TARIFF ORDER

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

Petition No. 227/2017

For

Electricity Department, Andaman and Nicobar Administration

29th March 2017

संयुक्त विद्युत विनियामक आयोग (गोवा राज्य और संघ शासित प्रदेशों के लिए)
JOINT ELECTRICITY REGULATORY COMMISSION
For the State of Goa and Union Territories,
2 तल, वाणिज्य निकुंज, एचएसआईआईडीसी कार्यालय परिसर, उद्योग विहार फेज-V,गुड़गांव - 122016 हरियाणा
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Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurgaon

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

Petition No. 227/2017

In the matter of

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

And in the matter of

Electricity Department, Andaman and Nicobar Administration……………………..**Petitioner**

ORDER

Dated: 29th March 2017

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

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

Particulars	Details
Date of Admission	29th December 2016
Technical Validation Session	18th January 2017
Public Hearing	19th January 2017

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

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

e. The licensee shall publish the tariff schedule and the salient features of the tariff within one week in three daily newspapers in Hindi, English and the local languages, having wide circulation in its areas of supply. The distribution licensee shall also publish a booklet in Hindi, English and the local language containing all details of tariff and its applicability for the benefit of consumers. It should be made available for sale to the public at a nominal price.

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

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

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

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

स्थान : गुडगाँव

दिनांक: 29 मार्च, 2017

(Certified Copy)

कीर्ति तिवारी, सचिव

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List of Abbreviations

Abbreviation		Full Form
A&G	:	Administrative & 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
DISCOM	:	Electricity Department of Andaman and Nicobar Islands
CPSU	:	Central Public Sector Undertaking
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FPPCA	:	Fuel & Power Purchase Cost Adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HT	:	High Tension
IPDS	:	Integrated Power Development Scheme
JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
KVA	:	Kilo Volt Ampere
KWh	:	Kilo Watt Hour
LPS	:	Late Payment Surcharge
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets
O&M	:	Operation & Maintenance
PGCIL	:	Power Grid Corporation of India Ltd.
PLF	:	Plant Load Factor
PX	:	Power Exchange
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance

Abbreviation		**Full Form**
SLDC	:	State Load Dispatch Centre
SBI CAPS	:	SBI Capital Market Limited
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
T&D	:	Transmission & Distribution
UI	:	Unscheduled Interchange
VC	:	Variable Charges

Chapter 1. Introduction

1.1.About JERC

In exercise of the powers conferred by Section 83 of the Electricity Act 2003, the Central Government constituted a two member (including Chairperson) Joint Electricity Regulatory Commission for all Union Territories except Delhi to be known as "Joint Electricity Regulatory Commission for Union Territories" with headquarters at Delhi as notified vide notification no. 23/52/2003 – R&R dated 02nd May 2005. Later, with the joining of the State of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" as notified on 30th May 2008. The Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Andaman & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry) started functioning with effect from September 2008. The office of the Commission is located in Gurgaon, Haryana.

1.2.Electricity Regulatory Process in Andaman and Nicobar Islands

The Electricity Department of Andaman & Nicobar Administration had submitted their Petitions for determination of Aggregate Revenue Requirement and Tariff before the Commission and the Commission subsequently issued the following Tariff Orders:

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

Sr. No.	For FY	Filing date	Date of Tariff Order
1.	FY 2012-13	29th November 2011	04th June 2012
2.	FY 2013-14	29th November 2012	31st March 2013
3.	FY 2014-15	16th January 2014	11th April 2014
4.	FY 2015-16	15th December 2014	31st March 2015
5.	Business Plan Order for 1st MYT Control Period	10th September 2015	28th December 2016
6.	MYT Order for 1st MYT Control Period	09th February 2016	06th April 2016

1.3.Filing and Admission of the Present Petition

The present Petition was filed vide letter dated 17th December 2016, received at the Commission's office on 19th December 2016, admitted on 29th December 2016 and marked as Petition No. 227/2017.

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 technical due diligence and validation of data of the petitions filed by the utilities, obtaining and analysing information/clarifications received from the utilities, and submitting relevant issues for consideration of the Commission.

To analyse the petition, the Commission's staff held discussions with the Petitioner/Petitioner's representatives, obtained information/clarifications wherever required, and carried out technical validation with regard to the information provided by the Petitioner. The Commission's staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for analysis of the Tariff Petition and conducted a Technical Validation Session (TVS) with the Petitioner during which discrepancies in the Tariff Petition were pointed out and additional information required by the Commission was indicated. This session was held in the office of ED-A&N at Port Blair on 18th January 2017. The Petitioner submitted its replies, as shown below, in response to various queries raised by the Commission during analysis of the Petition. These were taken into account for finalisation of the Tariff Petition.

Table 1.2: List of interactions with the Petitioner

S .No.	Date	Subject
1.	29th December 2016	Admission of the Petition
2.	03rd January 2017	Data gaps forwarded by the Commission
3.	18th January 2017	Technical validation session
4.	27th January 2017	Response 1 to data gaps by the Petitioner

1.5.Public Hearing process

The Commission directed the Petitioner to publish a Summary of the Tariff Petition in the abridged form to ensure public participation. Public notices were published by the Petitioner for inviting objections/ suggestions from stakeholders on the Tariff Petition.

Table 1.3: Details of public notices published by the Petitioner

Sr. No.	Date	Name of newspaper	Place of circulation
1	07th January 2017	The Andaman Express	Port Blair
2	07th January 2017	The ECHO of India	Port Blair
3	09th January 2017	The Daily Telegrams	Port Blair
4	10th January 2017	The Daily Telegrams	Port Blair
5	18th January 2017	The Andaman Express	Port Blair

The Petitioner also uploaded the petition on its website http://electricity.and.nic.in and invited objections and suggestions on the petition. Interested parties/stakeholders were requested to file their objections/ suggestions on the petition to the Commission with a copy to the Petitioner on or before 17th January 2016. The copies of the public notices published by the Petitioner are attached as **Annexure 1** to this Order. The Commission received a few suggestions on the petition, which the department responded to at the time of the Public Hearing itself.

1.6.Notice for Public Hearing

The Commission also published public notices in leading newspapers, tabled below, giving due intimation to stakeholders, consumers, and the public at large about the Public Hearing to be conducted by the Commission on 19th January 2017 at Port Blair.

Table 1.4: Details of public notices published by the Commission

S .No.	Date	Name of Newspaper	Place of Circulation
1.	04th January 2017	The Andaman Express	Port Blair
2.	04th January 2017	The ECHO of India	Port Blair
3.	04th January 2017	Bartaman	Kolkata
4.	17th January 2017	The Andaman Express	Port Blair
5.	17th January 2017	The ECHO of India	Port Blair
6.	17th January 2017	Bartaman	Kolkata

Copies of the public notices published by the Commission for intimation of the Public Hearing are attached as **Annexure 2** to this Order.

The schedule of the hearing conducted by the Commission is presented below:

Table 1.5: Schedule of Public Hearing at Port Blair

Sr. No.	Date & time	Venue of hearing	Subject
1.	19th January 2017 from 10:00 am onwards	ALHW Multipurpose Hall, Port Blair	True-up of FY 2012-13, FY 2013-14 and Provisional True-up of FY 2014-15, Annual Performance Review for FY 2016-17, and Tariff Proposal for FY 2017-18

The major issues raised/indicated during the Public Hearing, along with 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**: Background and brief description of the regulatory process undertaken by the Commission.

- **Chapter 2:** Various suggestions and objections raised by objectors in writing, as well as during the Public Hearing before the Commission. Various suggestions and objections have been summarised, followed by responses of the Petitioner and rulings of the Commission on various issues.

- **Chapter 3:** True-up of FY 2012-13.

- **Chapter 4:** True-up of FY 2013-14.

- **Chapter 5:** Provisional True-up of FY 2014-15.

- **Chapter 6:** Annual Performance Review of FY 2016-17.

- **Chapter 7:** Revised Aggregate Revenue Requirement (ARR) of FY 2017-18.

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

- **Chapter 9:** Tariff schedule approved by the Commission.

- **Chapter 10:** Necessary directions of the Commission to ED-A&N.

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

2.1. Regulatory process

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

The Public Hearing was held on 19th January 2017 at Port Blair. During the Public Hearing, some persons who had submitted the objections in writing presented their objections/suggestions in person before the Commission. Other participants from the general public, who had not submitted written objections earlier, were also given equal opportunities to present their views/suggestions in respect of the Petition.

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

At the beginning of the hearing, the Commission ascertained from the stakeholders that those who had filed written objections before the date of the Public Hearing, had received replies to their written objections. All stakeholders were provided an opportunity to present their suggestions including those stakeholders who had not given prior written objections/suggestions but expressed their views, objections, suggestions during the hearing.

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

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

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

1. Request for lowering of tariff, keeping in view the economy of the islands
2. Poor operation and maintenance of SPCL plant which has led to deterioration of supply quality in the region.
3. Reduction in load-shedding in the island by, a) implementing solar power widely and reducing dependency on diesel power generation, and b) promoting use of LNG and converting all existing DG sets to LNG.

The Commission also received objection from Silver Sand Beach Resort on the frequent power cuts and power fluctuation. The stakeholder also submitted that the utility is not undertaking the mandate of augmenting the network and providing supply responsibly, and requested the Commission to not raise the power tariff till the licensee is able to generate/sell the required power as per demand of consumers.

The Commission has noted the concerns of all stakeholders and has tried to address them to the extent possible in the Tariff Design. The Commission has dealt with the issue of tariff hike in Chapter 8, "Tariff Principles and Design."

Chapter 3. True-up for FY 2012-13

3.1.Applicable provisions of Tariff Regulations, 2009

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

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

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

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

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

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

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

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

3.2.Approach for True-up of FY 2012-13

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

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

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

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

The Commission had determined the ARR for the FY 2012-13 vide its Order dated 4th June 2012 and subsequently carried out the review of FY 2012-13 vide its Order dated 31st March 2013. The Petitioner, in its True-up Petition for the FY 2012-13, has now submitted details of the expenditure and the revenue for the FY 2012-13 based on the audited accounts of FY 2012-13. The Petitioner has compared the actual revenue and expenditure with the corresponding figures previously approved by the Commission.

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

3.3. Energy Sales

Petitioner's submission:

The actual energy sales were 206.36 MU for the FY 2012-13, as against 209.30 MU approved earlier by the Commission vide Tariff Order dated 4th June 2012.

Commission's analysis:

The Commission notes that the energy audit report has not been submitted by the Petitioner. Also, there is no mention of category-wise sales in the Notes to the audited accounts submitted by the Petitioner.

In the absence of supporting documents, the Commission approves the energy sales at 206.36 MU as submitted by the Petitioner for the purpose of true-up, as shown in the following Table:

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

Consumer Categories	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	100.94	101.36	101.36
Non-Domestic	57.24	55.22	55.22
Industrial	9.98	11.17	11.17
Public lighting	9.73	8.72	8.72
Agriculture	0.93	0.91	0.91

Consumer Categories	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Bulk supply	30.48	28.98	28.98
Grand Total	**209.30**	**206.36**	**206.36**

Therefore, the Commission approves the total sales of 206.36 MU in the True-up of FY 2012-13.

3.4. Number of Consumers

Petitioner's submission:

The actual number of consumers were at 1,12,472 for the FY 2012-13, as against 1,06,334 approved earlier by the Commission vide Tariff Order dated 4th June 2012.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission approves the number of consumers at 1,12,472 as submitted by the Petitioner for the purpose of true-up, as shown in the Table below:

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

Consumer Categories	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	88,184	93,757	93,757
Non-Domestic	16,848	17,291	17,291
Industrial	464	501	501
Public lighting	585	649	649
Agriculture	201	218	218
Bulk supply	52	56	56
Grand total	**1,06,334**	**1,12,472**	**1,12,472**

Therefore, the Commission approves the total number of consumers as 1,12,472 in the True-up of FY 2012-13.

3.5. Connected Load

Petitioner's submission:

The actual connected load was at 1,67,878 kW for the FY 2012-13.

Commission's analysis:

The Commission had not approved the connected load in the Tariff Order dated 04th June 2012. The Petitioner has now submitted the actual connected load for FY 2012-13. As the Petitioner has not submitted any supporting documents to validate its claim, the Commission approves the connected load at 1,67,878 kW as submitted by the Petitioner for the purpose of true-up as given in the Table below:

Table 3.3: Connected load approved by the Commission in the True-up of FY 2012-13 (in kW)

Consumer Categories	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	-	92,541	92,541
Non-Domestic	-	51,773	51,773
Industrial	-	10,577	10,577
Public lighting	-	2,957	2,957
Agriculture	-	718	718
Bulk supply	-	9,312	9,312
Grand total	**-**	**1,67,878**	**1,67,878**

Therefore, the Commission approves the total connected load as 1,67,878 kW in the True-up of FY 2012-13.

