16% is considered on the average equity base of the year to arrive at the return on equity for the FY 2016-17.

The Return on equity is calculated at Rs.15.68 crore and requested the Commission to approve the same.

Commission's analysis:

In the previous MYT Order dated 24th May 2016, the Commission has inadvertently deducted the accumulated depreciation from GFA to arrive at the capital base. The Petitioner has submitted calculation of the RoE for the review of the FY 2016-17 on similar grounds. The RoE as approved in the previous Order dated 24th May 2016 and as submitted by the Petitioner is tabulated below:

Table 5.21: Return on Equity submitted by the Petitioner for Review of the FY 2016-17 (Rs crore)

S. No.	Particulars	FY 2016-17	
		Approved in T.O dated 24th May 2016	Petitioner's Submission (APR)
1	Gross block at the end of the year	765.41	724.32
2	Less: accumulated depreciation	363.63	358.41
3	Less: accumulated consumer contribution	17.71	22.49
4	Net Capital Base at end of the year (1-2-3)	384.07	343.42
5	Average Capital Base for the year (1+4)*50%	354.43	326.68
6	**Average Equity for the year @30%**	**106.33**	**98.00**
7	**Return on Equity @16%**	**17.01**	**15.68**

However as per Regulation 27 of the JERC MYT Regulations 2014, the Return on the Equity shall be computed on 30% of the capital base or the actual equity whichever is lower. Based on the approved capitalization, a 16% post tax return on equity shall be allowed irrespective of whether or not the distribution licensee has claimed a return on equity in the ARR Petition. Hence, there is no need to deduct accumulated depreciation from capital base. The Commission has considered the closing capital base for the FY 2015-16 as per the audited balance sheet submitted by the Petitioner. Further an equity addition in the FY 2016-17 equal to 30% of the assets proposed to be capitalized by the Petitioner. The same would also be subject to the True-up on basis of the audited accounts of the FY 2016-17. The fact that the Petitioner being a government department is not required to pay income tax has also been considered.

The calculation for the Return on Equity is given below:

Table 5.22: Return on Equity approved by the Commission for Review of the FY 2016-17 (Rs crore)

Sr. No.	Particulars	Approved by the Commission (APR)
1	Opening equity (30% of GFA)	198.28
2	Addition in Equity (30% of addition in GFA)	19.02
3	Closing Equity (1+2)	217.30
4	Average Equity Amount (1+3)*0.5	207.79
5	**Reasonable return 16% of Return 4*16%**	**33.25**

Therefore, the Commission approves Return on Equity of Rs 33.25 crore in the Review for the FY 2016-17.

5.15. Non-Tariff Income

Petitioner's submission:

Non-Tariff Income comprises metering, late payment charges, interest on staff loans, income from trading, reconnection fee, UI sales/ Sales to Exchanges and miscellaneous income among others. The Non-Tariff Income under this head is clubbed with Revenue from Outside Sales / UI Sales under the broad head of Non-Tariff Income. In H1 of the FY 2016-17 UI Sales was done to the extent of 56.14 MU that fetched an income of Rs. 5.39 crore. The UI sales in the second half is considered to be Nil as the projections are made on MOD principle that ensures no surplus and no deficit of power. An amount of Rs. 5.30 crore has also been received towards open access charges for wheeling of power through the grid. The total Non-Tariff Income for the FY 2016-17 is estimated at Rs 13.49 crore and the Commission is requested to approve the same.

Commission's analysis:

Considering the revenue from sale of UI power amounting to Rs 5.39 crore separately**, the Commission approves an amount of Rs 8.10 crore towards Non-Tariff Income in the Review for the FY 2016-17**.

5.16. Revenue from Sale of Surplus Power

Petitioner's submission:

An amount of Rs 5.39 crore has been earned as revenue from sale of surplus power/UI for the FY 2016-17.

Commission's analysis:

On verification from the Deviation Settlement Accounts available at website of SRPC, it is observed that the Petitioner has made a UI sale of 56.14 MU till September 2016. The Commission considers the revenue of Rs 5.39 crore from UI sales and approves the same in FY the 2016-17.

Therefore, the Commission approves total income from sale of surplus power at Rs 5.39 crore for the Review for the FY 2016-17.

5.17. Revenue at approved Retail Tariff of FY 2016-17

Petitioner's submission:

The projected revenue for the FY 2016-17 stands Rs. 1258.05 crore as against Rs. 1418.68 crore approved by the Commission in its Tariff Order dated 24th May 2016 respectively.

Commission's analysis:

The revised figures of revenue from sale of power have been calculated at the approved tariff structure of the FY 2016-17. Additionally the Petitioner has not submitted any details for the FPPCA as billed in the first six months of the FY 2016-17. Therefore, Commission has considered the same and on the basis of revised sales, connected load and number of consumers, has arrived at Rs. 1253.25 crore as revenue from retail tariff. Further, the Commission has deducted Rs 22.82 crore which was paid to consumers as an incentive for maintaining better power factor, which is in line with treatment done in the audited accounts. The category wise computation of revenue from retail tariff is shown in the Table below:

Table 5.23 Revenue from Sale of Power approved by the Commission for Review of the FY 2016-17 (Rs crore)

Sr. No	Category/ Slab of Consumers	Existing Tariff		FY 2016-17		
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Approved in T.O dated 24th May 2016	Petitioner's submission (APR)	Approved by the Commission (APR)
1	0-100	40.00	*1.10*	32.94	39.43	*39.36*
2	101-200	40.00	*1.75*	34.80	32.53	*32.51*
3	*201-300*	40.00	*3.50*	45.68	50.51	*50.68*
4	*Above 300*	40.00	*4.60*	127.35	72.80	*72.95*
5	*OHOB*	27.00		1.15	1.15	*1.15*
B	**Commercial**			***128.84***	**127.56**	**127.64**
1	*0-150 kWh*	100.00	*4.70*	15.57	15.44	*15.40*
2	*151-400 kWh*	*100.00*	*5.60*	17.15	16.99	*17.20*
3	*Above 400 kWh*	*100.00*	*6.25*	96.12	95.14	*95.03*
C	**HT 1 Industrial and Consumers**	250.00	*5.25*	***629.65***	***588.81***	***588.81***
D	**HT 2 Government and Water Tank**	*250.00*	*6.75*	***52.42***	***49.27***	***49.27***
E	**LT Industrial**			***118.08***	***97.94***	**97.94**
1	*LT Industrial*	*86.00*	*5.10*	94.91	80.23	*80.23*

Sr. No	Category/ Slab of Consumers	Existing Tariff		FY 2016-17		
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Approved in T.O dated 24th May 2016	Petitioner's submission (APR)	Approved by the Commission (APR)
2	*Water tank*	*100.00*	*5.90*	23.17	17.71	*17.71*
F	**Agriculture**			**1.81**	**1.49**	**1.36**
1	*Small Farmer*	9.00		0.06	0.04	*0.04*
2	*Large Farmer*	27.00		1.75	1.45	*1.31*
G	**Public Lighting**	*75.00*	*6.75*	**23.59**	**20.72**	***16.75***
H	**HT 3-EHT**	*220.00*	*5.10*	**22.37**	***169.97***	***169.97***
I	**Other Temporary Supply**		*8.10*		**5.85**	***4.86***
J	**Incentive to Consumers**					***(22.82)***
	Total			**1418.68**	**1258.05**	**1230.43**

Therefore, the Commission approves the revenue from sale of retail power including FPPCA for the FY 2016-17 at Rs 1230.43 crore for the Review for the FY 2016-17. As no details of FPPCA are available as such, the FPPCA amount would be examined during the True-up exercise.

5.18. ARR, Revenue Deficit/(Surplus) for the Review of the FY 2016-17

Petitioner's submission:

Net revenue requirement for the FY 2016-17 stands at Rs. 1257.77 crore and accordingly a revenue surplus of Rs. 0.28 crore has been estimated for the purpose of review of FY 2016-17.

Commission's analysis:

The Commission has reviewed various elements of the ARR for the FY 2016-17 based on the items of expenditure discussed in this Chapter and the same have been summarized in the Table below vis-à-vis Petitioner's claim in the Review for the FY 2016-:

Table 5.24 Net ARR approved by the Commission for Review of the FY 2016-17 (Rs crore)

SI	Particular	Approved in T.O dated 24th May 2016	Petitioner's submission (APR)	Approved by the Commission (APR)
1	Cost of power purchase for full year	1,121.79	1,056.81	1122.12
2	Employee costs	75.13	89.20	85.66
3	Administration and General Expenses	5.11	33.54	10.02
4	Repair and Maintenance Expenses	19.41	19.01	18.61
5	Depreciation	31.25	29.95	29.95

SI	Particular	Approved in T.O dated 24th May 2016	Petitioner's submission (APR)	Approved by the Commission (APR)
6	Interest and Finance charges	25.63	23.06	23.06
7	Interest on Working Capital	-	-	-
8	Interest on Consumer Security Deposit	13.70	4.00	4.00
9	Return on NFA /Equity	17.01	15.68	33.25
10	Provision for Bad Debt	-	-	-
11	**Total Revenue Requirement**	**1,309.03**	**1,271.26**	**1,326.65**
12	Less: Non-Tariff Income	2.80	8.10	8.10
13	Less: Revenue from Surplus Power Sale/UI	-	5.39	5.39
14	**Net Revenue Requirement**	**1,306.23**	**1,257.77**	**1,313.16**

Table 5.25: Revenue Gap/(Surplus) approved by the Commission for Review of the FY 2016-17 (Rs crore)

S. No.	Particulars	Approved in T.O dated 24th May 2016	Petitioner's submission (Review)	Approved by the Commission (Review)
1	**Net Revenue Requirement**	**1306.23**	**1,257.77**	**1,313.16**
2	Revenue from Retail Sales at Existing Tariff	1,295.08	1,258.05	1,230.43
3	**Net Gap / (Surplus) (1-2)**	**11.15**	**(0.28)**	**82.73**

The Commission approves the estimated standalone revenue gap of Rs. 82.73 crore for the Review of the ARR for the FY 2016-17. This estimated revenue deficit/ (surplus) is carried over to next year and has accordingly been considered in the ensuing year i.e. FY 2017-18.

Chapter 6. Approval of the various ARR components for FY 2017-18

6.1. Annual Revenue Requirement (ARR)

Petitioner's submission:

The Petitioner has submitted ARR for the FY 2017-18 same as approved by the Commission in the MYT Order dated 24th May 2016 and has not sought any variation in any of the expense components. However, the Petitioner has computed revenue from sale of power on the basis of revised tariff approved by the Commission for the FY 2016-17 in the Order dated 24th May 2016. ARR for the FY 2017-18 stands at Rs 1396.24 crore as per the MYT Order.

Commission's analysis:

The Commission notes that in the MYT Order dated 24th May 2016, the Commission has inadvertently deducted accumulated depreciation from the GFA to arrive at the capital base for the purpose of computation of RoE. The RoE as approved in the Order dated 24th May 2016 is tabulated below:

Table 6.1 RoE previously approved by the Commission for the FY 2017-18 in MYT Order (Rs crore)

S. No.	Particulars	Approved in T.O dated 24th May 2016 for FY 2017-18
1	Gross block at beginning of the year	921.55
2	Less: accumulated depreciation	401.59
3	Less: accumulated consumer contribution	17.71
4	Net Capital Base at end of the year (1-2-3)	502.25
5	Average Capital Base for the year (1+4)*0.5	443.16
6	**Average Equity for the year @30% (5*30%)**	**132.95**
7	**Return on Equity @16% (6*16%)**	**21.27**

As per Regulation 27 of JERC (Multi Year Distribution Tariff) Regulations 2014, Return on Equity shall be computed on 30% of capital base or actual equity whichever is lower based on approved capitalization. A 16% post tax return on equity shall be considered irrespective of whether the distribution licensee has claimed return on equity in the ARR petition or not. The Commission has considered the capital base for closing of the FY 2016-17 as approved in previous chapter. Further the Commission has also considered an equity addition in FY 2017-18 equal to 30% of asset capitalized in FY 2017-18 (as approved in the MYT Order dated 24th May 2016). The fact that the Petitioner being government department is not required to pay income tax has also been considered.

The calculation for the Return on Equity is given below:

Table 6.2 RoE now approved by the Commission for the FY 2017-18 in present Order (Rs crore)

Sr. No.	Particulars	Approved (ARR)
1	Opening equity (30% of opening GFA)	217.30
2	Addition in Equity (30% * Addition in GFA)	46.84
3	Closing Equity (1+2)	264.14
4	Average Equity Amount (1+3)*50%	240.72
5	**Return @16% on Equity**	**38.51**

The Commission approves the Return on Equity of Rs. 38.51 crore for the FY 2017-18 and accordingly the revised ARR for the FY 2017-18 as approved in the MYT Order and as approved in present Order is tabulated below:

Table 6.3 ARR now approved by the Commission for the FY 2017-18 in present Order (Rs crore)

SI	Particular	Approved in tariff order Dated. 24th May 2016	Petitioner Submission (ARR)	Approved (ARR)
1	Cost of power purchase for full year	1,182.27	1,182.27	1,182.27
3	Employee costs	81.74	81.74	81.74
4	Administration and General Expenses	5.56	5.56	5.56
5	Repair and Maintenance Expenses	22.02	22.02	22.02
6	Depreciation	37.96	37.96	37.96
7	Interest and Finance charges	33.00	33.00	33.00
8	Interest on Working Capital	-	-	-
9	Interest on Consumer Security Deposit	15.35	15.35	15.35
10	Return on Equity	21.27	21.27	38.51
11	Provision for Bad Debt	-	-	-
12	**Total Revenue Requirement**	**1,399.17**	**1,399.17**	**1,416.41**
13	Less: Non-Tariff Income	2.93	2.93	2.93
14	Less: Revenue from Surplus Power Sale/UI	-		-
15	**Net Revenue Requirement**	**1,396.24**	**1,396.24**	**1,413.48**

Any variation on account of Fuel and Power Purchase cost shall be calculated as per the Fuel & Power Purchase Cost Adjustment (FPPCA) formula specified by the Commission separately and any impact shall be passed directly to the consumers.

