TARIFF ORDER

Re-determination of Retail Tariff for FY 2011-12,

Petition no. 32/2011

Provisional True-up of FY 2010-11,

Review of ARR of FY 2011-12

&

Determination of Aggregate Revenue Requirement

&

Retail Tariff for FY 2012-13,

Petition no.62/2012

For

Electricity Department, Dadra & Nagar Haveli

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories

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31st July 2012

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List of Abbreviations

Abbreviation		Full Form
A&G	:	Administration & General Expenses
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
CAGR	:	Compound Annualized Growth rate
Capex	:	Capital Expenditure
CAG	:	Comptroller and Auditor General of India
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
COD	:	Commercial Operation Date
Commission/JERC	:	Joint Electricity Regulatory Commission for the State of Goa and Union territories
CKt. Km	:	Circuit Kilometer
DISCOM/DNH	:	Electricity Department, Dadra and Nagar Haveli
D/C	:	Double Circuit
DS	:	Domestic Supply
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FPA	:	Fuel Price Adjustment
FPPCA	:	Fuel & Power Purchase Cost adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HSD	:	High Speed Diesel Engines
HT	:	High Tension
JERC/ Commission	:	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
LIG / LIGH	:	Low Income Group Housing
PPCA	:	Power Purchase Cost Adjustment

Abbreviation		Full Form
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non Domestic Supply
O/H	:	Over head
O&M	:	Operation & Maintenance
PLF	:	Plant Load Factor
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SBI PLR	:	SBI Prime Lending Rate
SIA	:	Silvassa Industries Association
SIMA	:	Silvassa Industries & Manufacturing Association
T&D	:	Transmission & Distribution
UoM	:	Unit of Measurement
VAR	:	Volt Ampere Reactive
VC	:	Variable Charges

Before the

Joint Electricity Regulatory Commission
for the State of Goa and Union Territories
Gurgaon

CORAM[1]
Dr. V K Garg (Chairperson)

Petition No. 32/2011
Petition No. 62/2012

In the matter of

Re-determination of Retail Tariff for FY 2011-12, True-up of Aggregate Revenue Requirement for FY 2010-11, Review of FY 2011-12 & Aggregate Revenue Requirement (ARR) & Retail Tariff for the Financial Year 2012-13, of the Electricity Department, Union Territory of Dadra and Nagar Haveli

And in the matter of

Electricity Department, Union Territory of Dadra and Nagar Haveli……………….…………………………………………………………………………………………..Petitioner

ORDER

Date: 31st July 2012

[1] As per section 93 of the Electricity Act, 2003; No act or proceedings of the Appropriate Commission shall be questioned or shall be invalidated merely on the ground of existence of any vacancy or defect in the constitution of the Appropriate Commission. Therefore due to vacancy of the position of Hon'ble Member in the Joint Electricity Regulatory Commission for the state of Goa and the UTs, the Hon'ble Chairperson constitutes Coram. . Shri SK Chaturvedi joined the commission on 31st May 2012 i.e after the Public Hearing on 2-4 May 2012.

1. INTRODUCTION

1.1 JERC Formation

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 May 2' 2005. Later on 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 May 30' 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. Office of the Commission is presently located in the district town of Gurgaon, Haryana.

1.2 Electricity Department, UT of Dadra and Nagar Haveli

The Electricity Department, UT of Dadra and Nagar Haveli herein called ED-DNH, is responsible for procurement, transmission and distribution of electricity to the various consumer categories in the UT of Dadra and Nagar Haveli.

As submitted by the petitioner,

Quote "*The Electricity Department of UT of DNH draws the bulk power supply from the Central Generating Stations in Western Region and Eastern Region. The present transmission and distribution system of ED-DNH consists of 48.5 circuit km of 220 kV double circuit (D/C) lines, 154. 6 km of 66 kV D/C lines, 637 circuit km of 11 kV lines and 1786 kms of LT lines along with 873 distribution transformers.*

The present firm and non-firm power allocation of Dadra & Nagar Haveli is approximately 650 MW from Central Generating Stations including 164 MW from NTPC-SAIL joint venture at Bhilai and 57 MW from Tarapur (TAP) and Kakrapur (KAP) Atomic Power Stations of Nuclear Power Corporation Limited (NPCL). Besides, ED-DNH has entered into a short term agreement with Tata Power Limited to supply 70 MW power from its Haldia Plant in West Bengal (120MW). Power supply from the said plant has been contracted for one year from October 15' 2011 to September 13' 2012. Further, ED-DNH is also expected to get power from NTPC Mauda Plant (Maharashtra), which is likely to commence from FY 2012-13.

The Electricity Department is getting power from 220/66 kV Khadoli and Kharadpada substations through 220kV D/C line and 220kV Tarapur-Navasari Transmission line.

Earlier in FY 10-11, the average monthly electricity demand of ED-DNH was in the range of 496 to 596 MW against the monthly scheduled availability of 425 to 557 MW resulting in a power deficit of 9 to 125

MW during FY 10-11. ED-DNH has made the necessary arrangement with various power generation companies to meet the energy requirement for FY 11-12 and FY 12-13.

The power demand is primarily dependent on the HT and LT industrial consumers contributing approximately 98%[2] *of the total sales in FY 10-11. The high demand from industrial consumers is primarily due to tax holiday benefit extended by the Govt. of India in UT of Dadra & Nagar Haveli which has attracted a large number of industries to set up their industry in this region.*

Considering the increase in demand from large industries, the demand is likely to reach up to 4500 MUs by the end of FY 2012-13. In view of this huge power requirement, ED-DNH had proposed a number of schemes to be implemented during FY 11-12 to FY 12-13 for strengthening and augmentation of the transmission and distribution system in the territory.

ED-DNH has already signed power purchase agreements (PPAs) with NTPC for allocation of power from Kahalgaon Super Thermal Power Station (KhSTPS) –II, Vindyachal Super Thermal Power Project (VSTPP) – IV Mauda Super Thermal Power Plant (MSTPP), North Karanpura Super Thermal Power Station (NKSTP), Barh Super Thermal Power Project (BSTPP) and Korba Super Thermal Power Project (KSTPP) – III. Power supply has already started from KhSTPS –II and KSTPP-III plants. Besides, ED-DNH has also shown its willingness for allocation of power for Vindyachal Super Thermal Power Project (VSTPP) – V, Lara Super Thermal Power Project (LSTTP) and RGPPL Expansion II of NTPC. ED-DNH has also shown its interest for allocation of 50 MW power from the Ultra Mega Power Projects from Ministry of Power. Already the department has entered into short -term power purchase agreement with Tata Power (for one year) and Ratnagiri Gas and Power Pvt. Ltd. (RGPPL) for supply of 70 MW and 38MW power respectively. Power supply from these two utilities has started from October 2011. Firm and non-firm allocations from NTPC-SAIL Bhilai extension project has been increased to 164 MW" **unquote**

DNH has highest per capita consumption of Electricity in India with 11708.59[3] KWh against India's average of 778.63 KWh, because of high industry consumption and low population base.

1.3 Filing of Petition

Electricity Department, UT of Dadra and Nagar Haveli has filed its petition for determination of Aggregate Revenue Requirement (ARR) & Retail Tariff for distribution and retail sale of electricity for FY

[2] The petitioner, stakeholders and Hon'ble APTEL gave varied figures in their submissions. Commission has therefore considered the actual figures of FY 2011-12 for the analysis of consumer mix, as discussed in ARR of FY 2012-13.

[3] Source: This information was given by the Minister of State for Power Shri K.C.Venugopal in a written reply to a question in Lok Sabha on May 20'2012; also published on the website of Times of India on May 20'2012; Desh Gujarat, Ahmedabad on May 20'2012

2012-13 under section 61, 62 & 64 of the Electricity Act, 2003. ED DNH has submitted its ARR and Tariff petition for FY 2012-13 on November 30'2011.

The Electricity Department, UT of Dadra and Nagar Haveli has prayed to the Hon'ble Commission to permit the petitioner to:-

a) Admit and approve the Aggregate Revenue Requirement of FY 2012-13 as submitted herewith.

b) Make the proposed Retail Supply Tariffs applicable from April 1, 2012.

c) Approve the proposal for Aggregate Revenue Requirement and Tariff Hike for FY 12-13.

d) Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.

e) Submit necessary additional information required by the Commission during the processing of this petition.

f) And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case

1.4 Admission of Petition

On submission of ARR & Tariff Petition filed by ED DNH on November 30' 2011, the Commission's office had pointed out defects in the ARR petition vide letter dated December 09' 2011. Copy of the said letter is enclosed as **Annexure 1** to this Order. The Petitioner after publishing the abridged ARR and Tariff proposal for FY 2012-13 in the newspapers had submitted the copies of the public notices to the Commission, vide letter dated December 17' 2011 at Commission's office.

Pending removal of defects by the petitioner, the Commission's office had published the '**notice for hearing'** to be conducted on January 17' 2012 at 11:00 AM for admission of petitions filed by the Petitioner, in the 'The Free Press Journal (English) – Mumbai edition, Nav Bharat Times (Hindi) – Mumbai edition, Divya Bhaskar (Gujarati) - Surat edition, Savera India Times (Hindi/English) – Daman edition and Vartaman Pravah (Gujarati) – Daman edition on January 13' 2012. A Pre-admission hearing was necessitated due to non-submission of the petition as per JERC regulatory norms/formats & audited accounts. Accordingly pre-admission hearing of the petition was conducted on January 17' 2012 at 11.00 AM. The Petitioner presented the salient features of the Petition. After initial scrutiny/analysis of the submissions furnished by the petitioner during the hearing, the Petitioner was directed to file the required information by February 27' 2012, so that review and true-up of earlier ARRs could also be carried out and the petition was admitted. Copy of the said order is enclosed as **Annexure 2** to this Order.

Further, the Petitioner had submitted the True-Up petition for FY 2010-11 and Revised estimates of FY 2011-12 in its Petition for Review, along with audited financial accounts for FY 2010-11 vide letter dated February 23' 2012, received in the Commission's office on February 27' 2012. Accordingly hearing of the petition was conducted on February 28' 2012. The Petitioner requested for some more time to file the requisite information as was asked earlier during the hearing on January 17'2012. Considering the petitioner's request the Commission allowed time for filing of the relevant information by March 13' 2012. A copy of the order dated February 28' 2012 is enclosed as **Annexure 3** to this Order.

While this process of determination of tariff for FY 2012-13 was on, the Hon'ble APTEL delivered the judgment in the matter of Appeal no. 159 of 2011 in the case of 'Shri Shankarbhai Dhavlu Waghmare versus Joint Electricity Regulatory Commission and another' on February 28'2012. The Commission vide order dated March 07'2012 restored the Petition no. 32/2011 consequent upon Hon'ble APTEL's above mentioned Judgment wherein hearing was scheduled on March 13'2012.

Table 1.4.1 : Summary of Judgments of Hon'ble APTEL

S. No.	Appeal No.	Appellant	Respondents	Date of APTEL's Judgment
1.	159 of 2011	Sh. Shankarbhai Dhavlu Waghmare, President District Panchayat	1. Joint Electricity Regulatory Commission for UT and Goa 2. Electricity Department of UT of Dadra and Nagar Haveli	February 28'2012
2	175 of 2011 & I.A. No. 263 of 2011	Silvassa Industries Association	1. Joint Electricity Regulatory Commission for UT and Goa 2. Electricity Department of UT of Dadra and Nagar Haveli	March 14'2012
3.	19 of 2012 & I.A. No. 33 & 34 of 2012	Sh. Chandrakant M. Parekh & Anr.	1. Electricity Department of UT of Dadra and Nagar Haveli	March 15'2012

Hearing was conducted on March 13'2012. The Commission in its order dated March 13'2012 enclosed as **Annexure 4** of this order directed the petitioner to suggest/propose a roadmap to gradually reduce cross subsidies to level of ± 20% within 5 years from FY 2011-12 with FY 2010-11 as the base year in the light of the judgment of the Hon'ble APTEL dated *February 28'2012 in Appeal no. 159 of 2011.* An excerpt of the Commission's order is mentioned below:

Quote

"Consequent upon judgment dated February 28'2012 in Appeal no.159 of 2011 captioned 'Shri Shankarbhai Dhavlu Waghmare versus Joint Electricity Regulatory Commission and another', Petition no. 32 of 2011 filed by Electricity Department of Dadra and Nagar Haveli for ARR and Tariff determination for the year 2011-12 is restored wherein rehearing is ordered and scheduled for hearing at 2:00 PM on April 13'2012.

The Petition no. 62 of 2012 is to be simultaneously heard and clubbed with Petition no. 32 of 2011. Petitioner directed to file additional information as per Annexure provided to Counsel for Petitioner and suggest/propose roadmap to gradually reduce cross subsidies to level of ± 20% within 5 years from FY 2011-12 with FY 2010-11 as the base year in the light of the judgment of the Hon'ble APTEL dated February 28'2012 in Appeal no.159 of 2011.

Long date occasioned as notice to Shri. Shankarbhai Dhavlu Waghmare has been ordered for April 13'2012 in Petition no. 32 of 2011 as notice sent to him earlier is not received served or unserved.

Post for hearing at 2:00 PM on April 13'2012" ***Unquote***

The Petitioner furnished the relevant information as mentioned above on April 11' 2012.Hearing of the petition was conducted on April 13' 2012 at 2:00 PM. An excerpt of Commission's order dated April 13'2012 is enclosed as an **Annexure 5**:

Quote

"Consequent upon judgments dated 28.02.2012 in Appeal no. 159 of 2011 titled 'Shankarbhai Dhavlu Waghmare Versus Joint Electricity Regulatory Commission and another', dated 14.03.2012 in Appeal No. 175 of 2011 titled 'Silvassa Industries Association Versus Joint Electricity Regulatory Commission and another' and dated 15.03.2012 in Appeal No. 19 of 2012 titled 'Mr. Chandrakant M. Parekh & Anr. versus Electricity Department of Dadra and Nagar Haveli and Anr.' Petition No. 32 of 2011 for ARR and Tariff determination for FY 2011-12 of Electricity Department of Dadra and Nagar Haveli has been restored.

Heard counsel for Petitioner.

The Hon'ble APTEL in the above judgments has directed JERC for determination of Tariff for all categories for FY 2011-12of Electricity Department, Dadra and Nagar Haveli. This is Petition no. 62 of 2012 of Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13. Therefore both the Petitions are required to be heard simultaneously and this Petition is also required to be clubbed in Petition No. 32 of 2011 for ARR and Tariff determination for FY 2011-12. <u>Hence this Petition No. 62 of 2012 of Electricity Department of Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13 is clubbed with Petition No. 32 of 2011 of Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2011-12.</u>

The Commission directed the Electricity Department of Dadra and Nagar Haveli to file following information:

A.

I. Total amount collected by the Electricity Department, Dadra and Nagar Haveli on account of fuel surcharge till date.

II. Total amount billed on account of Fuel Surcharge by Electricity Department, Dadra and Nagar Haveli till date.

III. Methodology, computation and working sheet of the Fuel surcharge calculation.

IV. Details of the "Designated Officer" appointed by Electricity Department of Dadra and Nagar Haveli as per the JERC Tariff Order dated 03.10.2011, his role and responsibilities.