3.6. Power Purchase Quantum & Cost

Petitioner's submission:

The energy requirement is met mainly from own generation apart from procurement of power from the IPPs and other generators. However, there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc. The Petitioner has purchased power worth Rs 195.69 crore against Rs 159.20 crores approved by the Commission. Further, the Petitioner has incurred fuel cost of Rs 153.83 crore against Rs 95.03 crore approved by the Commission.

Commission's analysis:

The Petitioner has neither provided Plant-wise power generation details nor submitted the actual power purchase bills. In the absence of details, the Commission is constrained to consider the quantum of power generation/purchase as submitted by the Petitioner. Total power purchase cost has been taken from the audited accounts submitted by the Petitioner.

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

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

Source	Capacity (MW)	Purchase (MU)	Energy received by licensee (MU)	Total (Rs Cr)	Average rate (Rs/unit)
Power purchase					
SPCL	20.00	104.40	101.73	195.69	13.98
HPP- I	5.00	11.85	11.54		
HPP-II	10.00	23.75	23.14		
G/Charama (SPV) NTPC	5.00	0.01	0.01		
Total power purchase	**40.00**	**140.01**	**136.43**	**195.69**	**13.98**
Own generation					
Diesel	59.40	111.25	107.27	153.83	13.83
Renewable	5.25	12.03	11.60	0.00	0.00
Total own generation	**64.65**	**123.27**	**118.87**	**153.83**	**12.48**
Overall power purchase	**104.65**	**263.29**	**255.30**	**349.52**	**13.28**

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

Therefore, the Commission approves the overall power generation/purchase cost of Rs 349.52 crore in the True-up of FY 2012-13.

Renewable purchase obligations (RPO)

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

"Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of all the consumers in its area during a year."

Actual availability of renewable power from NTPC Solar and KHEP and the consequent RPO compliance for the True-up of FY 2012-13 as shown in Table below:

Table 3.5: Summary of RPO compliance

Description	FY 2012-13
Sales within the state (MU)	206.36
RPO obligation (in %)	
- Solar	*0.40%*
-Non-solar	*2.60%*
RPO obligation (in MU)	
- Solar	***0.83***
-Non-solar	***5.37***
RPO compliance (Actual purchase)	
- Solar	*0.01*
-Non-solar	*12.03*
RPO compliance (REC certificate purchase)	
- Solar	*0*
-Non-solar	*0*
Total RPO compliance	
- Solar	***0.01***
-Non-solar	***12.03***
Shortfall/(Surplus) in RPO compliance	
- Solar	***0.82***
-Non-solar	***(6.66)***

The Commission notes that while there is surplus compliance of Non Solar RPO by 6.66 MU, there is shortfall of 0.82 MU in compliance of Solar RPO.

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

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

Therefore, the Commission has not considered any penalty for shortfall in the Solar RPO compliance for the FY 2012-13 and approves the power purchase cost at Rs 349.52 crore as detailed above.

3.7. Intra-State Transmission and Distribution (T&D) Losses and Energy Balance

Petitioner's submission:

The T&D losses for the FY 2012-13 were 19.17% as against 19.16% approved by the Commission in its Tariff Order dated 04th June 2012.

Commission's analysis:

As per Regulation 15 of the Tariff Regulations, 2009

"15. AT& C Losses

1. *The licensee shall give information of total AT&C losses in Previous Year and Current Year and the basis on which such losses have been worked out.*
2. *The licensee shall also propose a loss reduction programme for the Ensuing Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*
3. *Based on the information furnished and field studies carried out and the loss reduction programme proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:*
4. *Provided further that in the event of unbundling of the integrated utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.*
5. *The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.*
6. *The energy audit report for the first six months of the year shall be provided by November end of the same year. Similarly energy audit report for the last six months of the year shall be provided by May end of the next year.*
7. ***In the absence of energy audit, the Commission may not accept the claim of the licensee and may proceed to fix the loss levels on the basis of any other information available and its own judgment."***

The Commission, in its Order dated 04th June 2012, had approved the target Transmission and Distribution (T&D) loss level of 19.16%.

For the purpose of True-up, the Commission has considered net generation/purchase as submitted by the Petitioner in the true-up. Considering actual sales of 206.36 MU and actual availability of 255.30 MU, as approved above, actual T&D loss comes to 19.17%. Accordingly, the Commission approves Intra-State T&D loss level at 19.17%, as shown in the Table below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Power purchase (in MU)	148.09	136.43	136.43
Own generation (in MU)	110.58	118.87	118.87
Energy availability (in MU)	**258.67**	**255.30**	**255.30**
Energy sales (in MU)	209.29	206.36	206.36
T&D Losses (in MU)	49.60	48.94	48.94
T&D losses (in %)	**19.16%**	**19.17%**	**19.17%**

Therefore, the Commission approves the Intra-State T&D loss level at 19.17% in the True-up of FY 2012-13.

The Commission notes that the Petitioner has not submitted Plant-wise power purchase bills and breakup of quantum of power available from various sources. Further, the Energy Audit reports have not been submitted by the Petitioner.

The Commission directs the Petitioner to submit source-wise power purchase bills from Independent Power Providers (IPP)/ Solar plants as well as actual Plant-wise generation of its generating stations along with True-up of future years.

3.8. Employee Expenses

Petitioner’s submission:

The Employee expenses of Rs. 73.03 crore for the FY 2012-13 have been incurred during the year, as reflected in the audited accounts.

Commission’s analysis:

The Commission had approved employee expenses of Rs 49.30 crore in its Tariff Order for FY 2012-13. The Petitioner has however submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts.

The Commission has accordingly considered the employee expenses for the FY 2012-13 as per the audited accounts while incorporating corrections due to wrong classification by the Petitioner, as shown in the Table below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Employee cost	49.30	73.03	72.94

Therefore, the Commission approves the employee expenses of Rs 72.94 crore in the True-up of FY 2012-13.

3.9.Administrative and General Expenses

Petitioner's submission:

The Administrative and General (A&G) expenses of Rs 11.92 crores for the FY 2012-13 have been incurred during the year as reflected in the audited accounts.

Commission's analysis:

The Commission had approved A&G expenses of Rs 2.39 crore in the Tariff Order for FY 2012-13. However, the Petitioner has submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts submitted by the Petitioner and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of A&G expenses towards the Repair and Maintenance (R&M) expenses. The Commission has accordingly considered the A&G expenses for the FY 2012-13 as per the audited accounts submitted by the Petitioner while incorporating corrections due to wrong classification by the Petitioner, as shown below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
A&G expenses	2.39	11.92	23.85

Therefore, the Commission approves the A&G expenses of Rs 23.85 crore in the True-up of FY 2012-13.

3.10. Repair and Maintenance expenses

Petitioner's submission:

R&M expenses of Rs 15.08 crore have been incurred in the FY 2012-13, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved R&M expenses of Rs 34.36 crore in the Tariff Order of FY 2012-13. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of A&G expenses in the R&M expenses. The Commission has accordingly considered the R&M expenses for FY 2012-13 as per the audited accounts submitted by the Petitioner as shown below:

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
R&M expenses	34.36	15.08	3.25

Therefore, the Commission approves the Repair and Maintenance expenses of Rs. 3.25 crore in the True-up of FY 2012-13.

3.11. GFA, Capitalisation and Depreciation

Petitioner's submission:

The opening Gross Fixed Assets (GFA) of Rs 103.78 crores, addition in GFA of Rs. 1.52 crores and closing GFA of Rs 105.30 crore for FY 2012-13 have been submitted, on the basis of the audited accounts. The Petitioner has further submitted that it has booked depreciation of Rs 3.37 crore in the FY 2012-13.

Commission's analysis:

The Commission, in its Order dated 04th June 2012, had disallowed the opening GFA asked for by the petitioner in the absence of the audited accounts and Fixed Asset and Depreciation Registers, and directed the Petitioner to furnish the details urgently. The Commission has repeatedly asked for the details year after year, but these have not been submitted by the Petitioner.

Accordingly, the Commission considered the capitalisation proposed by the Petitioner for the FY 2011-12 as the opening value of assets for the FY 2012-13. Further, the Commission had provisionally considered capitalising Rs 22.14 crore and Rs 30 crore for the FY 2011-12 and FY 2012-13 respectively.

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

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	22.14	103.78	103.78
Addition during the year	30.00	1.52	1.52
Closing GFA	52.14	105.30	105.30

As per Regulation 26 of the Tariff Regulations 2009,

*"**26. Depreciation***

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

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

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

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

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

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

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

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

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

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

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average assets	Rate of dep.	Depreciation
1	Plant & machinery	51.76	0.68	52.44	52.10	3.68%	1.92
2	Buildings	30.24	0.00	30.24	30.24	1.64%	0.50
3	Vehicles	6.42	0.00	6.42	6.42	6.02%	0.39
4	Furniture and fixtures	1.28	0.05	1.33	1.31	3.61%	0.05
5	Computers & others	14.07	0.79	14.86	14.47	3.60%	0.52
7	**Total**	**103.78**	**1.52**	**105.30**	**104.54**	**3.22%**	**3.37**

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

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Depreciation	2.03	3.37	3.37

Therefore, the Commission approves the depreciation at Rs. 3.37 crore in the True-up of FY 2012-13.

3.12. Interest and finance charges

Petitioner's submission:

Being a government department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. However, the interest and finance charges arrived at, are based on normative loan considered to the extent of capitalisation during the year. Further, these charges factor in an addition in the gross fixed assets to the extent of assets capitalised for the FY 2012-13, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is the prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year. Accordingly, the Petitioner has claimed interest and finance charges of Rs 10.26 crore for FY 2012-13.

Commission's analysis:

As per Regulation 25 of the Tariff Regulations, 2009

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

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

"23. Debt-Equity Ratio

1. *For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:*
2. *Provided that the Commission may, in appropriate cases, consider equity higher than 30% for the purpose of determination of tariff, where the generating company or the licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of the general public: .*
3. *The debt and equity amounts arrived at in accordance with sub-regulation (1) above shall be used for all purposes including for determining interest on loan, return on equity, Advance against Depreciation and Foreign Exchange Rate Variation.*
4. *Provided that in the case of an Integrated Utility, till the time it remains Integrated Utility, it shall be entitled to return on its capital base as per Schedule VI to the repealed Electricity (Supply) Act, 1948."*

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

Therefore, opening normative loan for FY 2012-13 is taken as NIL and the normative interest on loan has been considered only on the assets created during the year FY 2012-13 onwards as per audited accounts.

The Commission has considered an addition of Rs 1.52 crores in gross fixed assets for FY 2012-13, which are considered funded through normative debt to the tune of 70%. The Commission, for the purpose of funding of the capitalisation has considered the normative debt-equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 1.06 crore (70% of Rs 1.52 crores) for FY 2012-13.

The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of the opening loan. Calculation of interest on the normative loan is given below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening normative loan	15.50	72.64	0.00
Add: Normative loan during the year	21.00	1.06	1.06
Less: Normative repayment 10% of opening loan	1.55	7.26	0.00
Closing normative loan	34.95	66.44	1.06
Average normative loan	25.23	69.54	0.53
Rate of interest	14.75%	14.75%	14.61%
Interest on normative loan	**4.42**	**10.26**	**0.08**

Therefore, the Commission approves the interest on loan at Rs. 0.08 crore in the True-up of FY 2012-13.

3.13. Interest on Security Deposit

Petitioner's submission:

The Petitioner has not claimed any interest on consumer security deposit.

Commission's analysis:

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

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

A security deposit of Rs 1.55 crore is available to the Petitioner as per the audited balance sheet. As per Section 47 (5) of the Electricity Act, 2003, the Petitioner has to pay the interest on the security deposits available with it and same shall be claimed in the ARR filed by the Petitioner. The Petitioner shall maintain the registers of security deposits collected from the consumers every year and pay the interest as per the bank rate of interest. However, the Petitioner has not considered any interest, on the plea that the deposits are in the form of Fixed Deposits Receipts (FDR) and interest is directly paid to the consumers.

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

3.14. Interest on Working Capital

Petitioner's submission:

Interest on Working Capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The State Bank of India's prime lending rate as on 1st April 2012 is considered for computation of Interest on Working Capital in line with the provisions of the Tariff Regulations, 2009. Accordingly, the Petitioner has claimed Rs. 5.53 crore as interest on working capital.

