



TARIFF ORDER

Annual Performance Review of FY 2017-18
&
Determination of Retail Supply Tariff for FY 2018-19
Petition No. 255/2018
For
Electricity Department, Lakshadweep Administration

19th March 2018

संयुक्त विद्युत् विनियामक आयोग, (गोवा और केंद्र शासित प्रदेशों के लिए)
JOINT ELECTRICITY REGULATORY COMMISSION
For the State of Goa and Union Territories,
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**Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurgaon**

QUORUM

Shri. M. K. Goel (Chairperson)

Smt. Neerja Mathur (Member)

Petition No. 255/2018

In the matter of

Annual Performance Review of FY 2017-18 and Determination of Tariff for the FY 2018-19

And in the matter of

Electricity Department, Lakshadweep

Administration.....**Petitioner**

ORDER

Dated: 19th March 2018

- a. This Order is passed in respect of the Petition filed by the Electricity Department, Lakshadweep Administration for approval of Annual Performance Review for the FY 2017-18 and Determination of Tariff for the FY 2018-19.
- 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. A Public Hearing was held and the Stakeholders/Public was heard. The Schedule of activities performed in the course of this quasi-judicial process is given below:

Particulars	Details
Date of Admission	18 th January 2018
Technical Validation Session	16 th February 2018
Public Hearing	1 st March 2018

- c. The approved tariff of FY 2018-19, as detailed in the Chapter “Tariff and Terms and Conditions of Tariff,” shall come in force from 1st April 2018 and shall remain valid till further Orders of the Commission.
- d. All the existing provisions which are not modified by this Order shall continue to be in force.
- e. The licensee shall publish the tariff schedule and the salient features of the tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in its areas of supply. The Commission also directs the licensee to announce the Tariff Structure and the salient features of the Tariff over a Public Address System and local TV channels, if any, within one week from the date of the Tariff Order in the respective local languages of the regions, in case of non-availability/non-publication of any newspaper in the islands of the Union Territory (UT) of Lakshadweep.
- f. It is seen that in the case of Lakshadweep Islands, the majority of the generation is diesel-based, making the per unit cost of generation very high as compared to other utilities. In view of this, the approved tariff will not cover the full cost of supply. Historically also, there has been a substantial gap between the actual cost of supply and the revenue realized, which so far has been borne by the Lakshadweep Administration. Accordingly, the Commission is of the view that any variation in the power purchase cost, if any (including variation in the cost of its own generation) should, for the time being, be borne by the ED Lakshadweep.
- g. Ordered as above, read with the attached document giving detailed reasons, grounds and conditions.

-sd-

नीरजा माथुर
(सदस्य)

-sd-

एम. के. गोयल
(अध्यक्ष)

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

स्थान: गुडगाँव
दिनांक: 19 मार्च, 2018

(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
Commission/JERC	:	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
EA 2003	:	The Electricity Act, 2003
ED	:	Electricity Department Lakshadweep
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
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
NFA	:	Net Fixed Assets
O&M	:	Operation & Maintenance
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
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
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 2nd 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 Islands and Puducherry) started functioning with effect from September 2008. The office of the Commission is located in Gurgaon, Haryana.

1.2. Electricity Regulatory Process in Lakshadweep Islands

The Electricity Department of Lakshadweep Administration had submitted their Petitions for determination of Aggregate Revenue Requirement and Tariff before the Commission and the Commission issued the following Tariff Orders thereon:

Table 1: Details of Tariff and related Petitions submitted by the Petitioner so far & Orders issued by the JERC

Sr. No.	For FY	Filing date	Date of Tariff Order
1.	FY 2012-13	01st August 2012	31st October 2012
2.	FY 2013-14	09th April 2013	22nd May 2013
3.	FY 2014-15	10th January 2014	11th April 2014
4.	FY 2015-16	10th February 2015	17th April 2015
5.	Business Plan for 1 st MYT Control Period (FY 2016-17 to FY 2018-19)	15th January 2016*	31st March 2016*
6.	MYT Order for 1 st MYT Control Period (FY 2016-17 to FY 2018-19)	15th January 2016*	31st March 2016*
7.	FY 2017-18	22 nd December 2016	5 th April 2017

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

1.3. Filing and admission of the present Petition

The present Petition was filed vide letter dated 9th January 2018, received at the Commission's office on 16th January 2018, admitted on 18th January 2018 and marked as Petition No. 255/2018.

1.4. Interaction with the Petitioner

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

To analyse the Petition, the Commission's staff held discussions with the Petitioner/Petitioner's representatives, obtained information/clarifications wherever required, and carried out 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 JERC, Gurgaon, Haryana on 16th February 2018. The Petitioner submitted its replies, in response to various queries raised by the Commission during the analysis of the Petition as shown below. These were taken into account for finalisation of the Tariff Petition.

Table 2: List of Interactions with the Petitioner

S.No.	Date	Subject
1.	18 th January 2018	Admission of Petition
2.	5 th February 2018	1 st set of data gaps forwarded by the Commission
3.	16 th February 2018	Technical Validation Session
4.	8 th March 2018	Response to 1 st set of data gaps by the Petitioner

1.5. Public Hearing process

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

The Petitioner also uploaded the Petition on its website <http://lakpower.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 27th February 2018. The Commission did not receive any written objections/ suggestions on the Petition.

1.6. Notice for Public Hearing

The Commission also uploaded the Tariff Petition and the Public Notice on its website www.jercuts.gov.in giving due intimation to the stakeholders, consumers and the Public at large about the Public Hearing to be conducted by the Commission on 1st March 2018 at Kavaratti. The Schedule of Public Hearing conducted by the Commission is as below:

Table 3: Schedule of Public Hearing at Port Blair

Sr. No.	Date & time	Venue of hearing	Subject
1.	1 st March 2018 at 11:00 AM	Seminar Hall of District Institute of Education and Training (Diet), Kavaratti	Annual Performance Review for FY 2017-18, and Tariff Proposal for FY 2018-19

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

Chapter 2: Summary of Objections/ Suggestions received and the Commission's views

2.1. Regulatory Process

On admitting the Petition, the Commission uploaded the same on its website and also directed the Petitioner to make copies of the Petition available to the public, inviting their comments/objections as per provisions of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and the JERC (Multi Year Distribution Tariff) Regulations, 2014, as amended.

The Public Hearing was held on 1st March 2018 at Kavaratti. The list of stakeholders is attached as **Annexure 1** to this Order.

All stakeholders were provided an opportunity to present their suggestions including those stakeholders who had not given prior written objections/suggestions but expressed their willingness to offer their views, objections and suggestions during the hearing.