For the purpose of calculation using FPPCA formula notified by the Commission, the approved per unit cost of power purchase (R approved) for use in the FPPCA formula is 312 paise per unit for FY 2017-18. The approved per unit cost of power purchase for FY 2017-18 to be considered in the FPPCA formula excludes transmission charges of PGCIL, SLDC charges, RLDC charges and charges for reactive energy.

6.2. Revenue at Existing Retail Tariff of FY 2017-18

Petitioner's submission:

The revenue from retail tariff is projected as Rs 1504.11 crore for the FY 2017-18.

Commission's analysis:

Based on approved retail tariff for the FY 2016-17, the approved energy sales, the number of consumers and the connected load as approved in MYT Order dated 24th May 2016, the Commission has computed the revenue for the FY 2017-18 as follows:

Table 6.4 Revenue from Sale of Power at existing Tariff approved by the Commission for the FY 2017-18(Rs crore)

Sr. No	Category/ Slab of Consumers	Existing Tariff		FY 2017-18	
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Petitioner Submission (APR)	Approved (APR)
A	**Domestic**			**262.51**	**262.50**
1	0-100	40.00	1.10	35.59	35.59
2	101-200	40.00	1.75	37.72	37.72
3	201-300	40.00	3.50	49.59	49.59
4	Above 300	40.00	4.60	138.45	138.45
5	OHOB	27.00		1.15	1.15
B	**Commercial**			**135.20**	**135.20**
1	0-150 kWh	100.00	4.70	16.34	16.34
2	151-400 kWh	100.00	5.60	17.99	18.00
3	Above 400 kWh	100.00	6.25	100.87	100.87
C	**HT 1 Industrial and Consumers**	250.00	5.25	**664.73**	**664.73**
D	**HT 2 Government and Water Tank**	250.00	6.75	**55.17**	**55.17**
E	**LT Industrial**			**125.19**	**125.19**
1	LT Industrial	86.00	5.10	101.32	101.32
2	Water tank	100.00	5.90	23.87	23.87
F	**Agriculture**			**1.49**	**1.36**
1	Small Farmer	9.00		0.04	0.04
2	Large Farmer	27.00		1.45	1.31
G	**Public Lighting**	75.00	6.75	**24.41**	**20.34**
H	**HT 3-EHT**	220.00	5.10	**235.41**	**235.41**
I	**Other Temporary Supply**		8.10		-
	Total			**1504.11**	**1499.91**

The Commission approves the Revenue from existing Retail Tariff at Rs 1499.91 crore, for the FY 2017-18.

6.3. Standalone Revenue Gap/(Surplus) for the FY 2017-18

Petitioner's submission:

Revenue gap for the FY 2017-18 stands at Rs 107.87 crore.

Commission's analysis:

The Commission on basis of the approved ARR for the FY 2017-18 and the revenue at existing tariff approves standalone revenue surplus of Rs 86.42 crore as below:

Table 6.5: Revenue Gap/(Surplus) approved by the Commission for the FY 2017-18 (Rs crore)

S. No.	Particulars	Petitioner's submission (ARR)	Approved by the Commission (ARR)
1	**Net Revenue Requirement**	**1,396.24**	**1,413.48**
2	Revenue from Retail Sales at Existing Tariff	1,504.11	1,499.91
3	**Net Gap / (Surplus)**	**(107.87)**	**(86.42)**

The Commission approves the estimated standalone revenue surplus of Rs. 86.42 crore for the FY 2017-18.

Chapter 7. Open Access Charges for FY 2017-18

7.1. Allocation Matrix - Allocation of ARR into Wheeling and Retail Supply of Electricity

Petitioner's submission:

As per clause 33 of MYT Regulations, the distribution licensee needs to maintain separate books of accounts for wheeling and retail supply business. However, the distribution licensee has not segregated the accounts based on the wheeling and retail supply business as yet. The regulation also states that in the absence of such accounts, the ratio of the segregation may be decided by the Commission based on the data obtained from the distribution licensee. The present accounts of the licensee are maintained in a consolidated manner and the licensee does not have segregated accounts for each of the above businesses. Further, certain segments of business cannot be segregated into two business categories e.g. sub-station catering to both wires and supply business.

Accordingly, it has to rely on certain assumptions for segregation of total expenses into wires and supply business. However, in line with the Regulations, an endeavor has been made to analyse the expenses and incomes attributable to each business and based on assumptions, the ratio for segregation of the expenses under Retail Supply and Wires Business has been worked out and is tabulated below.

Table 7.1: Allocation of ARR elements between Wheeling and Retail Supply submitted by Petitioner (Rs crore)

Particulars	Wire Business (%)	Retail Supply Business (%)
Cost of Power Purchase	0%	100%
Employee Cost	70%	30%
A&G expenses	50%	50%
R&M Expenses	90%	10%
Depreciation	90%	10%
Interest & Fin Charges	90%	10%
Interest on Working Capital	22%	78%
Return on Equity	90%	10%
Interest on Security Deposit	0%	100%
Less: Non-Tariff Income	0%	100%

Commission's analysis:

As per Regulation 33 of the JERC MYT Regulations 2014,

"***Segregation of Wheeling Business and Retail Supply Business***

The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business for such period until accounts are segregated and separate books of accounts are maintained, the Commission shall decide the ratio of allocation of all *expenses and return component, based on data obtained from the Distribution Licensees. The following broad principles shall be followed for allocation of costs towards wheeling business and supply business, out of the total annual revenue requirements determined:*

(a) Power purchase cost shall be allocated to the Supply business;

(b) Operation and Maintenance expenses shall be segregated between wheeling and supply businesses in such manner as may be determined by the Commission;

(c) Majority of the capital expenditure related expenses, viz., depreciation, interest and return on equity, shall be included under the wheeling business."

It is evident from the above that there has to be a proper bifurcation of all expenses between functions of wheeling business (wire business) and retail supply business of the Petitioner and separate books of accounts have to be maintained.

However, the Commission observes that the Petitioner is yet to provide actual details of bifurcation of expenses. In the absence of these details, the Commission finds it appropriate to continue with the allocation matrix as considered in the last Order. Accordingly, the allocation between wheeling and retail supply business for the FY 2017-18 as per the approved ARR in this Order is provided in the following Table:

Table 7.2: Allocation of ARR between Wheeling and Retail Supply as approved by the Commission (Rs crore)

Particulars	Wire Business (%)	Retail Supply Business (%)	Wire Business Cost (Rs. crore)	Retail Supply Cost (Rs. crore)	Total Amount (Rs. crore)
Cost of Power Purchase	0%	100%	0.00	1182.27	1182.27
Employee Cost	70%	30%	57.22	24.52	81.74
A&G expenses	90%	10%	5.00	0.56	5.56
R&M Expenses	50%	50%	11.01	11.01	22.02
Depreciation	90%	10%	34.16	3.80	37.96
Interest & Fin Charges	90%	10%	29.70	3.30	33.00
Interest on Working Capital	22%	78%	0.00	0.00	0.00
Interest on S.D.	22%	78%	3.38	11.97	15.35
Return on Equity	90%	10%	34.66	3.85	38.51
Provision for Bad Debt	0%	100%	0.00	0.00	0.00
Sub-Total			175.14	1241.28	1416.41
Less: Non-Tariff Income	0%	100%	0.00	2.93	2.93
Less: Revenue from surplus sale of power	0%	100%	0.00	0.00	0.00
Net Revenue Requirement			**175.14**	**1238.35**	**1413.48**
Energy Sales (MU)					2,940.49
Avg Cost of Supply Rs/kWh)					**4.81**

It is also seen from the Petitioner's submission that the Transmission and Distribution business has not been segregated and the EDP continues to function as an integrated utility. The Commission in line with the Petitioner's submission

and the fact that the expenses of the licensee are consolidated, has considered "NIL" transmission charges for the open access consumers in the UT.

7.2. Voltage Wise Wheeling Charges

Petitioner's submission:

As per the Electricity Act 2003, the cross subsidy surcharge and the additional surcharge are to be levied on the open access consumers. As regards the calculation of cross subsidy surcharge it shall be determined as per the formula specified in the National Tariff Policy, which is followed by the Commission. The Commission is requested to determine the Open Access charges, wheeling charges and cross subsidy charges every time while determining the tariff.

In this regard, the Petitioner has submitted the following:

Quote

"PED submits that the allocation of network and supply cost has been considered in line with the allocation principles adopted in Chapter 9 of this petition. PED submits that it does not maintain audited accounts for voltage wise assets. However, based on the engineering study and certain assumptions, PED has arrived at the segregation of cost. PED would like to emphasize that this statement is only based on engineering estimate as it does not have accurate audited data.

10.3 Voltage wise Wheeling Charges

10.3.1 PED submits that the apportionment of wheeling charges has to account for losses and therefore in the absence of the voltage wise details, PED has considered the bifurcation of wheeling cost based on the sales and losses at each voltage level. The voltage wise loss levels are taken as approved by the Commission in the Tariff Order of FY 2014-15."

Unquote

Accordingly, the wheeling charge as calculated by the Petitioner is tabulated below:

Table 7.3: Wheeling Charges for the FY 2017-18 as submitted by the Petitioner

Particulars	UoM	Formulae	Amount
Wheeling Cost	Rs crore	A	162.82
Wheeling Cost at EHT	Rs crore	B=A*49%	79.78
Wheeling Cost at HT	Rs crore	C=A*9%	14.65
Wheeling Cost at LT	Rs crore	D=A*42%	68.39
Energy Input at Discom Periphery	MU	E	3313.24
Wheeling Charge at EHT level	Rs per Unit	F=B/E*10	**0.24**
EHT Losses	%	G	1%
EHT Losses	MU	H	33.13
Sales at EHT Level	MU	I	398.99
Energy Input at HT	MU	J-E-H-I	2881.12

Particulars	UoM	Formulae	Amount
Wheeling Charge at HT level	Rs per Unit	K=C/J*10	**0.05**
HT Losses	%	L	5%
HT Losses	MU	M	144.06
Sales at HT Level	MU	N	1137.71
Energy Input at LT	MU	O=J-M-N	1599.35
Wheeling Charge at LT level	Rs per Unit	P=D/O*10	**0.43**
Sales at LT Level	MU	Q	**1403.79**
LT Losses	MU	R=O-Q	195.56
LT Losses	%		12.23%
Total Losses	MU	S=R+M+H	372.75

Commission's analysis:

The Commission observes that the voltage-wise bifurcation of expenses and assets has not been made available by the Petitioner.

In the earlier orders, the Commission had considered the EHT losses at 1%, HT losses at 5% and balancing losses at the LT level. Further, the apportionment of the wheeling cost had been considered in the ratio of 49:9:42 between EHT, HT and LT respectively. However, the Commission observes that the Petitioner has not submitted any updated information in this context for many years. The Commission is of the view that losses at various voltage levels along with the ratio between EHT:HT:LT have undergone considerable change over the years. Thus, the Commission does not find it appropriate to continue with the same approach in the current Tariff Order.

However, at the same time, the Commission is of the view that the open access should not be restricted in the absence of such information.

Thus, the Commission has decided to provisionally approve the losses for EHT at 1 % and HT at 3.5% (based on the analysis of average losses as submitted by other UTs in the jurisdiction of the Commission in their respective energy audit reports). **The Commission directs the Petitioner to provide actual voltage wise losses and voltage wise assets for the FY 2016-17 along with the next filing of the Tariff Petition.**

The wheeling charges so arrived have been shown in the following Table:

Table 7.4: Voltage-wise Wheeling Charge approved by the Commission for the FY 2017-18

Sr. No	Particulars	UoM	Formulae	Amount
1	Wheeling Cost	Rs Crores	A	175.14
2	Wheeling Cost for EHT network	Rs Crores	B=A*12.16%	21.30
3	Input required for sales at EHT network	MU	C	403.02
4	**Wheeling charges for EHT network usage**	**Rs/kWh**	**D=B/C*10**	**0.53**
5	Wheeling Cost for HT network	Rs Crores	E=A*35.58%	62.32
6	Input required for sales at HT network	MU	F	1,178.97
7	**Wheeling charges for HT network usage**	**Rs/kWh**	**G=E/F*10**	**0.53**

Sr. No	Particulars	UoM	Formulae	Amount
8	Wheeling cost for LT network	Rs Crores	H=A*52.25%	91.51
9	Input required for sales at LT level	MU	I	1,731.25
10	**Wheeling charges for LT network usage**	**Rs/kWh**	**J=H/I*10**	**0.53**

7.3. Cross-Subsidy Surcharge

Petitioner's submission:

As per the National Electricity Policy, a surcharge is to be levied by the respective State Commission on consumers switching to alternate supplies under the open access. This is to compensate the host distribution licensee serving such consumers who are permitted Open Access under Section 42 (2) of the Electricity Act, for loss of cross-subsidy element built into the tariff of such consumers. An additional surcharge may also be levied under sub-section (4) of Section 42 of the said Act for meeting the fixed cost of the distribution licensee arising out of its obligation to supply in cases where consumers are allowed open access.