Commission's analysis:

As per Regulation 29 of Tariff Regulations, 2009:

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

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

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

The Commission has considered the calculation of different components of the Working Capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit is in the form of FDR and hence, is not available with the Petitioner. In accordance with Section 47(4) of the Electricity Act, 2003, the distribution licensees are required to pay interest on the security deposit collected from the consumers. As no separate approval of the interest on consumer security deposit is allowed, the Commission considers that the security deposit as on 31st March 2012 is not available with the Petitioner to support the Working Capital requirement for the FY 2012-13, and hence has not deducted this amount from the Working Capital requirement considered for True-up of FY 2012-13. The Commission has considered the weighted average rate of SBI PLR for the year for computation of Interest on Working Capital for True-up of FY 2012-13.

Detailed calculation of Interest on Working Capital is given below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Fuel cost for 2 months	15.84	12.82*	25.64
Power purchase cost for one month	13.27	16.31	16.31
Employee cost for one month	4.11	6.09	6.08
A&G expenses for one month	0.20	0.99	1.99
R&M expenses for one month	2.86	1.26	0.27
Total working capital	**36.28**	**37.46**	**50.28**
Security deposit (SD)	1.34	0.00	0.00
Total working capital after deduction of SD	**34.94**	**37.46**	**50.28**
SBAR Rate (%)	14.75%	14.75%	14.61%
Interest on working capital	**5.08#**	**5.53**	**7.35**

* *The Petitioner has considered fuel cost for 1 month only.*
 # The actual computations work out to be Rs 5.15 Crores. However, the Commission has taken Rs 5.08 Crores as submitted by the Petitioner.

Therefore, the Commission approves the Interest on Working Capital at Rs 7.35 crore in the True-up of FY 2012-13.

3.15. Return on Capital Base

Petitioner's submission:

The capital-based return of Rs 1.77 crore has been claimed in the ARR of FY 2012-13.

Commission's analysis:

As per Regulation 23 of the Tariff Regulations, the Petitioner is entitled for return on its capital base. The Commission finds it appropriate to approve the return on capital base, on the basis of GFA and cumulative depreciation as on 01st April 2012 (as reflected in the audited accounts submitted by the Petitioner) as per the Table below:

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Gross block at beginning of the year	22.14	103.78	103.78
Less accumulated depreciation	1.17	44.78	44.78

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net block at beginning of the year	20.97	59.00	59.00
Less accumulated consumer contribution	0.00	0.00	0.00
Net fixed assets at beginning of the year	20.97	59.00	59.00
Reasonable return @3% of NFA	**0.63**	**1.77**	**1.77**

Therefore, the Commission approves the return on capital base at Rs. 1.77 crore in the True-up of FY 2012-13.

3.16. Provision for bad and doubtful debts

Petitioner's submission:

ED-A&N has not made a provision for bad and doubtful debts for FY 2012-13.

Commission's analysis:

The Commission is of the view that the Tariff Regulations, 2009 allow a provision for bad and doubtful debts up to 1% of receivables in the ARR.

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

3.17. Non-Tariff Income

Petitioner's submission:

A Non-Tariff Income of Rs 2.39 crore has been claimed in the ARR of FY 2012-13.

Commission's analysis:

The Commission approves the Non-Tariff income at Rs 2.39 crores as per the audited accounts of FY 2012-13, as shown in the table below:

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

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Meter/service rent		0.44	0.44
NRSE		0.00	0.18
Estimates/RC Fees		0.00	1.48
New service connection		0.00	0.00
Sale of waste oil		0.00	0.02

Particulars	Approved in the Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Misc. receipts/income		1.95	0.27
Total income	**2.00**	**2.39**	**2.39**
Add prior period income	0.00	0.00	0.00
Total Non-Tariff income	**2.00**	**2.39**	**2.39**

Therefore, the Commission approves the Non-Tariff income of Rs 2.39 crore in the True-up of FY 2012-13.

3.18. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

Aggregate Revenue Requirement, as approved by the Commission, in the Order dated 04th June 2012 was Rs 350.44 crore. The Petitioner, on the basis of the True-up of FY 2012-13, requests the Commission to approve the ARR at Rs 468.08 crore.

Commission's analysis:

Based on the detailed analysis of all the expenditure heads of the ARR in the preceding sections, the Commission approves the trued-up ARR of FY 2012-13 at Rs 459.73 crore as tabled below:

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Cost of fuel	95.03	153.83	153.83
Cost of power purchase	159.20	195.69	195.69
Employee expenses	49.30	73.03	72.94
R&M expenses	34.36	15.08	3.25
A&G expenses	2.39	11.92	23.85
Depreciation	2.03	3.37	3.37
Interest on loan	4.42	10.26	0.08
Interest on consumer security deposit	0.00	0.00	0.00
Interest on working capital	5.08	5.53	7.35
Return on capital base	0.63	1.77	1.77
Provision for bad debit	0.00	0.00	0.00
Total revenue requirement	**352.44**	**470.47**	**462.12**
Less: Non-tariff income	2.00	2.39	2.39
Net revenue requirement	**350.44**	**468.08**	**459.73**

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

Petitioner's submission:

The revenue from tariff for the FY 2012-13 was Rs 84.26 crore.

Commission's analysis:

The Commission has verified the revenue from retail sale of power in the FY 2012-13 from the audited accounts and considers the revenue from sale of power at Rs 84.26 crore as reasonable and approves the same in the True-up of ARR for FY 2012-13.

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Revenue from sale of power	85.58	84.26	84.26

3.20. Revenue Gap

Petitioner's submission:

The revenue gap calculated by the Petitioner on the basis of True-up of FY 2012-13 is Rs 383.82 crore. The Petitioner has requested the Commission to approve the same for True-up of FY 2012-13.

Commission's analysis:

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

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

Particulars	Approved in Tariff Order dated 04th June 2012	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net revenue requirement	350.44	468.08	459.73
Revenue from retail sale of power	85.58	84.26	84.26
Revenue gap	**264.86**	**383.82**	**375.47**

The Petitioner has not proposed to carry forward the gap of FY 2012-13 for recovery in FY 2017-18 and has in fact asked for only partial recovery of the standalone gap of FY 2017-18 through nominal tariff hike, the remaining being met through budgetary support of the Government.

Therefore, the Commission approves the revenue gap of Rs 375.47 crore in the True-up of FY 2012-13, to be met from the budgetary support of the Government.

Chapter 4. True-up for FY 2013-14

4.1.Applicable provisions of Tariff Regulations, 2009

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

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

The truing up for any year will ordinarily not be considered after more than one year of 'review'.

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

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

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

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

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

4.2.Approach for True-up of FY 2013-14

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

The Commission has determined the ARR for the FY 2013-14 vide its Order dated 31st March 2013 and subsequently, carried out the review of FY 2013-14 vide its Order dated 11th April 2014. The Petitioner, in their True-up Petition for the FY 2013-14 submitted details of the expenditure and the revenue for the year based on its audited accounts. The Petitioner has provided the comparison of actual revenue and expenditure against the corresponding figures previously approved by the Commission.

In this Chapter, the Commission has analysed various elements of actual revenue and expenses for FY 2013-14 based on the audited accounts submitted by the Petitioner, and has carried out the True-up exercise, after prudence check, and has allowed necessary adjustments in cases where variations are for reasonable and justifiable reasons.

4.3.Energy Sales

Petitioner's submission:

The actual energy sales were 215.71 MU for FY 2013-14, as against 216.67 MU approved earlier by the Commission vide Tariff Order dated 31st March 2013.

Commission's analysis:

The Commission notes that the energy audit report has not been submitted by the Petitioner. Also, there is no mention of category-wise sales in the Notes to the audited accounts submitted by the Petitioner.

In the absence of supporting documents, the Commission approves the energy sales at 215.71 MU as submitted by the Petitioner for the purpose of True-up, as shown in the following Table:

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

Consumer Categories	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	106.77	107.38	107.38
Non-Domestic	65.06	56.93	56.93
Industrial	13.69	11.97	11.97
Public lighting	0.65	9.24	9.24
Agriculture	0.38	0.87	0.87
Bulk supply	30.12	29.32	29.32
Grand total	**216.67**	**215.71**	**215.71**

Therefore, the Commission approves the total sales of 215.71 MU in the True-up of FY 2013-14.

4.4.Number of Consumers

Petitioner's submission:

The actual number of consumers is 1,17,046 for FY 2013-14, as against 1,19,010 approved earlier by the Commission vide Tariff Order dated 31st March 2013.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission approves the number of consumers at 1,17,046 as submitted by the Petitioner for the purpose of True-up, as shown in the Table below:

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

Consumer Categories	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	99,808	97,738	97,738
Non-Domestic	17,691	17,885	17,885
Industrial	570	514	514
Public lighting	644	626	626
Agriculture	237	226	226
Bulk supply	60	57	57
Grand total	**1,19,010**	**1,17,046**	**1,17,046**

Therefore, the Commission approves the total number of consumers as 1,17,046 in the True-up of FY 2013-14.

4.5.Connected Load

Petitioner's submission:

The actual connected load is 1,80,363 kW for FY 2013-14, as against 1,65,939 kW approved vide Tariff Order dated 31st March 2013.

Commission's analysis:

As the Petitioner has not submitted any supporting documents to validate its claim, the Commission approves the connected load as submitted by the Petitioner for the purpose of True-up as given in Table below:

Table 4.3: Connected load approved by the Commission in the True-up of FY 2013-14 (in KW)

Consumer Categories	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Domestic	93,029	97,672	97,672
Non-Domestic	49,508	57,444	57,444
Industrial	10,989	10,801	10,801
Public lighting	2,607	3,560	3,560
Agriculture	680	805	805
Bulk supply	9,126	10,081	10,081
Grand total	**1,65,939**	**1,80,363**	**1,80,363**

Therefore, the Commission approves the total connected load as 1,80,363 kW in the True-up of FY 2013-14.

4.6. Power Purchase Quantum and Cost

Petitioner's submission:

The energy requirement is met mainly from own generation apart from procurement of power from the IPPs and other generators. However, there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc. The Petitioner has purchased power worth Rs 260.31 crore against Rs 204.09 crore approved by the Commission. Further, the Petitioner has incurred fuel cost of Rs 164.26 crore against Rs 180.66 crore approved by the Commission in the Tariff Order dated 31st March 2013.

Commission's analysis:

The Petitioner has neither provided Plant-wise power generation details nor submitted the actual power purchase bills. In the absence of details, the Commission approves the quantum of power generation/purchase as submitted by the Petitioner. Total power purchase cost has been taken from the audited accounts submitted by the Petitioner.

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

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

Source	Capacity (MW)	Purchase (MU)	Energy received by licensee (MU)	Total (Rs Cr)	Average rate (Rs/Unit)
Power purchase					
SPCL	20.00	89.78	86.47	260.31	15.07
HPP- I	5.00	2.65	2.65		
HPP-II	10.00	69.39	69.39		
HPP-III	1.23	4.48	4.48		
G/Charama (SPV) NTPC	5.00	6.48	6.48		
Total power purchase	**41.23**	**172.77**	**169.47**	**260.31**	**15.07**
Own generation					
Diesel	58.17	89.77	85.88	164.26	18.30
Renewable	5.25	12.43	12.27	0.00	0.00
Total own generation	**63.42**	**102.19**	**98.15**	**164.26**	**16.07**
Overall power purchase	**104.65**	**274.97**	**267.62**	**424.58**	**15.44**

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

Therefore, the Commission approves the overall power generation/purchase cost of Rs 424.58 crore in the True-up of FY 2013-14.

Renewable purchase obligations

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."

Actual availability of renewable power from NTPC Solar and KHEP and the consequential RPO compliance for the True-up of FY 2013-14 is tabulated as follows:

Table 4.5: Summary of RPO compliance

Description	FY 2013-14
Sales within the state (MU)	215.71
RPO obligation (in %)	
- Solar	*0.40%*
-Non-solar	*2.60%*
RPO obligation (in MU)	
- Solar	*0.86*
-Non-solar	*5.61*
RPO compliance (actual purchase)	
- Solar	*6.48*
-Non-solar	*12.43*
RPO compliance (REC certificate purchase)	
- Solar	*0*
-Non-solar	*0*
Total RPO compliance	
- Solar	***6.48***
-Non-solar	***12.43***
Shortfall/(Surplus) in RPO compliance	
- Solar	***(5.62)***
-Non-solar	***(6.82)***

The Commission observes that there is over compliance of both the Solar and Non Solar RPO by 5.62 MU and 6.82 MU respectively.