2.2. Stakeholders' Objections/ Suggestions and the Commission's Views thereon

The Commission is appreciative of the efforts of the various stakeholders for providing suggestions/ comments/ observations which would help in making the electricity distribution sector responsive and efficient.

The main issues raised by the Stakeholders in the Public Hearing were:

Tariff Related

1. Request for lowering of tariff, keeping in view the economic condition of the islands, their geographic isolation, dependence on mainland for raw materials and dearth of industries in the region
2. Due to a recent cyclone, the people of the islands have already suffered huge financial loss and any increase in tariff of lower slabs shall further burden the consumers in the Islands.
3. Owing to fewer industries in the region, tariff hike in industrial category will not lead to a substantial increase in the revenue for the Electricity Department. The Commission can instead increase the tariff of the Government Connections category.
4. There is excessive power consumption in government offices due to continuous use of air conditioners. The Commission should increase the tariff for Government Connections to prevent such misuse of electricity.

Adequate Publicity and Conduct of Hearing at more places

5. The Department should make adequate efforts for wide publicity of the hearing and conduct the hearing in the central region of the island which is closer to the residence of the people.
6. The Public Hearing should be conducted on all islands, instead of just Kavaratti, as the people of other islands may not be aware of the hearing or it may not be feasible for them to travel to Kavaratti for the hearing.

Other Issues

7. The Department should explore other avenues of power generation apart from Diesel based generation like wind, solar and hydro power.
8. The Department should replace defective/ non-functional meters of consumers at the earliest.

Commission's View

The Commission has heard the Stakeholders on the aforesaid issues. The Commission feels that the high cost of supply in the region is due to the dependence on diesel based generation. However, it cannot be ruled out that the current tariffs in the region are already very low and a large portion of the resulting under-recovery is being taken care of by the ED-Lakshadweep with support from the Government of India. The Commission also has to align the tariffs of various categories in line with the provisions of the Tariff Policy which mandates the tariff to be within +/-20% of the average cost of supply. The Commission has dealt with the issue of tariff hike and design in Chapter 5, "Tariff Principles and Design".

Further, the Commission in its past Orders has already directed the Petitioner to replace all the defective meters. The Commission has been regularly reviewing the status of compliance submitted by the Petitioner as well as conducting the Hearings in this regard. The Petitioner has been directed to provide an action plan for replacing all the defective meters within a time frame of one year.

So far as the issue of publicity is concerned, a specific new directive has been issued for compliance by the Petitioner under Chapter 7, "Directives" to address the concerns raised with respect to publicizing the details of Public Hearing, exploration of alternate sources of generation, etc. by the stakeholders during the Public Hearing.

Chapter 3: Annual Performance Review of FY 2017-18

3.1. Applicable Provisions of the MYT Regulations, 2014

The Review of FY 2017-18 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 the 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.”

3.2. Annual Performance Review (APR) of FY 2017-18

Petitioner’s Submission:

The ARR for the MYT Control Period (FY 2016-17 to FY 2018-19) was approved by the Commission vide the MYT Order dated 31st March 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 2017-18.

No revision has been proposed in the energy sales, number of consumers and connected load as compared with those approved by the Commission in the MYT Order dated 31st March 2016. The Petitioner has revised Employee expenses, R&M expenses and A&G expenses wherein actual figures of R&M expenses and A&G expenses for the first 6 months of FY 2017-18 were submitted and estimates for the remaining 6 months were made by the Petitioner. Additionally, the Petitioner has submitted a revised claim for fuel cost but no justification has been given for such revision. Keeping the T&D losses at the same level as approved in the MYT Order dated 31st March 2016, the Petitioner has computed the revised ARR for the FY 2017-18.

Further, the Petitioner has also submitted the revised revenue from sale of power and the resultant revenue gap for the year. The Aggregate Revenue Requirement for FY 2017-18 on the basis of revised estimates is shown in the following Table:

Table 4: Aggregate Revenue Requirement as approved in the MYT Order and as estimated by the Petitioner for FY 2017-18

Particulars	Approved in MYT Order dated 31st March 2016	Petitioner's submission (APR)
Cost of fuel	74.76	75.00
Cost of power purchase	5.59	0.00
Employee expenses	13.35	16.86
R&M expenses	4.52	12.65
A&G expenses	1.83	1.56
Depreciation	6.36	8.81
Interest and finance charges	8.06	17.80
Interest on working capital	1.24	1.24
Interest on consumer security deposit	0.01	0.01
Return on NFA/ Equity	5.50	9.12
Provision for bad debt	0.00	0.22
Total revenue requirement	121.22	143.28
Less: Non-tariff income	0.45	0.45
Net revenue requirement	120.77	142.83

Commission's Analysis:

The Commission, in the MYT Order dated 31st March 2016, had considered the sales and number of consumers of last 3 years to make projections for the Control Period whereas Island-wise generation details were used for estimating the own generation and power purchase. The Commission had sought similar details for the first half of FY 2017-18 during the Technical Validation Session. The Petitioner has submitted data for a few of the parameters i.e. units generated, category-wise sales, nine months R&M and A&G

expenses, etc. as part of its additional submissions. However, various irregularities were observed in the data submitted by the Petitioner. Also, information with respect to fuel costs has not been provided for past years and neither have the actuals for six months of FY 2017-18 been submitted. In the absence of adequate data for consideration of uncontrollable parameters and lack of supporting documents i.e. trial balance/provisional accounts of previous years or six months of the current year, the Commission feels that the revision of a few parameters based on the submission of the Petitioner would only result in another set of provisional estimates which is not the intent of the review.

The details of RPO submitted by the Petitioner for the first six months of FY 2017-18 indicate a shortfall in renewable purchase. However, considering that in the past years, the Petitioner has submitted an over-compliance of its Renewable Purchase Obligation, the Commission is of the view that the Petitioner will manage to comply with its Renewable Purchase Obligation in FY 2017-18. The Petitioner is required to submit details of its RPO along with the next tariff filing.

The Commission directs the Petitioner to maintain monthly island-wise information (i.e. category-wise sales, number of consumers, connected load, T&D losses, plant-wise generation/purchase, fuel cost, etc.) and submit quarterly information to the Commission. This would also enable the Commission to undertake the Annual Performance Review as per the provisions of the Regulations in future.

Further, Regulation 8(1) of the MYT Regulations, 2014 provides:

“(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’.”

Accordingly, any review of the approved parameters shall be undertaken based on the variations which are for adequate and justifiable reasons. The Commission observes that the Petitioner has not requested for any revision in the uncontrollable parameters like sales or power generation. Also, the proposed revisions in fuel costs, Employee, R&M and A&G expenses are also not substantiated by adequate reasoning and workings by the Petitioner.