Cross-subsidy surcharge (CSS) has been determined in accordance with the formula specified in the National Tariff Policy.

The category-wise CSS applicable arrived on consideration of the components ABR, C, L & D as proposed by the Petitioner is as follows:

Table 7.5: Cross-Subsidy Surcharge as proposed by the Petitioner for the FY 2017-18

Particulars	UoM	HT1	HT2	HT3
T (Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation)	Rs/kWh	6.22	8.09	5.90
C (per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligations)	Rs/kWh	3.57	3.57	3.57
D (aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level)	Rs/kWh	0.05	0.05	0.24
L (aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level)	%	5.00	5.00	1.00
Surcharge	**Rs/kWh**	**2.41**	**4.28**	**2.05**

Commission's analysis:

The Government of India has notified the National Tariff Policy, 2016 on 28th January 2016, which specifies the Cross subsidy surcharge to be calculated based on the following formula:

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

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligations;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligations;

D is the aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory assets.

The cross subsidy surcharge shall be taken as 'NIL' if works out to be negative.

As detailed above, in the absence of desired information, the Commission has decided to consider the losses at EHT at 1% and HT at 3.5%. Accordingly, the Commission has decided to compute the cross-subsidy surcharge on consolidated basis for HT till the time appropriate and validated information is made available by the Petitioner. **The Commission reiterates its direction to the Petitioner to provide actual voltage wise losses and voltage wise assets for the FY 2016-17 along with the next filing of the Tariff Petition.**

The computation of each component of Cross-Subsidy surcharge is as given below:

Table 7.6: Calculation of "T"(Tariff payable) approved by the Commission for the FY 2017-18

Particular	Sale (MUs)	Revenue from approved tariff (Rs crore)	Average Tariff (Rs/kWh)
T- EHT (Tariff payable)	398.99	235.41	5.90
T- HT (Tariff payable)	1,137.71	719.90	6.33

Table 7.7: Calculation of "C" (W. Avg Cost of Power Purchase) approved by the Commission for the FY 2017-18

Particular	Energy Procured (MU)	Average Rate (Rs./kwh)	Total Power Purchase Cost (Rs. Crore)
C (W. Avg Cost of Power Purchase)	3313.24	3.57	1182.27

The cross-subsidy surcharge based on the above formula is worked out as follows:

Table 7.8: Cross-Subsidy Surcharge approved by the Commission for the FY 2017-18

Cross Subsidy Surcharge	UoM	EHT Industry	HT Industry
T (Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation)	Rs. Per kwh	5.90	6.33
C (per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligations)	Rs. Per kwh	3.57	3.57
D (aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level)	Rs. Per kwh	0.53	0.53
L (aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level)	%	1.00	3.50
R (per unit cost of carrying regulatory assets)	Rs. Per kwh	0	0
Surcharge	**Rs. Per kwh**	**1.77**	**2.10**

The cross-subsidy surcharge has been calculated for the HT and EHT category only as presently the open access is allowed to consumers with a contract demand of 1 MW and above, which fall under these categories.

7.4. Additional Surcharge

Petitioner's submission:

The Petitioner will approach the Commission separately on case-to-case basis for seeking approval for the 'Additional Surcharge'.

Commission's analysis:

The Commission would determine Additional Surcharge 'as and when' approached by the Petitioner.

Chapter 8. Tariff Principles and Design

8.1. 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 the determination of retail tariff.

8.2. Revenue Gap/Surplus for the FY 2017-18

Unpaid Interest on Consumer Deposit

Petitioner's submission

Due to delay in Consumer Security Deposit data abstraction in respect of old LT consumers, the payment of interest on Consumer Security Deposit to such consumers was delayed and accordingly the Commission has not allowed the same during the true-up of the FY 2009-10 to the FY 2013-14. In the last Tariff Order dated 24th May 2016, the Commission has given directions to make payment on the interest on Consumer Security Deposit due to the consumers and accordingly the provision for the same was made in the ARR of the FY 2016-17 for interest w.e.f. FY 2009-10 to FY 2015-16.

Since the interest on Consumer Security Deposit were not paid in the past years i.e. from the FY 2009-10 to FY 2015-16, the same has not been included in the computation of ARR for the FY 2017-18. Also, out of the total liability of interest on Consumer Security Deposit payable to consumers, an amount of Rs. 1.97 crore was paid in the FY 2014-15, Rs. 2.88 crore in the FY 2015-16 and Rs. 4.00 crore is estimated to be paid to the consumers in FY 2016-17. The Consumer Security Deposit paid by individual consumers is partially captured in the computer data. For the rest of the consumers, the security deposit amounts paid by them are being verified. However, interest on Consumer Security Deposits is being paid periodically to the consumers (LT & HT) for whom the data has already been captured in the computer system. The Commission is requested to allow the provision of actual Consumer Security Deposit from the FY 2009-10 to the FY 2016-17 (after excluding amount paid in the FY 2014-15, the FY 2015-16 and estimated to be paid in the FY 2016-17), to be included in the Revenue Gap to be recovered in the FY 2017-18. The interest on Consumer Security Deposit of Rs 65.23 crore was provisioned to be paid in between the FY 2009-10 to the FY 2016-17, however only Rs 7.85 crore has been paid. Hence Rs 56.39 crore is still needed to be paid. This unpaid Consumer Security Deposit of Rs. 56.39 crore may be included in the total revenue gap to be recovered in the FY 2017-18.

Commission's Analysis

The Commission in its previous Order had made the following observations regarding unpaid interest on Consumer Security deposit

Quote

"The Commission notes with serious concern that despite the provisioning of the unpaid interest on Security Deposit amount during FY 2014-15 and FY 2015-16, only a marginal amount amounting to Rs. 4.52 crore is estimated to be actually paid up to FY 2015-16. "

Unquote

The Commission had further provisioned the unpaid amount of interest on consumer deposit to be paid in the FY 2016-17. However the Petitioner did not pay interest to the consumers for previous years in the FY 2016-17. As compared to Interest on Consumer Security Deposit amounting to Rs 13.17 crore generated in FY 2016-17, the Petitioner has estimated a payout of Rs 4.00 crore only. Hence the Commission in this Petition is not factoring any provision for unpaid Interest on the Consumer Security Deposit for the calculation of the revenue gap for the FY 2017-18. The Commission will consider the interest paid on consumer security deposit for previous years (FY 2009-10 to FY 2016-17) as and when the same is paid to consumers on actual basis as per the audited accounts.

Regulatory Assets

Petitioner's submission

As per the Tariff Order dated 12th June 2012, the Commission created a Regulatory Asset in view of the accumulation of revenue gap for the period from FY 2009-10 to FY 2012-13 due to load growth, increase in power purchase costs, increase in other costs and no tariff revision since FY 2009-10 is as under:

"The gap for the FY 2012-13 along with the approved revenue gap of the previous years from FY 2009-10 to FY 2011-12 of Rs. 320.56 Cr is considered as Regulatory Asset to be amortized in the subsequent years. The option to liquidate the whole revenue gap would result in huge tariff increases for each of the consumer categories, which may not be in the best interest of the consumers and the licensee.

……………………

In line with the JERC Tariff Regulations, the proposed Regulatory Asset would be amortised over a period of three years starting from FY 2013-14. "

The Commission has allowed to amortise the Regulatory Asset as approved over a period of three years starting from the FY 2013-14. The Commission increased the tariff for the FY 2013-14 and bridged the gap for the year and also approved an additional surcharge of 10% over the revenue from tariff excluding the OHOB and the Agriculture consumers. The Commission also suggested requesting the government to avail a one-time support of Rs. 360.28 crore. The decision on the same is being considered by the Government of

Puducherry. The calculation of Regulatory Asset has been revised in the Tariff Order dated 24th May 2016 due to the fact that the current Regulatory Asset has been worked out based on the actual audited accounts for the FY 2011-12 and FY 2013-14.

The calculation of the recovery of the Regulatory Asset (10% and 2.64% regulatory surcharge) is carried out independently. The additional revenue from recovery of the regulatory assets has not been considered as a part of the revenue from the retail tariff for the purpose of computation of standalone revenue gap for the relevant year. The additional revenue collected by levying of 10% regulatory surcharge in the FY 2013-14 and FY 2014-15 and 2.64% regulatory surcharge in the FY 2015-16, has been adjusted against the Regulatory Asset which is the cumulative revenue gap from the FY 2009-10 to the FY 2012-13.

The calculation of the Regulatory Asset and the recovery of the same from the consumers is given in the following Table:

Table 8.1: Liquidation of Regulatory Assets proposed by the Petitioner (Rs crore)

Sr. No.	Item of expense	Proposed by licensee	Approved by Commission	Revised by Licensee
1	FY 2009-10	59.54	58.02	58.02
2	FY 2010-11	96.19	93.94	93.94
3	FY 2011-12	352.18	348.96	348.96
4	FY 2012-13	125.57	107.54	107.54
6	Less: Government Support	(360.00)	(360.28)	(360.28)
7	**Regulatory Assets**	**273.48**	**248.18**	**248.18**
8	Recovery of Regulatory Assets from Consumers			
a	FY 2013-14	101.47	101.47	101.47
b	FY 2014-15	103.94	110.50	103.94
c	FY 2015-16	30.11	30.10	28.59
9	**Total Estimated Regulatory Assets recovered**	**235.52**	**242.07**	**233.99**
10	Pending regulatory asset recovery			14.19
11	Approved Recovery in ARR for the FY 2016-17		6.11	6.11
12	**Proposed Recovery in FY 2017-18**			**8.08**

As can be seen from above Table, against the actual regulatory assets of Rs. 248.18 crore (based on the audited accounts), the actual recovery during the FY 2013-14 to FY 2015-16 is Rs. 233.99 crore. Therefore, at the end of the FY 2015-16, Rs. 14.19 crore of Regulatory Asset was yet to be recovered. The Commission, thereafter allowed recovery of Rs. 6.11 crore in the ARR for the FY 2016-17.

The Commission is requested to approve the recovery of unrecovered regulatory asset of Rs. 8.08 crore during the FY 2017-18.

Commission's Analysis

The Commission noted the details of the past revenue gap and the additional revenue earned by the Petitioner by way of surcharge approved by the Commission to cover the regulatory gap between the FY 2013-14 to the FY 2016-17. The Table below summarises the generation and liquidation of the regulatory asset since FY 2009-10 as approved by the Commission in the MYT Order, proposed by the Petitioner and approved vide this Order:

Table 8.2: Liquidation of Regulatory Assets approved by the Commission (Rs crore)

Sr. No.	Item of expense	Approved in T.O dated 24th May 2016	Petitioner's Submission	Approved in this Order
1	FY 2009-10	58.02	58.02	58.02
2	FY 2010-11	93.94	93.94	93.94
3	FY 2011-12	348.96	348.96	348.96
4	FY 2012-13	107.54	107.54	107.54
6	Less: Government Support	(360.28)	(360.28)	(360.28)
7	**Regulatory Assets Sum(1:6)**	**248.18**	**248.18**	**248.18**
8	Recovery of Regulatory Assets from Consumers			
a	FY 2013-14	101.47	101.47	101.47
b	FY 2014-15	110.50	103.94	103.94
c	FY 2015-16	30.10	28.59	28.59
9	**Total Estimated Regulatory Assets recovered (8a+8b+8c)**	**242.07**	**233.99**	**233.99**
10	Pending regulatory asset recovery 7-9		14.19	14.19
11	Approved Recovery in ARR for the FY 2016-17	6.11	6.11	
12	**Proposed Recovery in FY 2017-18**		**8.08**	**14.19**

The Commission has not considered liquidation of Rs 6.11 crore in the FY 2016-17. However the Liquidation of regulatory asset is compared with the effect of the carrying cost as calculated in the next section.

Revenue Gap for the FY 2017-18

Petitioner's submission

The current Petition covers a period of 4 years which includes True-up for the FY 2014-15, True-up of the FY 2015-16, APR of the FY 2016-17 and the Tariff determination for the FY 2017-18. However, the revenue gap from the FY 2011-12 to the FY 2012-13 (including past gaps of the FY 2009-10 to FY 2010-11) is adjusted against the recovery of the Regulatory assets and therefore the revenue gap is calculated along with the additional adjustment from the FY 2013-14 to FY 2017-18 which is proposed to be recovered in the FY 2017-18 (i.e. second year of the MYT Control period).