4.7. Intra-State Transmission and Distribution (T&D) Losses and Energy Balance

Petitioner's submission:

The T&D losses for the FY 2013-14 were at 19.39% as against 18.03% approved by the Commission in its Tariff Order dated 31st March 2013.

Commission's analysis:

As per Regulation 15 of the Tariff Regulations, 2009

"*15. AT& C Losses*

1. *The licensee shall give information of total AT&C losses in previous year and current year and the basis on which such losses have been worked out.*
2. *The licensee shall also propose a loss-reduction programme for the ensuing year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*
3. *Based on the information furnished and field studies carried out and the loss-reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of transmission and distribution losses and for commercial efficiency for the period specified by the Commission:*
4. *Provided further that in the event of unbundling of the integrated utility, the Commission may fix separate transmission and distribution loss targets and commercial efficiency targets, as the case may be, for each successor licensee taking into account its area of operation, its consumer mix, state of the network, level of metering, metering initiatives planned, etc.*
5. *The licensee shall conduct regular energy audit to substantiate its estimation of T&D losses. The licensee shall also furnish six monthly energy audit reports to the Commission.*
6. *The energy audit report for the first six months of the year shall be provided by November-end of the same year. Similarly, energy audit report for the last six months of the year shall be provided by May-end of the next year.*
7. ***In the absence of energy audit, the Commission may not accept the claim of the licensee and may proceed to fix the loss levels on the basis of any other information available and its own judgment**."*

The Commission, in its Order dated 31st March 2013, had approved the target Transmission and Distribution (T&D) loss level of 18.03%.

For the purpose of True-up, the Commission has considered net generation/purchase as submitted by the Petitioner in the true-up. Considering actual sales of 215.71 MU and actual availability of 267.62 MU, as approved above, actual T&D loss comes to 19.40%. Accordingly, the Commission approves Intra-State T&D loss level at 19.40%, as shown in the Table below:

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Power purchase (in MU)	140.69	169.47	169.47
Own generation (in MU)	123.65	98.15	98.15
Energy availability (in MU)	**264.34**	**267.62**	**267.62**
Energy sales (in MU)	216.67	215.71	215.71
T&D Losses (in MU)	47.67	51.91	51.91
T&D losses (in %)	**18.03%**	**19.39%**	**19.40%**

Therefore, the Commission approves the Intra-State T&D loss level at 19.40% in the True-up of FY 2013-14.

The Commission notes that the Petitioner has not submitted Plant-wise power purchase bills and breakup of quantum of power available from various sources. Further, the Energy Audit reports have not been submitted by the Petitioner.

The Commission directs the Petitioner to submit source-wise power purchase bills from Independent Power Providers (IPP)/ Solar plants as well as actual Plant-wise generation of its generating stations along with True-up of future years.

4.8.Employee expenses

Petitioner's submission:

The Employee expenses of Rs. 72.32 crore for the FY 2013-14 have been incurred during the entire year, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved employee expenses of Rs 53.91 crore in the Tariff Order for FY 2013-14. The Petitioner has however submitted the audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts.

The Commission has accordingly considered the employee expenses for the FY 2013-14 as per the audited accounts while incorporating corrections due to wrong classification by the Petitioner, as shown below:

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Employee Expenses	53.91	72.32	69.49

Therefore, the Commission approves the employee expenses of Rs 69.49 crore in the True-up of FY 2013-14.

4.9.Administrative and General (A&G) Expenses

Petitioner's submission:

The A&G expenses of Rs 13.62 crores for the FY 2013-14 have been incurred during the year as reflected in the audited accounts.

Commission's analysis:

The Commission had approved A&G expenses of Rs 2.61 crore in the Tariff Order of FY 2013-14.. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of A&G expenses towards the Repair and Maintenance (R&M) expenses. The Commission has accordingly considered the A&G expenses for the FY 2013-14 as per the audited accounts submitted by the Petitioner while incorporating corrections due to wrong classification by the Petitioner, as shown below:

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

Particulars	Approved in the Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
A&G expenses	2.61	13.62	27.24

Therefore, the Commission approves the A&G expenses of Rs 27.24 crore in the True-up of FY 2013-14.

4.10. Repair and Maintenance (R&M) expenses

Petitioner's submission:

R&M expenses of Rs 23.17 crore have been incurred in the FY 2013-14, as reflected in the audited accounts.

Commission's analysis:

The Commission had approved R&M expenses of Rs 37.36 crore in the Tariff Order of FY 2013-14. However, the Petitioner has submitted audited accounts prepared on commercial principles for the first time. The Commission has analysed the information available in the audited accounts and found certain variations/discrepancies in the submissions of the Petitioner viz-a-viz the audited accounts. The Commission observed that the Petitioner has wrongly classified part of A&G expenses in the R&M expenses. The Commission has accordingly considered the R&M expenses for FY 2013-14 as per the audited accounts submitted by the Petitioner while incorporating corrections due to wrong classification by the Petitioner as shown below:

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
R&M expenses	37.36	23.17	12.38

Therefore, the Commission approves the Repair and Maintenance expenses of Rs. 12.38 crore in the True-up of FY 2013-14.

4.11. GFA, Capitalisation and Depreciation

Petitioner's submission:

The opening Gross Fixed Assets (GFA) of Rs 105.30 crores, addition in GFA of Rs. 7.27 crores and closing GFA of Rs 112.57 crore for the FY 2013-14 have been submitted, on the basis of the audited accounts. The Petitioner has further submitted that it has booked depreciation of Rs 3.38 crore in the FY 2013-14.

Commission's analysis:

As the Petitioner has now furnished the audited accounts, the Commission has considered the closing value of GFA approved in the True-up of FY 2012-13 (in section 3.11) as opening value of GFA for FY 2013-14.

The Commission, accordingly, has considered the value of GFA for FY 2013-14 as given in the Table below:

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

Particulars	Approved in the Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Opening GFA	65.24	105.30	105.30
Addition during the year	35.52	7.27	7.27
Closing GFA	100.76	112.57	112.57

As per Regulation 26 of the Tariff Regulations 2009,

*"**26. Depreciation***

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

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

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

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

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

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

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

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

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

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

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average assets	Rate of depreciation	Depreciation
1	Plant & machinery	52.44	1.08	53.52	52.98	3.63%	1.92
2	Buildings	30.24	6.18	36.43	33.34	1.47%	0.49
3	Vehicles	6.42	0.00	6.42	6.42	5.82%	0.37
4	Furniture and fixtures	1.33	0.00	1.33	1.33	3.64%	0.05
5	Computers & others	14.86	0.01	14.88	14.87	3.64%	0.54
7	**Total**	**105.30**	**7.27**	**112.58**	**108.94**	**3.10%**	**3.38**

The following Table captures the depreciation as submitted by the Petitioner and that approved by the Commission for FY 2013-14:

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Depreciation	3.31	3.38	3.38

Therefore, the Commission approves the depreciation at Rs. 3.38 crore in the True-up of FY 2013-14.

4.12. Interest and Finance Charges

Petitioner's submission:

Being a government department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. However, the interest and finance charges arrived at, are based on normative loan considered to the extent of capitalisation during the year. Further, these charges factor in an addition in the gross fixed assets to the extent of assets capitalised for the FY 2013-14, which are considered funded through normative debt to the tune of 70% in line with the Tariff Regulations. The rate of interest considered is the prevailing Prime Lending Rate of the State Bank of India as on 1st April of that relevant year. Accordingly, the Petitioner has claimed interest and finance charges of Rs 10.49 crore for the FY 2013-14.

Commission's analysis:

As per Regulation 25 of 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 (PLR) of the State Bank of India."*

Further, as per Regulation 23 of the 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."*
5. *The closing True-up normative loan of FY 2012-13 has been considered opening normative loan for FY 2013-14."*

The Commission has considered an addition of Rs 7.27 crore in the GFA for FY 2013-14 which is considered funded through normative debt to the tune of 70%. The Commission, for the purpose of funding of capitalisation, has considered normative debt equity ratio of 70:30, whereby it has considered the addition in normative loan at Rs 1.06 (70% of Rs 1.52 crore) crore for FY 2013-14. The Commission has considered weighted average rate of interest for the year. Repayment has been considered at 10% of the opening loan. The interest calculation is given below:

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

Particulars	**Approved in Tariff Order dated 31st March 2013**	**Petitioner's submission (True-up)**	**Approved by the Commission (True-up)**
Opening normative loan	43.80	73.71	1.06
Add: Normative loan during the year	24.86	5.09	5.09
Less: Normative repayment 10% of opening loan	3.31	7.37	0.11
Closing normative loan	65.35	71.43	6.04
Average normative loan	54.58	72.57	3.55
Rate of interest	14.45%	14.45%	14.58%
Interest on normative loan	7.89	10.49	0.52

Therefore, the Commission approves the interest on loan at Rs. 0.52 crore in the True-up of FY 2013-14.

4.13. Interest on Security Deposit

Petitioner's submission:

The Petitioner has not claimed any interest on consumer security deposit.

Commission's analysis:

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

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

The Commission has observed that the security deposit of Rs 1.55 crore is available to the Petitioner as per the audited accounts. As per Section 47 (5) of the Electricity Act, 2003, the Petitioner has to pay the interest on the security deposits available with it and same shall be claimed in the ARR filed by the Petitioner. The Petitioner shall maintain the registers of security deposits collected from the consumers every year and pay the interest as per the bank rate of interest. However, the Petitioner has not considered any interest, on the plea that the deposits are in the form of Fixed Deposits Receipts (FDR) and interest is directly paid to the consumers.

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

4.14. Interest on Working Capital

Petitioner's submission:

Interest on Working Capital has been claimed in accordance with Regulation 29 of the Tariff Regulations 2009. The State Bank of India's prime lending rate as on 1st April 2013 is considered for computation of Interest on Working Capital in line with the provisions of the Tariff Regulations, 2009. Accordingly, the Petitioner has claimed Rs. 6.43 crore as Interest on Working Capital.

Commission's analysis:

As per Regulation 29 of the Tariff Regulations, 2009:

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

a. *Power purchase cost*

b. *Employees cost*

c. *Administration & general expenses*

d. *Repair & Maintenance expenses*

e. *Sum of two month requirement for meeting fuel cost*

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

The Commission has considered the calculation of different components of the Working Capital on the basis of the above-stipulated norms. The Commission also notes that the amount collected from the consumers as security deposit is in the form of FDR and hence, is not available with the Petitioner. In accordance with Section 47(4) of the Electricity Act, 2003, the distribution licensees are required to pay interest on the security deposit collected from the consumers. As no separate approval of the interest on consumer security deposit is allowed, the Commission considers that the security deposit as on 31st March 2013 is not available with the Petitioner to support the Working Capital requirement for the FY 2013-14, and hence has not deducted this amount from the Working Capital requirement considered for True-up of FY 2013-14. The Commission has considered the weighted average rate of SBI PLR for the year for computation of Interest on Working Capital for True-up of FY 2013-14.

Detailed calculation of Interest on Working Capital is given below:

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

Particulars	Approved in the Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Fuel cost for 2 months	30.11	13.69*	27.38
Power purchase cost for one month	17.01	21.69	21.69
Employee cost for one month	4.47	6.03	5.79
A&G expenses for one month	0.22	1.14	2.27
R&M expenses for one month	3.11	1.93	1.03
Total working capital	54.92	44.47	58.16
Security deposit	1.34	0.00	0.00
Total working capital after deduction of SD	**53.58**	**44.47**	**58.16**
SBAR rate (%)	14.45%	14.45%	14.58%
Interest on working capital	**7.74**	**6.43**	**8.48**

* *The Petitioner has considered fuel cost for 1 month only.*

Therefore, the Commission approves the Interest on Working Capital at Rs 8.48 crore in the True-up of FY 2013-14.

4.15. Return on Capital Base

Petitioner's submission:

The capital-based return of Rs 1.71 crore has been claimed in the ARR of FY 2013-14.

Commission's analysis:

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

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Gross block at beginning of the year	65.24	105.30	105.30
Less accumulated depreciation	3.55	48.14	48.14
Net block at beginning of the year	61.69	57.15	57.15
Less accumulated consumer contribution	0.00	0.00	0.00
Net fixed assets at beginning of the year	61.69	57.15	57.15
Reasonable return @3% of NFA	**1.85**	**1.71**	**1.71**

Therefore, the Commission approves the return on capital base of Rs 1.71 crore in the True-up of FY 2013-14.

4.16. Provision for bad and doubtful debts

Petitioner's submission:

ED-A&N has not made a provision for bad and doubtful debts for FY 2013-14.

Commission's analysis:

The Commission is of the view that Tariff Regulations, 2009, allows a provision for bad and doubtful debts up to 1% of receivables in the ARR.