In view of the reasons stated above, the Commission shall consider the actual performance at the time of the True-up of FY 2017-18 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 2017-18.

Chapter 4 Approval of ARR for FY 2018-19

4.1. Approach for approval of ARR for FY 2018-19

The Petitioner has submitted the same ARR for FY 2018-19 as approved in the MYT Order dated 31st March 2016 and has not sought any variation in any expense component. However, the Petitioner has recomputed the 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 2017-18 for the reasons detailed in the Previous Chapter, the Commission is retaining the projections for the FY 2018-19 at the same level as approved in the MYT Order dated 31st March 2016.

4.2. Aggregate Revenue Requirement (ARR) of FY 2018-19

Petitioner's Submission:

The ARR submitted for the FY 2018-19 is the same as that approved in the MYT Order dated 31st March 2016 by the Commission.

Commission's Analysis:

As detailed in the Previous Chapter, the Commission is not undertaking any review of FY 2017-18. Since no review is being done by the Commission and since no changes have been proposed by the Petitioner in the ARR of FY 2018-19, the Commission finds no justification for revising the ARR of FY 2018-19 and accordingly, has decided to retain the same ARR as approved in the MYT Order dated 31st March 2016 for FY 2018-19 as shown in the following Table:

Table 5: ARR approved by the Commission for FY 2018-19 (Rs. crore)

Sr. No	Particulars	Approved in MYT Order dated 31 st March 2016 for FY 2018-19	Petitioner's Submission (ARR)	ARR considered by the Commission in present Order
1	Cost of fuel	79.94	79.94	79.94
2	Cost of power purchase	8.63	8.63	8.63
3	Employee expenses	14.03	14.03	14.03
4	R&M expenses	5.33	5.33	5.33
5	A&G expenses	1.94	1.94	1.94
6	Depreciation	7.19	7.19	7.19
7	Interest on loan	8.76	8.76	8.76
8	Interest on consumer security deposit	0.01	0.01	0.01
9	Interest on working capital	1.36	1.36	1.36
10	Return on equity	6.31	6.31	6.31
11	Provision for bad debt	0.00	0.00	0.00
12	Total revenue requirement	133.51	133.51	133.51
13	Less: Non-tariff income	0.47	0.47	0.47
14	Net revenue requirement	133.04	133.04	133.04

4.3. Revenue at Existing Tariff and Gap

Petitioner's Submission:

The estimated revenue at the existing tariff for FY 2018-19 and the resultant gap is provided in the following Table:

Table 6: Revenue gap submitted by the Petitioner for FY 2018-19 (Rs. crore)

Sr. No	Particulars	FY 2018-19
1	Net revenue requirement	133.04
2	Revenue from sale of power	23.70
3	Net gap during the year	109.34

Commission's Analysis:

The slab wise details of sales were provided by the Petitioner as part of the additional submissions. It was observed that there was significant difference in the proportion of

slab-wise sales submitted for tariff calculations of FY 2018-19 and the slab-wise proportion of the actual sales submitted by the Petitioner for FY 2015-16, FY 2016-17 and the first six months of FY 2017-18. A query was raised in this regard by the Commission, but no justification was provided by the Petitioner for such variation. Additionally, the slab-wise sales information considered for revenue estimation for FY 2018-19 differed significantly from the sales proportion considered in the past Orders.

In view of the above, the Commission has decided to continue with the slab-wise proportion as considered in the previous Tariff Order for computing the revenue at the existing tariff for FY 2018-19. The approved revenue at the existing tariff is given as follows:

Table 7: Revenue at existing tariff approved by the Commission for FY 2018-19

S. No.	Category	No. of consumers	Energy sales (In MU)	Existing tariff				
				Energy charges (in Rs /Unit)	Fixed Charges	Fixed charge (Rs. Cr)	Energy charge (Rs. Cr)	Total revenue (Rs. Cr)
1	Domestic							
	-0 to 100 units		4.37	1.30	Rs 15/- per connection per month or part thereof for single phase and Rs 50/- per connection per month or part thereof for three phase		0.57	
	-101 to 200 units		12.36	3.00			3.71	
	-201 to 300 units		14.49	4.85			7.03	
	-301 & above		22.04	6.30			13.89	
	Sub-Total	21082	53.25			0.65¹	25.19	25.83
2	Commercial							
	-0 to 100 units		0.16	6.05	Rs 25/- per connection per month or part thereof for single phase and Rs 100/- per connection per month or part thereof for three phase		0.10	
	-101 to 200 units		0.15	7.30			0.11	
	-201 units & above		2.80	8.55			2.39	
	Sub-Total	865	3.10			0.05²	2.60	2.65
3	Government Connections							
	-0 to 200 units		0.50	7.30	Rs 25/- per connection per month or part		0.36	

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

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

S. No.	Category	No. of consumers	Energy sales (In MU)	Existing tariff				
				Energy charges (in Rs /Unit)	Fixed Charges	Fixed charge (Rs. Cr)	Energy charge (Rs. Cr)	Total revenue (Rs. Cr)
	-201 units & above		9.42	8.55	thereof for single phase and Rs 100/- per connection per month or part thereof for three phase		8.05	
Sub-Total		2765	9.92			0.16³	8.42	8.57
4	Industrial							
	All units	319	0.24	5.80	Rs 35/- per kVA per month or part thereof	0.15 ⁴	0.14	0.29
5	HT Consumers							
	All units	2	0.18	8.40	Rs 100/- per kVA per month or part thereof	0.03 ⁵	0.15	0.18
6	Public Lighting							
	All units	73	0.81	5.30	-	-	0.43	0.43
Total		25106	67.50			1.03	36.92	37.95

Keeping in view the ARR and revenue from the sale of power approved above, the Commission hereby approves the revenue gap at existing tariff for FY 2018-19 as shown in the following Table:

Table 8: Revenue gap at existing tariff for FY 2018-19 (in Rs. Crore)

Sr.No.	Particulars	FY 2018-19
1.	Net Revenue Requirement	133.04
2.	Revenue from sale of power	37.95
3.	Net gap during the year	95.09
4.	Add: Previous year gap	0.00
5.	Total gap	95.09

The Commission has computed the Average Cost of Supply based on the expense and revenue components approved in the previous sections as shown in the following Table:

³ **Government Connections Category:** In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 25 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 100 per connection per month) has been taken.

⁴ **Industrial Category:** Connected load has been taken at the level as approved in the MYT Order i.e. 3238 kW at PF of 0.9.