The increase in tariff shall be proposed considering the cumulative gap over the years. The calculation of revenue gap as submitted by the Petitioner is tabulated below:

Table 8.3: Cumulative Revenue Gap till FY 2017-18 as proposed by the Petitioner (Rs crore)

S. No.	Particulars	Previous Year (Audit)	Previous Year (Provisional)	Current Year (Rev Estimates)	Ensuing Year (Projections)
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Net ARR	1,089.15	1,137.58	1,257.77	1,396.24
2	Less: Revenue at Existing Tariffs excluding Surcharge	1,077.06	1,101.82	1,258.05	1,504.11
3	**Revenue Gap for the year (1-2)**	**12.09**	**35.77**	**(0.28)**	**(107.87)**
4	**Opening Balance of Gap (cumulative upto respective year)**		**12.09**	**47.86**	**112.04**
5	*Gap during Corresponding Year*		**35.77**	**(0.28)**	**(107.87)**
6	**Additional Past Recoveries**				
7	Balance / pending regulatory asset recovery			**8.08**	
8	Accumulated Interest on Consumer Security Deposit to be paid in FY 2017-18			**56.39**	
9	**Balance Regulatory Gap to be recovered in FY 2017-18 (4+5+7+8)**			**112.04**	**4.18**

Commission's Analysis

Considering the existing regulatory assets and further standalone revenue gap of each year since FY 2014-15, the Commission determines revenue gap for the FY 2017-18 as tabulated below:

Table 8.4: Cumulative Revenue Gap till FY 2017-18 as approved by the Commission (Rs crore)

S. No	Particular	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Regulatory Asset till FY 2013-14	248.18			
2	Liquidation in FY 2013-14	(101.47)			
3	Opening Revenue Gap (1+2)	146.71	55.56	50.16	137.55
4	Carrying Cost @ IWC rate	20.96	8.20	4.66	12.79
5	Standalone Revenue Gap excluding Surcharge	(8.17)	14.99	82.73	(86.42)
6	Liquidation of Regulatory Asset through Surcharge	(103.94)	(28.59)		
7	**Closing Revenue Gap**	**55.56**	**50.16**	**137.55**	**63.92**

Hence the Commission approves a cumulative Revenue Gap of Rs 63.92 crore at end of the FY 2017-18 at the existing tariff.

8.3. Principles of Tariff Design

As per Regulation 36 of MYT Regulations, 2014, "Cross Subsidy, Allocation of Cost to Serve and Tariff Design"-

"a. The Commission shall gradually move towards reduction of cross subsidy in accordance with Electricity Act, Tariff Policy and such other guidelines of the government as applicable.

b. The Distribution Licensee shall compute the consumer category-wise cost of supply as per the methodology elaborated below.

c. Allocation of Cost: The Cost to serve shall be allocated to the consumer categories in the following manner:

Step 1: Functional Demarcation of Cost – Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc.

Step 2: Classification of Cost –Each of the functionalized costs shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature, related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting.

Step 3: Allocation of Cost

1) *Allocation of Demand Costs: Demand costs of all three functions shall be allocated among consumer categories on the basis of average coincident peak demand of the tariff categories (average of past 12 months). To facilitate determination of average coincident peak demand for the various tariff categories, load research shall be made an integral part of the operations of the DISCOMs and systematic load research exercises shall be initiated.*
2) *Allocation of Energy Costs: Energy related costs of Distribution functions shall be allocated to consumer categories on the basis of ratio of electricity consumption of each consumer category to the total electricity consumption under the purview of the Distribution Licensee. Energy related costs of Power purchase shall be allocated to various tariff categories on the basis of block approach on merit order dispatch and incremental principle, where each tariff category shall be allocated the incremental (energy related) power purchase cost on the basis of their respective share in the incremental power purchase. For the purpose of operationalizing the block approach and incremental principle, the Commission shall identify and notify a suitable year as the "base year".*
3) *Allocation of Customer Costs: Customer related costs shall be allocated to consumer categories on the basis of the ratio of number of consumers in each category to total number of consumers under the purview of the Distribution Licensee.*

d. Summation of allocated Demand cost, Energy cost and Customer cost across functions shall be total Cost to serve for respective consumer categories. Cost to serve reduced by revenue from a consumer category shall give total subsidy for that category. Total subsidy for a consumer category reduced by Government subsidy, if any, shall be cross-subsidy for that consumer category.

e. The consumers below poverty line who consume power below a specified level, say 30 units per month, shall receive a special support through cross subsidy.

f. Cross-subsidy surcharge and additional surcharge in Open Access

1. The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time in accordance with the Regulations specified by the Commission, shall be shown separately against the consumer category that is permitted open access as per the phasing plan.

2. Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories who have been permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Distribution Licensee arising out of his obligation to supply. Provided that the licensee shall provide such details in its annual filings.

g. Tariff Design

1) The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

2) After the costs have been allocated based on the method specified in clauses I and (d) above, tariffs for different consumer categories shall be designed with due regard to factors provided under section 62(3) of the Act.

3) The time of day tariff would be structured across three time slabs to denote normal, peak and off-peak periods. The time-periods would vary according to different seasons of the year i.e. summer, winter and the monsoon season. The peak tariff would be 10%-20% higher than the normal tariff and the off-peak tariff would be priced 5%-10% lower than the normal tariff.

4) Time of Day tariff may be introduced in a phased manner, wherein in phase 1 it would be for HT Consumers, in phase 2 – for LT consumers consuming more than 25 KW and in phase 3 for LT consumers consuming more than 10 KW."

In view of the above, the tariff needs to be designed in such a manner that cross subsidy among different categories of consumers is progressively brought within ±20% of the average cost of supply and that even for BPL category consumers, tariff rates are close to 50% of the average cost of supply. The Commission has taken a considerate view in this regard balancing the interest of the utility and the consumers.

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

8.4. Tariff Proposal

Petitioner's submission:

In Order to recover the total proposed cumulative Revenue Gap of Rs. 4.18 crore till FY 2017-18, a hike of <1% is required in FY 2017-18. Therefore, it is not proposing any tariff hike in FY 2017-18.

Commission's analysis:

The Commission has determined the retail tariff for the FY 2017-18 in view of the guiding principles as stated in the Electricity Act, 2003, the suggestions/objections of the stakeholders in this regard and the Petitioner's submission as discussed above.

Further, keeping in view the Tariff Policy, 2016 and relevant directions given by the Hon'ble APTEL in the judgment in O.P. no. 1 of 2011 as mentioned below, the Commission has taken a considered view in this regard.

The relevant abstract from the Tariff Policy, 2016 is as under:

"8.3. Tariff design: Linkage of tariffs to cost of service

It has been widely recognized that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.

Accordingly, the following principles would be adopted:

1. Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

3. While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different *parts of a state depending on the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage.*

4. Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity. Besides in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges is levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. Metering of supply to agricultural/rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of smart meters may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity."

Further, keeping in view the relevant directions given by the Hon'ble APTEL in the judgment in O.P. no. 1 of 2011 as mentioned below, the Commission has taken a considered view in this regard.

Directions given by the Hon'ble APTEL in the Judgment in O.P. no. 1 of 2011 are as follows:

1) ....

2) ....

3) ....

Quote

4) In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding seven years at the most and preferably within

Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.

5) Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.

6) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism."

The Commission has approved a cumulative Revenue Gap of Rs 63.92 crore at the end of the FY 2017-18 at existing tariff. Considering the revenue at existing tariff of Rs 1,499.91 crore for the FY 2017-18, the %age hike required to bridge this gap works out to be 4.26%.

However, the Commission observes that the utility will be having surplus on standalone basis in the FY 2017-18. Keeping this in view, the Commission finds it appropriate not to increase the base retail Tariff for the FY 2017-18, and instead allows the recovery of the revenue gap of Rs 63.92 crore through a regulatory surcharge.

Accordingly, the Commission hereby approves a regulatory surcharge of 4% to be levied on all consumers on the fixed and energy charges (excluding taxes etc.) at the approved tariff rates.

Thus, the Commission approves the same tariff structure as applicable in FY 2016-17 for the FY 2017-18 also as given below:

Table 8.5: Tariff Approved by the Commission for the FY 2017-18

Sr. No	Category/ Slab of Consumers	Existing Tariff		Approved Tariff	
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)
A	**Domestic**				
1	0-100	40.00	*1.10*	40.00	*1.10*
2	101-200	40.00	*1.75*	40.00	*1.75*
3	*201-300*	40.00	*3.50*	40.00	*3.50*
4	*Above 300*	40.00	*4.60*	40.00	*4.60*
5	*OHOB*	27.00		27.00	
B	**Commercial**				
1	*0-150 kWh*	100.00	*4.70*	100.00	*4.70*
2	*151-400 kWh*	*100.00*	*5.60*	*100.00*	*5.60*
3	*Above 400 kWh*	*100.00*	*6.25*	*100.00*	*6.25*
C	**LT Industrial**				

Sr. No	Category/ Slab of Consumers	Existing Tariff		Approved Tariff	
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)
1	*LT Industrial*	*86.00*	*5.10*	*86.00*	*5.10*
2	*Water tank*	*100.00*	*5.90*	*100.00*	*5.90*
D	**Agriculture**				
1	*Small Farmer*	9.00		9.00	
2	*Large Farmer*	27.00		27.00	
E	**Public Lighting**	*75.00*	*6.75*	*75.00*	*6.75*
F	**HT 1 Industrial and Commercial Consumers**	250.00	*5.25*	250.00	*5.25*
G	**HT 2 Government and Water Tank**	*250.00*	*6.75*	*250.00*	*6.75*
H	**HT 3-EHT**	*220.00*	*5.10*	*220.00*	*5.10*
I	**Other Temporary Supply**		*8.10*		*8.10*

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

Table 8.6: Revenue at Tariff Approved by the Commission for the FY 2017-18

Sr. No	Category/ Slab of Consumers	Approved Tariff		Revenue from approved Tariff			Approved Tariff	
		Demand Charges (Rs./KVA/ Per Month)	Energy Charge (Rs/kWh)	Fixed (Rs crore)	Energy (Rs crore)	Total (Rs crore)	Average Billing Rate	K Factor
A	**Domestic**			**16.56**	**245.94**	**262.50**		
1	0-100	40.00	1.10	6.17	29.43	*35.59*	2.91	0.58
2	101-200	40.00	1.75	3.39	34.33	*37.72*	1.33	0.26
3	*201-300*	40.00	3.50	2.77	46.82	*49.59*	1.92	0.38
4	*Above 300*	40.00	4.60	3.08	135.36	*138.45*	3.71	0.74
5	*OHOB*	27.00		1.15	-	*1.15*	4.70	
B	**Commercial**			**6.18**	**129.03**	**135.20**	1.11	0.22
1	*0-150 kWh*	100.00	4.70	0.99	15.35	*16.34*	6.21	1.23
2	*151-400 kWh*	100.00	5.60	0.93	17.07	*18.00*	5.00	0.99
3	*Above 400 kWh*	100.00	6.25	4.26	96.61	*100.87*	5.90	1.17
C	**LT Industrial**			**0.71**	**124.49**	**125.19**	8.09	1.61
1	*LT Industrial*	86.00	5.10	0.69	100.63	*101.32*	5.27	1.05
2	*Water tank*	100.00	5.90	0.01	23.85	*23.87*	5.14	1.02
D	**Agriculture**			**1.36**	**-**	**1.36**	5.90	
1	*Small Farmer*	9.00		0.04	-	*0.04*	0.24	
2	*Large Farmer*	27.00		1.31	-	*1.31*	0.06	
E	**Public Lighting**	75.00	6.75	0.55	19.79	*20.34*	0.27	0.05
F	**HT 1 Industrial and Commercial Consumers**	250.00	5.25	103.23	561.50	*664.73*	6.53	1.30
G	**HT 2 Government and Water Tank**	250.00	6.75	9.15	46.02	*55.17*	6.22	1.24
H	**HT 3-EHT**	220.00	5.10	31.92	203.48	*235.41*	6.94	1.38
I	**Other Temporary Supply**		8.10	-	-	-	5.90	1.17
				169.65	**1,330.25**	**1,499.91**		

The levy of the regulatory surcharge of 4% would lead to an additional recovery of Rs 60 crore and the net revenue gap after the levying of regulatory surcharge for FY 2017-18 is tabulated below:

Table 8.7: Revised Revenue gap at approved Tariff (Rs crore)

S. No	Particular	FY 2017-18
1	Opening Revenue Gap	137.55
2	Carrying Cost @ IWC rate	12.79
3	Standalone Revenue Gap for FY 2017-18	(86.42)
4	**Net Revenue Gap (1+2+3)**	**63.92**
5	Additional Recovery due to Regulatory Surcharge approved in FY 2017-18	60.00
6	**Revenue Gap/ Surplus in FY 2017-18 (5-6)**	**3.92**

The Commission accordingly approves a revenue gap of Rs 3.92 crore (after levying of regulatory surcharge of 4%) for the FY 2017-18 which will be addressed at the time of True-up.