V. Whether details of Fuel surcharge, its computation methodology and calculations were uploaded on the Website of Electricity Department, Dadra and Nagar Haveli.

B.

I. List of consumers who asked information about the basis of calculation and computation of such fuel surcharge as per the JERC Order and status of the replies from the Department to the consumers.

Counsel for Petitioner requested for ten days' time for filing above information.

Request acceded.

The above information be filed by 24.04.2012.Public hearing is scheduled for 2nd to 4th May, 2012.

Unquote

1.5 Interaction with the petitioner

This Order has referred at numerous places to various actions taken by the "Commission". It is pertinent to mention for the sake of clarity, that the term "Commission" unless otherwise specified in most of the cases also refers to the Staff of the Commission for carrying out the technical due diligence & validation of data of the petitions filed by the utilities, obtaining and analyzing information and clarifications received from the utilities and submitting relevant issues for consideration of the 'Commission'.

The Commission's Staff held discussions with the Petitioner/Petitioner's representative, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.

Commission's staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the tariff petition. The Commission's staff and the Petitioner also discussed key issues related to the petition, which included Power purchase cost, estimated sales and revenue submitted to the Commission, etc.

The Petitioner submitted its replies, in response to the queries raised by the Commission's office, which were necessary for computation of the ARR and the resultant tariff of the Petitioner thereof through affidavit and through email.

Various queries were raised by the Commission; the petitioner clarified these with the last email dated July 13'2012. Commission has to rely on the information made available by the petitioner through emails and letters without waiting for affidavits which, many times has been revised by the petitioner in subsequent submissions. Commission is not happy with the information flow from the petitioner's side and therefore petitioner is directed to follow the process consistently. The below mentioned table shows the number of attempts the Commission had to make to get the information. The last piece of information was received as late as July 13'2012 as indicated above. Hence the insistence of the Commission for submissions on affidavits. For instance, details of the membership fee of Rs. 78 Lacs , mentioned in the audited accounts of FY 2010-11, was submitted by the petitioner on July 1'2012. Clarification on the same was sought by the Commission, and thereafter, the detail of membership fee was revised by the petitioner on July 13'2012.

Table 1.5.1 : Formal interaction with the petitioner

Sl.	Date	Action by	Subject
1.	30.11.2011	ED-DNH	Petition submission
2.	02.12.2011	ED-DNH	Public notice on Tariff
3.	09.12.2011	Commission	Defects to be rectified by ED-DNH
4.	13.01.2011	Commission	Notice for hearing on 17.01.2012

Sl.	Date	Action by	Subject
5.	17.01.2012	Commission	Pre-admission hearing of petition no. 62/2012
6.	23.01.2012	ED-DNH	ED-DNH submitted the information request above
7.	13.02.2012	Commission	Hearing date on 28th Feb 2012 – information
8.	27.02.2012	ED-DNH	Further information submitted
9.	28.02.2012	Commission	Order : Petitioner to file all the information by 13.03.2012
10.	28.02.2012	Hon'ble APTEL	Order on 159/2011 – Shri Shankarbhai Waghmare
11.	29.02.2012	ED-DNH	Procurement of Power on Medium Term basis
12.	07.03.2012	Commission	Restoration of the petition 32/2011
13.	10.03.2012	ED-DNH	Tariff request within 120 Days from True up submission
14.	13.03.2012	Commission	Hearing- Consequent upon the judgment of Hon'ble APTEL wherein JERC was directed to re-determine the Tariff for all categories for FY 2011-12 of ED-DNH. Therefore <u>Petition No. 62 of 2012 of ED-DNH for ARR and Tariff determination for FY 2012 – 13 is clubbed with Petition No. 32 of 2011 and</u> Petitioner was directed to suggest/propose roadmap to gradually reduce cross subsidies to level of +/- 20% within 5 years from FY 2011-12 with FY 2010-11 as the base year
15.	14.03.2012	Hon'ble APTEL	Order on appeal 175/2011 – Silvassa Industries Assn. on PPCA
16.	15.03.2012	Hon'ble APTEL	Order on Appeal no 19/2012- Shri Chandrakant Parekh
17.	20.03.2012	Commission	Hearing Notice sent to Shri Shankarbhai Waghmare
18.	30.03.2012	Commission	Order Details on Calculations of PPCA,UI Purchase, sales etc.
19.	11.04.2012	ED-DNH	Format 'D" filled up as per Commission's order dated 13.03.2012
20.	13.04.2012	Commission	Hearing fixed again as previous notice for hearing to Shri. Waghmare not received by him. As per the directions of Hon'ble APTEL to re-determine the Tariff for all categories for FY 2011-12 of ED-DNH. The <u>petition no. 62 of 2012 of ED-DNH for ARR and Tariff determination for FY 2012 – 13 is clubbed with petition no. 32 of 2011</u>
21.	13.04.2012	Affidavit of Shri Shankarbhai waghmare	Suggestions on behalf of Panchayat (Petition no. 32/2011)
22.	23.04.2012	ED-DNH	Suggestions of ED-DNH on PPCA
23.	25.04.2012	Dist. Panchayat DNH	Suggestions dated 24.04.2012
24.	25.04.2012	Silvassa Ind. Association	Suggestions on fuel surcharge
25.	28.04.2012	ED-DNH	ED-DNH's calculations on PPCA
26.	30.04.2012	Dadra & Nagar Haveli Ind. Association	Objections/ Suggestions on ARR FY 2011-12 on PPCA
27.	30.04.2012	ED-DNH	Name of the designated officer and PPCA Calculations
28.	02.05.2012	Commission	Public hearing on 'Tariff Order for FY 2011-12 & Fuel Surcharge (Tariff being re-fixed in view of Hon'ble APTEL's ruling) – Petition

Sl.	Date	Action by	Subject
			Ref. 32/2011'
29.	03.05.2012	Commission	Public hearing on 'Tariff Petition for FY 2012-13 – Petition Ref. 62/2012'
30.	04.05.2012	Commission	Public hearing on 'Previous Years Review & True Up'
31.	27.05.2012	Silvassa Ind. & Manufacturing Association	Suggestion on Tariffs
32.	28.05.2012	ED-DNH	Letter dated 11.05.2012 forwarding old undertakings of Industry associations for bearing PPCA of BPL, agriculture, domestic categories
33.	12.06.2012	Commission	Part Technical validation at Commission's Office
34.	19.06.2012	ED-DNH	Affidavit of ED-DNH dated 14.06.2012 forwarding Affidavits of 4 Industry Associations- agreement to bear FPPCA of BPL , Agriculture, Domestic categories
35.	20.06.2012	ED- DNH	Category wise average realization rates for FY 2010-11. bills of power purchase, PPA with Tata Power Haldia, fixed asset register
36.	23.06.2012	Commission	another technical validation at Commission's office
37.	23.06.2012	ED- DNH	Power purchase bills for the month of November and December 2011
38.	25.06.2012	ED-DNH	Power purchase bills, Fixed assets , PPA with Tata Power, Non-Tariff Income, details of consumers and connected load for FY 2011-12
39.	02.07.2012	Chartered Accountant of ED-DNH	Variations in Fixed assets of True up for 2010-11
40.	13.07.2012	ED-DNH	Segregation of membership fees for FY 2010-11

1.6 Public hearing process

A public notice was published by the Petitioner for inviting objections/ suggestions from its stakeholders on the ARR and Tariff petition in the leading newspapers as detailed below. The Petitioner had neither sent the draft press release nor have they taken approval from the Commission for publication of notices in the newspaper.

Table 1.6.1 : public notice published by the Petitioner

S. No.	Date	Language	Name of Newspaper
1.	10.12.2011	English	The Free Press Journal – Mumbai Edition
2.	10.12.2011	Gujarati	Divya Bhaskar – Surat Edition
3.	11.12.2011	Hindi	Navbharat Times – Mumbai Edition

The petitioner also uploaded the petition on Electricity Department, DNH website (http://www.dnh.nic.in/) for inviting objections and suggestions on their petition.

Interested parties / stakeholders were requested to file their objections / suggestions on the petition. The copies of paper cutting of public notice are attached as **Annexure 6** to this order.

1.7 Notice for public hearing

Commission published public notices in the leading newspapers giving due intimation to stake holders, consumers, objectors and the public at large about the public hearing to be conducted by the Commission as per the mentioned schedule:

Table 1.7.1 : Schedule of Public hearing at Dadra and Nagar Haveli

S.No.	Date	Venue of Hearing	Time & Category of Consumers
1.	28.03.2012	Town Hall, Silvassa	11:00 AM to 2:00 PM For all consumers- domestic/ non-domestic (Commercial) and LT industries. 3:00 PM to 5:00 PM HT Industries.

Table 1.7.2 : Public notice published by Commission

S.No.	Date	Language	Name of Newspaper
1.	01.03.2012	English	The Free Press Journal – Mumbai Edition
2.	01.03.2012	Hindi	Navbharat Times – Mumbai Edition
3.	01.03.2012	Gujarati	Divya Bhaskar – Surat Edition
4.	01.03.2012	Gujarati	Daman Ganga Times – Silvassa Edition

The above public hearing was deferred on account of Hon'ble APTEL judgments dated 28.02.2012 in Appeal no. 159 of 2011 in the matter of 'Shankarbhai Dhavlu Waghmare Versus Joint Electricity Regulatory Commission and another'; dated 14.03.2012 in Appeal No. 175 of 2011 in the matter of 'Silvassa Industries Association Versus Joint Electricity Regulatory Commission and another' and dated 15.03.2012 in Appeal No. 19 of 2012 in the matter of 'Mr. Chandrakant M. Parekh & Anr. versus Electricity Department of Dadra and Nagar Haveli and Anr.' wherein the Hon'ble APTEL has directed JERC for redetermination of Tariff for all categories for FY 2011-12 of Electricity Department, Dadra and Nagar Haveli and re-determine the Power Purchase Cost Adjustment Formula.

In view of APTEL's judgment & Clubbing of the Petition no 32/2011 & 62/2012, the Commission directed the petitioner to publish the summary of the petition in the specified proforma in newspapers.

Accordingly, public hearing on both Petitions (Petition No. 32 of 2011 & Petition No. 62 of 2012) was required to be heard simultaneously. Commission published public notice for deferment of the public hearing in the following newspapers on March 19' 2012.

Table 1.7.3 : Deferment notice published by Commission

S.No.	Date	Language	Name of Newspaper
1.	20.03.2012	English	The Free Press Journal – Mumbai Edition
2.	21.03.2012	Hindi	Navbharat Times – Mumbai Edition
3.	20.03.2012	Gujarati	Divya Bhaskar – Surat Edition
4.	20.03.2012	Gujarati	Daman Ganga Times – Silvassa Edition

The Commission published the revised public notices for conducting public hearing on ARR and Tariff proposal of ED DNH as per the schedule given below in the leading newspapers giving due intimation to stake holders, consumers, objectors and the public at large:

Table 1.7.4 : Details of Public Notice published by Commission

S.No.	Date	Language	Name of Newspaper
1.	01.04.2012	English	The Free Press Journal – Mumbai Edition
2.	01.04.2012	Hindi	Navbharat Times – Mumbai Edition
3.	02.04.2012	Gujarati	Divya Bhaskar – Surat Edition

Table 1.7.5 : Schedule of Public hearing at Dadra and Nagar Haveli

S.No.	Date	Venue of Hearing	Time & Category of Consumers and Related Subject
1.	02.05.2012	Town Hall, Silvassa	**Tariff Order for FY 2011-12 & Fuel Surcharge (Tariff being re-fixed in view of Hon'ble APTEL's ruling) – Petition Ref. 32/2011** 11:00 AM to 12:15 PM For all consumers- domestic/non-domestic (Commercial) and LT industries.

S.No.	Date	Venue of Hearing	Time & Category of Consumers and Related Subject
			12:15 AM to 1:30 PM Fuel Surcharge, All consumers 2:30 PM to 3:30 PM HT Industry Consumers
2.	03.05.2012	Town Hall, Silvassa	**Tariff Petition for FY 2012-13 – Petition Ref. 62/2012** 11:00 AM to 12:15 PM For all consumers- domestic/non-domestic (Commercial) and LT industries. 12:15 AM to 1:30 PM Fuel Surcharge, All consumers 2:30 PM to 3:30 PM HT Industry Consumers 3:30 PM to 4:30 PM Annual Revenue Requirements (ARR)
3.	04.05.2012	Town Hall, Silvassa	**Previous Years Review & True Up** True-up for FY 2010-11 Ref. 14/2010 – All Consumers

The copies of public notice published by the Commission for intimation of public hearing are attached as **Annexure 7** to this order.

Commission received four written objection / suggestion on the petition before the date of public hearing. The Commission forwarded those to the Petitioner for communicating their reply to the objections raised by the objector.

During the public hearing, each objector was provided an opportunity to present his views on the petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given an opportunity to express their views. Stakeholders who raised their concerns on the spot were replied to, by the officers of the utility orally on the spot. The list of all objectors is attached at **Annexure 8** to this order.

The list includes the objectors:

1. Those who gave their written objections & did not intend to present orally during the public hearing
2. Those who gave their written objections & expressed to present orally also during the public hearing
3. Those who gave their written objections but had not desired to express orally, but later chose to present orally also. They were also given an opportunity to present orally before the Commission during the public hearing;
4. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot
5. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot and also gave written submissions

All these objections/suggestions were responded to by the Licensee during the hearing itself. Later Licensee submitted their written reply for all written objections/suggestions of the stakeholders.

The issues and concerns expressed by stakeholders have been examined by the Commission. The major issues discussed during the public hearing, the comments/replies of the utility and the views of the Commission thereon, have been summarized in chapter 4 of this order.

2. BRIEF SUMMARY OF ARR & TARIFF PETITION

2.1 Introduction

In exercise of powers conferred on Joint Electricity Regulatory Commission for the Goa and Union Territories under Section 61 read with Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Joint State Electricity Regulatory Commission for the State of Goa and Union Territories notified the (Terms and Conditions for Determination of Tariff) Regulations, 2009. These regulations came into force from the date of their publication in the official Gazette i.e. February 9' 2010. These Regulations are applicable to the State of Goa and the Union Territories of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry.

As discussed in para no. 1.3 and 1.4 of Chapter no. 1, Electricity Department, UT of Dadra and Nagar Haveli filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2012-13 to the Commission on November 30' 2011 under 61, 62 & 64 of the Electricity Act 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009. In accordance with the directions given by the Commission, the ED-DNH had submitted its true-up petition for FY 2010-11 and Review of FY 2011-12 along with audited accounts of FY 2010-11 were submitted on February 27' 2012.

After initial scrutiny & analysis of the additional information as stated during the admission hearing in respect of ARR and Tariff Petition filed by ED-DNH for FY 2012-13, submitted by the petitioner; the petition was admitted subject to removal of infirmities to the extent possible. The Commission has taken the aforesaid petition on record as 'petition no. 62/2012' on January 17'2012.