⁵ **HT Consumers:** Connected load has been taken at the level as approved in the MYT Order i.e. 206 kW at PF of 0.9.

Table 9: Average cost of supply approved by the Commission for FY 2018-19 (Rs./unit)

Sr.No.	Particulars	FY 2018-19
1.	Average Cost of Supply	19.71
2.	Average billing rate	5.62
3.	Net Gap	14.09

Chapter 5: Tariff Principles and Design

5.1. Preamble

The Commission, in determining the ARR and retail supply tariff for FY 2018-19, 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 the JERC under Section 64 of the Act which lay down the broad principles and guide determination of retail tariff.

5.2. 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.”

Commission’s Views

The Commission is aware that the sole source of power in the ED-Lakshadweep is its own generation with no availability of external generating sources. Furthermore, over 99% of the sales are at LT level only.

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

Therefore, the tariff needs to be designed in such a way that cross subsidy between the different categories of consumers is progressively brought within $\pm 20\%$ of the average cost of supply and that even for BPL category consumers, tariff rates should at least be close to 50% of the average cost of supply. The Commission has taken a considered view in this regard balancing the interest of the utility and the consumer, and has designed the Tariff for different categories of consumers as brought out herein this Chapter subsequently.

5.3. Tariff Proposal

Petitioner’s Submission:

At the existing tariff, the average cost of supply comes to Rs. 19.71 per unit while ABR (Average Billing Rate) per unit is Rs. 3.51. Thus, there is a gap of Rs. 16.20 per unit.

Over 95% of the power is generated from diesel-based generating stations as there are no other sources of energy. The major component of cost of the supply is the cost of HSD and lubricants. The above factors, apart from the general rise in prices have necessitated the increase in tariff. In this tariff proposal, partial recovery of the cost is proposed as shown in the Table below:

Table 10: Average Tariff Hike for FY 2018-19 submitted by the Petitioner

Sr. No.	Particulars	Units	FY 2018-19	
			Existing	Proposed
1	ARR for FY 2018-19	Rs. Crores	133.04	133.04
2	Revenue for FY 2018-19	Rs. Crores	23.70	24.99
3	Gap (1-2)	Rs. Crores	109.34	108.05
4	Total Sales	MU's	67.50	67.50
5	Average Cost of Supply (1 /4 x 10)	Rs. per kWh	19.71	19.71
6	Average Revenue (2 /4 x 10)	Rs. per kWh	3.51	3.70
7	Pure Gap (5-6)	Rs. per kWh	16.20	16.01
8	Average Hike in Tariff			0.19
9	Hike in %			5.41%

At the proposed tariff, only 18.78% of the ARR would be recovered. The Petitioner has proposed an increase of 19 paise per unit in the tariff for FY 2018-19 which constitutes 5.41% hike over the tariff of FY 2017-18.

The tariff proposal for FY 2018-19 for individual categories as submitted by the Petitioner is given as follows along with a comparison of the existing and proposed charges.

Table 11: Existing vs. proposed tariff for FY 2018-19 submitted by the Petitioner

Category	Existing charges		Category	Proposed charges	
	Energy charge (Rs/kWh)	Fixed Charges		Energy charge (Rs/kWh)	Fixed Charges
BPL/ Kutir Jyoti		Rs. 25 per service connection per month or part thereof	BPL/ Kutir Jyoti		Rs. 25 per service connection per month or part thereof
Domestic Connection			Domestic Connection		
-0 to 100 units	1.30	Rs. 15 per service connection per month or part thereof for single phase; Rs. 50 per service connection per month or part thereof for three phase	-0 to 100 units	1.50	Rs. 15 per service connection per month or part thereof for single phase; Rs. 50 per service connection per month or part thereof for three phase: Plus Rs. 10/- for cashless transaction
-101 to 200 units	3.00		-101 to 200 units	3.05	
-201 to 300 units	4.85		-201 to 300 units	5.00	
-301 units & above	6.30		-301 units & above	6.35	
Commercial			Commercial		

Category	Existing charges		Category	Proposed charges	
	Energy charge (Rs/kWh)	Fixed Charges		Energy charge (Rs/kWh)	Fixed Charges
-0 to 100 units	6.05	Rs 25/- per connection per month or part thereof for single phase; Rs 100/- per connection per month or part thereof for three phase	-0 to 100 units	6.10	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase. Plus Rs 10/- for cashless transaction
-101 to 200 units	7.30		-101 to 200 units	7.35	
-201 units & above	8.55		-201 units & above	8.60	
Government Connections			Government Connections		
-0 to 200 units	7.30	Rs. 25 per service connection per month or part thereof for single phase; Rs. 100 per service connection per month of part thereof for three phase	-0 to 200 units	7.50	Rs. 25 per service connection per month or part thereof for single phase; Rs. 100 per service connection per month of part thereof for three phase
-201 units & above	8.55		-201 units & above	8.60	
Industrial	5.80	Rs. 35/- per kVA per month or part thereof	Industrial	6.00	Rs. 35/- per kVA per month or part thereof; Plus Rs. 10/- for cashless transactions
HT Consumers	8.40	Rs. 100/- per kVA per month or part thereof	HT Consumers	9.00	Rs. 100/- per kVA per month or part thereof; Plus Rs. 10/- for cashless transactions
Public Lighting	5.30		Public Lighting	5.50	
Temporary Connections	10.20		Temporary Connections	10.50	

Commission's Analysis:

The Commission, after analysis of the various components of the ARR for FY 2018-19, has come to the conclusion that the utility has to increase the average tariff from the existing

level of Rs. 5.62⁶ per unit, as given in Table 9 of Chapter 4, to Rs. 19.71 per unit to recover the full amount of ARR as projected for FY 2018-19.

In view of the socio-economic constraints of the people residing in the licensee's area, the Commission feels that aligning the tariff with Average Cost of Supply would be unjust to the consumers. Duly considering the difficult terrain where people reside in remote areas spread across the various islands with limited access to basic amenities, the Commission, in order to avoid tariff shock, has approved a marginal increase in the tariff of FY 2018-19 over the FY 2017-18.