Chapter 9. Tariff Schedule

9.1. Tariff Schedule

Sl. No	Consumer Category	Fixed Charge	Energy Charge Rs./kWh
LT SUPPLY			
1	**DOMESTIC PURPOSES (A2)**		
a.	0-100 units per month	Rs. 40/connection/ month	1.10
b.	101-200 units per month		1.75
c.	201-300 units per month		3.50
d.	Above 300 units per month		4.60
2	**HUT SERVICES (A3) (OHOB)**		
a.	Hut Services	Rs. 27/connection/ month	-
3	**COMMERCIAL (A1)**		
a.	0-100 units per month	Rs. 100/connection/ month	4.70
b.	101-250 units per month		5.60
c.	Above 250 units per month		6.25
4	**AGRICULTURE SERVICES (D)**		
I	**Agriculture (D1)**		
a.	Small Farmers	Rs. 9/HP/month	-
b.	Other Farmers	Rs. 27/HP/month	-
		and Service Charges Rs. 225 per service per annum	-
II	**Cottage Industries /Poultry Farms/ Horticulture/Pisciculture (D2)**		
a.	0-100 units per month	Rs. 40/connection/ month	1.10
b.	101-200 units per month		1.75
c.	201-300 units per month		3.50
d.	Above 300 units per month		4.60
5	**PUBLIC LIGHTING**		
a.	Public Lighting	Rs. 75/pole/ month	6.75
6	**LT INDUSTRIAL AND WATER WORKS (C)**		
a.	LT Industrial	Rs. 86 /connection/ month	5.10
b.	Water Tanks	Rs. 100/connection/ month	5.90

Sl. No	Consumer Category	Fixed Charge	Energy Charge Rs./kWh
HT SUPPLY			
1	**HIGH TENSION – I**		
a.	HT 1 (a) For contract demand up to 5000 kVA/Industrial	Rs. 250 per kVA per month	5.25
b.	HT 1 (b) For contract demand up to 5000 kVA/Commercial	Rs. 250 per kVA per month	5.25
2	**HIGH TENSION – 2**		
a.	High Tension – 2	Rs. 250 per kVA per month	6.75
3	**HIGH TENSION – 3**		
a.	High Tension – 3	Rs. 220 per kVA per month	5.10

Sl. No	Consumer Category	Fixed Charge	Energy Charge Rs./kWh
TEMPORARY AND HOARDINGS			
1	**TEMPORARY SUPPLY**		
a.	Lights or combined installation of lights and fans, motive power, heating and others	Minimum charges of Rs. 200 per connection per month or part thereof	8.10
b.	Special Illumination	Minimum charges of Rs. 500 per connection per month or part thereof	8.10
c.	Construction and testing purpose for load exceeding 130 HP or 97 kW	Minimum charges of Rs. 500 per connection per month or part thereof	8.10
2	**HOARDINGS/SIGNBOARDS**		
a.	Hoardings/signboards	Rs. 120 per kVA per month or part thereof	8.10

9.2. Applicability

APPLICABILITY - LT
LT Supply Limit for all LT categories For single phase connection, the connected load shall not exceed 4 kW, and for 3 phase connection, the connected load shall not exceed 130 HP or 97 kW
DOMESTIC PURPOSES (A2)
This tariff is applicable to services for lights, fans, Air-conditioning, Heating and other small domestic appliances etc. used for: a) Genuine domestic purposes including common services for stair-case, lifts, water tanks in the purely domestic apartments. b) Supply to actual places of public worship such as temples, mosques, churches etc. c) Ashrams and Mutts, Non-commercial orphanage homes and old people homes run by religious and charitable institutions, social welfare and voluntary organizations. d) Youth hostels, Harijan hostels, Rehabilitation Centres, Anganwadies and Balwadies run by Social Welfare Department. e) For own residences where one room is set apart for the purpose of consultation by doctors, lawyers, engineers, architects and auditors. f) To handloom in residence of handloom weavers (regardless of the fact whether outside labour is employed or not) and to handloom in sheds erected. g) To the residences where supply from a house is extended to tailoring shops, job typing, document writing, laundry pressing, and small caterers set up in the verandah of the house with small lighting load only (one tube light only).
HUT SERVICES (A3)
For supply to bonafide hut services with only two numbers of 40 W Florescent Tube lights **Note** 1. Hut is defined as a living place not exceeding 300 sq. ft. or 27.87 sq. m. with mud wall/brick wall or thatched wall and thatched roof only. Hut does not include farm huts. If any of the conditions is changed at a later stage, this concessional supply will be discontinued and the consumer will have to take metered supply. 2. The tariff under this item is also applicable for houses constructed for economically weaker sections under the "Chief Minister's 5000 houses programme" and houses constructed by the District Rural Development Agency under Indira Awaas Yojana and by the Adi Dravidar Welfare Department having a living space not exceeding 300 sq. ft. or 27.87 sq. 3. The consumer under this category should use only two numbers of 40 watts florescent tube lights. He should not use bulbs/tube lights of higher wattage or connect any other electrical equipment/ appliances other than those mentioned above. Supply from such services should not be tapped for any other purposes including functions, public meetings and also for neighboring huts. If at any time, any unauthorized load or extension, use of higher wattage bulbs or use of service for other purposes is detected, the service will be disconnected forthwith.
COMMERCIAL (A1)
This tariff is for Lights and combined installation of lights and fans, mixed loads of lights and power, heating and air-conditioning applicable to: a. Non-domestic and non-industrial consumers, trade and commercial premises b. Educational institutions, hostels, public libraries c. Hotels, Restaurants, Boarding and Lodging Homes d. Hospitals, Private clinics, Nursing Homes, Diagnostic Centres, X-ray Units etc.

APPLICABILITY - LT
e. IT related development Centres and Service Centres f. Common services for Stair-case, lifts, water tanks etc. in the purely commercial/ combination of commercial and domestic.
AGRICULTURE SERVICES (D)
Agriculture (D1)
For supply to bonafide agricultural services with a connected load of not less than 3 HP per service **Note** 1. Electricity will be supplied under the tariff category "Small farmers" to those consumers whose families are solely dependent on the income derived from their agricultural land holding, which should not exceed two and half acres of wet land or five acres of dry land. A certificate to this effect from Revenue authority shall be produced. "Small farmer" means a person whose total holding, whether as owner, tenant or mortgaged with possession or partly in one capacity and partly in another, does not exceed two-and-a half acres of wet lands or five acres of dry land. In computing the extent of land held by a person who holds both wet and dry lands, two acres of dry land shall be taken as equivalent to one acre of wet land. 2. The above concession will be withdrawn if resale of energy or unauthorized load / extension or use for other purpose is detected by the Department. 3. Agricultural power loads below 3 H.P. will be charged under Tariff Category A1. A bonafide farmer may use his motor in the Agricultural Service for allied agricultural purposes such as sugarcane crushing, thrashing etc. with the prior approval of concerned Executive Engineer (Operation & Maintenance), Electricity Department. 4. Power supply to Farm Houses shall be metered separately and charged under domestic tariff (A2). **Payment of Tariff Charges by Agriculture Consumers** 1. The Tariff shall be collected in three equal installments payable in April, August and December in each year. The installments shall be payable before the 15th of the respective months. The service charges of Rs. 225 per annum shall also be collected in three installments of Rs. 75, Rs. 75 and Rs. 75 along with installment of fixed charges in April, August and December months. 2. For new service, the first installment shall be proportionate to the number of whole months remaining till the month in which the first installment is due. Fraction of a month shall be reckoned as a whole month.
Cottage Industries /Poultry Farms/ Horticulture/Pisciculture (D2)
It is applicable to bonafide cottage industries, horticultural nurseries including plant tissue culture media, bona fide poultry farms and Pisciculture.
Note: **(a) Cottage industries** The following conditions should be satisfied in order that an industry may be classified as a bonafide cottage industry: 1) It should be conducted entirely within the home, the home being deemed to be permanent residence of the proprietor. 2) The industry shall not cause any residence to constitute a factory within the meaning of the Factories Act, 1948 or any amendment thereof. 3) Not more than two persons outside the immediate family of the proprietor shall be employed in the factory. 4) It should be certified by the Director of Industries that the industry for which power is used is a cottage industry.

APPLICABILITY - LT
5) The produce is not purely utilized mainly for the domestic consumption of the proprietor but should also be available for sale to the public. **(b) Poultry farms** The following conditions should be satisfied in order that the service may be classified as a bona fide poultry farm. 1) The capacity of the farm shall be a minimum of 100 birds and maximum of 5,000 birds (both layer and broiler birds). 2) The application of the beneficiary seeking such concession shall be verified and recommended by the Animal Husbandry Department. **(c) Horticultural/Pisciculture** 1) The applications of the beneficiary seeking such concession shall be verified and recommended by the Director, Agriculture Department. For Pisciculture, applications of the beneficiary seeking such concession shall be verified and recommended by the Director, Fisheries Department.
PUBLIC LIGHTING
This tariff will apply to public lighting in markets, bus stands, traffic signals, high mast lights on public ways, public parks, public lighting in notified industrial estates
LT INDUSTRIAL AND WATER WORKS (C)
Applicable to low tension industrial consumers including lighting in the industrial services and Water Tanks including lighting in the premises maintained by State Government Departments/Undertakings and Local Bodies.

APPLICABILITY - HT
Supply Voltage for all HT categories The supply voltage for HT consumer's upto 5000 kVA will be 33 kV, 22 kV or 11 kV as the case may be. New High Tension consumers who want to avail a contract demand above 5000 kVA or existing High Tension consumers who want to enhance their demand beyond total contract demand of 5000 kVA should avail power at 110 kV or 132 kV as the case may be.
HIGH TENSION – 1
High Tension 1 (a)
Applicable to industrial establishments, IT and ITES based Companies registered under Factories Act/ Companies Act with contracted maximum demand upto 5000 kVA
High Tension 1 (b)
For Commercial Establishments including Laboratories, Hotels, Marriage Halls, Cinema Theatres, Private educational Institutions, Private Hospitals, shopping Malls, Telephone exchanges, broadcasting companies with contracted maximum demand upto 5000 kVA.
HIGH TENSION – 2
Applicable to State and Central Government establishments of non-industrial and non-commercial nature.
HIGH TENSION – 3
Applicable to all types of industries supplied at 110 KV or 132 KV as the case may be

APPLICABILITY – TEMPORARY AND HOARDINGS
TEMPORARY SUPPLY
NOTE: (1) The rate for Special illumination shall apply to weddings, garden-parties and other Private/Government functions when the illumination is obtained through bulbs fastened in other surfaces of wall of buildings, on trees and poles inside the compound and in pandal etc., outside the main building. (2) In cases where such Special illumination is done in the existing regular services the energy utilized for such illumination shall be metered separately and the consumption will be charged under Special illumination charge as levied under temporary supply. (3) Wherever such Special illumination is done unauthorisedly, a penal charge of Rs. 500 for service shall be levied in addition to the existing tariff of the installation. (4) Other conditions for connection of line and service connection charges, dismantling, security deposit etc. will be as per the rules now in force. (5) For supply required at short notice that is within three days from the date of application for temporary service connections, an urgency charge of Rs. 50 shall be paid along with other normal tariff charges
HOARDINGS/SIGNBOARDS
Electricity for lighting external advertisements, external hoardings and displays at departments stores, malls , multiplexes, theatres, clubs, hotels, bus shelters, Railway Stations shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating / displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises. The connection for ''Advertisements and Hoardings" category would be covered under the permanent supply of connection under commercial category.

9.3. General Terms and Conditions

The above mentioned LT/HT Tariffs are subjected to the following conditions, applicable to all category of consumers.

a) The tariff indicated in this tariff schedule is the tariff rate payable by the consumers of Union Territory of Puducherry.

b) These tariffs are exclusive of electricity duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time.

c) Unless otherwise agreed to, these tariffs for power supply are applicable to single point of supply.

d) The power supplied to a consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff. If energy supplied for a specific purpose under a particular tariff is used for a different purpose, not contemplated in the contract for supply and / or for which higher tariff is applicable, it will be deemed as unauthorized use of electricity and shall be dealt with for assessment under the provisions of Section 126 of the Electricity Act, 2003 & Supply Code Regulation notified by JERC.

Provided that

i. 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

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

e) If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances, fittings, it shall not fall under Section 126 and Section 135 of the EA 2003.

f) **Power Factor Charges for HT and EHT**

The monthly average power factor shall mean the ratio expressed as percentage of total kWh to total kVAh supplied during the month. The ratio shall be rounded off two decimals.

i. The monthly average power factor of the supply shall be maintained by the consumer not less than 90% (lagging). If the monthly average power factor of a consumer falls below 90% (90% lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 1% in power factor upto 70%(lagging)

ii. In case the monthly average power factor of the consumer is more than 95% (95% lagging), a power factor incentive @ 1% on demand and energy charges shall be given for each increase of 1% in power factor above 95%(lagging)

iii. If the average power factor falls below 70% (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

g) If the consumer fails to pay the energy bill presented to him by the due date, the Department shall have the right to disconnect the supply after giving 15 days' notice as per provision of the Act & Supply Code Regulation.

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

i) The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulation. If such over-drawal is more than 20% of the contract demand then the connections shall be disconnected immediately.