2.2 Petition Summary for ARR for FY 2012-13, Review of FY 2011-12 and True-up of FY 2010-11

The Petitioner has submitted the ARR & tariff petition for FY 2012-13 based on the actual performance during FY 2010-11, FY 2011-12 (upto September 2011) with supporting rationales. Based on the estimates and projections for FY 2012-13, the Net Aggregate Revenue Requirement excluding Non-Tariff Income by ED-DNH for FY 2012-13 has been proposed at Rs. 1991.44 Crores. The brief summary of petitioner's proposal is presented below:

Table 2.2.1 : Brief Summary of ARR for FY 2012-13, Review of FY 2011-12 and True-up of ARR for FY 2010-11 submitted by the petitioner (Rs. in Crores)

Sr. No.	Particulars	(FY 2010-11) True-Up Petition	(FY 2011-12) Estimates submitted in FY 12-13 petition	(FY 2012-13) Petitioner Submission
1	2	3	4	5
1	Cost of fuel	-	-	-
2	Cost of power purchase	1,210.40	1,658.29	1,923.73
3	Employee costs	2.71	3.50	3.74
4	R&M expenses	1.15	6.58	8.10
5	Administration and general expenses	2.71	2.24	2.38
6	Depreciation	20.37	21.04	22.91
7	Interest and finance charges	0.00	-	2.14
8	Interest on working capital & Interest on Security Deposit	11.92	20.53	23.82
9	Return on Equity	20.98	-	1.05
10	Provision for Bad Debt	1.07	8.24	7.65
11	Advance Against Depreciation	-	-	-
12	**Total Revenue Requirement**	**1,271.31**	**1,720.42**	**1,995.53**
13	Less: Non-Tariff Income	0.03	3.80	3.99
14	Less: Revenue from Sale through UI	8.58	38.73	18.96
15	Less: Revenue from Sale of Power-Exchanges	-	-	
16	**Net Revenue Requirement (12-13-14-15)**	**1,262.70**	**1,677.89**	**1,972.57**
17	Revenue from Retail Sales at Existing Tariff	1,265.58	1,609.69	1,511.10
18	**Net Gap (16-17)**	**(2.88)**	**68.20**	**461.47**
19	Gap for the previous year	-	-	68.20
20	**Total gap (18+19)**	**(2.88)**	**68.20**	**529.67**
23	Budgetary Support from Government	-	-	-
24	**Net Final Revenue Gap/ (Surplus) (22-23)**	(2.88)	68.20	26.71

Sr. No.	Particulars	(FY 2010-11) True-Up Petition	(FY 2011-12) Estimates submitted in FY 12-13 petition	(FY 2012-13) Petitioner Submission
1	2	3	4	5
25	**Energy sales (MU)**	**3,935**	**4,202.68**	**4,630**
26	**Cost of Supply (12/25)*10[4]**	**3.23**	**4.09**	**4.31**

2.3 Summary of the Tariff Proposal for FY 2012-13

The Petitioner had submitted that the ‘*sales to LT industrial and HT/EHT category form approximately 98%[5] of the total sales within the UT of Dadra & Nagar Haveli. However, the per unit revenue realization from LT industrial and HT/EHT category is below the average cost of supply leading to revenue losses for ED-DNH. Further, the average cost of supply has also increased over the past years due to increase in power purchase cost. Therefore, the current two-part Tariff structure is inadequate to compensate for the loss of revenue.’* Further the petitioner has proposed a new slab under domestic category ‘600 & above’ to be introduced to charge higher from the consumers of domestic category having higher consumption.

Table 2.3.1 : Brief Summary of Tariff Proposal for FY 2012-13 submitted by the petitioner

Tariff Structure	Existing tariff applicable for FY 11-12 as per the tariff order dated 13.09.2011		Revised tariff proposed for FY 2012-2013		
	Energy Charges (Rs/kWh)	Fixed Charges	Energy Charges (Rs/kWh)	Fixed Charges	
Low Income group (LIG)		24/per connection/Month		10/per connection/ Month	
LT-D/Domestic					*
Ist 50 Units	1.60		1.00		
51 to 200 Units	2.25		1.60		
201 to 400 Units	3.00		2.00		
401 to 600 Units	3.25		2.25		
600 units and above	3.25		3.00		

4 Used for conversion purposes (Crores to Million)

5 The petitioner, stakeholders and Hon’ble APTEL gave varied figures of consumer mix in their submissions. Commission has therefore considered the actual figures of FY 2011-12 for the analysis of consumer mix, as discussed in ARR of FY 2012-13.

Tariff Structure	Existing tariff applicable for FY 11-12 as per the tariff order dated 13.09.2011		Revised tariff proposed for FY 2012-2013		
	Energy Charges (Rs/kWh)	Fixed Charges	Energy Charges (Rs/kWh)	Fixed Charges	
LT-C/Commercial					
1st 100 Units	2.25		2.25		
Beyond 100 Units	3.25		3.25		
LT- Ag/ Agriculture					
Upto 10 HP per unit	2.50		0.55		
Beyond 10 HP per unit	2.65		0.85		*
LTP Motive Power					
Upto 20 HP of Connected Load	2.50		3.40		
Above 20 HP Connected Load	2.50	Rs. 15/HP	3.40	Rs. 25/HP	
LT-PL/Public Lighting					
Public Lighting	3.23		3.23		
HT					
HTC General					
50000 units	2.95	Rs. 60/KVA	4.07	Rs.120 / KVA	For connected load >500KVA, Rs.500/KVA
50000 to 5 lakh units	3.10	Rs. 60/KVA	4.22	Rs.120 / KVA	
Beyond 5 lakh units	3.15	Rs. 60/KVA	4.27	Rs.120 / KVA	
Penal charges for exceeding contracted demand	8.00	Rs 180/KVA or part there of	8.00	Rs. 360/KVA	Beyond 500 KVA Rs. 1500/KVA
HTC Ferro					
First 300 Units per KVA	2.05	Rs. 450/KVA	3.17	Rs. 600/KVA	
Next 200 units per KVA	3.05	Rs. 450/KVA	4.17	Rs. 600/KVA	
Above 500 units per KVA	3.55	Rs. 450/KVA	4.67	Rs. 600/KVA	
Penal charges for exceeding contracted demand	8.00	Rs 900/KVA or part there of	8.00	Rs 900/KVA or part there of	

*It is proposed to have the existing tariff of the financial year 2010-11 during FY 2012-13. As the total consumption of domestic and agriculture category of consumer is less than 4% in the overall consumption.

2.4 Prayer to the Commission

The petitioner has submitted the following to the Commission:

Quote"

- *Admit and approve the Aggregate Revenue Requirement of FY 12-13 as submitted herewith.*
- *Make the proposed Retail Supply Tariffs applicable from April 1, 2012.*
- *Approve the proposal for Aggregate Revenue Requirement and Tariff Hike for FY 12-13.*
- *Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.*
- *Submit necessary additional information required by the Commission during the processing of this petition.*
- *And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case."*

Unquote

3. APPROACH OF THE ORDER FOR RE-DETERMINATION OF TARIFF FOR FY 2011-12 and FOR DETERMINATION OF ARR & TARIFF FOR FY 2012-13

3.1 Introduction

As discussed in earlier Chapter of this order, Electricity Department of UT of Dadra & Nagar Haveli has filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2012-13 to the Commission on November 30' 2011 under section 61, 62 & 64 of the Electricity Act, 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009.

After initial scrutiny & analysis of the additional information as stated during the admission hearing on January 17'2012 in respect of ARR and Tariff Petition filed by ED DNH for FY 2012-13; the petition was admitted subject to removal of infirmities to the extent possible and the Commission has taken the aforesaid petition on record as 'Petition no. 62/2012' on January 17'2012.

3.2 Directions - Judgment of Hon'ble APTEL on ARR and Tariff Order for FY 2011-12 dtd. Sept' 13, 2011

Directions issued by Hon'ble APTEL in judgment in the matter of Appeal no. 159 of 2011, Appeal no. 175 of 2011 & I.A. No. 263 of 2011, Appeal No. 19 of 2012 & I.A. Nos. 33 & 34 of have been complied by the Commission:

1. **Appeal no. 159 of 2011** – Sh. Shankarbhai Dhavlu Waghmare, President District Panchayat Versus Joint Electricity Regulatory Commission for UT and Goa and Electricity Department of UT of Dadra and Nagar Haveli was disposed of by the judgment dated February 28'2012 wherein the Hon'ble APTEL decided the following:

   Quote

   "22. In the light of our findings above, we deem it fit to remand back the impugned Tariff Order with the direction to redetermine the tariff for all the categories in view of our observations given above."

   Unquote

2. **Appeal no. 175 of 2011 & I.A. No. 263 of 2011** - Silvassa Industries Association Versus Joint Electricity Regulatory Commission for UT and Goa and Electricity Department of UT of Dadra and Nagar Haveli. The above appeal were disposed of vide Judgment dated March 14'2012. The Hon'ble APTEL's findings are summarized below:

   Quote

"11. Our findings are summarized as under:

(i) In view of the provisions of the 2003 Act, Tariff Policy, Tariff Regulations and findings of the Tribunal in OP 1 of 2011 and other judgments, there is no illegality in the Joint Commission permitting the Electricity Department (R-2) to compute the Power Purchase Cost Adjustment according to the formula and conditions specified by the Joint Commission and recover the same from the consumers. Computation of PPCA is only by mechanical application of the formula. The authority given to the distribution licensee is not absolute without any regulatory control of the Commission. The final Power Purchase Cost to be allowed to the distribution licensee is subject to prudence check at the true up stage by the Joint Commission.

(ii) The formula specified by the Joint Commission in the impugned order is set aside as it is inconsistent with the conditions specified therein and the Tariff Regulations. The Joint Commission is directed to re-determine the formula taking into account the Regulations and the conditions specified under the PPCA formula. The formula should be such that there is no scope for ambiguity and it determines the PPCA by mechanical application of the formula. The State Commission may also direct the respondent no.2 to display the computation for PPCA in a consumer friendly format on its website for the benefit of the consumers. As the FY 2011-12 is going to end shortly, the State Commission may decide the PPCA for the FY 2011-12 and consequent modification in retail supply tariff after hearing the concerned parties and our directions for specifying the correct formula may be noted for future.

(iii) The third issue regarding retrospective increase in tariff due to PPCA does not survive in view of our findings in (ii) above.

(iv) There is no reason for us to interfere in the findings of the Joint Commission with regard to determination of depreciation, employees cost, T&D losses and adjustment of surplus for the previous years."

Unquote

3. **Appeal no. 19 of 2012 & I.A. No. 33 & 34 of 2012** - Sh. Chandrakant M. Parekh & Anr Versus Electricity Department of UT of Dadra and Nagar Haveli. The above Appeal was disposed of vide Judgment dated March 15'2012 which is summarized as under:

Quote

"It is submitted that the issue in this Appeal has already been covered and decided in the Judgment in Appeal Nos. 159 of 2011 dated 28.02.2012 and 175 of 2011 dated 14.03.2012, whereby the impugned Order had been set aside and the Appeals were allowed."

Unquote

As may be seen from the above, the Hon'ble APTEL through above judgments had

1) Remanded back the impugned Order for FY 2011-12 with the direction to re-determine the tariff for all the categories,
2) Directed the Commission to decide the PPCA for FY 2011-12 and consequential modification in retail supply tariff after hearing the concerned parties and specify the correct formula for future.

The Commission has in compliance to the order of the Hon'ble APTEL has considered the re-determination of the Tariff for FY 2011-12. Commission has complied the other directions issued by Hon'ble APTEL while scrutinizing the true-up petition for FY 2010-11, petition for review of ARR of FY 2011-12 and ARR & determination of tariff for FY 2012-13.

3.3 Approach for Provisional True-up of FY 2010-11 and Review of FY 2011-12

The Petitioner in its True-up petition has requested for the True-up of FY 2010-11 and revision of the ARR for FY 2011-12 in its Petition for Annual Review, which was determined earlier by the Commission in its ARR order dated September 13'2011. The True-up of ARR for FY 2010-11 and Review of ARR for FY 2011-12 are to be carried out as per the provisions of regulation 8 of JERC Tariff Regulations, 2009, which is as under:

Quote

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

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

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

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

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

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

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

In view of the above, the Commission has reviewed the variations between approvals and actuals of sale of electricity, income and expenditure for FY 2010-11 ; and also the revised estimates/ actuals for sale of electricity, income and expenditure for FY 2011-12 as submitted by the petitioner and permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

The detailed analysis & treatment of each component is provided in Chapter 6 (Provisional True-Up of ARR for FY 2010-11) and Chapter 7 (Review of ARR for FY 2011-12) of this Order.

In compliance with judgment of Hon'ble APTEL in the matter of Appeal no. 175 of 2011 & I.A. No. 263 of 2011 dated March 14'2012 and the public hearing held over Fuel Surcharge on May 2' 2012 & May 3'2012, as discussed in Chapter 5 of this order, PPCA for FY 2011-12 has been treated on actual basis as collected & adjusted due to the increase in Power Purchase cost for all categories except BPL and Agriculture.

3.4 Approach for Determination of ARR & Retail Tariff for FY 2012-13

In this regard various provisions of the JERC's Tariff Regulations 2009 pertaining to business of the integrated utility are relevant and Commission is guided by the principles contained in Section 61 of the Act among others to examine the Sales forecast, Power purchase quantum, and other income & expenditure.

The Commission, while determining the tariff is guided by the principles contained in Section 61 of the Act, namely

a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

b) The generation, transmission, distribution and supply of electricity are conducted on commercial principles;

c) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

d) Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

e) The principles rewarding efficiency in performance;

f) Multi-year tariff principles;

g) That the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;

h) The promotion of co-generation and generation of electricity from renewable sources of energy;

i) The National Electricity Policy and Tariff Policy;

In addition to above the Commission is bound by the Renewable Energy purchase obligations, as specified in JERC (Procurement of Renewable Energy) Regulations, 2010.

The Commission has considered the audited figures of income & expenditure submitted by the Petitioner for FY 2010-11 and provisional figures for FY 2011-12 to form the basis for projection of income and expenditure for FY 2012-13. Further, the Commission has relied on the actual data of FY 2010-11 and FY 2011-12 provided by the petitioner during technical validation sessions held after the submission of petition. The detailed analysis & treatment of each component is provided in Chapter 8 (Aggregate Revenue Requirement for FY 2012-13) of this Order.

4. SUMMARY OF OBJECTIONS RAISED, PETITIONER's RESPONSE AND COMMISSION'S VIEWS

4.1 Public response to the Petition

Before admission of the ARR & Tariff Petition for the FY 2012-13, the Petitioner had published the summary of ARR and Tariff proposal in the newspapers and the copies of the petition made available to the general public, posted the petition on their website duly inviting comments/objections from public as per provision of the JERC (Conduct of Business) regulations 2009.