The Commission has determined the retail tariff for FY 2018-19 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 ED-Lakshadweep. The Commission approves the tariff for FY 2018-19 as given as follows:

Table 12: Existing vs. Revised Tariff approved by the Commission for FY 2018-19

Category	Existing charges		Category	Approved charges	
	Energy charge (Rs/kWh)	Fixed Charges		Energy charge (Rs/kWh)	Fixed Charges
BPL/ Kutir Jyoti		Rs 25/- per service connection for month or part thereof	BPL/ Kutir Jyoti		Rs 25/- per service connection for month or part thereof
Domestic Connection			Domestic Connection		
-0 to 100 units	1.30	Rs 15/- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase	-0 to 100 units	1.35	Rs 15/- per connection per month or part thereof for single phase Rs 50/- per connection per month or part thereof for three phase
-101 to 200 units	3.00		-101 to 200 units	3.10	
-201 to 300 units	4.85		-201 to 300 units	4.95	
-301 units & above	6.30		-301 units & above	6.55	
Commercial			Commercial		
-0 to 100 units	6.05	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	-0 to 100 units	6.10	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase
-101 to 200 units	7.30		-101 to 200 units	7.40	
-201 units & above	8.55		-201 units & above	8.70	

⁶ The revenue at existing tariff for FY 2018-19 has been calculated by the Petitioner based on the slab-wise details of sales submitted by them. However, due to concerns already stated in Para 4.3 of the this Order, the Commission has decided to consider the slab-wise bifurcation of sales as approved in the Tariff Order dated 5th April 2017. The revenue and average billing rate at existing tariff computes to Rs. 37.95 Cr. and Rs. 5.62 per unit, respectively.

Category	Existing charges		Category	Approved charges	
	Energy charge (Rs/kWh)	Fixed Charges		Energy charge (Rs/kWh)	Fixed Charges
Government Connections			Government Connections		
-0 to 200 units	7.30	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	-0 to 200 units	7.50	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase
-201 units & above	8.55		-201 units & above	8.95	
Industrial			Industrial		
All units	5.80	Rs 35/- per kVA per month or part thereof	All units	6.00	Rs 35/- per kVA per month or part thereof
HT Consumers	8.40	Rs 100/- per kVA per month or part thereof	HT Consumers	8.70	Rs 100/- per kVA per month or part thereof
Public Lighting	5.30		Public Lighting	5.55	
Temporary Connections	10.20		Temporary Connections	10.50	

The revenue at revised tariff approved by the Commission for FY 2018-19 is given in the following Table:

Table 13: Revenue at revised tariff approved by the Commission for FY 2018-19 (Rs. crore)

S. No.	Category	No. of consumers	Energy sales (In MU)	Revised tariff				
				Energy charges (in Rs /Unit)	Fixed Charges	Fixed charge (Rs. Cr)	Energy charge (Rs. Cr)	Total revenue (Rs. Cr)
1	Domestic							
	-0 to 100 units		4.37	1.35	Rs 15/- per connection per month for single phase and Rs 50/- per connection per month for three phase		0.59	
	-101 to 200 units		12.36	3.10			3.83	
	-201 to 300 units		14.49	4.95			7.17	
	-301 & above		22.04	6.55			14.44	

S. No.	Category	No. of consumers	Energy sales (In MU)	Revised tariff				
				Energy charges (in Rs /Unit)	Fixed Charges	Fixed charge (Rs. Cr)	Energy charge (Rs. Cr)	Total revenue (Rs. Cr)
Sub-Total		21082	53.25			0.65⁷	26.03	26.67
2	Commercial							
	-0 to 100 units		0.16	6.10	Rs 25/- per connection per month for single phase and Rs 100/- per connection per month for three phase		0.10	
	-101 to 200 units		0.15	7.40			0.11	
	-201 units & above		2.80	8.70			2.43	
Sub-Total		865	3.10			0.05⁸	2.64	2.69
3	Government Connections							
	-0 to 200 units		0.50	7.50	Rs 25/- per connection per month for single phase and Rs 100/- per connection per month for three phase		0.37	
	-201 units & above		9.42	8.95			8.43	
Sub-Total		2765	9.92			0.16⁹	8.80	8.96
3	Industrial							
	All units	319	0.24	6.00	Rs 35/- per kVA per month	0.15¹⁰	0.14	0.30
5	HT Consumers							
	All units	2	0.18	8.70	Rs 100/- per kVA per month	0.03¹¹	0.16	0.18
6	Public Lighting							
	All units	73	0.81	5.55	-	-	0.45	0.45
Total		25106	67.50			1.03	38.22	39.25

The Petitioner had also proposed a Rs. 10 charge for cashless transactions in Domestic, Commercial, Industrial and HT Consumers categories. However, in order to promote

⁷ **Domestic Category:** In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 15 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 50 per connection per month) has been taken.

³ **Commercial Category:** In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 25 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 100 per connection per month) has been taken.

⁹ **Government Connections Category:** In absence of specific details, assumption of 70% connections having Single Phase supply (to be billed at Rs 25 per connection per month) and 30% connections having Three Phase supply (to be billed at Rs 100 per connection per month) has been taken.

¹⁰ **Industrial Category:** Connected load has been taken at the level as approved in the MYT Order i.e. 3238 kW at PF of 0.9.

¹¹ **HT Consumers:** Connected load has been taken at the level as approved in the MYT Order i.e. 206 kW at PF of 0.9.

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

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

Table 14: Revenue gap at revised tariff approved by the Commission for FY 2018-19 (in Rs. crore)

Sr.No.	Particulars	FY 2018-19
1.	Net Revenue Requirement	133.04
2.	Revenue from sale of power	39.25
3.	Net gap during the year	93.79
4.	Add: Previous year gap	0.00
5.	Total Gap	93.79

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 15: Percentage recovery of ACOS at existing and revised tariff approved by the Commission for FY 2018-19

S. No.	Category	Existing tariff		%age Hike	Approved tariff	
		Average Billing Rate ¹² (Rs/unit)	%age of ACOS ¹³		Average Billing Rate (Rs/unit)	%age of ACOS
1	Domestic	4.85	24.61%	3.26%	5.01	25.41%
2	Commercial	8.52	43.24%	1.67%	8.66	43.96%
3	Government Connections	8.65	43.87%	4.51%	9.04	45.85%
4	Industrial	12.10	61.37%	3.31%	12.50	63.41%
5	HT Consumers	9.93	50.36%	3.02%	10.23	51.88%
6	Public Lighting	5.30	26.89%	4.72%	5.55	28.16%
7	Overall	5.62	28.52%	3.43%	5.82	29.50%

The revenue gap at existing and approved tariff and the resultant hike is given in the following Table:

Table 16: Average Tariff Hike approved by the Commission for FY 2018-19

Sr. No.	Particulars	Units	FY 2018-19	
			Existing	Approved
1	ARR for FY 2018-19	Rs. Crores	133.04	133.04
2	Revenue for FY 2018-19	Rs. Crores	37.95	39.25
3	Gap (1-2)	Rs. Crores	95.09	93.79
4	Total Sales	MU	67.50	67.50
5	Average Cost of Supply (1 /4 x 10)	Rs. per kWh	19.71	19.71