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

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

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

l) **Advance Payment Rebate:** If payment is made in advance well before commencement of consumption period for which bill is prepared, a rebate @ 1% per month shall be given on the amount (excluding Consumer Security Deposit) which remains with the licensee at the end of the month. Such a rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

m) **Prompt Payment Rebate:** If payment is made at least 7 days in advance of the due date of payment a rebate for prompt payment @ 0.25 % of the bill amount shall be given. Those consumers having arrears shall not be entitled for such rebate.

n) **Time of Day (TOD) Tariff**

i. Under the Time of Day (ToD) Tariff, electricity consumption and maximum demand in respect of HT/EHT consumers for different periods of the day, i.e. normal period, peak load period and off-peak load period, shall be recorded by installing a ToD meter.

ii. The maximum demand and consumption recorded in different periods shall be billed at the following rates on the tariff applicable to the consumer.

Time of use	Demand Charges	Energy Charges
Normal period (6:00 a.m. to 6:00 p.m.)	Normal Rate	Normal rate of energy charges
Evening peak load period (6:00 p.m. to 10.00 p.m.)	Normal Rate	120% of normal rate of energy charges
Off-peak load period (10:00 p.m. to 6:00 a.m.)	Normal Rate	90% of normal rate of energy charges

iii. Applicability and Terms and Conditions of TOD tariff:

1. The Commission directs the Petitioner to introduce the TOD tariff as mentioned above urgently including installation of the Smart Meters to capture ToD consumption.
2. The facility of aforesaid TOD tariff shall not be available to the HT/EHT consumers having captive power plants and/or availing supply from other sources through wheeling of power
3. The HT/EHT industrial consumers who have installed standby generating plants shall also be eligible for the aforesaid TOD tariff
4. In the event of applicability of the TOD tariff to a consumer, all other terms and conditions of the applicable tariff shall continue to apply

o) The adjustment on account of Fuel and Power Purchase Cost variation shall be calculated in accordance with the FPPCA formula separately notified by the Commission under the Regulation. Such charges shall be recovered / refunded/adjusted in accordance with the terms and conditions specified in the FPPCA formula.

p) The values of the 'K' factor applicable for the different consumer categories for use in the FPPCA formula shall be as specified in this Tariff Order. .

q) Schedule of service charges and other charges would be as approved in this Tariff Order.

9.4. Schedule of Other Charges

Sr. No.	Description	Charges (In Rupees)
A	**Charges for Service Connections**	
A1	**New LT overhead service lines**	
1	One hut one Bulb	Nil
2	Other single phase Services	250
3	Three phase Services	500
4	L.T C.T operated Meter services	3000
5	H.T Services	5000
A2	**New LT underground service lines**	
1	Single Phase services	500
2	Three phase Services	1000
A3	**Rating / re-rating of services**	
1	Single phase Services	125
2	Three phase Services	250
3	L.T C.T operated Meter service	1500
4	H.T Service	2500
Note: The above charges under (A1) & (A2) will be applicable for addition or alteration or reduction of connected load and enhancement or reduction of CMD or alteration of internal Electrical installations.		
B	**Testing for Installation**	
1	Domestic lighting / Commercial lighting / Agriculture Services	200
2	Other LT Services	900
3	HT/EHT Services	7500
Note: Testing for servicing a new installation (or of an extension or alteration) - For the first test No Charge. Subsequent testing warranted due to absence of contractor or his representative (or) due to defects in wiring of consumer's premises or at the request of the consumer or at occasions that warrant testing of installations for the second time for reasons attributable to the consumers		

Sr. No.	Description	Charges (In Rupees)
C	**Testing for meters and metering arrangements**	
1	Single phase direct meter	150
2	Three phase direct meter up to 50 A	200
3	L.T C.T coil test	800
4	H.T Tri-vector Meter (0.5 class accuracy or CT operated LT meters)	1500
5	H.T Tri-vector Meter (0.2 class accuracy)	2000
6	H.T Metering Cubicle	3500
D	**Testing of HT/EHT Consumer Protective Equipment**	
1	Testing charges for protective relays (Earth fault, line fault etc.)	4500
2	Testing charges for one set of current transformer	4500
3	Testing charges for one set of potential transformers	4500
4	Testing charges for one set of circuit breaker	4500
5	Testing charges for measurement of earth resistance	3000
6	Testing charges for Transformer oils	500
E	**Disconnection/Re-connection Charges**	
1	Disconnection of L.T service on request	100
2	Disconnection of HT service on request	500
3	Reconnection of L.T Service (on all occasions)	100
4	Reconnection of HT Service (on all occasions)	500
F	**Title Transfer of Services**	
1	Domestic	250
2	Commercial Lighting Installation	500
3	All other LT installation	1000
4	HT/EHT Services	2000
G	**Furnishing of Certified Copies (To be issued to the consumer only)**	
1	Issue of duplicate Monthly bills for a month	10
2	Contractor's completion-cum test report	10
3	Ledger Extract	20/calendar year or part thereof
4	Agreement	50
5	Estimate	50

Sr. No.	Description	Charges (In Rupees)
H	**Meter Rent Charges**	
1	Single Phase meter	10/- per meter/ month or part thereof
2	Three Phase meter	25/- per meter/ month or part thereof
3	LT C.T operated meters	200/- per meter/ month or part hereof
4	HT/EHT metering equipment	500/- per meter/ month or part thereof
I	**Fuse Renewal Charges**	
1	Domestic	NIL
2	Commercial	50
3	L.T Industrial	50
4	High Tension/Extra High Tension Installation	250
J	**Shifting of Meter Board at Consumer's Request**	
1	LT Single Phase Supply	125
2	LT Three Phase Supply	250

Chapter 10. Directives

Over the years, the Commission has issued various directives to the Petitioner for necessary action at its end. It has been observed that the Petitioner is not fully complying with many of the directives issued by the Commission. In order to strengthen the effective monitoring and ensure timely implementation of all the directives in true spirit, the Commission hereby directs that the Petitioner shall now compulsorily submit:

- ***The detailed action plan for compliance of all the directives <u>within 1 month of the 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 of the end of each quarter of the calendar year</u>.***

10.1. Directives continued in this Order

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 shall be constrained to take appropriate action under Section 142 of the Electricity Act 2003 and various other provisions of the Act, and Regulations framed by JERC.

10.1.1.Preparation of Asset and Depreciation Register

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission notes the compliance with the said directive of the Commission.* *The Commission directs that in the future True-up Petition be duly submitted along with the audited accounts and the asset and depreciation registers for the respective year on time.*
Petitioner's Response in Present Tariff Petition *The Asset and Depreciation Register has been updated upto FY 2014-15. The updated Registers for FY 2015-16 will be produced at the time of Technical validation.*
Commission's Response *The Commission observes that the Petitioner is yet to ensure full compliance of this directive. The Commission directs the Petitioner to update the asset register till FY 2016-17 before filing of Tariff Petition for FY 2018-19.*

10.1.2. Accounting of Consumer Security Deposits etc. under appropriate head of accounts

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission notes the submission of the Petitioner. However, the Commission is not satisfied with the progress of compliance of the said directive. The Commission notes that as per the latest submission in the MYT petition, a provision of Rs. 48.40 Crores has been proposed by the Petitioner towards the arrears on interest on security deposit from FY 2009-10 to FY 2015-16 and the same has been included in the total revenue gap to be recovered in FY 2016-17. The Commission notes in the Petition that of the total interest on security deposit of Rs. 52.92 Crores (approximately) estimated to be paid from FY 2009-10 to FY 2015-16, only a marginal amount of Rs. 4.52 Crores is estimated to be actually paid up to FY 2015-16 and the rest has been provisioned in FY 2016-17 by the Petitioner.* *The Commission has also noted that a provision of Rs. 27.63 Crores in FY 2015-16 was made during the last Tariff Order dated 10th April 2015. However, the Petitioner as per the revised estimates submitted this time has shown only an amount of Rs. 2.50 Crores to be paid during FY 2015-16. A provision of Rs. 9.78 Crores was also approved in the Tariff Order for FY 2014-15. The Commission notes with serious concern that despite the provisioning of the unpaid interest on security deposit amount during FY 2014-15 and FY 2015-16, only a marginal amount amounting to Rs. 4.52 Crores is estimated to be actually paid up to FY 2015-16.The software and data related issues need to be sorted out at the earliest. The status report on the payment of the pending amount due to the consumers from FY 2009-10 to FY 2015-16 must be submitted to the Commission by September 2016.*
Petitioner's Response in Present Tariff Petition *From the FY 2013-14 the Department has segregated consumer deposits into a separate Treasury head of account and the Interest thereon has been paid every financial year to the respective HT/LT consumers.* *Before FY 2013-14 all the deposits made by the consumers towards security deposits as well as works deposits were put together in a single Head of account. The above issue can only be resolved after tracing out the details of the security deposits from the old policy files.* *The actual security deposits payable to the consumers from FY 2009-10 to the FY 2016-17 can only be computed through new software system, which is being implemented under R-APDRP scheme.* *It is therefore prayed to Hon'ble Commission to grant time to process the above work.*
Commission's Response *The Commission observes that the Petitioner is yet to ensure full compliance of this directive. The Commission directs the Petitioner to pay the full interest on consumer deposit in the FY 2017-18 to the eligible consumers and update the status to the Commission.*

10.1.3. Energy Audit and T&D Losses

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission has noted the various steps taken by the Petitioner towards compliance of the said directive.* *The Commission notes that considerable time has already been given to the Petitioner to fulfill compliance of the said directive. However, the energy audit report has still not been submitted before the Commission. The Commission expects compliance of the said directive during FY 2016-17 failing which strict action would be initiated by the Commission under various provisions of the JERC Regulations. The energy audit report should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The Distribution Transformers in Mahe and Yanam regions are metered completely. The Distribution transformers meter readings are being taken regularly every month and losses on each feeders upto 11 KV level are being worked out.* *A sample calculation for a month in respect of Yanam and Mahe regions will be submitted during Technical Validation.* *Regarding Pondicherry and Karaikal regions on completion of Distribution transformer metering in R-APDRP area and other areas similar analysis will be done and submitted to the Hon'ble Commission.* *It is expected that the new software under R-APDRP will be installed and commissioned by March 2017. The software provides for grouping of consumers Distribution Transformer wise enabling the Department to calculate losses upto LT level.*
Commission's Response *The Commission has taken a serious view of the fact that the Petitioner is yet to ensure full compliance despite repeated directives of the Commission. The Commission directs the Petitioner to have complete energy audit of all distribution transformers in the four areas by 30th October 2017 and report the compliance to the Commission.*

10.1.4.Estimation of the consumption by agriculture pump-sets

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *Work of the metering of the distribution transformers connected to agriculture consumers should be expedited and the status report be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *As submitted above the data of some Distribution Transformer consumption is being collected and some sample values will be submitted to the Hon'ble Commission during the Technical Validation.*

Commission's Response
The Commission observes that the Petitioner is yet to ensure full compliance of this directive. The Commission directs the Petitioner to submit the status report regarding metering of the distribution transformers connected to agriculture consumers before 31st July 2017 and complete the work of metering with the FY 2017-18.

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

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission in the Business Plan Order dated 4th December 2015, has expected full compliance of the 100% metering programme by FY 2017-18 and has accordingly approved the capital expenditure for this scheme for FY 2016-17 and FY 2017-18. No carryover of capital expenditure has been allowed during FY 2018-19. Further, the Commission in the Business Plan Order has directed as below:* ***Quote*** *''The Commission directs the department to provide detailed plan to undertake metering in the different areas, especially Karaikal. The details regarding plan of distribution of meters in different areas of Puducherry needs tobe elaborated and submitted before the Commission.''* ***Unquote*** *The Commission expects compliance of the above directive. The Petitioner is directed to submit the present status of replacement of defective meters, meters already available, additional meters proposed to be ordered and timeline for receipt of additional meters. EDP is directed to report time schedule for replacement of defective meters as on 30.04.2016. The status report must be submitted by June 2016.*
Petitioner's Response in Present Tariff Petition *PED has already purchased 40000 of 1- phase meters under plan schemes and allotted to various Divisions. So far 13,000 meters has been replaced.* *Orders has been placed for supply of 25,000 numbers of 3-phase meters under plan, 30,000 of 1 phase meters under R- APDRP. The energy meters are expected to be delivered shortly.* *Apart from this, sanction of the government to purchase 12,500 nos. of 3 Phase meters under R-APDRP is expected shortly and the meters will be purchased before March 2017.* *Work Order has already been issued for supply erection commission of 35,673 smart meters under Smart Grid project.* *It is also programmed to float e-tender for purchase of 35,000 nos. of LPRF meters under IPDS scheme during the current financial year. On approval of DPR of DDUGY action will be taken to purchase 78,820 nos. of energy meters.*
Commission's Response *The Commission has taken a serious view of the fact that the Petitioner is yet to ensure full compliance despite repeated directives of the Commission. The Petitioner is directed to submit the*

present status of replacement of defective meters, meters already available, additional meters proposed to be ordered and timeline for receipt of additional meters. The status report must be submitted by 31st July 2017 along with the plan and the schedule for 100% replacement of defective meters.