4.2 Public Hearing

A public hearing was held at Dadra and Nagar Haveli as per the below mentioned schedule:

Table 4.2.1 : Schedule of Public hearing at Dadra and Nagar Haveli

S.No.	Date	Venue of Hearing	Time & Category of Consumers and Related Subject
1.	02.05.2012	Town Hall, Silvassa	**Tariff Order for FY 2011-12 & Fuel Surcharge (Tariff being re-fixed in view of Hon'ble APTEL's ruling) – Petition Ref. 32/2011** 11:00 AM to 12:15 PM For all consumers- domestic/non-domestic (Commercial) and LT industries. 12:15 AM to 1:30 PM Fuel Surcharge, All consumers 2:30 PM to 3:30 PM HT Industry consumers
2.	03.05.2012	Town Hall, Silvassa	**Tariff Petition for FY 2012-13 – Petition Ref. 62/2012** 11:00 AM to 12:15 PM For all consumers- domestic/non-domestic (Commercial) and LT industries. 12:15 AM to 1:30 PM Fuel Surcharge, All consumers 2:30 PM to 3:30 PM HT Industry consumers

S.No.	Date	Venue of Hearing	Time & Category of Consumers and Related Subject
			3:30 PM to 4:30 PM Annual Revenue Requirements (ARR)
3.	04.05.2012	Town Hall, Silvassa	**Previous Years Review & True Up** True-up for FY 2010-11 Ref. 14/2010 – All consumers

During the public hearing, all objectors were asked if they have received replies to their objections from the licensee. Some of the objectors conveyed their receipt and satisfaction thereof, while others indicated the delayed receipt of the responses from the petitioner. However they did not say anything about the reply. Thus it was ascertained by the Commission before the hearing that everyone got the reply to his/her objections/suggestions.

Each objector was provided an opportunity to present his views on the petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given equal opportunity to express their views. Stakeholders who raised their concerns on the spot were replied to by the officers of the utility orally on the spot. The list of all objectors is attached at **Annexure 8** to this order.

The list includes the objectors:

1. Those who gave their written objections & did not intend to present orally during the public hearing

2. Those who gave their written objections & expressed to present orally also during the public hearing

3. Those who gave their written objections but had not desired to express orally, but later chose to present orally also. They were also given an opportunity to present orally before the Commission during the public hearing;

4. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot

5. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot and also gave written submissions

4.3 Objections/Suggestions, response of Electricity Department, UT of Dadra & Nagar Haveli and Commission's views on petition no. 62/2012, previous year review and True-up

PART 1: General Issues and Comments

4.3.1 Non-Submission of Audited Accounts

Public Comments/Suggestions:

The main points raised by the *Dadra and Nagar Haveli Industries Association* in brief are as under:

The stakeholder submitted that as directed by the Hon'ble Commission in the last tariff order to the Petitioner, the Petitioner has not submitted the audited accounts as per the records available with the stakeholder. Therefore until the accounts are arranged to be audited, the Hon'ble Commission need not look into the tariff filings at all. Further Commission need not accept the gross fixed assets as given by the Petitioner (without audited accounts) for the purpose of arriving at the capital base, depreciation, return on equity and other items which are dependent on capital base.

The stakeholder further highlighted the importance of audit and quoted that the Hon'ble APTEL in the matter of M/s Bihar State Hydro Electric Power Corporation versus Bihar Electricity Regulatory Commission had stated the 'State Commission is justified in not approving the ARR/Tariff for the FY 2010-11 due to Appellant/Petitioner not submitting the accounts duly audited by the Statutory Auditor/CAG.

The stakeholder further submitted that annual accounts assumes greater importance as the Hon'ble Commission is said to be undertaking the true-up of previous years. The stakeholder stated that audited accounts are not available even at this stage, when true-up is said to have been conducted. True-up of FY 2010-11 is impossible due to non-availability of audited accounts. Therefore the petition may be rejected as not maintainable.

SIA submitted a written report:

Asset register are not available, the books of ED- DNH are not transparent, basis of Gross fixed assets is not known.

Petitioner's response:

ED-DNH would like to highlight that ED-DNH has already submitted its audited accounts from FY 2008-09 to FY 2010-11 prepared based on the commercially accepted principles.

It is, therefore, submitted by the petitioner that ED-DNH has prepared its previous three years accounts as per the commercial accepted principles and the same have been audited in compliance with the directives of the Hon'ble Commission.

ED-DNH would like to submit that it has already segregated its accounts for FY 2008-09, FY 2009-10 and FY 2010-11 on the commercially accepted principles and the same have been audited as well. The audited financial accounts of ED-DNH from FY 2008-09 to FY 2010-11 have already been submitted in compliance with the Hon'ble Commission's directives.

ED-DNH would like to submit that actual cost for FY 2010-11 has been submitted in the ARR Petition for FY 2012-13. As per the directions of the Hon'ble Commission ED-DNH has also filed its true-up petition for FY 2010-11 along with the audited annual accounts. Therefore, petitioner's objection to reject the ARR petition of ED-DNH for FY 2012-13 in the absence of True-up is not maintainable.

Views of the Commission:

It is to be noted that the Petitioner had submitted the True-up Petition for FY 2010-11 along with audited accounts for FY 2010-11, though not verified and approved by CAG. The audit of accounts by the CAG is an important requirement to ascertain the validated information for true-up and audit means statutory audit for a Government department. However the Commission feels that the Tariff process should not be stalled due to absence of CAG audit in larger interest of the consumer and the utility. The Commission, therefore decided to carry out true-up for FY 2010-11 based on the audited accounts, pending CAG audit, on provisional basis. The petitioner is required to file an affidavit before the Commission on completion of CAG audit bringing out the outcome of the same and indicating changes if any from the accounts presently submitted. Further, the Commission has noted the concerns of the stakeholders and has appropriately dealt on this matter on the basis of available audited accounts in the Chapter 6, 7 and 8 of this Order.

The Commission directed that the Audited accounts should be uploaded on the Petitioner's Web site to maintain transparency.

4.3.2 Requirement of express feeder at 66 KV

Public Comments/Suggestions:

The main point raised by the Silvassa Industries Association in brief is as under:

The stakeholders prayed to the Hon'ble Commission in his oral submission during the public hearing that the express feeder may kindly be allowed upto 4000 KVA rather than 1500 KVA at 66 KV, as at present, looking at the current infrastructure of DNH, backwardness of the region and for overall growth of Dadra and Nagar Haveli.

Petitioner's response:

ED-DNH did not respond and has conveyed during oral submission that the matter is already with the Commission for appropriate consideration.

Views of the Commission:

Commission has noted the concerns of the stakeholders and will consider issuing the necessary directions as per the supply code regulations considering the system conditions of the area. The Petitioner is directed to carry out an assessment of load profile, (if not covered under energy audit study) of all the feeders in the area under jurisdiction along with the recommendations for appropriate CAPEX scheme for express feeders. The report should also indicate the loss level at all the feeders and reduction in loss after installation of express feeder.

PART 2: ARR related

4.3.3 Estimation of ARR

Public Comments/Suggestions:

DNH IA in a written submission stated

"The ED-DNH has not provided the complete information which the Honorable Commission had asked for in its order dated 13.04.2012. "

SIMA has in a written submission raised the following issues:

The entire ARR is based on assumptions. While calculating the operational cost the Electricity Department of DNH has considered the actual cost incurred during the first six month of the financial year whereas cost to be incurred during next six months is on assumption basis

SIMA added

While projecting the ARR for FY 2012-13 the ED-DNH has not considered the ARR approved by the Honorable Commission for FY 2011-12, instead it has projected the ARR for FY 2012-13 on the basis of the cost proposed by them for FY 2011-12.

Petitioner's response:

ED-DNH added that it would like to highlight that the petition as per Clause 12 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009, wherein it is mentioned that:

Each generating company and the licensee shall file Tariff Application on or before 30th November each year with the Commission, in the format as may be laid down by the Commission which shall include statements containing calculation of the expected aggregate revenue from charges under its currently approved tariff and the expected cost of providing services i.e. Aggregate Revenue Requirement (ARR) during the Previous Year, Current Year and Ensuing Year. The information for the Previous Year should be based on audited accounts, if available.

The Electricity Department-DNH would like to clarify that the department had furnished the complete information regarding ARR petition 2012-13 and public notice for summary of ARR through newspapers dated 10,11, & 12 Dec,2011. The Review petition 2011-12 and True-up of 2010-11 was also published on the website on 25.04.2012.

Further, the Honorable Appellate Tribunal for Electricity in its Order No. OP NO.1 OF 2011 dated November 11, 2011 has given the following judgment.

(1) The Distribution / Transmission licensee shall file the Aggregate Revenue Requirement (ARR) on or before 30th November of each year in the format prescribed, containing the details of the expected aggregate revenue that the licensee is permitted to recover at the prevailing tariff and the estimated expenditure.

Therefore, ED-DNH has filed its ARR Petition for FY 2012-13 as per the Regulations. ED-DNH would further like to highlight that the elements of ARR for FY 2011-12 have been projected based on the 6-7 months actual data and the material evidences such as actual power purchase bills (which is one of the main elements of ARR) has been produced before the Hon'ble Commission at the time of filing of the petition.

Views of the Commission:

The Commission has noted the concern of the stakeholder and has deliberated on each issue in the relevant sections of this order separately.

4.3.4 Assessment of T&D Losses

Public Comments/Suggestions:

The main points raised by the Dadra & Nagar Haveli Industries Association in brief are as under:

The stakeholder submitted that intra-state transmission losses be calculated using the average of the 52 weeks for the period proceeding from the filings.

The stakeholder highlighted that T&D losses should progressively be reduced and should come down from 6.25%. However as striking contrast, the losses are projected at 6.50% and 6.30% for FY 2011-12 and FY 2012-13. It is to be noted that the Petitioner is showing a significant capital expenditure in ARR and tariff Petition and seeking pass through of the same. At any rate, the HT and EHT consumers sourcing supply at 132 KV, will not witness losses of such a high magnitude, which the Petitioner has projected. Therefore the losses will have to be logically and naturally comedown.

Petitioner's response:

ED-DNH would like to highlight that the T&D loss level at ED-DNH periphery is one of the lowest in the country. The ED-DNH has achieved a significant reduction in T&D losses. The ED-DNH would like to submit that the system improvement works executed every year under the plan schemes as well as increase in energy sales quantum at higher voltages has resulted in the reduction of T & D losses.

As regards to T&D losses for FY 2012-13, ED-DNH has projected the losses almost at the same level i.e. 6.30% as suggested by the objector.

Views of the Commission:

The petitioner submitted that they are taking all steps to reduce T&D losses. However, they should undertake an energy audit of their area, as it is the basis of assessment of present loss level and reduction in it. The Petitioner has submitted in the ARR and Tariff Petition for FY 2012-13 that they have completed the energy auditing exercise in 5 feeders on pilot basis and had submitted the report along with the ARR and tariff petition for FY 2012-13. While appreciating the efforts made by the petitioner, the Commission is of the view that the losses of entire system could not be ascertained from the pilot study involving 5 feeders. Commission therefore directs the petitioner to assess the T&D loss level of entire system and segregation of losses into technical and commercial heads in their future ARR & Tariff petition along with a status report on energy accounting and T&D losses. It is noted that the present loss levels are one of the lowest in the country and further reduction would require technical intervention and considerable capital investment. The Commission has taken an appropriate view in light of the capital investment proposed and the plausible trajectory for reduction in T&D loss levels.

4.3.5 Capital Expenditure

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association and Dadra & Nagar Haveli Industries Association in brief are as under:

The Stakeholder had submitted that the Petitioner had projected Rs. 11.45 Crores previously and projected Rs. 49.85 Crores for FY 2012-13. Though the industry being a power intensive cannot oppose proper capital plans, however the same may kindly be taken having all prudence check. The Petitioner has failed to mention the achievements of previous expenditure and projected capital expenditure. The Hon'ble Commission had also given the directive to present the parameters achieved but the petition is silent on these aspects. The stakeholder raised that the projected capital expenditure includes those schemes for which the funds were not allocated in the previous CAPEX proposal. Hence a review and prudence check has to be convened separately for looking into this aspect and the same should not be allowed to merge into the present exercise.

Further the stakeholder highlight that without the asset registers, it is not correct to consider the capital expenditure as a pass through. The Petitioner has shown in the petition that the asset registers, is likely to be completed by the end of November 2011. It's been more than 5 months passed, the Petitioner has not furnished the Asset register before the Hon'ble Commission.

The stakeholder objected on the exorbitant expenditure incurred by the utility for conducting energy audit exercise and consumer indexing. The stakeholder submitted that no prudent entity will spend one crore on one energy audit. In fact, the Energy audit is a comprehensive exercise and not to be taken on per feeder price basis. There is an enormous room for negotiating the price with a reputed agency for a cost effective Energy audit exercise.

Petitioner's response:

The objector has made a plea that all the capital intensive plans should be undertaken after prudence check.

The ED-DNH submitted that all the capital expenditure schemes projected for FY 2012-13 have been planned considering the increase in demand from HT & LT consumers. ED-DNH would be required to undertake significant capital expenditure for system augmentation and strengthening and for improving and making the system efficient in the interest of Consumer. System augmentation would not only help ED-DNH in handling increased load but would also ensure better quality of supply and network reliability to the consumers. Though, ED-DNH T&D loss levels are quite low, the capital expenditure would help in further reduction of T&D losses.

Further ED-DNH submitted that the annual accounts from FY 2008-09 to FY 2010-11 have been finalized and audited. As part of this process the category wise assets have been segregated and opening and closing balance of the fixed assets have arrived for FY 2008-09, FY 2009-10 and FY 2010-11. Based on that ED-DNH would maintain the assets and depreciation registers categorywise and function wise.

ED-DNH in its ARR petition has projected Rs. 1 Crore each for FY 2011-12 and FY 2012-13 to undertake energy audit of its 172 feeders and not Rs. 1 Crore for 1 feeder as pointed out by the objector. Hence, the objector's interpretation on this matter is not correct.

Views of the Commission:

Commission is of the view that expenditure on capital cost, depreciation, interest on loans, return on Equity etc. should be considered based on the audited accounts submitted along with the true-up petition for ARR of FY 2010-11 and prudence check and reasonableness of the capital expenditure to be undertaken during the year. Commission has noticed that the petitioner in his oral submission during the public hearing had submitted the energy audit of 172 feeders for Rs. 1 Crore for FY 2011-12 only and in a written submission, the petitioner has submitted the expense of Rs. 1 Crores each for FY 2011-12 and FY 2012-13. Commission does not agree with the proposal submitted by the petitioner in the absence of documentary evidence & an affidavit to support the reasonableness of the same. Commission therefore directs the Petitioner to submit that the capex approved by the Commission was spent/ incurred through a transparent process within two weeks of issuance of ARR and Tariff Order so as to check the reasonableness of the expenditure. The matter has been discussed in relevant Chapters of this order.

4.3.6 Depreciation

Public Comments/Suggestions:

The main point raised by the Silvassa Industries Association in brief is as under:

The depreciation of assets should not be considered in the absence of fixed asset registers. Without the auditing and prudence check of the fixed asset registers, the depreciation claimed by the Petitioner is not justifiable. The stakeholder have quoted the excerpts of the Petitioner's submission and Commission's analysis for the depreciation component in the last tariff order for FY 2011-12. It is also stated by the stakeholder that the same principles may be adopted in the present proceedings as the status quo on the asset register and audited account continues.

Petitioner's response:

The objector has made a plea that in the absence of the fixed asset register and the audited annual accounts the depreciation should be disallowed.

The ED-DNH has submitted the fixed asset register as on 31st March 2011 and the audited annual accounts for the FY 2010-11. Therefore, the ED-DNH requests the Hon'ble Commission to approve depreciation on fixed assets for the FY 2010-11 as per the fixed asset register, and also approve depreciation for the subsequent years as per the capitalization projected by the Department for the determination of tariff for the FY 2012-13.