¹² Average Billing Rate (ABR) has been computed by dividing the total revenue by total sales of the category

¹³ %age of Average Cost of Supply (ACOS) has been computed by dividing the ABR by ACOS

Sr. No.	Particulars	Units	FY 2018-19	
			Existing	Approved
6	Average Revenue (2 /4 x 10)	Rs. per kWh	5.62	5.82
7	Pure Gap (5-6)	Rs. per kWh	14.09	13.89
8	Average Hike in Tariff			0.20
9	Hike in %			3.43%

To summarize:

- a. Considering the justifications detailed above, the Commission has approved a tariff hike of 3.43%.
- b. The Commission had approved a separate tariff for all Government Connections in the MYT Order dated 31st March 2016 and has decided to retain this category for the current year also. 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.
- c. Against the Average Cost of Supply of Rs 19.71 per unit, the Petitioner will be able to recover Rs 5.82 per unit at the approved tariff for FY 2018-19 against Rs 5.62 at the existing tariff, a net increase in revenue of Rs. 0.20 per unit sold and a tariff hike of 3.43%.

The Commission observes that the revenue gap of the previous years was funded by the government through budgetary support. Previously, ED-Lakshadweep had submitted a copy of the letter from the Administration of Lakshadweep Islands regarding budgetary support to meet the revenue gap. The Petitioner has not submitted any such letter for FY 2018-19. However, in view of the budgetary support received by the Petitioner in the past years, the Commission assumes that the gap for FY 2018-19 would also be met through budgetary support by the Government of Lakshadweep. The Commission recommends that ED-Lakshadweep takes up the matter with the Administration of Lakshadweep Islands to get the budgetary support to meet the revenue gap for FY 2018-19.

Chapter 6: Tariff and Terms and Conditions of Tariff

6.1. Tariff Schedule

S.No.	Category	Fixed Charges	Energy charges (Rs. per kWh)
1.	Below poverty line (BPL)		
	Up to 30 units per month	Rs 25/- per service connection per month or part thereof	
2.	Domestic		
i	Up to 100 units	Rs 15/- per connection per month or part thereof for single phase	1.35
ii	101 units – 200 units		3.10
iii	201 units – 300 units	Rs 50/- per connection per month or part thereof for three phase	4.95
iv	301 units & above		6.55
3.	Commercial		
i	Up to 100 units	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	6.10
ii	101 units – 200 units		7.40
iii	201 units & above		8.70
4.	Government Connection		
i	Up to 200 units	Rs 25/- per connection per month or part thereof for single phase Rs 100/- per connection per month or part thereof for three phase	7.50
ii	201 units & above		8.95
5.	Industrial		
i.	All units	Rs 35/- per kVA per month or part thereof	6.00
6.	HT Consumers		
i.	All units	Rs 100/- per kVA per month or part thereof	8.70
7.	Public Lighting		
i.	All units		5.55
8.	Temporary supply		
i.	All units	.	10.50

6.2. Applicability

Category	Applicability	Point of supply/notes
1. BPL/ Kutir Jyoti	Applicable to consumers of BPL category with monthly consumption of 30 units and below	<i>Note: Production of relevant BPL certificate issued by the authority concerned in the island is a must for considering tariff for this category. Besides, their consumption should not exceed 30 kWh per month at any instance</i>
2. Domestic	Applicable to private houses, bungalows, hostels and hospitals run on non-commercial lines, charitable educational and religious institutions for lights, fans, radios, domestic heating and other household appliances	
3. Commercial	Includes all categories that are not covered by other tariff categories, i.e., domestic, BPL, industrial LT, HT consumers and public lighting. Applicable for shops, offices, restaurants, bus stations, photo studios, laundries, cinema theatres, industrial lighting, clubs and other commercial installations	
4. Government Connections	Applicable to all government connections except those specifically included in industrial LT and public lighting	
5. Industrial Supply	Applicable to all industrial LT connections including water works/pumps	
6. HT Supply	Applicable for the consumers connected with 11 kV	Note: To be read with other terms and conditions for HT supply mentioned separately.
7. Public Lighting	Applicable for lighting on public roads, footpaths, streets and fairs in parks & markets	
8. Temporary supply	The supply shall be given for a period of not more than three months. For any extension, a fresh connection has to be obtained on a new application.	The above-mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage

Category	Applicability	Point of supply/notes
	The temporary connection can only be for a maximum period of six months.	

6.3. General terms and conditions

- 1) The tariffs are exclusive of electricity duty, taxes and other charges levied by the government or other competent authority from time to time, which are payable by the consumers in addition to the charges levied as per the tariff.
- 2) Unless otherwise agreed to, these tariffs for power supply are applicable for supply at one point only.
- 3) If energy supplied for a specific purpose under a particular tariff is used for a different purpose, not contemplated in the contract for supply and / or for which higher tariff is applicable, it will be deemed as unauthorised use of electricity and shall be dealt with for assessment under the provisions of Section 126 of the Electricity Act, 2003, and Supply Code Regulations notified by JERC.

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

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

- 4) If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances and fittings, it shall not fall under Section 126 and Section 135 of the EA 2003.
- 5) The department shall not permit installation of contracted loads of 3 HP and above in LT unless they are provided with capacitors of adequate rating to comply with power factor conditions as specified in the JERC Supply Code Regulations, 2010. The consumer has to provide appropriate capacitors for these installations presently running on or without capacitors.
- 6) If the consumer fails to pay the energy bill presented to him/her by the due date, the department shall have the right to disconnect the supply after giving 15 days' notice as per the provision of the Act and the Supply Code Regulations. Notice to this effect shall be printed on the bill of the consumer.