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

4.17. Non-Tariff Income

Petitioner's submission:

A Non-Tariff Income (NTI) of Rs 2.39 crore has been claimed in the ARR of FY 2013-14.

Commission's analysis:

As no break-up is available in the audited accounts, the Commission approves the NTI at Rs 2.39 crore as submitted by the Petitioner for True-up of ARR for FY 2013-14.

4.18. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

Aggregate Revenue Requirement, as approved by the Commission, in the Order dated 31st March 2013 was Rs 497.44 crore. The Petitioner, on the basis of the True-up of FY 2013-14, requests the Commission to approve the ARR at Rs 553.29 crore.

Commission's analysis:

Based on the detailed analysis of all the expenditure heads of the ARR in the preceding sections, the Commission approves the trued-up ARR of 2013-14 at Rs 545.39 crore as given in the following Table:

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

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Cost of fuel	180.66	164.26	164.26
Cost of power purchase	204.09	260.31	260.31
Employee expenses	53.91	72.32	69.49
R&M expenses	37.36	23.17	12.38
A&G expenses	2.61	13.62	27.24
Depreciation	3.31	3.38	3.38
Interest on loan	7.89	10.49	0.52
Interest on consumer security deposit	0.12	0.00	0.00
Interest on working capital	7.74	6.43	8.48
Return on capital base	1.85	1.71	1.71
Provision for bad debt	0.00	0.00	0.00
Total revenue requirement	**499.54**	**555.69**	**547.78**
Less: Non-tariff income	2.10	2.39	2.39
Net revenue requirement	**497.44**	**553.30**	**545.39**

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

Petitioner's submission:

The revenue from tariff for the FY 2013-14 was Rs 104.19 crore.

Commission's analysis:

The Commission has verified the revenue from retail sale of power in the FY 2013-14 from the audited accounts. As Rs 104.19 crore is inclusive of Rs 2.39 crore of Non-Tariff income as approved above, the Commission has considered the revenue from sale of power at Rs 101.80 (104.19-2.39) crores as reasonable and approves the same in the True-up of FY 2013-14.

Table 4.17: Revenue from sale of power approved by the Commission in the True-up of FY 2013-14 (Rs crore)

Particulars	Approved in the Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Revenue from sale of power	108.52	104.19	101.80

4.20. Revenue gap

Petitioner's submission:

The revenue gap approved by the Commission in the Order dated 31st March 2013 was Rs 388.92 crore. The revenue gap calculated by the Petitioner on the basis of True-up for FY 2013-14 is Rs 449.10 crore and requested the Commission to approve the same in the true-up of FY 2013-14.

Commission's analysis:

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

Table 4.18: Net revenue gap as approved by the Commission in the True-up of FY 2013-14 (in Rs crore)

Particulars	Approved in Tariff Order dated 31st March 2013	Petitioner's submission (True-up)	Approved by the Commission (True-up)
Net revenue requirement	497.44	553.30	545.39
Revenue from sale of power	108.52	104.19	101.80
Revenue gap	**388.92**	**449.11**	**443.59**

The Petitioner has not proposed to carry forward the gap of FY 2013-14 for recovery in the FY 2017-18 and has requested for only partial recovery of the standalone gap of FY 2017-18 through nominal tariff hike, the remaining being met through budgetary support of the Government.

Therefore, the Commission approves the revenue gap of Rs 443.59 crore in the True-up of FY 2013-14 to be met from the budgetary support of the Government.

Chapter 5. True-up for FY 2014-15

5.1. Applicable provisions of Tariff Regulations, 2009

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

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

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

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

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

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

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

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

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

Petitioner's submission:

The audit of the accounts has been completed by the Accountant General (AG) but the audit certificate is yet to be issued and the Petitioner is pursuing the same with the office of the AG. Therefore, in this Petition, the Petitioner has requested for the provisional Truing up of the FY 2014-15 on the basis of available accounts and on the plea that the variation with the audited accounts may be marginal.

Commission's analysis:

The Commission notes that the Petitioner has not submitted the audited accounts prepared on commercial principles for the FY 2014-15. The Commission in its previous Orders had stressed upon the requirement of the audited accounts to bring in more accuracy in the estimates of the Commission. The Tariff Regulations 2009 also require the licensee to file the True up along with the audited accounts in the filing.

The Commission now directs the Petitioner to prepare and submit the accounts from FY 2014-15 onwards based on commercial principles by 30th November 2017. In the event of non-compliance by the Petitioner, the Commission shall be constrained to take appropriate action against the Petitioner.

The True-up would therefore be taken up only after submission of the audited accounts. Accordingly, the Commission has decided not to consider True-up for FY 2014-15 in the current Order.

Chapter 6. Annual Performance Review of FY 2016-17

6.1. Applicable provisions of MYT Regulations, 2014

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

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

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

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

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

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

6.2. Approach for Review of FY 2016-17

Petitioner's submission:

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

On the basis of the actual sales, number of consumers and connected load during the first half of FY 2016-17, the Petitioner has submitted the revised estimates of sales, number of consumers and connected load for the FY 2016-17. Keeping the T&D losses and other expenditure the same as approved by the Commission in the MYT Order dated 06th April 2016, the Petitioner has submitted the revised energy requirement and consequently, the revised power purchase cost. Keeping the other expenditure at the same level as approved in the MYT Order, the Petitioner has computed the revised ARR for the FY 2016-17. Furthermore, the Petitioner has also submitted the revised revenue from sale of power and revenue gap on the basis of revised energy sales.

Commission's analysis:

The Commission, in the MYT Order dated 06th April 2016, had considered the island-wise sales, T&D losses and energy requirement based on historical data. The Commission has sought similar details of island-wise actuals for the first half of FY 2016-17 during the Technical Validation Session. However, the Petitioner expressed its inability to provide the requisite information. In the absence of the island-wise break-up, undertaking a review on the basis of consolidated information shall be a retrograde step in terms of the actual assessment of performance and approval thereof.

The Commission, therefore, directs the Petitioner to maintain the island-wise technical information (i.e. category-wise sales, number of consumers, connected load, T&D losses, plant-wise generation/purchase) on monthly basis and submit such information to enable the Commission to undertake the Annual Performance Review/True-up as per the provisions of the Regulations in future. The Commission shall consider the actual performance at the time of True-up of FY 2016-17 once the audited accounts and island-wise information as directed above is submitted by the Petitioner.

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

Chapter 7. Approval of ARR for FY 2017-18

7.1. Approach for approval of ARR for FY 2017-18

The Petitioner has submitted the same ARR for the FY 2017-18 as approved in the MYT Order dated 06th April 2016 and has not sought any variation in any expense component. However, the Petitioner has now recomputed revenue from the sale of power on the basis of the revised Tariff approved by the Commission in its previous Tariff Order. As the Commission is not undertaking any review for the FY 2016-17 for the reasons detailed in the previous chapter, the Commission is retaining the projections and consequently costs/revenue for the FY 2017-18 at the same level as approved in the MYT Order dated 06th April 2016.

7.2. Aggregate Revenue Requirement (ARR)

Petitioner's submission:

The ARR submitted for the FY 2017-18 is the same as that approved in the MYT Order dated 06th April 2016 by the Commission.

Commission's analysis:

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

Table 7.1: ARR approved by the Commission for FY 2017-18 (In Rs crore)

Sr. No	Particulars	Approved in MYT Order Dated 06th April 2016 for FY 2017-18	ARR considered by the Commission in present Order
1	Cost of fuel	132.35	132.35
2	Cost of power purchase	216.72	216.72
3	Employee expenses	55.61	55.61
4	R&M expenses	41.31	41.31
5	A&G expenses	1.83	1.83
6	Depreciation	10.75	10.75
7	Interest on loan	18.80	18.80
8	Interest on consumer security deposit	0.00	0.00
9	Interest on working capital	4.89	4.89

Sr. No	Particulars	Approved in MYT Order Dated 06th April 2016 for FY 2017-18	ARR considered by the Commission in present Order
10	Return on equity	10.34	10.34
11	Provision for bad debt	0.00	0.00
12	**Total revenue requirement**	**492.59**	**492.59**
13	Less: Non-tariff income	2.67	2.67
14	**Net revenue requirement**	**489.92**	**489.92**

7.3.Revenue at Existing Tariff and Gap

Petitioner's submission:

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

Table 7.2: Revenue gap submitted by the Petitioner for FY 2017-18 (in Rs crore)

Sr. No	Particulars	FY 2017-18
1	Net revenue requirement	489.92
2	Revenue from sale of power	141.18
3	**Net gap during the year**	**348.74**

Commission's analysis:

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

Table 7.3: Revenue at existing tariff approved by the Commission for FY 2017-18 (in Rs crore)

S. No.	Category	No. of consumers	Energy sales (In MU)	Existing tariff			
				Energy charges (in Rs /Unit)	Minimum charge per connected load or part thereof per month	Energy charge	Total revenue
1	**Domestic**						
	-0 to 100 units		70.46	2.00	Rs. 30.00 per KVA connected load or part thereof per month	14.09	
	-101 to 200 units		42.28	4.25		17.97	
	-201 units and above		28.18	6.00		16.91	
Sub-Total		**110103**	**140.92**			**48.97**	**48.97**
2	**Commercial**						
	-0 to 200 units		39.19	6.25	Rs 50.00 per KVA connected load or part thereof per month	24.49	
	-201 to 500 units		14.37	7.85		11.28	
	-501 units & above		11.76	9.00		10.58	
Sub-Total		**19416**	**65.31**			**46.35**	**46.35**
3	**Industrial**						
	-0 to 500 units		11.28	5.25		5.92	

S. No.	Category	No. of consumers	Energy sales (In MU)	Existing tariff			
				Energy charges (in Rs /Unit)	Minimum charge per connected load or part thereof per month	Energy charge	Total revenue
	- 501 units & above		6.07	6.25	a) Rs 50.00 per H.P. Connected load or part thereof. b) Rs 200.00 per month for rice, flour millers of rural areas with 15 HP capacity	3.80	
Sub-Total		**575**	**17.35**			**9.72**	**9.72**
4	**Public lighting**						
	All units	**697**	**9.53**	**5.50**	**Rs 60.00 per KVA connected load or part thereof per month**	**5.24**	**5.24**
4	**Agriculture**						
	All units	**270**	**0.87**	**1.50**	**Rs 15.00 per KVA connected load or part thereof per month**	**0.13**	**0.13**
6	**Bulk supply**						
	All units	**66**	**31.34**	**10.75**	**Rs 50.00 per KVA connected load or part thereof**	**33.69**	**33.69**
	Total	**131127**	**265.32**			**144.10**	**144.10**

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

Table 7.4: Revenue gap at existing tariff for FY 2017-18 (in Rs crore)

Sr. No	Particulars	FY 2017-18
1	Net revenue requirement	489.92
2	Revenue from sale of power	144.10
3	**Net gap during the year**	**345.82**
4	Add: Previous year gap	0.00
5	**Total gap**	**345.82**

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

Table 7.5: Average cost of supply approved by the Commission for FY 2017-18 (Rs/ unit)

Sr. No	Particulars	FY 2017-18
1	Average cost of supply	18.47
2	Average billing rate	5.43
3	**Net Gap**	**13.04**

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 determination of retail tariff.

8.2.Principles of Tariff Design

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

a. *The Commission shall gradually move towards reduction of cross subsidy in accordance with Electricity Act, Tariff Policy & such other guidelines of the government as applicable.*
b. *The Distribution Licensee shall compute the consumer category-wise cost of supply as per the methodology elaborated below.*
c. ***Allocation of Cost:*** *The Cost to serve shall be allocated to the consumer categories in the following manner:*

   Step 1: Functional Demarcation of Cost - *Total cost shall be divided on the basis of functions performed such as power purchase, 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 Regulations specified by the Commission, shall be shown separately against the consumer category that is permitted open access as per the phasing plan.*

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

g. Tariff Design

1) *The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.*
2) *After the costs have been allocated based on the method specified in clauses (c) and (d) above, tariffs for different consumer categories shall be designed with due regard to factors provided under Section 62(3) of the Act.*
3) *The time of day tariff would be structured across three time slabs to denote normal, peak and off-peak periods. The time-periods would vary according to different seasons of the year i.e. summer, winter and the monsoon season. The peak tariff would be 10%-20% higher than the normal tariff and the off-peak tariff would be priced 5%-10% lower than the normal tariff.*
4) *Time of Day tariff may be introduced in a phased manner, wherein in phase 1 it would be for HT Consumers, in phase 2 – for LT consumers consuming more than 25 KW and in phase 3 for LT consumers consuming more than 10 KW."*

It may be noted that in case of Andaman and Nicobar islands, the source of power is own generation and purchase from SPCL, hired power plants (HPP) and solar plant of NTPC. Furthermore, over 99% sales are at LT level only, in which domestic and commercial categories constitute over 97% share.