10.1.6.Load Shedding and ensuring proper service to the consumers

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The status report on the operationalization of the 24X7 call centre should be reported before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The 24X7 call centre will be opened as soon as the software implementation is completed by the firm under R-APDRP scheme. The other infrastructure for the 24X7 call centre is completed. It is to be Commissioned by the 1st quarter of FY 2017-18. The Department has introduced toll free no. 1912 for public consumer complaints.*
Commission's Response *The action taken is noted. The Petitioner is directed to submit the compliance of the directive before 30th September 2017.*

10.1.7.Pilferage of Energy

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission directs that theft of energy should be identified and action should be taken against the persons indulging in theft of energy. The concerned official(s) should ensure that the inspection of services is carried out regularly and quarterly status reports should be submitted before the Commission in a timely manner. Action taken report should be submitted to the Commission, on the identified misuse of the supply of electricity.*
Petitioner's Response in Present Tariff Petition *The exclusive APTS (anti power theft squad) is undertaking inspections and quarterly reports are being furnished to the Hon'ble Commission.*
Commission's Response *The action taken is noted. The Petitioner should continue the submission of Action Taken Report on quarterly basis to the Commission, on the identified misuse of the supply of electricity*

10.1.8. Employee Cost/Manpower Study

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The steps taken by the Petitioner in this regard are noted. However, considerable time has already been given to the Petitioner to submit the employee cost/manpower study. The Petitioner should take up the matter with the concerned officials at the Central Government to expedite the processing of the said study. The Commission directs that the employee cost/manpower study should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The Ministry of Finance Govt of India has sought some clarifications in implementation of the scheme. The Clarifications are being submitted.* *The report will be submitted to the Hon'ble Commission during the Technical Validation.*
Commission's Response *The Commission has taken a serious view of the fact that the Petitioner is yet to ensure full compliance despite repeated directives of the Commission. The Commission directs the Petitioner that the employee cost/manpower study should be submitted before the Commission before 30th November 2017.*

10.1.9. Enforcement Cell

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The concerned official(s) of the Enforcement Cell should see that the inspection of services is carried out regularly and status reports be submitted before the Commission in a timely manner.* *Action taken report should be submitted to the Commission, on the identified misuse of the supply of electricity. The same should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The exclusive APTS (anti power theft squad) is undertaking inspections and quarterly reports are being furnished to the Hon'ble Commission.*
Commission's Response *Action taken by the Petitioner is noted. The Petitioner should continue regular inspection and also continue submission of quarterly report to the Commission regarding the same.*

10.1.10. Connected Load/Contract Demand based fixed charges for LT Industrial and Commercial categories

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *Status of the installation of smart meters for the bulk load (meter with CT) consumers of Industrial and commercial category should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The existing 1673 LT CT operated meters are proposed to be replaced by Smart Meters. The Work Order for supply, fixing and commissioning of Smart Meters is awarded to M/s. Dong Fang.*
Commission's Response *Action taken is noted. The Petitioner is directed to have effective project management and complete the compliance of the directive before filing of next Tariff Petition for the FY 2017-18.*

10.1.11. Proposal of the Energy Charges for the agriculture category

Originally Issued in Tariff Order dated 10th April 2013
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The submission of the Petitioner is noted. The status report on the 100% metering of agriculture consumers should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *A sample calculation of Agriculture consumption has been furnished in the directive No. 5. On completion of metering all Agriculture services, separate tariff for agriculture services based on units will be submitted.*
Commission's Response *The Commission noted that the directive has not been complied with in the present Tariff Petition also. The Commission directs the Petitioner to submit an action plan for 100% metering of agriculture consumers by 31st July 2017 and submit a proposal for energy tariff based billing for agricultural consumers along with the next Tariff Petition.*

10.1.12. Unbundling & Corporatization

Originally Issued in Tariff Order dated 10th April 2015
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Petitioner is directed to speed-up its efforts for taking up the matter with Government and submit progress report in this regard before the Commission along with the next ARR & Tariff filing.*

Petitioner's Response in Present Tariff Petition

As directed by the Hon'ble Commission, the issue will be taken up with the Government of Puducherry before March 2017.

Commission's Response

The Commission has taken a serious view of the fact that the Petitioner is yet to undertake any action on this directive. The Petitioner is directed to take up the matter of unbundling and corporatization of the department with the Government within 2 months of issuance of this Order and submit monthly progress updates for the review of the Commission.

10.1.13. Technology upgradation

Originally Issued in Tariff Order dated 10th April 2015

Commission's Latest Directive in Tariff Order Dated 24th May 2016

The status report indicating various other measures taken by the Petitioner towards technology up-gradation should be submitted before the Commission along with the next ARR & Tariff filing.

Petitioner's Response in Present Tariff Petition

The works of replacing the mechanical relays with numeric relays are being undertaken at all the Sub-stations. It is also proposed to replace all the Oil filled 11 KV Ring main Switchgears with SF6 SCADA compatible switchgears and implementation of SCADA DMS.

Commission's Response

The Commission observes that while the Petitioner is undertaking works in this regard, no specific timeline has been mentioned by the Petitioner for the full compliance of this directive. The Commission now directs the Petitioner to submit a detailed action plan for ensuring 100% compliance of this directive within 1 month of issuance of this Order.

10.1.14. Information for determination of voltage wise wheeling charges

Originally Issued in Tariff Order dated 24th May 2016

Commission's Latest Directive in Tariff Order Dated 24th May 2016

The Petitioner is directed to provide the details of voltage wise assets and expenses along with the allocation methodology if any for the determination of voltage wise wheeling charges in the next tariff petition.

Petitioner's Response in Present Tariff Petition

The Department Asset and Depreciation Registers are being maintained separately for the Distribution and Transmission sector.

Being a single entity for both transmission and Distribution, the other expenses such as employee cost, R & M expenses could not be segregated at present.

Commission's Response
The Commission notes that Petitioner has not complied with the directive and has given reasons for non-compliance which are not tenable. The Petitioner is directed to provide the details of voltage wise assets and expenses along with the allocation methodology (based on best judgement of the Petitioner) for the determination of voltage wise wheeling charges in the next tariff petition.

10.1.15. Time of Day (T0D) Tariff for HT/ EHT consumers

Originally Issued in Tariff Order dated 24th May 2016
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Petitioner is directed to introduce ToD tariff for the HT/EHT consumers during FY 2016-17 as per the terms & conditions of ToD tariff as laid out in the Chapter on 'Tariff Schedule' of this Tariff Order.*
Petitioner's Response in Present Tariff Petition *The ToD compatible meters have been provided at Yanam and Mahe region. For Puducherry and Karaikal region, ToD meters will be procured and installed during the current financial year.* *However software modification needs to be made for HT billing system and the ToD tariff may only be implemented from the FY 2017-18*
Commission's Response *The action taken is noted. However, the Commission notes that the ToD compatible meters need to be provided for Puducherry and Karaikal regions also. The Petitioner is directed to complete the work of installing ToD compatible smart meters for all HT/EHT consumers along with necessary modifications in software within 3 months of issuance of this Order and report the compliance to the Commission. The Petitioner is also directed to widely publicize the implementation of ToD tariff to the HT/EHT consumers so that they can immediately start availing the benefits of ToD tariff mechanism.*

10.1.16. New Bill Format

Originally Issued in Tariff Order dated 24th May 2016
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Petitioner is directed to introduce the new bill format from 1st April 2016, so that consumers are able to easily understand the various billing charges applicable to them.*
Petitioner's Response in Present Tariff Petition *The new Bill format has been studied. Since many parameters needs to be incorporated in the new billing, the size of the bill format is getting increased necessitating the changing of printing machine and bill delivery system. The new bill format will be introduced after sorting out the above issues.*

Commission's Response
The Commission observes that the Petitioner has not fully complied with the directive. The Commission now directs the Petitioner to finalize and introduce the new bill format (including the adjustment of the Solar Power fed to the Grid) within 1 month of issuance of this Order and report the compliance to the Commission.

10.1.17. Open Access

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The steps taken by the Petitioner in this regard are noted. The status of setting up of the STU and SLDC (nodal agency) should be reported before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The open access permission has already been given to two consumers.*
Commission's Response *The Commission observes that while the permission for the open access has been accorded, the Petitioner is yet to comply with the directive of setting up of the STU and SLDC (nodal agency). The Petitioner is directed to submit the action plan for 100% compliance of this directive within 1 month of issuance of this Order. The Commission also directs the Petitioner to provide actual voltage wise losses and voltage wise assets for the FY 2016-17 along with the next filing of the Tariff Petition.*

10.2. New Directives issued in this Order

10.2.1. Category wise Connected Load

New Directive in this Order
The Commission has observed that the information pertaining to connected load of all the consumer categories is not made available by the Petitioner. The Commission directs the Petitioner to maintain and submit the information of connected load for all the categories in all future filings of the Tariff Petitions before the Commission.

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10.3. Directives dropped in this Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it has been observed that some of the directives issued in previous Tariff Orders are no longer required.

The Commission is of the view that since these directions have been complied with satisfactorily, these directions are no longer required in the present context and are required to be dropped or replaced with new directions. No further compliance/status is required to be submitted by the Petitioner for the following directives:

10.3.1. Demand Side Management and Energy Conservation

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission appreciates the efforts of the Petitioner in this regard. The Commission notes that the Department has successfully implemented Demand side management energy efficient lighting programme (DELP) for domestic category of consumers. Also, efforts are being made to convert the street lights into LED fittings.* *The Commission is satisfied with the progress on compliance of the said directive. Further steps taken by the Petitioner in this regard should be reported to the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *As a part of demand side management, the PED has already successfully implemented Demand side management energy efficient lighting programme (DELP) for domestic category of consumers.* *The Department is also assisting Puducherry Government to convert all existing street lights into LED fittings and the scheme is under preparation.* *A significant reduction under energy consumption of street lights category is anticipated on implementation of scheme by Local bodies/Municipality.*
Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive with an advisory to continue efforts in this direction using the latest technologies available and seek the help of EESL in replacement of all the bulbs and tube lights with LEDs.*

10.3.2.Bill Payment

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission notes the submission of the Petitioner. The Commission expects that the online bill payment facility would work properly and the software interface would be smooth. Other modes of payment as mentioned by the Petitioner linked to the R-APDRP scheme should be implemented quickly. Meanwhile, the present bill collection center should work properly so that consumers do not face issues in bill payment.* *The Commission will monitor the compliance of this directive very strictly as many stakeholders during the Public Hearing had pointed out that the billing is delayed and they get very little time to make the payment by due date.* *The Commission, during the Public Hearing, directed the Petitioner to introduce a new bill format from 1st April 2016. The status report on the same should be submitted before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *On line payment gateway is available to all consumers.*
Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive with an advisory to continue efforts in this direction using the latest technologies available.*

10.3.3.Annual Statement of Accounts

Originally Issued in Tariff Order dated 5th February 2010
Commission's Latest Directive in Tariff Order dated 24th May 2016 *The Commission has noted that the True-up of FY 2013-14 has been filed along with the MYT Petition. The True-up for FY 2014-15 was to be filed during this year's tariff filing. However, only the Provisional True-up has been submitted along with the MYT Petition.* *The Commission expects timely completion of audit of the relevant year so that True-up Petition for the respective year can be filed on time before the Commission. The Commission reiterates that audit and True-up be carried out on time as per the provisions of the JERC Regulations.*
Petitioner's Response in Present Tariff Petition *The Accounts for the FY 2014-15 has been audited and the True up petition for FY 2014-15 is being filed with the current Tariff Petition.* *The annual accounts for FY 2015-16 have been finalized and enclosed along with this petition. The True-up petition for FY 2015-16 is being filed with unaudited accounts. The Audited accounts will be filed before Technical Validation of the Tariff Petition for FY 2017-18.*

Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive.*

10.3.4.Load Forecasting study

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *Action taken is noted. However, considerable time has already been given to the Petitioner to submit the load forecasting study. The Petitioner is directed to take necessary steps to expedite the completion of the study and submit the same before the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *PwC has furnished the draft report on load research study. The Details furnished by the department on 19th Power Survey has been accepted and the above reports will be submitted during the Technical Validation.*
Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive.*

10.3.5.True-up Petition for the respective years

Originally Issued in Tariff Order dated 12th June 2012
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission notes that the True-up of FY 2013-14 has been filed along with the MYT Petition. The True-up for FY 2014-15 was to be filed during this year's tariff filing. However, only the Provisional True-up for FY 2014-15 has been submitted along with the MYT Petition. The Commission directs that timely completion of audit of the relevant year be carried out so that True-up Petition for the respective year be filed before the Commission on time. The Commission reiterates that audit and True-up be carried out on time as per the provisions of the JERC Regulations.*
Petitioner's Response in Present Tariff Petition *The Accounts for the FY 2014-15 has been audited and the True up petition for FY 2014-15 is being filed with the Tariff Petition.* *The accounts for FY 2015-16 have been finalized and enclosed with this petition. The True-up petition for FY 2015-16 is being filed with unaudited accounts. The Audited accounts will be filed before Technical Validation of the Tariff Petition for FY 2017-18.*
Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission has received the audited accounts for the FY 2015-16 also in the*

subsequent submissions. The Commission had decided to drop this directive with an advisory to ensure all future True-up Petitions as per the provisions of JERC MYT Regulations 2014.