Views of the Commission:

The Commission has noted the concern of the stakeholders and the submission made by the petitioner. Further it is to be noted that the Petitioner had submitted the audited accounts for FY 2010-11, though not verified and approved by CAG and has seen the fixed assets and depreciation registers submitted by the petitioner. The Commission has taken a prudent view as per the JERC tariff regulations, audited accounts and the reasonableness of the expenditure for provisional True-up of FY 2010-11, Review of FY 2011-12 and estimation of Aggregate Revenue Requirement for FY 2012-13 and the same has been discussed in detail in Chapter 5,6 and 8 of this order.

4.3.7 FPPCA Formula

Public Comments/Suggestions:

The main point raised by the *Silvassa Industries Association* in brief is as under:

The stakeholder submitted that the amount so claimed by the petitioner in respect of FPPCA adjustments cannot be allowed. PPCA formula has been the subject matter of scrutiny by the Hon'ble APTEL in the Appeal no. 175 of 2011 & I.A. no. 263 of 2011 dated 14th march 2012. In compliance thereof, the PPCA formula is being considered afresh by the Hon'ble Commission. Therefore the PPCA formula pass through being sought herein is not allowable.

The formula for fuel cost adjustment needs to be such that there is no scope of passing on other components through the fuel formula.

The FPPCA formula should be based on the actual sale and purchase of power by the distribution utility. The purchase of power from outside may be left to be negotiated by the utility and the price paid by the utility for such power must include all the components of generation, transmission and supply of electricity. Such price could be post facto approved by the Hon'ble commission.

The above condition gives leverage to the utility to pass on any amount paid by the licensee for any period. The formula should only apply to "period in consideration" or the bills of "last quarter". For any other bill for "past period" must be cleared after being validated by the Honorable Commission. Hence, the term "irrespective of period to which they pertain" must be excluded.

Written submission by *SIMA*

As a formula for FPPCA has already been proposed by the Honorable Commission and the same is also under consideration, there is no need for the proposal of further hike of the tariff.

SIMA requested to include LT Category Consumer also in the 'Z' Category along with Domestic Category & submitted that FPPCA should be calculated on monthly basis rather than quarterly basis.

Limit of UI purchase / sale set at 49.7 Hz should be taken off.

President, District Panchayat, Dadra & Nagar Haveli submitted

"Domestic, Agriculture and BPL consumer Power Supply should be considered separately and the remaining uses separate without combining which results in high average cost per unit. The 'Z' category of the new FPPCA formula should also include "Domestic Category".

Submission made by *BJP representative* in writing (submitted during Public hearing) , *Congress & CPM* had similar submission

While, determining the tariff or FPPCA formula the U.T. of DNH should not be considered at par other states or U.Ts as only in U.T. of DNH, 97% of power is consumed by industries. In the FPPCA formula defined by the Honorable Commission, the "Z" component should also include domestic, commercial and LT consumers apart from BPL and Agriculture consumers.

Petitioner's response:

ED-DNH would like to submit that finalizing the terms and conditions for implementation of the new FPPCA formula should include entire power purchase cost and transmission charges paid by the Utility. ED-DNH will implement the new FPPCA formula as per the terms and conditions, the methodology and directions approved by the Honorable Commission. ED-DNH would like to submit that finalizing the terms and conditions for implementation of the new FPPCA formula should include entire power purchase cost raised by the generators and transmission charges towards CTU/STU during the month/quarter under consideration paid by the utility.

The Honorable Commission in its Tariff Order dated 13th September, 2011 has excluded the BPL and agriculture categories from being levied the FPPCA charges. The ED-DNH in its tariff petition has requested the Honorable Commission to also exclude the Domestic category from the FPPCA charges as the industries are ready to bear the burden of the same. Further inclusion of consumer categories in the "Z" component of the FPPCA formula is under the purview of the Honorable Commission and the matter may be looked into by the Honorable Commission.

Views of the Commission:

The Fuel Cost Adjustment (FCA) provided in the regulations allows the licensee only to recover the fuel cost adjustment. The Appellate Tribunal for Electricity in its Judgment dated 11 November 2011, in the matter of OP no. 1 of 2011 has advised all State Electricity Regulatory Commissions to put in place a mechanism for Fuel & Power Purchase cost adjustment preferably on a monthly basis but in no case exceeding a quarter of a year. Sub-section (4) of section 64 of the Electricity Act 2003 provides that, no tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula, as may be specified. Accordingly it is stated that the recovery of Fuel and power purchase adjustment is legitimate and is in accordance with the Electricity Act, 2003. The Commission after much deliberation and public participation has also issued the FPPCA formula for recovery of such variation.

4.3.8 Interest & Finance Charges

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association and Dadra & Nagar Haveli Industries Association in brief are as under:

The stakeholder submitted that the Petitioner has computed the interest on long term loans at an Interest rate of 14.75% which is similar to the prevailing SBI PLR. The stakeholder submitted that the era of PLR is gone and we are in the base rate regime. Therefore base rate has to be the basis for interest rate computation. One of the stakeholder objected that interest rates are generally falling and the interest rate claimed by the Petitioner for computation of working capital is too high, may be in anticipation that Hon'ble Commission would reduce the same.

The stakeholder have quoted the excerpts of the Petitioner's submission and Commission's analysis for the Interest on Loan component in the last tariff order for FY 2011-12. The stakeholder submitted that the same reasons stands good this year also, so therefore interest on loan be disallowed.

Petitioner's response:

The ED-DNH has projected the interest on long term loans on a normative basis as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. Assets capitalized during FY 12-13 have been considered based on normative debt-equity ratio of 70:30.

ED-DNH submits that the interest rate of 14.75% has been considered as per clause 25.(2) of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Terms and Conditions for Determination of Tariff) Regulations, 2009, wherein it is mentioned that,

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.

Views of the Commission:

The Commission appreciates the concern of the stakeholders and has noted the submission of the petitioner. Commission clarifies that SBI PLR rate has now been substituted as State Bank Advance Rate. In accordance with the regulation 29 of the JERC (Terms and conditions for Determination of Tariff) Regulation, 2009, the Commission has considered the State Bank Advance Rate of 13%[6]as on 1st April 2011 for Review of ARR of FY 2011-12 and State Bank Advance Rate of 14.75%[7] as on 1st April 2012 for ARR of FY 2012-13 and same has been discussed in Chapter 6 and 8 of this order.

4.3.9 Return on Equity

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association and Dadra & Nagar Haveli Industries Association in brief are as under:

The stakeholder submitted that return on equity should not be allowed till such the asset and depreciation register and financial statements are produced. The stakeholder have quoted the excerpts of the Petitioner's submission and Commission's analysis for the depreciation component in the last tariff order for FY 2011-12. It is also stated by the stakeholder that the same principles may

[6] SBI advance rate notified on 14.02.2011; Thereafter four revisions in the SBI advance rate was notified in FY 2011-12, and are as under: 25.04.2011-13.25%; 12.05.2011-14% ; 11.07.2011-14.25%; 13.09.2011 – 14.75%. No revision has been notified after 13.09.2011.

[7] SBI advance rate notified on 14.02.2011; Thereafter four revisions in the SBI advance rate was notified in FY 2011-12, and are as under: 25.04.2011-13.25%; 12.05.2011-14% ; 11.07.2011-14.25%; 13.09.2011 – 14.75%. No revision has been notified after 13.09.2011.

be adopted in the present proceedings as the status quo on the asset register and audited account continues.

Petitioner's response:

The ED-DNH has submitted the fixed asset register as on 31st March 2011 and the audited annual accounts for the FY 2010-11. Therefore, the ED-DNH requests the Hon'ble Commission to approve return on equity as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

ED-DNH submits that the Return on Equity is permitted for generation of internal resources and must be distinguished from actual profits especially in the case of an entity, which is reporting losses in its accounts.

The return on equity earned during the year can be invested to fund some of the equity portion of the capital expenditure in the subsequent years. Commission should not disapprove the equity investment for the control period based on funding pattern adopted by ED-DNH in the previous years.

Views of the Commission:

The Commission has noted the concern of the stakeholders and the submission made by the petitioner. Further it is to be noted that the Petitioner had submitted the audited accounts for FY 2010-11, though not verified and approved by CAG. The Commission has taken a prudent view as per the JERC's tariff regulations, audited accounts for True-up of ARR of FY 2010-11, Review of FY 2011-12 and estimation of Aggregate Revenue Requirement for FY 2012-13 and the same has been discussed in detail in Chapter 5, 6 and 8 of this order.

4.3.10 Operation & Maintenance Expenses

Public Comments/Suggestions:

The main points raised by the *Silvassa Industries Association* and *Dadra & Nagar Haveli Industries Association* in brief are as under:

1. The stakeholder have raised that they have seen a phenomenal rise of 77% over the past year's figures. This is highly exorbitant and especially when the same is not backed by the Audited Accounts and has not gone through the Review and prudent check process, the same should not be allowed as 'Pass through'. Further the stakeholder suggested that the Hon'ble Commission approved an escalation of 10% in the employee cost should be retained. Further department has

failed to substantiate huge increase in Repair & Maintenance expenses in the last three years. The Hon'ble Tribunal has also stated that the increase in Repair & Maintenance expenses has to directly proportional to increased capitalization. One of the stakeholder objected and submitted that the Petitioner has not segregated the accounts therefore the Repair and Maintenance expenses cannot be claimed on the generic amount spent, without classifying and satisfying as to the same are spent towards the consumer interest and for improving the quality of service. Similarly the Petitioner has submitted that the escalation in A&G expenses is to absorb the normal inflationary increase, as department has been availing the legal services and advisory assistance from consultants for various regulatory and other issues. The justification that the department used to put some of the A&G expense in the Power purchase cost is unacceptable and unjustified.

2. The stakeholder further highlight that the Petitioner has shown the O&M expenses as uncontrollable and had prayed to the Hon'ble Commission for its consideration as an uncontrollable factor, which is unknown to the regulatory domain especially under the MYT regime. Therefore the stakeholder has requested to reject the prayer of the Petitioner and consider it as a controllable expense.

3. A Written objection by *SIMA* states

   In spite of making further efforts to reduce the O&M expenses to optimum level the ED-DNH is requesting Honorable Commission to approve further increase in the O&M expense. In our opinion it should be denied.

   The objector has made a plea that department is booking the consultancy and legal fee in the A&G expenses which it used to book under the power purchase head, which is unacceptable.

Petitioner's response:

The ED-DNH submits that the projection of Operation & Maintenance expenses have been based on the actual O&M expenses for FY 2010-11 and for the first six months of FY 2011-12. ED-DNH has made further provision of outsourcing of operation and maintenance activities of its EHV substations and energy audit of 172 feeders (i.e. in compliance with the directives of the Hon'ble Commission vide Tariff Order dated 13th September 2011).

ED-DNH would like to submit that the for projecting the employee cost for FY 2011-12, the actual employee cost for the first six months of FY 2011-12 and escalated the same based on the five year monthly average of the WPI Index (i.e. 6.96%) published by the Office of Economic Adviser, Government of India for the remaining six months of FY 2011-12. For projecting the employee cost for FY 2012-13, ED-DNH has escalated the employee cost by 6.69% over the projected employee cost for FY 2011-12.

The ED-DNH submits that the increase in Repair & Maintenance cost for FY 12-13 is due to outsourcing of operation and maintenance activity of EHV substations to third party agency. Also, the price of most of the basic commodities like iron, copper, zinc and cement used in the repairs and maintenance has increased tremendously over the last 5 years. Therefore the increase is necessary for proper maintenance and strengthening of the system and quality of supply in the region in order to ensure consumer satisfaction.

The ED-DNH would like to submit that the A&G expenses include:

- Telephone, postage & telegrams charges;
- Travel and conveyance expenses;
- Consultancy and regulatory fees; and
- Consumer indexing fee

Therefore booking the consultancy and legal fee under the A&G expenses is completely justified.

Views of the Commission:

The Commission has noted the concern of the stakeholders and submissions made by the petitioner. The Commission has taken a prudent view to assess the reasonableness of expenses on O&M projected for ARR of FY 2012-13 as per the tariff regulations and the same has been discussed in detail in Chapter 8 of this order.

4.3.11 Provision for Bad & Doubtful Debts

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association and Dadra & Nagar Haveli Industries Association in brief are as under:

The stakeholder prayed that the bad debts claimed by the Petitioner should not be allowed. As per the regulation 28 of JERC tariff regulations 2009, Bad debts can be allowed subject only to 'Receivables' getting audited. Admittedly, this is not done. In fact the accounts themselves are not audited. Hence the same may be disallowed. Further the stakeholder submitted that the bad debts are a result of mismanagement and inefficiency on the part of utility. The Commission had taken a right view on the same in the last tariff order and therefore same may be restricted to 1% only.

Petitioner's response:

ED-DNH submits that the Bad debt claimed by ED-DNH is 0.5% of receivables in the revenue requirement for FY 2011-12 and FY 2012-13, which is lower than that of allowed by the Hon'ble Commission under clause 28 of the JERC Tariff Regulations, 2009.

ED-DNH, humbly submits to allow the Bad Debt amount as projected in the ARR Petition for FY 2012-13.

Views of the Commission:

The regulation no. 28 of JERC Tariff regulations read with the format is given below.

"28. Bad and Doubtful Debts

*The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts **up to 1%** of receivables in the revenue requirement of the generating company/licensee. (Information to be furnished in format 18)"*

Format -18

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

Thus it, can be observed, that the regulation allows a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement. It is seen that the licensee has not actually written off any bad and doubtful debts for FY 2010-11. The Commission therefore has not considered any expenditure on this account for true up of FY 2010-11. However for FY 2011-12 & FY 2012-13 provisions have been made as per the provisions of the regulations subject to availability (at the time of true up/review) of audited accounts & auditor's certificate of write off sanction of written off bad & doubtful debts, which is a normal commercial accounting practice.

4.3.12 Power Purchase

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association in brief are as under:

1. The Petitioner has projected via its revised estimates, a quantum of 4736.89 million units for FY 2011-12 and 5004.32 million units for FY 2012-13 which is not tenable and realistic. The Power purchase quantum be correctly depicted and department should resort to the Hon'ble Commission for approval of excess quantum of Power. As always, the Petitioner has made some unrealistic estimates. In fact, the Petitioner has made a projection of 5011 million units in the past fillings, as against which the Hon'ble Commission, very rightly allowed 4700 million units for FY 2011-12. Therefore this estimate has to be frozen, especially when the Petitioner has not submitted the actuals. The Petitioner does not have any worthwhile policy of long term Power purchase from permanent sources of Power supply. The only recourse the Petitioner takes is to overdraw from the Grid under UI and depend on the infirm sources to somehow try to meet its immediate requirements. Further the petitioner has not indicated as to what are the long term Power purchase agreements it has entered to cater to its long term energy needs. The Petitioner has not shown any seriousness to tie-up with the large scale generator for long term Power purchases. Further it is illegal to show UI as a source of purchase and therefore the projection will not be accepted.

2. The Petitioner has shown Power purchase of 20.11 million units from Solar energy at a cost of Rs. 15/unit in table no. 11 which is highly exorbitant. It is fact that Purchase is on account of Purchase from Renewable energy sources which is being mandated by Hon'ble Commission but the Petitioner has not shown or produced any material to show that this was the lowest cost at which Solar Power was available and efforts made by the Petitioner to invite bids from any producers etc.