- 7) Fixed charges, wherever applicable, will be charged on pro-rata basis from the date of release of the connection. Fixed charges, wherever applicable, will be double as and when bi-monthly billing is carried out; similarly, slabs of energy consumption will also be considered accordingly in case of bi-monthly billing.
- 8) Supply to consumers connected at 11 kV will be charged as per the HT consumer category rate.
- 9) The billing in case of HT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds the contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the JERC Supply Code Regulations, 2010. If such overdrawal is more than 20% of the contract demand, then the connection shall be disconnected after due notice to the consumers.
 - i. **Explanation:** Assuming the contract demand as 100 kVA, maximum demand at 120 kVA and total energy consumption as 12000 kWh, the consumption corresponding to the contract demand will be 10000 kWh ($12000 \times 100/120$) and consumption corresponding to the excess demand will be 2000 kWh. This excess demand of 20 kVA and excess consumption of 2000 kWh will be billed at twice the respective normal rate. Such connections drawing more than 120 kVA, shall be disconnected after due notice.
- 10) In case of LT consumers exceeding the sanctioned load by adding additional load, the penalty charges shall be charged as per the relevant provisions of the JERC Supply Code Regulations, 2010.
- 11) Unless specifically stated to the contrary, the figures of energy charges relates to paise per unit (kWh) charge for energy consumed during the month.
- 12) **Delayed payment surcharge** shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month shall be levied on all arrears of bills. In case of delay of less than a month, the surcharge will be levied at 2% per month on proportionate basis considering a month consists of 30 days. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paise shall be ignored and amount of 50 paise or more shall be rounded off to the next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.
- 13) **Advance payment rebate:** If payment is made in advance well before commencement of consumption period for which the bill is prepared, a rebate @1% per month shall be given on the amount (excluding security deposit), which remains with the licensee at the end of the month. Such rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

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

6.4. Other terms and conditions for HT supply

i. Penalty charges:

These shall be in accordance with S. no. 9 of the general terms and conditions.

ii. Power factor charges

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

iii. Billing demand

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

Table 17: Schedule of Miscellaneous Charges

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

S. no.	Particulars	Charges
27.	Shifting of poles on consumer request	Rs 1500
28.	Diversion of HT/LT line on consumer request	Rs 100 per meter
29.	Penalty for tampering/damaging of supplier equipment	As per the relevant provisions of the JERC Supply Code Regulations, 2010

Chapter 7: Directives

Over the years, the Commission has issued various directives to the Petitioner for necessary action. It has been observed that the Petitioner is not fully complying with most of the directives issued by the Commission. In order to 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 within 1 month of issuance of this Order.***
- ***The quarterly progress report as per the detailed action plan for all the directives issued in the subsequent sections within 10 days after the end of each quarter of the calendar year.***

7.1. Directives continued in this Tariff Order

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

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

7.1.1. Filing of Review and True-up Petition for previous years

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 5th April 2017 <i>The Commission has noted the efforts undertaken by the Petitioner. However, the Commission notes that the True-up of FY 2015-16 was required to be filed along with the current Tariff Petition only. The Commission now directs the Petitioner to file all the True-up Petitions (along with audited accounts within the timeframe notified in the Tariff Regulations notified by the Commission from time to time.</i>
Petitioner's response in the present Tariff Petition <i>It is submitted that the Accounts for the FY 2015-16 & FY 2016-17 are being prepared. The Department shall file the True- up Petition for the respective years along with the Petition for the next financial year after the Accounts are audited by AG. The Hon'ble Commission may kindly allow the same.</i>
Commission's response <i>The Commission observes that the Petitioner has not filed for the True-up for FY 2015-16 in the current Petition. The Petitioner is directed to prepare annual accounts in a timely manner and file for the True-up of FY 2015-16 and FY 2016-17 along with audited accounts in the next tariff filing, else proceedings under Section 142 of the Electricity Act 2003 shall be initiated against the Petitioner for repeated non-compliance.</i>

7.1.2. Annual statement of accounts

Originally issued in Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order dated 5th April 2017
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<p><i>The Commission has noted the efforts undertaken by the Petitioner. However, the Commission notes that the True-up of FY 2015-16 (along with audited accounts) was required to be filed along with the current Tariff Petition only. The Commission now directs the Petitioner to file all the True-up Petitions (along with audited accounts) within the timeframe notified in the Tariff Regulations notified by the Commission from time to time.</i></p>

Petitioner's response in the present Tariff Petition

<p><i>It is submitted that the Accounts for the FY 2015-16 & FY 2016-17 are being prepared. The Department shall file the True-up Petition for the respective years along with the Petition for the next financial year after the Accounts are audited by AG. The Hon'ble Commission may kindly allow the same.</i></p>

Commission's Response

<p><i>The Commission has noted the submission of the Petitioner. There has been a significant delay in the preparation of Annual Accounts for the past years by the Petitioner. The Petitioner is directed to file for the True-up of FY 2015-16 and FY 2016-17 along with the Audited Accounts of the respective years in the subsequent tariff filing. Further, the Petitioner is required to regularize its processes in order to ensure availability of audited accounts for the past year at the time of tariff filing for subsequent years.</i></p>

7.1.3. Capital Expenditure

Originally issued in Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order dated 5th April 2017
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<p><i>The Commission directs the Petitioner to submit the detailed statement of capital expenditure incurred and capitalized for every quarter, within 15 days of the subsequent quarter as sought by the Commission every quarter, failing which, the Commission will be constrained to take appropriate action against the Petitioner.</i></p>
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Petitioner's response in the present Tariff Petition

<p><i>The Department shall compile & submit the quarterly report as directed.</i></p>

Commission's response:

<p><i>The Commission observes that the Petitioner has failed to comply with this directive. The Petitioner is directed to submit the detailed statement of capital expenditure and capitalization for every quarter up to March 2017 within three months from issue of the Tariff Order failing which, the Commission will be constrained to take appropriate action against the Petitioner.</i></p>
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7.1.4. Improvement of specific fuel consumption

Originally issued in Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order date 5th April 2017

<p><i>The Commission has noted the submission of the Petitioner that it has taken efforts in this direction by overhauling of the existing DG sets and augmentation of DG capacity and has</i></p>
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proposed accordingly in the Business Plan for the MYT Control Period. The Commission directs the Petitioner to submit the quarterly progress report starting from 30th June 2017.

Petitioner's response in the present Tariff Petition

The Department shall compile & submit the quarterly report as directed.

Commission's response:

The Petitioner has failed to comply with the directive of the Commission. The Petitioner is directed to submit the progress report on overhauling of the existing DG sets and augmentation of DG capacity in the last three years by 31st July 2018 along with details of improvement in specific fuel consumption.

7.1.5. Manpower Studies

Originally issued in Tariff Order dated 11th April 2014

Commission's latest directive in Tariff Order dated 5th April 2017

The Commission has noted that the Petitioner has not yet submitted the report. The Commission directs the Petitioner to expedite the study and report compliance to the Commission by 31st July 2017.

Petitioner's response in the present Tariff Petition

It is submitted that Lakshadweep ED has not been able to conduct the manpower studies. Lakshadweep ED is making efforts to get the study done. Hon'ble Commission may kindly give more time for compliance with this directive.

Commission's Response:

The Commission is concerned about the efforts undertaken by the Petitioner in undertaking the study. The Petitioner is directed to undertake the manpower study and submit a copy of the report within 3 months of issuance of this Order.

7.1.6. Interest on security deposit

Originally issued in the Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order dated 5th April 2017

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

Petitioner's response in the present Tariff Petition

It is submitted that there is no pending security deposit interest to be paid.