10.3.6. Safety of Consumers and Employees

Originally Issued in Tariff Order dated 10th April 2015
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The Commission appreciates the efforts of the Petitioner in this regard. The Commission expects that the Petitioner would continue its efforts in this regard. The training sessions as being conducted by the Department should be continued. Status of the work done in this regard should be updated to the Commission along with the next ARR & Tariff filing.*
Petitioner's Response in Present Tariff Petition *The Training programme on safety is being conducted by the Technical Training Centre (TTC) during the FY 2016-17.* *During FY 2015-16, 262 no. of staffs and 215 no. of staff during 2016-17, as on date have been trained. The training programme on artificial resuscitation is being conducted by JIPMER Doctors for the employees and the engineers.* *During FY 2015-16, 156 no. of employees and 528 no. of employees during 2016-17, as on date have been trained.* *Action is being taken to float the e-tender for purchase of safety equipment's during the current financial year.*
Commission's Response *The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive with an advisory to continue efforts in this regard.*

10.3.7. Publicity for Consumer Grievance Handling System

Originally Issued in Tariff Order dated 10th April 2015
Commission's Latest Directive in Tariff Order Dated 24th May 2016 *The submission of the Petitioner is noted. However, the Commission notes that many stakeholders during the Public Hearing pointed out that they are not aware of the public grievance meetings being conducted by the Department.* *The Commission directs the Petitioner to take all possible steps for adequate publicity of the Public Grievance Forum and conduct monthly consumer grievances meetings in a regular manner in all four regions of Puducherry. The quarterly progress report in this regard should be submitted before the Commission.* *The Commission, further, expects that stakeholders would not complain in this regard during the next Public Hearing.*

Petitioner's Response in Present Tariff Petition
The Department conducts Public Grievance meeting after giving proper advertisement in advance in leading local dailies as well as in the local TV channels.
Commission's Response
The Commission has noted the submission of the Petitioner and appreciates the efforts undertaken. The Commission had decided to drop this directive with an advisory to continue efforts in this regard.

10.3.8.Levy of FPPCA before 30th June of the following Financial Year

Originally Issued in Tariff Order dated 10th April 2015
Commission's Latest Directive in Tariff Order Dated 24th May 2016
The submission of the Petitioner is noted. However, the Commission notes that many stakeholders during the Public Hearing pointed out that the same is not being followed by the Department in practice. *The Commission expects compliance of the above directive of the Commission and directs that the FPPCA amount due from the consumers with respect to the Financial Year be finalized before 30th June of the following Financial Year. Further, the Commission directs that the adjustment of FPPCA charges be made in the bills of the consumers within a month following the end of the current quarter.*
Petitioner's Response in Present Tariff Petition
The above direction of Hon'ble commission has been complied with by the Electricity Department.
Commission's Response
The Commission notes the compliance and drops this directive.

10.3.9.Promotion of Solar Generation

Originally Issued in Tariff Order dated 24th May 2016
Commission's Latest Directive in Tariff Order Dated 24th May 2016
The Petitioner is directed to take-up with the Government for formulation of a comprehensive policy for promotion of solar energy in line with the latest GoI directives on this matter in its area especially among the industrial consumers.
Petitioner's Response in Present Tariff Petition
The Government of Puducherry has issued notification for Solar policy for implementation in the UT of Puducherry. The copy of the notification will be submitted to commission during the Technical Validation.
Commission's Response
The Commission notes the compliance and drops this directive with a advisory to install Roof Top Solar on the Government Buildings.

Annexure 1: Public Notices published by the Petitioner

EPARTMENT, RNMENT OF

Nethaji Subhash Puducherry

IN RESPECT AGGREGATE REQUIREMENT AND TARIFF PETITION FILED

Notice is hereby given to all consumers and stake holders that the Electricity Department, Puducherry a Deemed Licensee engaged in the distribution and retail sale of electricity, has filed the Aggregate Revenue Requirement (ARR) and tariff application for distribution and retail sale of electricity for the financial year 2017-2018, before the Joint Electricity Regulatory Commission for the State of Goa and Union Territories, on 28th December 2016, under section 61, 62 & 64 of the Electricity Act 2003 and as per the provisions of JERC (Multi Year Distribution Tariff) Regulations, 201

The filing has been taken on record

for the year is given in the Table below.

	Expense	
	Employee	
	Administration General Expenses	
	Interest charges (Including Interest Working Capital)	
	NFA / Equity	
	Consumer Security Deposit to	
	Provision meet arrears of Interest Security Deposit	
	Requirement	
	Less : Tariff	2.93
[redacted]		
13	Revenue from Existing	
[redacted]		
	Add : Pending recovery of approved regulatory	
	Add : of FY	
	Add : Previous of FY 201 6	
	Add : Previous of FY 2016-17	
[redacted]		

vide tariff dated 25.05.2016 aggregate detailed

Department to retain the

Copies of th Department, Mahe rested ppli Bo re available in the , Puducherry and of the Superi city Departm nding office eer arai ectricity Yanam hours at the above office.

4. Copies of the above documents can also be obtained from the above offices on payment of Rs.100. The detailed petition document is also available on Electricity Department, Puducherry, website : **http://electricity.puducherry.gov.in/**
5. The tariff and charges for retail supply of Electricity to consumers proposed by the Electricity Department for the year 2017-2018 is indicated in the schedule below.
6. Objections / suggestions, if any on the ARR filings and tariff proposals submitted by the Electricity Department, Puducherry, together with supporting material may be filed with the Secretary, Joint Electricity Regulatory Commission (JERC) for Goa & UTs, Second floor, HSIIDC Office Complex, Vanijya Nikunj, Complex, Udyog-Vihar, Phase-V, Gurgaon-122016 (Haryana) in five copies in person or through registered post.
7. The objections / suggestions as above should be filed in five copies and carry full name and postal address of the person sending the objections and **should be supported by an affidavit duly attested.** If the objection is filed on behalf of any organization or any class of consumers, it should also be mentioned. It may also be specifically mentioned if the person putting in objections / comments also wants to be heard in person. The JERC, after perusing the written objections received in response to this notice may invite such objections as it considers appropriate for a hearing on the specified dates which will be notified by the

DEPARTMENT, GOVERNMENT OF PUDUCHERRY

SCHEDULE

		Energy		Energy
[redacted]				
	40.00			
OHOB	40.00		40.00	4.60
[redacted]				
101-250	100.00	5.60	100.00	5.60
[redacted]				
Small HP/Month		-		-
		-		-
[redacted]				
All Units				
All Units	00.00			
Temporary supply				
Light			200.00	.75
Special Illumination*				
Exceeding 97KW/130HP*	500.00	10.00		
[redacted]				
[redacted] with CMD upto [redacted]				
Commercial C upto 5000				
[redacted]			250.00	

charges-

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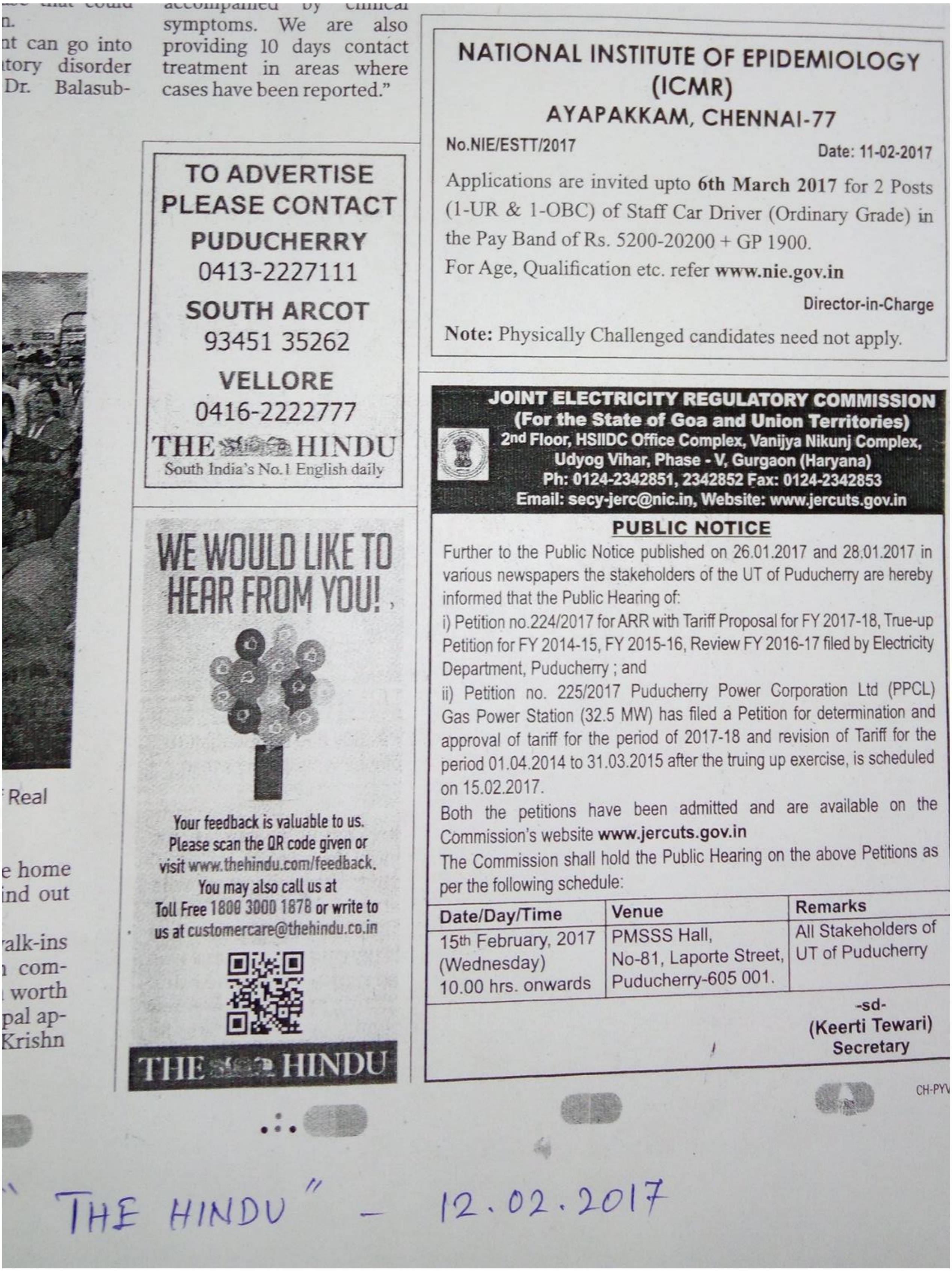
Annexure 2: Public Notices published by the Commission for intimation of Public Hearing



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nt can go into
atory disorder
Dr. Balasub-

accompanied by clinical symptoms. We are also providing 10 days contact treatment in areas where cases have been reported."

TO ADVERTISE PLEASE CONTACT
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SOUTH ARCOT
93451 35262
VELLORE
0416-2222777
THE HINDU
South India's No.1 English daily

NATIONAL INSTITUTE OF EPIDEMIOLOGY (ICMR)
AYAPAKKAM, CHENNAI-77

No.NIE/ESTT/2017 Date: 11-02-2017

Applications are invited upto **6th March 2017** for 2 Posts (1-UR & 1-OBC) of Staff Car Driver (Ordinary Grade) in the Pay Band of Rs. 5200-20200 + GP 1900.

For Age, Qualification etc. refer **www.nie.gov.in**

Director-in-Charge

Note: Physically Challenged candidates need not apply.

WE WOULD LIKE TO HEAR FROM YOU!

Your feedback is valuable to us.
Please scan the QR code given or visit www.thehindu.com/feedback.
You may also call us at
Toll Free 1800 3000 1878 or write to us at customercare@thehindu.co.in

THE HINDU

JOINT ELECTRICITY REGULATORY COMMISSION
(For the State of Goa and Union Territories)
2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase - V, Gurgaon (Haryana)
Ph: 0124-2342851, 2342852 Fax: 0124-2342853
Email: secy-jerc@nic.in, Website: www.jercuts.gov.in

PUBLIC NOTICE

Further to the Public Notice published on 26.01.2017 and 28.01.2017 in various newspapers the stakeholders of the UT of Puducherry are hereby informed that the Public Hearing of:

i) Petition no.224/2017 for ARR with Tariff Proposal for FY 2017-18, True-up Petition for FY 2014-15, FY 2015-16, Review FY 2016-17 filed by Electricity Department, Puducherry ; and

ii) Petition no. 225/2017 Puducherry Power Corporation Ltd (PPCL) Gas Power Station (32.5 MW) has filed a Petition for determination and approval of tariff for the period of 2017-18 and revision of Tariff for the period 01.04.2014 to 31.03.2015 after the truing up exercise, is scheduled on 15.02.2017.

Both the petitions have been admitted and are available on the Commission's website **www.jercuts.gov.in**

The Commission shall hold the Public Hearing on the above Petitions as per the following schedule:

Date/Day/Time	Venue	Remarks
15th February, 2017 (Wednesday) 10.00 hrs. onwards	PMSSS Hall, No-81, Laporte Street, Puducherry-605 001.	All Stakeholders of UT of Puducherry

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(Keerti Tewari)
Secretary

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"THE HINDU" – 12.02.2017

Annexure 3: List of Stakeholders

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

Sl. No.	Name of Stakeholder	Representation (in Writing)	Representation (In Person)
1.	Sumangala Steel (P) Limited, Chennai	√	√
2.	Snam Alloys Pvt. Limited	√	
3.	Karaikal Industries Forum	√	
4.	Sree Rengaraaj Steel (Karaikal)	√	