3. The arrears of PGCIL of Rs. 64 Crores cannot be passed on to consumers without True-up and Prudent check, especially without providing the audited balance sheets to be produced, as mandated under the directives.

4. The Petitioner has shown enhancement in the rates of Power purchase from all most all the sources. But it is not clear that the rates include the projected fuel surcharge or not. The department may be asked to provide the basic rates and Hon'ble Commission is requested to approve only the basic price of Power purchase thereby leaving the recovery of fuel surcharge through the FPPCA formula, specified by the Hon'ble Commission.

5. Any enhancement in the quantum of power purchase in the current tariff year may kindly be decided by the department, bonafide and judiciously and later on the department could go back for post-facto approval of the power purchased, by this Honorable Commission.

Petitioner's response:

1. ED-DNH submits that it has long term power purchase agreement with NTPC and NPCIL for supply of power in DNH periphery. Further, ED-DNH has 164 MW allocation from NTPC-SAIL Bhilai power plant. Further, ED-DNH has already signed power purchase agreements (PPAs) with NTPC for allocation of power from Kahalgaon Super Thermal Power Station (KhSTPS) –II, Vindyachal Super Thermal Power Project (VSTPP) – IV Mauda Super Thermal Power Plant (MSTPP), North Karanpura Super Thermal Power Station (NKSTP), Barh Super Thermal Power Project (BSTPP) and Korba Super Thermal Power Project (KSTPP) – III. Power supply has already started from KhSTPS –II and KSTPP-III plants. Besides, ED-DNH has also shown its willingness for allocation of power for Vindyachal Super Thermal Power Project (VSTPP) – V, Lara Super Thermal Power Project (LSTTP) and RGPPL Expansion II of NTPC. ED-DNH has also shown its interest for allocation of 50 MW power from the Ultra Mega Power Projects from Ministry of Power. Therefore, ED-DNH has taken all the necessary actions to tie-up for long-term power purchase to meet the power demand for the industrial categories. Hence, the objector's observation in this matter is not correct.

ED-DNH submits that due to coal shortages in the NTPC power plants and NSPCL, ED-DNH had faced severe power shortage from June 2011 to October 2011. To meet the demand of the consumers especially from the industrial consumers, ED-DNH had to purchase power on the short term basis from UI (as ED-DNH does not have any own power generating station). ED-DNH would further like to submit that power purchase of 137.66 MU from UI for FY 2011-12 shown in the tariff petition is the actual power purchase from the period of April 2011 to September 2011. From October 2011 to March 2012 and for FY 2012-13, ED-DNH has not projected any power purchase from UI.

2. The Hon'ble Commission vide its Regulations Joint Electricity Regulatory Commission for state of Goa & Union Territories (Procurement of Renewable energy) Regulations, 2010 has specified the RPO trajectory for ED-DNH. Accordingly, in its ARR petition for FY 2012-13, ED-DNH has projected 20.11 MUs for FY 2012-13. The average rate of Rs. 15 per unit has been based tariff approved by the CERC for solar power.

3. ED-DNH has considered the arrear bills of Rs. 64 Crore in the power purchase cost for FY 2012-13 based on the letters received from NTPC and PGCIL. These said letters have already been submitted to the Hon'ble Commission.

4. The Electricity Department purchases power from the Central Sector Generating Stations (CSGS) of NTPC, Nuclear Power Corporation of India Ltd (NPCIL), and NTPC Sail Power Company Ltd (NSPCL). The details of the power purchase cost along with the bills are submitted to the Honorable Commission from time to time.

Views of the Commission:

Commission has taken note of the concerns expressed by stakeholders on quantum of power purchase, particularly overdrawl/underdrawl from UI.

The Commission directs the Petitioner to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to assess the load requirements in their area at various time periods during the day, month/seasons and submit the outcome of the study to the Commission in their future ARR & Tariff Petitions. Further the Commission directs the licensee to separately show the date wise/time wise details of all short term Power purchases including quantum, rate, amount and grid frequency in case of U.I. over drawls/underdrawls. Furnish the sources, quantum & cost of Power purchase from each of Renewable Energy sources and short term sources/bilateral/Power Exchanges at the review/true-up stage and should make necessary arrangements for long term PPA for purchase of Power from Renewable Sources of Energy and other sources. Power purchase agreements and the price discovery process adopted by the Petitioner to ensure that the rate of purchase of Power especially from 'short term sources' and 'Renewable Energy' is reasonable be disclosed at the review/true-up stage in order to substantiate their claims.

As regard power purchase and fuel cost adjustment, Commission's view have been given in para 4.3.7.

Further, the Petitioner had submitted the True-up Petition for FY 2010-11. The Commission has conducted a prudence check to ascertain the reasonableness of the expenditures claimed in the petition. Further, the matter specific to the recovery of Power purchase cost variations has been dealt and discussed in Chapter 5 and 7 of this Order. The Generation Cost of Solar Power per unit has come down drastically in about past one year. Even Hon'ble CERC has also revised Solar Power Generation tariff vide its order on Suo –Motu petition no 35/2012 dated 27.03.2012.

4.3.13 Outside Power Sale

Public Comments/Suggestions:

The main point raised by the Silvassa Industries Association & SIMA in brief is as under:

The licensee should be disallowed to sale power outside on cheap rates. In previous year the department had sold 130 million units of electricity energy at the rate of Rs. 1.60 per unit lower than the Power purchase cost. Instead of selling the surplus power at these rates, the department may be directed to resort to energy banking and use the power, when it is needed or a pool should be developed so that additional power can be disbursed on competitive cost.

Petitioner's response:

The ED-DNH submits that it sells surplus power during off peak hours in the form of Unscheduled Interchange (UI), wherein the price is determined by various factors like time slots, frequency, capping charges etc. Therefore, the ED-DNH does not have any control over the price of surplus energy sold under UI. Further, ED-DNH will evaluate the suggestion made by the objector.

Views of the Commission:

Commission has taken a note of the concern stated by the stakeholders regarding outside power sale. Petitioner should ensure that necessary arrangement be in place so as to minimize the overdrawl/underdrawl through UI to restrict its impact on power purchase cost.

Commission directs the petitioner that the surplus power may be avoided wherever by paying only the fixed cost and saving on variable cost and then if surplus power is still available, it should be disposed off ensuring optimal utilization of the available power.

PART 3: Tariff related

4.3.14 General Comments

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association and Dadra & Nagar Haveli Industries Association, Sh. Shankarbhai Waghmare, President-District Panchayat, representatives from BJP, Congress and CPM political parties in brief are as under:

i. The stakeholder submits that the petitioner has desired separate tariff for peak and non-peak hours consumption of Power. There should be only one charge for peak and non-peak hours. The users of the electricity in the top bracket are in any case subjected to higher tariff. It is further submitted that the Department does not pay any additional charges for drawl during peak hours.

ii. The stakeholder objected for the tariff hike in the following categories:

   a. LTP Motive Power tariff has seen 36% increase, for category above 20 HP fixed charges are increase from Rs. 15 to Rs. 25 without any valid reasons. The fixed cost of a utility can be increased on the justifiable material being placed before the Commission. Admittedly it is not done.

b. HT general tariff is increased from Rs. 2.95/unit to Rs. 4.07/unit resulting in a 37% hike. This is highly unprecedented and shocking. Fixed charges are increased from Rs. 60/- to Rs. 120/-. This 100% increase is without any asset functionalization. No justification is offered as well.

c. For Category of 50,000 to 5 lakhs consumption – Rs. 3.10/unit to Rs. 4.22/unit is the increase in Energy charges, which is almost 36%. Fixed charges for the same category are raised from Rs. 60 to Rs. 120 resulting in a 100% increase.

d. The increase in Energy charges of consumer beyond 5 lakhs is Rs. 3.15/unit to Rs. 4.27/unit resulting in a 35% increase.

iii. The stakeholder further objected for the categorization of consumers into continuous and non-continuous industries. The stakeholder submitted that this categorization should not allowed for the reason that fuel surcharge formula is going to be made a part of tariff determination and further categorization will only infringe upon the rights of the consumer, therefore they requested the Hon'ble Commission to reject the same out rightly. The stakeholder suggested that Petitioner may go in for the implementation of smart meter in order to improve collection efficiency and are perfect tool for Energy efficiency.

iv. SIA's Suggestion was "The assumption of increase of power purchase cost, 10% increase in fixed cost and 15% increase in variable cost is very high, therefore the same should not be considered while determining the tariff for FY 2012-13."

v. Written suggestion from District Panchayat, Dadra & Nagar Haveli that the Domestic, Agriculture and BPL should be considered separately from other users to avoid high cost of Power Purchase for these categories.

vi. A written submission (during Public hearing) was made on behalf of BJP as well as Congress and CPM in regard to Tariff as under: The All Industries Associations of DNH has submitted written undertaking to the U.T. Administration that tariff increase should not be imposed over BPL, Agriculture, Domestic and Commercial category as they were ready to bear all increased load of tariff for these categories.

Petitioner's response:

The ED-DNH would like to submit that during peak hours it has to buy power at higher rates to maintain continuous supply of power. Therefore the contention of the objector is misplaced. ED-DNH would like to submit that the determination of tariff is the sole prerogative of the Hon'ble Commission and the matter may be looked into by the Hon'ble Commission.

ED-DNH will evaluate the suggestion of implementation of smart meter as made by the objector.

The increase of 10% in fixed cost and 15% in variable cost have been projected based on the actual increase of station wise power purchase cost during the first half of FY 2011-12. ED-DNH would like to highlight that power purchase is an un-controllable factor and therefore, ED-DNH has no control over the cost of power purchase. Besides, as ED-DNH does not have any own generation station, it has to depend on the allocation of the Central Generating Stations (CGSs) such as NTPC and NPCIL. ED-DNH has to bear the power purchase cost for these CGSs as approved by CERC. Recently, due to increase in generation tariff of the CGSs by CERC, the power purchase cost of ED-DNH has increased sharply.

The Electricity Department-DNH in its tariff petition for the FY 2012-13 has not proposed any tariff hike for the BPL, Agriculture, Domestic and Commercial categories. In fact the Department has proposed a lower tariff in the BPL, Domestic and Agriculture category than that approved by the Honorable Commission in its Tariff Order dated 13th September, 2011.

During the hearing the Commission specifically asked stakeholders, for a road map to rationalize the tariff in 5 Years. This was asked in the Public notice and the Petitioner as well as all those present were asked.

There was no response and after a lot of persuasion by the Commission, the Consumers in lower tariff category agreed for 10% increase per year with 2011-12 as base for 2 years and review in 3rd year (i.e. FY 2013-14) for review in respect of balance tariff rationalization.

Views of the Commission:

The Cost of Power purchased by the petitioner is largely based on the tariff determined by Hon'ble CERC for the generation and the transmission companies

Commission has noted the concerns of stakeholders. Commission while deciding the matter has appropriately considered the views of the stakeholders in the relevant Chapter of this order.

4.3.15 Actions to be taken by ED-DNH

The Commission during the above Public Hearing directed ED-DNH for the following actions to be undertaken by the Electricity Department – DNH urgently.

a. Option for "Open access" to be given to all the Consumers having 1MW and above, to get their consent, as to how would these Customers wish to source their Electric Power requirements. A complete list of Such Customers ($1MW^{+}$) is required by the Commission. A hearing on suo-motu petition on Open Access is being planned by the commission and list of such customers will be required.

b. Action taken in regard to Indexing of all the customers with 1 MW & above on a Global Information System (GIS) be indicated.

c. Action taken to regulate the Power during Shortages. The following systems were directed by the Commission to be developed and announced Category of Consumers under Continuous Industry and Non Continuous Industry (defining these Industry segments clearly).
    i. Roaster of Load Shedding during Shortage of Power.
    ii. Penalty / Compensation to ED-DNH by the Industry Customer to be announced, in respect of Industry Consumers needing Uninterrupted Power & ED-DNH having arranged the same for these consumers, and finally the individual Consumer not utilise the same.
    iii. The reconciliation of meters readings on dedicated feeders to be weekly or monthly and review on quarterly basis.

4.3.16 Undertaking from Industry Associations regarding exclusion of domestic category

The Commission is in receipt of the undertaking(s) of the following Industry Associations and a letter forwarding these undertakings from the Finance Secretary DNH:

a. Letter no I-I (535)/ ELE/2011/1872 dated 21.05.2012 from Secretary Finance DNH, forwarding letters from various Industry Associations in DNH.
b. Regarding "Exclusion of the Domestic Category of Consumers from levying Charges on account of FPPCA formula and Industry to bear the same". Undertaking of Silvassa Industries Association dated 21.12.2011 (Regarding " Power Purchase cost Adjustments in respect of domestic consumers" to be borne by Industry Association)
c. Dadra & Nagar Haveli Industries Association letter dated 27.12.2011- resolution of the association covering Domestic Customers taking care of PPCA. (Regarding " FY 2012-13 PPCA Charges for Domestic Customers category to be recovered from the Industry")

d. Silvassa Steel Industries Association letter dated 21.12.2011 (Regarding Tariff for Domestic Consumers should not be changed , but PPCA impact of domestic consumers be transferred to the Industry)
e. Silvassa Industries and Manufacturers Association letter dated 23.12.2011 (Tariff for Domestic Consumers should not change and PPCA burden of domestic Customers should be loaded on to the Industry).

In this connection, Commission directed the petitioner as under:

The submission from the Electricity Department is to be in the form of Affidavit.

The Electricity Department in turn is required to ensure that a resolution in the form of Affidavit, by each of the above Industry Associations is received by ED-DNH, to explicitly take care of the following. This is in line with the announcements made by the Industry Associations in the Public Hearing of 02 to 04 May 2012. The following variations were asked to be resolved.