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

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

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

8.3.Tariff Proposal

Petitioner's submission:

The Petitioner has proposed an average increase of 28 paise per unit in the tariff for the FY 2017-18, which constitutes 5.21% hike over the tariff of FY 2016-17.

Over 95% of power is generated from diesel-based generating stations as there is no other source of energy. The major component of the cost of supply is the cost of HSD and lubricants. In this tariff proposal, partial recovery of the cost of supply is proposed and balance is to be met from the budgetary support by the Government.

It is submitted that in A&N Islands, the majority of total energy consumption is by the domestic consumers. At the proposed tariff, only 30.32% of the ARR would be recovered. The cost of supply computes to Rs 18.46 per unit while ABR (average billing rate) per unit is Rs 5.32. Thus, there is gap of Rs 13.14 per unit as shown in the following Table:

Table 8.1: Average Tariff Hike for FY 2017-18 submitted by the Petitioner

Sr. No.	Particulars	Units	FY 2017-18	
			Existing	Proposed
1	ARR for FY 2017-18	Rs. Crores	489.90	489.90
2	Revenue for FY 2017-18	Rs. Crores	141.18	148.54
3	Gap (1 2)	Rs. Crores	348.72	341.36
4	Total Sales	MU	265.32	265.32
5	Average Cost of Supply (1 /4 x 10)	Rs. per kWh	18.46	18.46
6	Average Revenue (2 /4 x 10)	Rs. per kWh	5.32	5.60

Sr. No.	Particulars	Units	FY 2017-18	
			Existing	Proposed
7	Pure Gap (5-6)	Rs. per kWh	13.14	12.87
8	Average Hike in Tariff			0.28
9	Hike in %			5.21%

The Tariff proposal for FY 2017-18 for individual categories as submitted by the Petitioner is given below along with the comparison of existing and proposed energy charges.

Table 8.2: Existing vs. proposed tariff for FY 2017-18 submitted by the Petitioner

Category	Existing charges		Category	Proposed charges	
	Energy charge (Rs/ kWh)	Minimum charge per connected load or part thereof per month		Energy charge (Rs/kWh)	Minimum charge per connected load or part thereof per month
Domestic Connection			**Domestic Connection**		
-0 to 100 units	2.00	Rs 30.00 per kVA connected load or part thereof per month	-0 to 100 units	2.10	Rs.30.00 per kVA connected load or part thereof per month
-101 to 200 units	4.25		-101 to 200 units	4.50	
-201 units and above	6.00		-201 to 500 units	6.30	
Commercial			**Commercial**		
-0 to 200 units	6.25	Rs 50.00 per kVA connected load or part thereof per month	-0 to 200 units	6.60	Rs 50.00 per kVA connected Load or part thereof per month
-201 to 500 units	7.85		-201 to 500 units	8.25	
-501 units & above	9.00		-501 to 1000 units	9.45	
Industrial			**Industrial**		
-0 to 500 units	5.25	a) Rs 50.00 per HP. Connected load or part thereof b) Rs 200.00 per month for rice, flour millers of rural areas with 15 HP capacity	-0 to 500 units	5.55	a) Rs 50.00 per H.P. connected load or part thereof. b) Rs 200.00 per month for rice, flour millers of rural areas with 15 HP capacity
- 501 units & above	6.25		- 501 to 1000 units	6.60	
Bulk Supply	10.75	Rs 50.00 per kVA connected load or part thereof	**Bulk Supply**	11.30	Rs 50.00 per kVA connected load or part thereof
Public Lighting	5.50	Rs 60.00 per kVA connected load or part thereof per month	**Public Lighting**	5.80	Rs 60.00 per kVA connected load or part thereof per month
Agriculture	1.50	Rs 15.00 per kVA connected load or part thereof per month	**Agriculture**	1.60	Rs 15.00 per kVA connected load or part thereof per month

Commission's analysis:

The Commission, after analysis of the various components of ARR for FY 2017-18, has come to the conclusion that the utility has to increase the average tariff from the existing level of Rs 5.43 per unit, to Rs 18.47 per unit, to recover the full amount of ARR as projected for the FY 2017-18.

The fact that approximately 84% of consumers fall in the domestic category, and remote areas, number of small islands, distance between the islands and logistic / communication problems are also considered by the Commission. Having regard to the above considerations, in order to avoid tariff shock, the Commission has approved a marginal increase of 5.28%[1] in the tariff of FY 2017-18 over the FY 2016-17.

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

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

Table 8.3: Tariff approved by the Commission for FY 2017-18

Category	Approved charges	
	Energy charge (Rs/kWh)	Minimum charge per connected load or part thereof per month
Domestic connection		
-0 to 100 units	2.05	Rs 30.00 per KVA connected load or part thereof per month
-101 to 200 units	4.40	
-201 units and above	6.30	
Commercial		
-0 to 200 units	6.65	Rs 50.00 per KVA connected load or part thereof per month
-201 to 500 units	8.30	
-501 units & above	9.60	
Government connections		
-0 to 500 units	8.30	Rs 50.00 per kW/KVA connected load or part thereof per month
-501 units & above	9.60	
Industrial		
-0 to 500 units	5.70	a) Rs 50.00 per HP Connected load or part thereof. b) Rs 200.00 per month for Rice, Flour Millers of Rural areas who are having 15 HP capacity
- 501 units & above	6.80	
Bulk supply	11.30	Rs.50.00 per KVA connected Load or part thereof
Public lighting	5.80	Rs.60.00 per KVA connected Load or part thereof per month
Agriculture	1.60	Rs.15.00 per KVA connected Load or part thereof per month

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

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

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

S. No.	Category	No. of Consumers	Energy Sales (In MU)	Approved Tariff*			
				Energy Charges (in Rs /Unit)	Minimum Charge per connected load or part thereof per month	Energy Charge	Total Revenue
1	**Domestic**						
	-0 to 100 units		70.46	2.05	Rs.30.00 per KVA connected load or part thereof per month	14.44	
	-101 to 200 units		42.28	4.40		18.60	
	-201 units and above		28.18	6.30		17.76	
Sub-Total		**110103**	**140.92**			**50.80**	**50.80**
2	**Commercial**						
	-0 to 200 units		39.19	6.65	Rs. 50.00 per KVA connected load or part thereof per month	26.06	
	-201 to 500 units		14.37	8.30		11.93	
	-501 units & above		11.76	9.60		11.29	
Sub-Total		**19416**	**65.31**			**49.27**	**49.27**
3	**Industrial**						
	-0 to 500 units		11.28	5.70	a) Rs.50.00 per H.P. Connected load or part thereof. b) Rs.200.00 per month for rice, flour millers of rural areas with 15 HP capacity	6.43	
	- 501 units & above		6.07	6.80		4.13	
Sub-Total		**575**	**17.35**			**10.56**	**10.56**
4	**Public Lighting**						
	All units	**697**	**9.53**	**5.80**	**Rs.60.00 per KVA connected load or part thereof per month**	**5.53**	**5.53**
4	**Agriculture**						
	All units	**270**	**0.87**	**1.60**	**Rs.15.00 per KVA connected load or part thereof per month**	**0.14**	**0.14**
6	**Bulk supply**						
	All Units	**66**	**31.34**	**11.30**	**Rs.50.00 per KVA connected load or part thereof**	**35.41**	**35.41**
	Total	**131127**	**265.32**			**151.71**	**151.71**

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

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

Table 8.5: Revenue gap at revised tariff approved by the Commission for FY 2017-18 (in Rs crore)

Sr. No	Particulars	FY 2017-18
1	Net revenue requirement	489.92
2	Revenue from sale of power	151.71
3	**Net gap during the year**	**338.21**
4	Add: Previous year gap	0.00
5	**Total gap**	**338.21**

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

Table 8.6: Percentage recovery of ACOS at existing and revised tariff approved by the Commission for FY 2017-18

S. No.	Category	Existing tariff		%age Hike	Approved tariff	
		Average Billing Rate [2]	%age of ACOS[3]		Average Billing Rate	%age of ACOS
1	Domestic	3.48	18.82%	3.74%	3.61	19.54%
2	Commercial	7.10	38.43%	6.30%	7.54	40.82%
3	Industrial	5.60	30.33%	8.66%	6.09	32.97%
4	Public Lighting	5.50	29.79%	5.45%	5.80	31.41%
5	Agriculture	1.50	8.12%	6.67%	1.60	8.66%
6	Bulk Supply	10.75	58.22%	5.12%	11.30	61.20%
7	**Overall**	**5.43**	**29.41%**	**5.28%**	**5.72**	**30.97%**

To summarize:

- *Considering the justifications detailed above, the Commission has considered minor variations from the submission of the Petitioner while approving the tariff hike in domestic, commercial and industrial categories.*
- *The Commission has approved a separate tariff for all Government connections in the previous Tariff Order for FY 2016-17 and has decided to retain this category for the current year also. Due to insufficiency of the data for this category, the Commission is not able to compute separate revenue in this category. The Commission directs the Petitioner to strictly adhere to the notified tariff categories and submit all the future Petitions containing all the requisite details as per the relevant Tariff Orders of the Commission.*
- *Against the average cost of supply of Rs 18.47 per unit, the Petitioner will be able to recover Rs 5.72 per unit at the approved tariff for FY 2017-18 against Rs 5.43 at the existing tariff, a net increase in revenue of Rs. 0.29 per unit sold and a tariff hike of 5.28% for the Petitioner as shown in the Table below:*

Table 8.7: Average Tariff Hike approved by the Commission for FY 2017-18

Sr. No.	Particulars	Units	FY 2017-18	
			Existing	Approved
1	ARR for FY 2017-18	Rs. Crores	489.90	489.90
2	Revenue for FY 2017-18	Rs. Crores	144.10	151.71
3	Gap (1 2)	Rs. Crores	348.72	338.21
4	Total Sales	MU	265.32	265.32
5	Average Cost of Supply (1/4 x 10)	Rs. per kWh	18.47	18.47
6	Average Revenue (2 /4 x 10)	Rs. per kWh	5.43	5.72
7	Pure Gap (5-6)	Rs. per kWh	13.04	12.75
8	Average Hike in Tariff			0.29
9	Hike in %			5.28%

[2] *Average Billing Rate (ABR) has been computed by dividing the total revenue by total sales of the category.*

[3] *%age of Average Cost of Supply (ACOS) has been computed by dividing the ABR by ACOS*

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

Chapter 9. Tariff and Terms and Conditions of Tariff

9.1.Tariff Schedule

S. no.	Category	Minimum charges per connected load or part thereof per month	Energy charges (Rs per kWh)
1.	**Domestic**		
i	Up to 100 units	Rs 30.00 per kVA	2.05
ii	101 units – 200 units		4.40
iii	201 units & above		6.30
2.	**Commercial**		
i	Up to 200 units	Rs 50.00 per kVA	6.65
ii	201 units to 500 units		8.30
iii	501 units & above		9.60
3.	**Government connections**		
i	Up to 500 units	Rs 50.00 per kW/kVA	8.30
ii	501 units & above		9.60
4.	**Industrial supply**		
I	Up to 500 units	a) Rs 50.00 per HP b) Rs 200.00 per month for rice, flour millers from rural areas, who are having 15 HP capacity	5.70
Ii	501 units & above		6.80
5.	**Irrigation, Pumping & Agriculture**		
I	Up to 500 units	Rs 15.00 per kVA	1.60
6.	**Public lighting**		
I	Public lighting system managed by municipal corporation, panchayat and street lights maintained/outsourced to an external agency	Rs 60.00 per kVA	5.80
7.	**Bulk supply**		
i	Bulk category	Rs 50.00 per kVA	11.30
8.	**Temporary supply**		
i	Temporary supply	Three times the rate applicable to the relevant category of consumers	