Commission's Response

The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to substantiate their response of no pending security deposit interest by providing details of interest paid on security deposit along with penalty amount in the past years within three months of issuance of this Order.

7.1.7. Notified Tariff Categories

Originally issued in the Tariff Order dated 5th April 2017
Commission's latest directive in Tariff Order dated 5th April 2017 <i>The Commission had introduced a new Tariff category – Government connections in the MYT Order dated 31st March, 2016. However, it has been observed that the Petitioner has not incorporated that category in the present Tariff Petition.</i> <i>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.</i>
Petitioner's response in the present Tariff Petition <i>It has been complied.</i>
Commission's Response <i>The Commission notes that the Petitioner has only introduced the category of 'Government Connections'. However, the details of Government Connections have not been submitted as part of the Petition filed by the Petitioner and partial details were submitted in response to the queries / clarifications sought by the Commission. The Petitioner is directed to provide complete details of number of consumers and connected load along with the full year sales figure in the next tariff filing.</i>

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

Originally issued in Tariff Order dated 31st October 2012
Commission's latest directive in Tariff Order dated 5th April 2017 <i>The Commission has noted with serious concern the submission of Petitioner. The Commission now directs the Petitioner to report with 100% compliance of this directive by 30th October 2017, failing which, the Commission will be constrained to take appropriate action against the Petitioner.</i>
Petitioner's response in the present Tariff Petition <i>Department is replacing the defective meters and mechanical meters as and when the meters get out of order. Department has also taken initiative/ steps to implement Smart meters. LED has invited EOI (Expression of Interest) and field test has been conducted at Kavaratti by installing few Smart meters at the locations considered as more difficult. The performance of these meters are found very satisfactory and data is being pushed to the cloud system at regular intervals without any glitch. Therefore, department has prepared Tender documents and taken the Administrative approval for installing the Smart meters at Kavaratti. Tendering is under process.</i>
Commission's Response <i>The issue of replacement of non-functional or defective meters is being raised by the consumers since a considerable amount of time. The Commission is not satisfied with the efforts undertaken by the Petitioner in this regard. The Commission directs the Petitioner to submit a report within 3 months of issuance of this Order giving details of the number of non-functional or defective meters and the action plan for replacement of such meters within a time frame of one year failing which the Commission shall be constrained to take appropriate action against the Petitioner.</i>

Further the action plan with respect to the scheme for installation of smart meters at Kavaratti may also be submitted within 3 months of issuance of this Order.

7.1.9 Energy Audit Report

Originally issued in Tariff Order dated 31st October 2012

Commission's latest directive in Tariff Order dated 5th April 2017

The Commission has noted with serious concern the submission of Petitioner. The Commission now directs the Petitioner to report with 100% compliance of this directive by 30th October 2017, failing which, the Commission will be constrained to take appropriate action against the Petitioner.

Petitioner's response in the present Tariff Petition

Energy audit is yet to be carried out. Lakshadweep ED shall take steps to get the energy audit done at the earliest and report the same to the Hon'ble Commission.

Commission's Response

The Commission notes that the Petitioner has repeatedly failed to comply with this directive. The Petitioner is directed to submit the reason for such delay in compliance of this directive along with efforts taken in this regard within three months of issuance of this Order. The Petitioner is also directed to undertake adequate steps for selection of a firm to undertake energy audit in Lakshadweep and provide quarterly report of progress in this regard.

7.2. New Directives

7.2.1. State Load Dispatch Centre

Commission's latest directive in the Present Tariff Order

The Petitioner is directed to take steps for establishment of an independent SLDC for demand forecasting and better scheduling of power in the UT of Lakshadweep Islands at the earliest. The Petitioner shall prepare a roadmap in this regard and submit the same to the Commission within 3 months from the date of this Order.

7.2.2. Slab-wise details

Commission's latest directive in the Present Tariff Order

The Petitioner is directed to provide the island-wise, month-wise and slab-wise detailed break up of number of consumers, connected load and energy sales under each consumer category for the last five years in the next tariff filing.

Further, the Petitioner is directed to maintain and submit monthly island-wise information for category-wise sales, number of consumers, connected load, T&D losses, plant-wise generation/purchase, fuel cost, etc. on quarterly basis.

7.2.3. Details of O&M Expenses

Commission's latest directive in the Present Tariff Order

The Commission has observed that the Petitioner has not submitted detailed break-up of Employee Expenses, R&M Expenses and A&G expenses in the current Tariff Petition. The Petitioner is directed to maintain a detailed record of these expenses and report the same in their audited accounts. The detailed break-up of O&M expenses should also be reported as part of the tariff filing formats.

7.2.4. Details of upcoming Power Plants

Commission's latest directive in the Present Tariff Order

In the MYT Order dated 31st March 2016, the Commission had approved power purchase from solar power plants during the Control Period FY 2016-17 to FY 2018-19. However, no details with respect to procurement of power from the approved solar plants have been submitted by the Petitioner in its subsequent tariff filings.

The Petitioner is directed to submit the details of ongoing and proposed power plants in the UT of Lakshadweep along with the next tariff filing.

7.2.5. Explore alternate sources of energy generation

Commission's latest directive in the Present Tariff Order

The Commission has observed that there is huge dependency on diesel for generation of energy which not only increases the average cost of supply but also has an adverse impact on the environment. Therefore, the Petitioner is directed to explore alternate sources of energy generation i.e. rooftop solar, wind, etc. and submit an action plan for utilising the renewable generation sources for reducing its dependence on diesel based generation.

7.2.6. Advertising the Public Hearing

Commission's latest directive in the Present Tariff Order

The Commission has observed that several concerns were raised during the Public Hearing with respect to inadequate advertisement of the hearing. In the absence of a local newspaper, the Petitioner should take measures to ensure people from all islands are informed about the Public Hearing to ensure public participation at the Hearing. The Petitioner is directed to send a notice of the hearing to Panchayats Heads/ peoples' representatives of all islands at least 7 days before the hearing, display notice of the hearing at the substation and other public spaces, make public announcement using loud speakers etc. to advertise the hearing.

Annexure 1: List of Stakeholders

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

S.No.	Name	Representation (in writing)	Representation (in person)
1.	Asif Azad	X	√
2.	Khali (VDP Member)	X	√
3.	Hameed Hazzi	X	√
4.	Haneefa	X	√
5.	Asif Ali (VDP Member)	X	√
6.	Abdul Shakur (Sarpanch, Kiltan Island)	X	√
7.	P.M. Koya	X	√
8.	P. Mushil	X	√
9.	Syed Abdullah Kua	X	√