Sl.	*Industry Association submittals reflecting:*	*Commitment / understanding by Industry Associations with the Hon'ble Commission during Public Hearing of 02 May -04 May 2012*	*Observation of the Commission*
1.	*Impact of PPCA on Domestic Consumer*	*Will be borne by the Industry* *The FPPCA impact of Domestic Consumer may be exempted similar to BPL & Agriculture Categories of Consumers*	*There is no "PPCA" applicable now, instead FPPCA is applicable, as such reference by the Industry Association of PPCA is not relevant.* *The Industry Associations are required to make a reference of FPPCA.* *The resolution of the Industry to explicitly cover Domestic Category consumers along with BPL and Agriculture with reference to the FPPCA formula as in the notice for Public hearing.*
2.	*Date(s) of the*	*Respective Industry Association's*	*The Resolutions have to be in the*

Sl.	*Industry Association submittals reflecting:*	*Commitment / understanding by Industry Associations with the Hon'ble Commission during Public Hearing of 02 May -04 May 2012*	*Observation of the Commission*
	Documents submitted are prior to Public hearing dates of 02 May -04 May 2012	*Resolution in the form of Affidavit will be submitted to ED- DNH for Countersigning and submitting to the Commission*	*Affidavit and of the recent date (after the Public hearing of 02 May -04 May 2012)*
3.	*No Change in Domestic Consumer Tariff*	*Domestic Consumer Tariff should not change as proposed by ED-DNH*	*The mention of BPL and Agriculture should be made along with the Domestic Category for Commission's consideration*
4.	*No mention of Fuel Surcharge for FY 2011-12 for Domestic category has been made*	*The impact of Fuel Surcharge on Domestic Category will be borne by the Industry for FY 2011-12 on the date of hearing for FY 2011-12 (02 May 2012)*	*The Domestic Category to be treated along with BPL and Agricultural Category for exemption of FPPCA impact to be mentioned explicitly, as was announced by various Industry Associations of DNH.* *FY 2011-12 (Petition no. 32/2011) is being re-determined by the Hon'ble Commission, in view of Hon'ble APTEL's orders in respect of Appeal No. 159 of 2011 to avoid Tariff Shock and Appeal No. 175 of 2011 for PPCA Formula.* *This may get covered in the ARR review of FY 2011-12 & redetermination of Tariff for FY 2011-12 to be decided by the Hon'ble Commission.*

In accordance with the above observation communicated to the Electricity Department of Dadra and Nagar Haveli and concerned industries associations, ED-DNH filed an affidavit pursuant to the affidavit submitted by the Industries Associations to bear the burden of Domestic category of consumers in respect of FPPCA charges and exempt the Domestic Category from FPPCA charges as ensured by the Industry Associations during the Public hearing of JERC on 2nd, 3rd and 4th May 2012 at Townhall, Silvassa. The affidavit submitted by the Silvassa Industries Association, Dadra and Nagar Haveli Industries Associations, Silvassa Industries and Manufacturers Association (SIMA) and Silvassa Steel Industries Association, being the four associations of all the industries of territory of DNH have agreed by their affidavits/letters submitted to the Commission that the burden of Domestic category of consumers in respect of FPPCA charges of the domestic category will be borne by all the industries.

The department has also requested the Commission to exempt the domestic category from the FPPCA charges and the burden may be recovered from the industries as agreed by the Industries Associations vide their affidavits/letters submitted to the Commission and also during the hearing on 2nd, 3rd and 4th May 2012.

Views of the Commission:

With consumption pattern of the DNH in view, the judgment issued by Hon'ble APTEL, and the submission made by various industry associations. Commission has examined all aspects and has no objections, if one class of consumer wants to voluntary share the burden of fuel and power purchase cost variation, of other class of consumers. The licensee is permitted to appropriately address the issue and devise a mechanism to recover the FPPCA burden of domestic consumers from industrial consumers of DNH.

RE-DETERMINATION of TARIFF for FY 2011-12

(Petition no. 32/2011)

Tariff for FY 2011-12 is re-determined in compliance with the following judgments of Hon'ble APTEL:

1. *Appeal no. 159 of 2011 – Sh. Shankarbhai Dhavlu Waghmare, President District Panchayat Versus Joint Electricity Regulatory Commission for UT and Goa and Electricity Department of UT of Dadra and Nagar Haveli was disposed of by the judgment dated February 28'2012.*
2. *Appeal no. 175 of 2011 & I.A. No. 263 of 2011 - Silvassa Industries Association Versus Joint Electricity Regulatory Commission for UT and Goa and Electricity Department of UT of Dadra and Nagar Haveli was disposed of by the judgment dated March 14'2012.*
3. *Appeal no. 19 of 2012 & I.A. No. 33 & 34 of 2012 - Sh. Chandrakant M. Parekh & Anr Versus Electricity Department of UT of Dadra and Nagar Haveli was disposed of by the judgment dated March 15 '2012.*

5. RE-DETERMINATION of TARIFF of FY 2011-12

5.1 Background

The petition for approval of Aggregate Revenue Requirement (ARR) and determination of tariff for FY 2011-12 was filed by the petitioner on March 8'2011, which was taken on record and numbered as 32 of 2011. The said petition was disposed of by the Commission through an order dated September 13'2011 approving ARR and determining tariff for various consumer categories. In the same order, the Commission had also provided a formula for periodic adjustment of power purchase cost.

Aggrieved by certain provisions of the Commission's above order dated September 13'2011, some persons had filed three appeals with the Hon'ble APTEL. The appeals and the Hon'ble APTEL findings are summarized in para 3.2 of this order.

5.2 Objections/Suggestions, response of Electricity Department, UT of Dadra & Nagar Haveli and Commission's views on petition no. 32/2011

5.2.1 Power Purchase Cost and Tariff increase

Public Comments/Suggestions:

The main point raised by Shri Shankarbhai Waghmare, President-District Panchayat and Shri K S Chandrasekhar, Chief Executive Officer – District Panchayat in brief is as under:

The electricity consumption of the common people i.e. domestic users of the territory, only 3.82 MW was required in 2005-06 which increased to 6.30 MW in 2010-11, amounting to 11.5% use of the power available from firm allocation. The domestic consumers constitute 97% by number of Consumers but the consumption is around 3-4%

The agriculture consumption has been 0.35 MW only in 2005-06 which has decreased to 0.26 MW in 2010-11, amounting to 0.47% of the firm allocation.

There are only 28 industrial units who are consuming more than 80% of the total power consumption of the territory. This means that, there would have been no need to seek power at higher rate from the unallocated source, if the 28 HT consumers would have had their own captive power plants installed for their consumption. It is also a policy of the Government of India that large units should have their own captive generation of reduce the load and burden on the other consumers.

After going through the records and our submissions, the tariff for domestic, agriculture, LIG,BPL and other consumers (excl. HT) to be reduced at par with the purchase cost of the firm allocation of power and internal subsidies may be provided among the above users to bring the average basic cost of purchase to Rs. 1.17 paisa per unit:

The issue regarding captive power plants by big HT consumers be viewed seriously and guidelines to the department so that the future demand of such industries should not affect the tariff rates of the domestic and other consumers.

Petitioner's response:

Quote "

1. *Tariff for domestic, agriculture, BPL and other consumer categories, except HT to be reduced*

   ED-DNH would like to submit that, the department in its Tariff Proposal for FY 2012-13 has proposed a lower tariff rate in comparison to the existing tariff rates approved by the Honorable Commission vide its Tariff Order dated September 13, 2011 for the domestic and agriculture categories.

   The existing and proposed tariff rates for domestic and agriculture consumers are presented in the table below:

Tariff Structure	***Existing FY 11-12***		***Proposed FY 12-13***		***Proposed increase/de crease(-) in Rs.***
	Energy Charges (Rs/kWh)	***Fixed Charges***	***Energy Charges (Rs/kWh)***	***Fixed Charges***	
Low Income group (LIG)		*24/per connection /Month*		*10/per connection /Month*	*-14.00*
LT-D/Domestic					
Ist 50 Units	*1.60*		*1.00*		*-0.60*
51 to 200 Units	*2.25*		*1.60*		*-0.65*
201 to 400 Units	*3.00*		*2.00*		*-1.00*
401 to 600 Units	*3.25*		*2.25*		*-1.00*
600 units and above	*3.25*		*3.00*		*-0.25*
LT- Ag/ Agriculture					
Upto 10 HP per unit	*2.50*		*0.55*		*-1.95*
Beyond 10 HP per unit	*2.65*		*0.85*		*-1.80*

Further, ED-DNH in its tariff proposal for FY 2012-13 has kept the tariff rates for the commercial category and proposed tariff hike only for the industrial categories.

ED-DNH, in its Tariff Proposal for FY 2012-13 has requested the Honorable Commission to review the tariff fixed for BPL and Domestic categories in the Tariff Order for FY 2011-12 and restore the same at the earlier level.

ED-DNH in its Tariff Proposal for FY 2012-13 has further requested the Honorable Commission to restore the agriculture tariff at 0.55 paisa (Upto 10 HP per unit) and 0.85 paisa (Beyond 10 HP per unit) respectively to encourage agriculture activity in the region.

ED-DNH would further like to highlight that in its Tariff Proposal for FY 2012-13, the department has shared the same view as prayed by the objector. In its Tariff Proposal for FY 2012-13, ED-DNH has submitted that the power purchase cost of the department has increased over the last few years due to rapid industrialization in its periphery and to meet the demand for power of the industries the department had to source power from the costlier sources, which translated to higher average cost of supply of the department.

In the context of the above, ED-DNH once again requests the Hon'ble Commission to restore the tariff for the BPL, domestic and agriculture categories at the previous level.

2. *Captive power plants for the HT industries to meet the future power demand*
   ED-DNH noted the suggestion made by the objector that the Hon'ble Commission to issue guidelines for the HT consumers to have their own captive generation to reduce the load and burden on the other consumers.
3. *Grant any other relief as deemed fit and proper based on the facts*
   The objector has requested ED-DNH has noted the request made by the objector to grant relief to the BPL, domestic and agriculture as deemed fit by the Hon'ble Commission and requests the Hon'ble Commission to take appropriate stand on this matter"

Unquote

Views of the Commission:

Commission has taken note of the concerns raised by the stakeholder. The stakeholder in its submission mentioned the average cost of power purchase from firm allocation is Rs. 1.17 per unit. In view of the consumption of the domestic, agriculture, LIG, BPL and other consumers excluding LT and HT industries; the cheapest power available to the ED-DNH is at Rs. 1.65 per unit including transmission charges from allocated quota to meet the energy requirements of aforesaid categories, and the average billing rate for domestic, agriculture, LIG, BPL and commercial consumers excluding LT and HT industries is Rs. 1.45 per unit, which is still below the power purchase cost per unit from the cheapest source available with the petitioner. Besides the power purchase cost, there are operation and maintenance expenses and capital investment required to provide electricity to the consumers of the utility. Further, as per the Tariff Policy and Regulations, the tariff of domestic, agriculture and commercial consumers should match the cost of supply in 5 years so as to reduce the cross subsidies between the consumer categories. In view of the above, the petitioner is directed:

a. To propose a road map of achieving the tariff which can bridge the gap between per unit tariff and the average cost of supply over a period of 5 years in two phases, i.e. first 3 years from 2012-13, 2013-14 and 2014-15; a review thereafter and further reduction during 2015-16 and 2016-17.

b. To propose a surcharge mechanism for recovering the marginal cost of power purchased during the peak hours to maintain uninterrupted power supply to the continuous process industry & others. The petitioner should clearly bring out the definition of continuous process industry, the criteria for recovery of such marginal cost, the treatment of under-drawl/over–drawl by a consumer during peak hours and the sharing of cost /savings, if any, (between the licensee and the different categories of consumers).

5.3 Compliance - Hon'ble APTEL judgment, Appeal no. 175 of 2011 & I.A. No. 263 of 2011 dt. Mar 14' 2012

In compliance to the directions of the Hon'ble APTEL, the Commission vide order dated April 13' 2012 restored the petition no. 32 of 2011. The Commission also clubbed the petition no.32/2011 (after reinstating) along with the petition no. 62 of 2012 which was filed by the ED-DNH for ARR for FY 2012-13.

The Commission conducted the public hearing on petition no. 32 of 2011 at Silvassa, Dadra & Nagar Haveli on May 02'2012 and heard the view of the stakeholders/objectors.

As regard the issue of power purchase cost adjustment formula as directed by the Hon'ble APTEL, the Commission initiated the process of specifying a new formula keeping in view the observations of the Hon'ble APTEL in the Appeal no. 175 of 2011 & I.A. No. 263 of 2011 as well as the judgment in O.P. no. 1 of 2011.

The formula was published in the newspapers and uploaded on the website of JERC inviting objections, comments, suggestions on the formula till 25th April, 2012. All objections/suggestions have been dealt with in the statement of reasons appended to the Commission's Order, ordering the instructions of the formula in the Regulation no. 7 in the JERC regulations, 2009 for the determination of tariff. After following the due process of consultation with the stakeholders and holding public hearings at a number of locations in the UTs and the State of Goa, the Commission specified a formula which is applicable with effect from April 1'2012, thereby complying with the directions of the Hon'ble APTEL.

However, the petitioner, based on their understanding of the PPCA formula given in the impugned Order dated Sep 13' 2011; had already raised bills and recognized the revenue collected as a part of tariff income.

Various possible options that were examined to comply with Hon'ble APTEL judgment dated March 14'2011 in the matter of Appeal no. 175 of 2011 & I.A. No. 263 of 2011. The same are as under:

Option a) Direct the petitioner to reverse the claims raised on account of fuel price adjustment and refund the entire amount to the consumers. This would mean that the bills raised on account of fuel price adjustment would not be considered as tariff income for FY 2011-12.

Option b) Recognize the entire revenue on account of fuel price adjustment as a tariff income of FY 2011-12 and carry out the review of ARR of FY 2011-12 accordingly. This would mean that only a much smaller amount surplus/deficit would have to be dealt along with ARR of FY 2012-13.

Option c) To calculate the variation in power purchase cost based on the actual data submitted by the petitioner for FY 2011-12 vis-à-vis the approved cost. The amount so derived would be considered refundable/ recoverable to/from the consumer. In case the amount already billed is more than the amount recoverable, then the excess amount would be refunded through adjustment in the subsequent bills in the ratio of PPCA already recovered. However, if the amount already billed is less than the amount due from the Consumer, then the shortfall be recovered through bills in addition to the regular tariff.

The Commission has analyzed the options as mentioned above. It may be noted that PPCA is a legitimate recovery for the variation in the power purchase cost, therefore refund of entire amount as per 'option a' is not feasible. Further, 'option b' is also eliminated as it is felt that the refund in this case would not be adjusted in the account of those consumers from which the PPCA was originally charged.

The Commission is of the view that for balancing the interest of the utility and the consumer, 'option c' as above is a reasonable option and has accordingly reviewed the ARR of FY 2011-12.

5.4 Compliance - Hon'ble APTEL judgment on Appeal no. 159 of 2011 dated Feb. 28'2012

In compliance of Hon'ble APTEL Judgment dated February 28'2012 in Appeal no. 159 of 2011 the Commission explained the following issues in the Public Hearing for the determination of tariff for

2011-12 for the deemed licensee, Power Department of DNH at Silvassa on May 2'2012. The decision of the Hon'ble APTEL was read out to the stakeholders and the same has also been stated in the Public Notice of the Public Hearing published in the newspapers that tariff for 2011-12 for all categories of consumers be re-determined.

The Commission had invited suggestions from the stakeholders over the 'road map for reduction in cross subsidy over a period of 5 years' to be specified by the Commission.

The Commission had proposed (in public hearing) to do into two phases:

Phase-1 for increasing the tariff of different classes of consumers towards meeting the average cost of supply during 3 years and a review thereafter in Phase-2, keeping in view the positive/negative variations in the cost of power and the cost of fuel during FY 2011-12,2012-13 and 2013-14.

Suggestions were invited from the stakeholders in the Public Hearing as to how, in what manner, and at what rate and in how many years, they propose to bridge the gap between the actual retail tariff paid by the 'subsidized' consumers and the average cost of supply of electricity to them. e.g. for FY 2011-12, the tariff for domestic class of consumers is 54% of Average cost of supply approved for FY 2011-12 in tariff order dated September 13'2011 and for HTA it is 100% and HTB it is 117% of ACOS. The target given in the tariff policy is +/- 20% of Average cost of supply, requires a percentage to be fixed for each year to realize the 100% of ACOS in the fifth year.