9.2.Applicability

Category	Applicability	Point of supply/notes
1. Domestic	This schedule will apply for single delivery point including light, fan, domestic pumping sets and household appliances. a) Single private house/flat b) Housing colonies and multi-storeyed flats/buildings as defined in the Electricity Supply Code Regulations notified by the JERC	***NOTE:*** *Where a portion of the dwelling is used for mixed load purposes, the connection will be billed for the purpose for which the tariffs are higher*
2. Commercial	This schedule will apply to all consumers, using electrical energy for light, fans, and appliances like pumping sets, motors of up to 3 HP used for commercial purpose, central air conditioning plants, lifts, welding sets, small lathe machines, electric drills, heaters, battery chargers, embroidery machines, printing presses, ice candy, dry cleaning machines, power presses, small motors in commercial establishments/ non-residential private premises such as printing presses, hotels, rest houses, restaurants, hostels, nursing homes, bus stands, clubs, auditoriums, communication, cinema theatres, operas, circus, exhibitions, and bakeries, and grinders and installations for private gains, etc. Commercial supply will also be applicable to multi-consumer complex including commercial complexes as defined in the Electricity Supply Code Regulations notified by JERC. This schedule will also apply to the places of worship like temples, mosques, churches, gurudwaras, Buddhist Pongi Chung (except residential areas), public pooja	

Category	Applicability	Point of supply/notes
	celebrations and religious ceremonies. No separate circuit/connection for power load including pumping set/central air conditioning plant, lifts, etc., is permitted.	
3. Government connections	The schedule will apply to all government connections.	The supply will be given through a single delivery and metering point and at a single voltage.
4. Industrial supply	The schedule will apply for supply of energy for lighting, fan and power to industrial establishments & industries such as wood-based, cottage, small-scale, medium-scale, finishing shell based and any other establishments/ organisations engaged in the manufacturing and processing of goods for sale, rice mills, flour mills, workshops, dry docks, factories base repair organisations, public water works & gem cutting units.	The supply will be given through a single delivery and metering point and at a single voltage.
5. Irrigation, pumping & agriculture	This schedule will apply to all consumers for use of electrical energy for irrigation and agricultural purposes including animal husbandry.	The supply will be given through a single delivery and metering point and at a single voltage.
6. Public lighting	This schedule will apply for lighting on public roads, footpaths, streets and thoroughfares in parks & markets, etc. Cost of spares, materials and labour required for maintenance is to be borne by the respective panchayati raj institution/local body.	Cost of spares, materials and labour required for maintenance is to be borne by respective panchayati raj institution / local body.
7. Bulk supply	This schedule will apply to general or mixed loads receiving supply of energy through a bulk energy meter at either HT or LT supply and distribution is maintained by	The supply will be given through a single delivery and metering point and at a single voltage.

Category	Applicability	Point of supply/notes
	them. For dedicated transformers, the complete cost of technical transmission lines of transformer sub-station, switch gear & installation is to be borne by the consumer.	
8. Temporary supply	The supply may be given for a limited period as per the provisions of JERC Supply Code Regulations, 2010, and amendments thereon.	

9.3.General conditions of HT and LT supply

The above-mentioned LT/HT tariffs are subject to the following conditions, applicable to all category of consumers:

1) If energy supplied for a specific purpose under a particular tariff is used for a different purpose, not contemplated in the contract for supply and/or for which higher tariff is applicable, it will be deemed as unauthorised use of electricity and will be dealt with for assessment under the provisions of Section 126 of the Electricity Act, 2003, and Supply Code Regulations notified by JERC.
2) If the connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of increase of load or due to replacement of lamps, fans, fuses, switches, low-voltage domestic appliances, fittings, etc., it will fall neither under unauthorised use of electricity (Section 126 of Electricity Act, 2003) nor under theft of electricity (Section 135 of Electricity Act, 2003).
3) If the consumer fails to pay the energy bill presented to him/her by the due date, the department will have the right to disconnect the supply after giving 15 days' notice as per provision of the Act and Supply Code Regulations.

4) **Additional charges for exceeding contracted load/contracted maximum demand**

   If, in any month, the consumer exceeds his/her contracted load/contracted demand, the portion of the load/demand in excess of the contracted load/demand will be dealt as per the provisions made in the JERC (Electricity Supply Code) Regulations, 2010.

   This will not be applicable to the consumers who have self-declared their connected load as per the provision under Regulation 4.13 (2) of the JERC Supply Code Regulations, 2010, as amended from time to time.

5) **Power factor incentive**

   The Petitioner has submitted that:

"The case of power factor in the A&N Islands is very different from rest of the states & UTs, except Lakshadweep. The major attributor for the decrease in power factor is the industrial load / consumers, and industrial consumers are merely 0.5% of the total consumers. In the absence of major industries in the A&N Islands, the power factor at generating stations is almost close to unity, i.e., in the range of 0.96–0.99 lagging, whereas in the mainland of India, the low power factor is an issue and thus power factor incentive plays a vital role for correction of power factor.

Further, it is programmed to have around 50 MW solar power plant including rooftop solar, in these islands which does not share the reactive power, eventually raise the power factor toward unity and sometimes leading also for which we may have to install shunt reactors."

The Commission observes that ED-A&N largely relies on localised generation and distribution as there is no interconnecting grid. Accordingly, it is not possible for limited set of consumers connected to individual generating sources to contribute substantially for improvement of the power factor. Thus, the power factor is maintained at higher levels effectively by the department only. Accordingly, the Commission finds it appropriate not to allow any incentive for higher power factor to the consumers.

6) **Incentive for usage of alternative (renewable) sources of energy**
A concession of Rs 50/- (rupees fifty only) per month in the electricity bill will be given to consumers using solar water heater in domestic/commercial establishments on one-time verification of original invoice of its purchase and verification of the installation of equipment by the engineer in charge of the area. The concession will be given to the consumers on the basis of the ownership of equipment; the concession will be divided amongst the consumers if they are sharing a common solar water heater.

7) **Late payment surcharge**

For the existing connections, if the payment is made after the due date (as mentioned on the bill), the consumer is liable to pay additional charges on the amount at the rate of 2% per month. However, for disconnected consumers, additional amount at the rate of 10% per annum on the outstanding amount will be charged.

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

9) **Prompt payment rebate**

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

10) **Taxes & duties**

The tariff does not include any tax or duty etc. on electricity energy that may be payable at any time in accordance with any law then in force. Such charges, if any, will be payable by the consumer in addition to the tariff charges.

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 most 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 orders that the Petitioner will now compulsorily submit:

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

10.1. Directives liable for action under Section 142 of the Electricity Act, 2003, and various provisions of applicable Regulations in case of further non-compliance

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it is observed that some of the directives issued in the previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission is of the view that substantial time has already been given to the utility for compliance with these directions. Thus, the Commission hereby directs the utility to comply with the directions mentioned below in the given timeframe, failing which the Commission will be forced to take appropriate action under various provisions of the Electricity Act, 2003, and Regulations framed by JERC.

10.1.1. Filing of Review and True-up Petitions for previous years

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission directs the Petitioner to prepare accounts on commercial principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the True-up petitions for these years along with the next petition failing which, the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in present Tariff Petition *The annual accounts for FY 2012-13, FY 2013-14 and FY 2014-15 have already been compiled and audited by the AG. The same are attached herewith. The annual accounts for the FY 2015-16 are being compiled and shall be submitted to ED-A&N after auditing by the AG. The Commission may kindly allow the same.*

Commission's response
The Commission notes that the Petitioner has submitted the audited annual accounts prepared on commercial principles for FY 2012-13 and FY 2013-14. The Commission now directs the Petitioner to submit the True-up petition along with the audited accounts prepared on commercial principles for FY 2014-15, FY 2015-16 and FY 2016-17 in the next tariff filing.

10.1.2. Collection of arrears

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission directs the Petitioner to analyze the outstanding dues, bad debts etc. & construct a database of such consumers including the particulars like amount, aging schedule and category as sought by the Commission and submit these details along with the next tariff filing, failing which the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in the present Tariff Petition *The department undertook an exercise to identify and categorise outstanding arrears. However, most of the outstandings are very old and pertaining to the pre-tsunami period. The same could not be traced. However, ED-A&N is maintaining the details of current arrears, and the same shall be submitted along with future annual accounts.*
Commission's response *The Commission has noted that the Petitioner has repeatedly failed to comply with this directive.* *The Commission again directs the Petitioner to analyse the outstanding dues, bad debts, etc., and construct a database of such consumers including the particulars like amount, aging schedule and category. The Petitioner should identify consumers having an outstanding of Rs 50,000 and above for more than six months from the due date.* *Along with the next Tariff Petition, the Petitioner is directed to submit the detailed status report of the action already taken in this matter, with clear demarcation of consumer-wise arrear details wherein the records are available, and identification of cases where the records have been destroyed/no longer traceable.* *The Commission will be constrained to take appropriate action against the Petitioner in case of any further non-compliance.*

10.2. Directives continued in this Tariff Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present petition, it has been observed that the some of the directives issued in previous Tariff Orders have not been fully complied with by the Petitioner.

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

10.2.1. Preparation of Fixed Asset Register

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission directs the Petitioner to prepare the Fixed Asset and Depreciation Register and get it audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file along with the next Petition, failing which the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in the present Tariff Petition *The Fixed Asset Register for FY 2012-13, FY 2013-14 and FY 2014-15 has been compiled. However, it is being reconciled with the audited accounts. The Petitioner requested the Commission to allow time up to 31st January 2016.*
Commission's response *The Commission has noted that the Petitioner has repeatedly failed to provide compliance to this directive. The Commission now directs the Petitioner to submit the audited FARs from FY 2012-13 onwards with the next Petition, failing which the Commission will be constrained to take appropriate action against the Petitioner.*

10.2.2. Bill payment

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission acknowledges that there are issues in internet connectivity across the islands. The Commission, however, directs the Petitioner to still undertake necessary measures for implementation of the Web based billing/payment software across all key locations and submit the compliance report of the same by 30th September 2016.*
Petitioner's response in the present Tariff Petition *The web-based billing/payment software has been implemented at a few site offices having better internet connectivity; full-fledged implementation depends on the improvement in connectivity. However, after installation of submarine optical fibre cable to improve connectivity by BSNL under centrally sponsored schemes, the department can reliably move towards implementation of the software across the islands.*

Commission's response
The Commission appreciates the implementation of web based billing/payment software at few places and directs the Petitioner to install localised billing/bill payment software at each island for the benefit of the general public. The Petitioner can integrate this software at a later stage once the connectivity is established across the islands. *The Petitioner is directed to complete this activity with six months of issuance of this Order, failing which the Commission will be constrained to take appropriate action against the Petitioner.*

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

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has noted the submission of the Petitioner and directs to submit the status report for the replacement of all the non-functional / defective / working mechanical meters (for which the order of 17000 meters was placed) and the plan for balance non-functional / defective / working mechanical meters by 30th September 2016.*
Petitioner's response in the present Tariff Petition *For FY 2016-17, 8,000 meters have been purchased, of which 40% have already been installed and the remaining are in process to be replaced. In addition, the department has placed order for 9000 meters, whose inspection has already been done, and will be available in store for distribution among the site offices as per requirement by next month for carrying out the replacement work.*
Commission's response *The Commission appreciates that the Petitioner is working on the replacement of defective meters. This process needs to be continued and should be completed within FY 2017-18. A status report should be submitted by 30th September 2017.*

10.2.4. Energy audit

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission notes the submission of the Petitioner that fresh offer is being invited for Energy Audit across all the islands and directs the Petitioner to submit the status report by 30th September 2016 and complete the energy auditing process at the earliest.*
Petitioner's response in the present Tariff Petition *Previously, the department has requested Petroleum Conservation Research Association (PCRA) to submit budgetary offers to conduct energy audit, which were sent for approval of the administration. However, PCRA did not reply to the queries raised by the administration. Further, the department has invited fresh budgetary offer from four PSUs / government institutions, viz.,*

National Productivity Council, PCRA (Kolkata), PTC India Ltd, and Dr. B. R. Ambedkar Institute of Technology, Port Blair.
Commission's response *The Commission has noted the submission of the Petitioner and directs the Petitioner to take up this matter on priority and submit the quarterly status report to the Commission.*

10.2.5. RPO – Reviving operations of existing solar plants and annual maintenance of the same

Originally issued in Tariff Order dated 31st March 2015

Commission's latest directive in Tariff Order dated 6th April 2016

The Commission has noted the submission of the Petitioner that the details of new solar power projects under implantation has been provided in the Business Plan and the economic & technical viability of reviving the existing power plants is being looked into and report on the same shall be submitted separately. The Commission directs the Petitioner to submit the quarterly status reports of actions taken in this matter.

Petitioner's response in the present Tariff Petition

Instead of revival of existing solar power plants at Havelock & Neil islands, REIL will establish solar plants of 2 MWp at Havelock Island and 1 MWp at Neil Island by August 2017, for which tender will be floated by 20th December 2016. Apart from this, MW-size solar power plants with battery energy storage system shall be established during FY 2017-18. Under this, NTPC will establish solar plants of 8 MWp at Chidiyatapu and 17 MWp at Manglutan in South Andaman Island by June 2018, and NLC shall establish 20 MWp solar plant at Attampahad in South Andaman Island by August 2018.

In the second phase, NLC shall establish 20 MWp solar plant at Mithakhari, 15 MWp at Kishori Nagar, Diglipur, and 8 MWp at Kalsi, Rangat, by 2020-21. REIL shall establish 3 MWp solar plant at Hut Bay by 2020-21.

In the third phase, solar PV plants shall be established by CPSU to be decided by MNRE in the following islands:

S. no.	Proposed location	Proposed capacity	Time frame
1	Car Nicobar	1.5 MW	2021-22
2	Campbell Bay	3 MW	
3	Chowra	0.25 MW	
4	Teressa	0.25 MW	
5	Katchal	0.5 MW	
6	Champion	0.25 MW	
7	Kamorta	0.5 MW	

Besides, M/s Sea-Faraday will be establishing 1.125 MW wave power generating station near Hut Bay. The Commission has approved the project with the tariff rate of Rs 15.69 per kWh as an indicative tariff vide letter dated 22nd November 2016.

Commission's response
The Commission has noted the submission of the Petitioner and directs the Petitioner to submit the annual status report to the Commission.

10.2.6. Strengthening of the consumer grievance redressal system

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has noted the submission of the Petitioner that the department has taken necessary steps to address the issues of the public and to settle the public grievances and complaints of the consumers at the spot so that no consumer is forced to visit the main office of the ED – A&N and directs to submit the quarterly action taken reports to the Commission.*
Petitioner's response in the present Tariff Petition *CGRF has disposed off 104 grievances till date. Presently, there is one vacancy of member licensee, CGRF, for which action is underway for filling up the post.*
Commission's response *The Commission has noted the compliance and directs the Petitioner to take up the matter of filling up the post of member, CGRF, and report the compliance to the Commission.*

10.2.7. Optimisation of fuel cost

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has noted that no information has been provided as attachment. The ED-A&N is again directed to evolve a software-based system for accounting of fuel received at port, dispatched island wise, actual quantity received on the islands and actual quantity consumed island wise for generating electricity, so that actual fuel consumption per unit generation along with the variation could be worked out. Accordingly, the Petitioner is directed to furnish such details along with the next filing, failing which the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in the present Tariff Petition *The software-based system for accounting of fuels is currently not feasible on technical grounds as internet connectivity is still very poor in remote islands; however, after installation of submarine optical fibre cable by BSNL under centrally sponsored schemes, the department can reliably move towards implementation of such software.*
Commission's response *The Commission has noted the practical operational difficulty faced by the Petitioner. However, the Commission is of the view that till the installation of the submarine optical fibre cable is complete, the Petitioner should install localised software at each island to monitor the*

parameters. The Petitioner can integrate this software at a later stage once the connectivity is in place. *The Petitioner is directed to submit the compliance of this directive with the next tariff filing.*

10.2.8. Accredited agency for certifying renewable purchase obligations (RPOs)

Originally issued in Tariff Order dated 11th April 2014
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission directs the Petitioner to comply with the directive of informing an agency independent of Electricity Department to the Commission for its approval which can certify the RPOs in A&N within three months of issuance of this Order, failing which the Commission will be constrained to take appropriate action against the Petitioner.*
Petitioner's response in the present Tariff Petition *An accredited agency for promotion of renewable energy and energy conservation proposed by the department in the name of "Andaman & Nicobar Renewable Energy Development Agency" (ANREDA) has been approved by UT administration and the registration has been done under the Societies Registration Act, 1860. The process is on for setting up this agency and it will be functional in FY 2017-18.*
Commission's response *The Commission has noted the compliance. The Petitioner is directed to functionalise ANREDA before 31st July 2017 and report the compliance to the Commission.*

10.2.9. Demand-side management and energy conservation

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission directs the Petitioner to file the petition consisting proposal of distribution of four lakh LED bulbs of 7 Watt each at a cost of Rs. 10 Each to around one lakh domestic consumers for approval of the Commission at the earliest and not later than 31st July 2016.*
Petitioner's response in the present Tariff Petition *Around four lakh LEDs have been distributed @four LEDs per domestic consumer at a cost of Rs 10 each to around one lakh consumers. Around 90-91% LED bulbs have already been distributed, which has led to significant reduction in power demand. In addition, it has been made mandatory for all government establishments to use star-rated and energy-efficient lighting and appliances. A draft notification is underway for approval of mandatory use of self-sufficient renewable energy plants for all commercial /residential buildings.*
Commission's response *The Commission has noted the compliance. The Commission directs the Petitioner to issue the notification at the earliest. The Commission also directs the Petitioner to explore the possibility of other DSM measures like LED tubes and fans.*

10.2.10. Unbundling and corporatisation of Electricity Department as per Electricity Act, 2003

Originally issued in Tariff Order dated 31st March 2015
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has noted the submission of the Petitioner and directs the Petitioner to actively pursue the same with the Government of India.*
Petitioner's response in present tariff petition *The A&N Administration approached REC and NTPC to prepare a roadmap for corporatisation of the Electricity Department and relevant data were furnished. However, there has been no further progress as the department is engaged in reconstruction and restoration of damages caused by the tsunami on 26.12.2004. Moreover, a tender has been prepared for engagement of consultant for carrying out the study for organisational re-structuring, manpower study and delegation of power for Electricity Department, A&N Administration, and submitted for approval of UT administration. The tender shall be floated by this month after the approval of competent authority.*
Commission's response *The Commission has noted the compliance and advises the Petitioner to actively pursue the same with the Government of India.*

10.3. New Directives

10.3.1. Island-wise Data/ Information

Commission's latest directive in Present Tariff Order
The Commission directs the Petitioner to maintain the island-wise technical information (i.e. category-wise sales, number of consumers, connected load, T&D losses, plant-wise generation/purchase) on monthly basis and submit such information to enable the Commission to undertake the Review/true-up as per the provisions of the Regulations in future. The Commission shall consider the actual performance at the time of true-up of FY 2016-17 once the audited accounts and island-wise information as directed above is submitted by the Petitioner.

10.3.2. Notified Tariff Categories

Commission's latest directive in Present Tariff Order
The Commission had introduced a new Tariff category – Government connections in the MYT Order dated 6th April, 2016. However, it has been observed that the Petitioner has not incorporated that category in the present Tariff Petition.

The Commission, therefore, directs the Petitioner to strictly adhere to the notified tariff categories and submit all the future Petitions containing all the requisite details as per the relevant Tariff Orders of the Commission.

10.4. Directives dropped in this Tariff Order

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

10.4.1. Load forecasting study

Originally issued in Tariff Order dated 4th June 2012
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has observed that the Petitioner has submitted only the summary of projections as compliance. The Petitioner is directed to submit the detailed report covering the methodology/approach and findings to arrive at the load forecasting by 30th June 2016.*
Petitioner's response in present tariff petition *The detailed report including methodology for demand projection done by M/s Deloitte for the roadmap for "24 * 7 Power for All" scheme has been attached herewith as* ***Exhibit - 1****.*
Commission's response *The Commission has noted the compliance and has decided to drop this directive as this report has been accepted jointly by the Ministry of Power and the A&N Administration.*

10.4.2. Safety measures undertaken

Originally issued in Tariff Order dated 31st March 2015
Commission's latest directive in Tariff Order dated 6th April 2016 *The Commission has noted the submission of Petitioner and directs it to submit the quarterly status reports to the Commission.*
Petitioner's response in the present Tariff Petition *The department has circulated CEA (Safety Requirement for Construction, Operation and Maintenance of Electrical Plants & Electrical Lines) Regulations, 2011, and CEA (Measures Relating to Safety and Electric Supply) Regulations, 2010, to all the engineers of the department. Further, periodical directions are given to all engineers and subsequently by the engineers to the workers under their jurisdiction to adhere to the safety Regulations while executing the work, along with all the safety gears, precautions to be followed during work.*
Commission's response *The Commission has noted the compliance and has decided to drop this directive.*

Annexure 1: Public notices published by the Petitioner

12.01.2017 Thursday Port Blair

PUBLIC NOTICE

Sub:-Public Hearing at Port Blair on 19.01.17 in respect of petition for Determination of Tariff for FY 2017-18 for U.T of Andaman & Nicobar under section 61,62 and 64 of the Electricity Act.2003

Electricity Department (EDA&N), A&N Administration had filed a petition for True-up for the FY 2012-13, FY 2013-14 & 2014-15, Review for FY 2016-17 and determination of Tariff for FY 2017-18 under Section 61, 62 and 64 of the Electricity Act, 2003.JERC (conduct of Business) Regulations, 2009 and JERC (Multi Year Distribution Tariff) Regulation, 2014, before the Joint Electricity Regulatory Commission for Goa and UTs.

Petition can be seen at www.jercuts.gov.in and (http://electricity.and.nic.in) or at O/o Superintending Engineer (Ele): Andaman & Nicobar Administration, Electricity Department, Port Blair - 744 101. Website: http://electricity.and.nic.in/E-Mail: seed@and.nic.in-seelectricity@yahoo.co.in Tel: 03192 -232404, Telefax: 03192 - 233365.

Highlights of the approved ARR & Tariff Proposed by ED A&N

AGGREGATE REVENUE REQUIREMENT - APPROVED

(Rs. In Crores)

Sr. No	Particulars	FY 2017-18
1	2	3
1	Cost of fuel	132.35
2	Cost of power purchase	216.72
3	Employee costs	55.61
4	R&M expenses	41.31
5	Administration and general expenses	1.83
6	Depreciation	10.75
7	Interest and Finance charges	18.80
8	Interest on working capital	4.89
9	Return on NFA /Equity	10.34
10	Provision for Bad Debit	0.00
11	Total revenue requirement	492.59
12	Less: non-tariff income	2.69
13	Net revenue requirement (10-11)	489.90

Based on the above approved ARR, the Average Cost to Supply for the FY 2017-18 is calculated in the table below-

AVERAGE COST OF SUPPLY FOR FY 17-18

Sr. No.	Particulars	FY 2017-18
1	2	3

Annexure 2: Public notices published by the Commission for intimation of Public Hearing

04.01.2017 Wednesday Port Blair CLASSIFIED

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

Notice is hereby given to all interested persons that Electricity Department of UT of Andaman & Nicobar has filed a petition for approval of True-up for FY 2012-13 & FY 2013-14, Provisional True-up for FY 2014-15, Annual Performance Review of FY 2016-17 & Determination of Tariff for FY 2017-18. The same has been admitted under Petition No. 227/2017 and is available on Commission's website **www.jercuts.gov.in**

Interested persons may file objections/suggestions in six copies on the above Petition in person or through e-mail/registered post **on or before 17.01.2017 addressed to The Secretary, JERC (for Goa & UTs)** with a copy to **The Superintending Engineer, Electricity Department, Administration of Andaman & Nicobar, Port Blair 744 101.**

The Commission will conduct a **Public Hearing on 19.01.2017 at Port Blair** on the above matter.

davp 34124/11/0010/1617

सd/-
(Keerti Tewari)
Secretary

DIRECTORATE OF SHIPPING SERVICES
ANDAMAN & NICOBAR ADMINISTRATION
PORT BLAIR
*****

F.No.:DSS/EDP/STARS/COUNTER/2014/3091 Dated27.12.2016

e-TENDER NOTICE

On behalf of President of India, the Directorate of Shipping Services invites sealed e-quotations from the reputed firms for the work detailed in the tender document. The tender document (Tender ID: DSS) can be downloaded from the portal http://eproc.andaman.gov.in and filled in e-bid to be uploaded on the above mentioned portal as per the terms and conditions mentioned in the tender document. The important dates of tender are as follows:-

Last date & time for submission of e-Bid : 23/01/2017 before 1500 Hrs
Date of Opening of e-Bid : 23/01/2017 at 1530 Hrs

EMD of Rs. 500/- *as mentioned in the tender document* to be submitted in favour of Sr. Accounts Officer (M&S), Directorate of Shipping Services.

IP/2046/16

26/12
सहायक समुद्री अभियंता (सू. प्रौ.)
Asst. Marine Engineer (IT)

AU
Port Blair Municip
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Port Blair, Municipal

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12. The allotment is m

Annexure 3: List of Stakeholders

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

S. no.	Name	Representation (in writing)	Representation (in person)
1.	Manikya Rao, President, Telugu Desam Party	√	√
2.	Debtanu Dutta, Labour Advisor		√
3.	Dharvinder Ram, Branch Representative, National Union of Seafarers		√
4.	Mr. Vijay		√
5.	Silver Sand Beach Resort	√	√