Table 5.4.1 : Tariff Trajectory proposed by the stakeholders for domestic and agriculture in public hearing

Consumer category	Tariff of FY 2011-12 as re-determined (Rs.)	Tariff of FY 2012-13 (Rs.)	Tariff of 2013-14 (Rs.)
Domestic Consumption			
0-50	1.00	1.10	1.20
51-200	1.60	1.75	1.95
201-400	2.00	2.20	2.40
401 and above	2.25	2.45	2.65
Low income group	5	5	7
Agriculture & Poultry			
Connected Load upto 10 HP	0.55	0.65	0.75
Connected Load above 10 HP to 99 HP	0.85	0.95	1.05

The balance amount will be distributed appropriately on all other industrial consumers.

During the public hearing, the stakeholders were informed that as per Notification no. 23/1/2008-R&R (Vol-IV) issued by Ministry of Power, Government of India on the opinion from Ministry of Law & Justice on the Operationalization of Open Access in Power Sector, M/o Law & Justice in consultation with Ld. Attorney General of India has opined that all 1 MW and above consumers are deemed to be open access consumers and the regulator has no jurisdiction for fixing the electricity tariff for them.

Accordingly, the stakeholders were made to understand that the relationship between the 'subsidizing' consumers and the 'subsidized' consumers must be seen in the forthcoming emerging situation of the Open Access and its implications for the consumer & the licensee, the tariff determination and the 'subsidized' consumers.

The consumers consuming more than 1 MW of electricity will be subject to Open Access process and their tariff will not be determined by the appropriate Commission. In such an eventuality 97.66 % of the 'subsidizing' consumers of DNH may not be contributing to the ARR to the extent they are doing now, next year or thereafter. Therefore the 'subsidized' consumers have to stand on their own and move towards paying for the cost of purchase of power to meet the average cost of supply obligations of the licensee for supplying electricity for them

Various issues pertaining to the average cost of power purchase and its supply to the industrial consumers were also raised by the stakeholders.

5.5 Treatment of Revenue Gap of FY 2011-12

In its ARR Petition for FY 2011-12, the petitioner projected the revenue gap for FY 2011-12 of Rs. 207.18 Crores as submitted by the petitioner in ARR and tariff petition for FY 2011-12. As elaborated in table 5.32 of ARR and tariff order dated September 13'2011 for FY 2011-12, the Commission has estimated the revenue gap at the end of FY 2011-12 would be Rs. 5.89 Crores. The Commission in its ARR and tariff order dated November 1'2010 for FY 2010-11 had estimated the revenue (surplus) of Rs. 35.88 Crores. Now keeping in view the estimated surplus of FY 2010-11 and the carrying cost on the surplus of FY 2010-11, the total surplus so worked out is **Rs. 34.27 Crores** at the end of FY 2011-12 as shown in the table below. The petitioner contented that any surplus earned from their operations goes to government treasury[8];

[8] Quoted from the Serial no. 3: Surplus of previous year in rejoinder to reply of ED-DNH in the ARR and tariff order issued by Commission dated September 13'2011

Quote” *The ED-DNH has submitted data as per the formats of JERC Regulation for determination of tariff, 2010 in the ARR petition and subsequent Rejoinder, which comprises of the actual data of 2010-11 including power purchase expenditure and revenue from existing tariff. In the last ARR petition JERC allowed Rs. 35.88 Crore. In the financial year 2010-11 for power purchase at Rs 1168.99 crore was actual as against approved Rs 1134.20 crore and Rs 1258 Crore was realized from sale of energy. Since there is no consideration/adjustment of interest depreciation, asset capitalization etc., as such the question of real surplus would arise only when the said aspects are considered.*

*With regard to the creation of designated account, it is stated that the ED-DNH is a constituent of the central Government and the revenue received from the sale of power is being deposited to the consolidated fund of the Government of India and therefore there is no question of keeping separate designated account at this stage. However, as per the directive of JERC, DNH has written to CAG office to keep a separate account” **Unquote***

The contention of the petitioner that no surplus or balance is available to the licensee for carrying forward to the next year has not been found acceptable. As per regulatory accounts the deficit/surplus accounting of any particular year needs to be carried forward as per commercial accounting practices. **Licensee is therefore directed to find a way out with the appropriate government to ensure that surplus/deficit in the ARR are carried forward to the next year for adjustments as per generally accepted accounting principles laid down by the Institute of Chartered Accountants of India.**

Table 5.5.1 : Revenue gap/(Surplus) for FY 2011-12 as approved in tariff order dated September 13’2011

Sr. No.	Particulars	Approved in T.O. of FY 11-12 dated 13.09.2011
1	2	3
1	**Net Revenue Requirement for FY 2011-12**	**1,364.40**
2	Revenue from Retail Sales at Existing Tariff	1,358.51
3	**Net Gap (1-2)**	**5.89**
4	Gap for the previous year	(35.88)
5	Carrying Cost	(4.28)
6	Past Arrears/Refunds to Consumers	
7	**Total gap**	**(34.27)**

5.6 Re-determination of tariff for FY 2011-12

Keeping in view of the judgment issued by Hon'ble APTEL, tariff policy, objections received from the stakeholders and submission of industry associations,. Commission has examined all aspects and has taken a considerate view in this regard.

The Commission has re-determined the retail tariff for FY 2011-12 as under:

Further, as can be observed from the para 5.4 above, there seems to be no requirement of increase in existing tariff of FY 2010-11 in the view of estimated surplus of Rs. 34.27 Crores at the end of FY 2011-12.The Commission's re-determined tariff for FY 2011-12 is given below:

Table 5.6.1 : Commission's Approved Tariff for FY 2011-12

S.No.	Category/Consumption Slab	Approved Tariff for FY 2011-12 (Rs.)	
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)
A	**Domestic**		**/KWh**
1	0-50 units		1.00
2	51-200 units		1.60
3	201 - 400 units		2.00
4	401 and 600		2.25
5	Low Income Group (LIG)	5.00	
B	**Commercial**		
1	1- 100 units		2.05
2	101 and above units		2.70
C	**Industrial (LT)**		
1	Up to 20 HP		2.40
2	Above 20 HP	15.00	2.40
D	**Agriculture & Poultry**		
1	Connected Load upto 10 HP		0.55
2	Connected Load above 10 HP to 99 HP		0.85
E	**Public Lighting (lamp)**	4.00	1.20
F	**High Tension Supply**		

S.No.	Category/Consumption Slab	Approved Tariff for FY 2011-12 (Rs.)	
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA		
1	Up to 50000 units	60.00	2.95
2	50001-500000 units	60.00	3.10
3	Above 500000 units	60.00	3.15
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive		
1	First - 300 units/KVA	450.00	2.05
2	301-500 units/KVA	450.00	3.05
3	Above 500 units/KVA	450.00	3.55

As may be seen, the Commission has not considered any hike in tariff of all the consumers' for FY 2011-12 and therefore the existing tariff as stipulated in ARR and tariff order dated November 1'2010 shall be applicable to FY 2011-12.

Commission is in the process of developing a road map for reduction of cross-subsidies for all the UTs and the State of Goa in accordance with the tariff policy and judgment issued by Hon'ble APTEL in this regard and the road map for such reduction shall be notified separately after taking into account the observations of stakeholders and of the consumers in accordance with the relevant regulations of JERC, tariff policy and Electricity Act, 2003.

5.7 Applicability of Re-determined tariff

The difference between the estimated revenue of Rs. 1372.74 Crores at re-determined tariffs (for FY 2011-12 in this order) and estimated revenue of Rs. 1364.40 Crores as given in the order dated September 13, 2011 is estimated at **Rs. 7.87[9] Crores for which the tariff of FY 2011-12 was applicable (i.e. from June 2011 to March 2012)** and it will be adjusted in the bills of consumers in FY 2012-13 and shall be termed as '*adjustment on account of re-determination of tariff for FY 2011-12 as per APTEL*

[9] Implication (Surplus) for 10 months; The value for 10 months is calculated on a pro-rata basis i.e.9.44*(10/12)=7.87

judgment'. As the above amount of Rs 7.87 Crores will be refunded to the concerned consumers, the same is not being considered as surplus in ARR of 2012-13. No interest is to be paid on this refunded amount as the refund is becoming due on account of this Order being issued now.

Table 5.7.1 : Calculation of refund due to redetermination of tariff for FY 2011-12

S. No.	Category/Consumption Slab	FY 2011-12						
		Approved[10]		Tariff[11]		Redetermined Tariff		Implications (Surplus) / Gap for FY 2011-12
		Sales (in MUs)	Connected Load (in KVA)	FC	VC	FC	VC	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	
A	**Domestic**							
1	0-50 units	10.39	60611		1.60		1.00	0.62
2	51-200 units	21.05			2.25		1.60	1.37
3	201 - 400 units	9.15			3.00		2.00	0.92
4	401 and 600	13.16			3.25		2.25	1.32
5	Low Income Group (LIG)	2.47[12]		24.00		5.00		0.32
B	**Commercial**							
1	1- 100 units	4.20	20496		2.25		2.05	0.08
2	101 and above units	23.61			3.25		2.70	1.30
C	**Industrial (LT)**	152.19						
1	Up to 20 HP		108569		2.50		2.40	1.52
2	Above 20 HP			15.00	2.50	15.00	2.40	
D	**Agriculture & Poultry**							
1	Connected Load upto 10 HP	0.6	3836		2.50		0.55	0.12
2	Connected Load above 10 HP to 99 HP	2.4			2.65		0.85	0.43
E	**Public Lighting (lamp)**	5.12	1604		3.23		1.20	1.04
F	**High Tension Supply**							

10 As discussed in para 7.3 of chapter 7 of this order

11 Tariff approved in the impugned order dated September 13'2011

12 Normative consumption has been considered in absence of actual sales for LIG category. Calculated for 14110 number of consumers in LIG category.

S. No.	Category/Consumption Slab	FY 2011-12						
		Approved[10]		Tariff[11]		Redetermined Tariff		Implications (Surplus) / Gap for FY 2011-12
		Sales (in MUs)	Connected Load (in KVA)	FC	VC	FC	VC	
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA							
1	Up to 50000 units	365.5	79615	60.00	2.95	60.00	2.95	0.00
2	50001-500000 units	1083.9	236116	60.00	3.10	60.00	3.10	0.00
3	Above 500000 units	2227.5	485255	60.00	3.15	60.00	3.15	0.00
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive							
1	First - 300 units/KVA	215.6	47198	450.00	2.05	450.00	2.05	0.00
2	301-500 units/KVA	80.7	17672	450.00	3.05	450.00	3.05	0.00
3	Above 500 units/KVA	17.1	3750	450.00	3.55	450.00	3.55	0.00
G	**Temporary Supply**	2.6	3467		4.38[13]		2.84[14]	0.40
	TOTAL	**4237.16**	**1068190**					**9.44**

[13] Average billing rate of FY 2011-12

[14] Average billing rate of FY 2010-11

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True-up of Aggregate Revenue Requirement for FY 2010-11, Review of FY 2011-12 & Aggregate Revenue Requirement (ARR) & Retail Tariff for the Financial Year 2012-13

(Petition no. 62/2012)

6. PROVISIONAL TRUE-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2010-11

6.1 Preamble

The Petitioner, in their true-up petition for FY 2010-11 has submitted the details of expenditure and revenue for FY 2010-11 based on the audited accounts submitted by the petitioner for FY 2010-11. The petitioner provided the comparison of actual revenue and expenditure against each head with the revenue and expenditure approved by the Commission. The petitioner has not submitted reasons for deviations against each component of ARR along with the true-up petition for FY 2010-11.

It is to be noted that the Petitioner had submitted the True-up Petition for FY 2010-11 along with audited accounts for FY 2010-11, though not audited by CAG. The audit of accounts by CAG is an important requirement to ascertain the validated information for true-up. Audit with respect to a government department would essentially require a Proprietary and Commercial audit. However, the Commission feels that the Tariff determination process should not be stalled in the absence of CAG audit in larger interest of the consumer and the utility. The Commission, therefore decided to carry out true-up for FY 2010-11 on provisional basis based on the accounts audited by Chartered Accountant, pending CAG audit which is a statutory requirement for ED-DNH, being Govt. Department. The petitioner is required to file an affidavit before the Commission on completion of CAG audit bringing out the outcome of the same and any change in provisional true-up of ARR. Further, as per the Regulations, True-up is supposed to be carried out on audited accounts. In this case though the accounts are said to be audited, but lacks the auditors verification of the assets, hence the true-up is provisional.

In this Chapter, the Commission has analyzed all the elements of actual revenue and expenses for FY 2010-11 based on the audited accounts submitted by the petitioner, and have carried out the provisional true-up of expenses and revenue after prudence check.

6.2 Provisional True-up and Analysis of performance for FY 2010-11

The True-up of FY 2010-11 is to be carried out as per the provisions of regulation 8 of JERC Tariff Regulations, 2009. As per the regulation 8 of JERC Tariff Regulations, 2009:

Quote

"The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income

and expenditure for the relevant year and permit necessary adjustments/ changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review''.

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

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

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

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

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

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

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

The Commission has reviewed the variations between approvals and actuals of sale of electricity, power purchase expenses, other income and expenditure for FY 2010-11 as per the audited accounts submitted by the petitioner along with Asset and Depreciation Registers and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

6.3 Energy Sales

Petitioner's submission

The petitioner has submitted the category-wise actual energy sales of 3896.99 million units for FY 2010-11. The petitioner has stated that there has been an increase in energy sales by 192.99 Million Units for FY 2010-11 against the energy sales approved by the Commission in its ARR and tariff order dated November 1'2010.

Table 6.3.1 : Energy Sales approved by the Commission and actuals submitted by the petitioner for FY 2010-11

(in Million Units)

S.No.	Category/Consumption Slab	FY 2010-11		
		Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11
1	2	3	4	5
A	**Domestic**	57	57	54.13
1	0-50 units			11.56
2	51-200 units			18.71
3	201 - 400 units			8.38
4	401 and above			15.48
5	Low Income Group (LIG)	Included in Domestic Sales under 0-50 Consumption Slab		
B	**Commercial**	22	22	20.69
1	1- 100 units			3.64
2	101 and above units			17.05
C	**Industrial (LT)**	135	135	147.23
D	**Agriculture & Poultry**	**3.0**	**3.0**	**2.26**
E	**Public Lighting**	**3.0**	**3.0**	**2.74**
F	**High Tension Supply**	3482.0	3482.0	3668.28
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA			
1	Up to 50000 units			354.6
2	50001-500000 units			1066.2
3	Above 500000 units			1919.5
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive			

S.No.	Category/Consumption Slab	FY 2010-11		
		Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11
1	2	3	4	5
1	First - 300 units/KVA			225.2
2	301-500 units/KVA			83.2
3	Above 500 units/KVA			19.6
G	**Temporary Supply**	2.0	2.0	1.64
Total		**3704.0**	**3704.0**	**3896.99**

Commission's analysis

The petitioner had forecasted the energy sales of 3704 million units in its ARR and tariff petition for FY 2010-11, and the Commission had approved sales of 3704 million units in its ARR and tariff order dated November 1'2010. Commission had considered an overall increase of 11% in consumption as per the petitioner's submission. Further, the Commission during the approval for the ARR of FY 2011-12 had recorded the actual sales for the period FY 2010-11 at 3897 MU at para 5.7 of Commission's order for FY 2011-12 dated September 13' 2011. The variation in sales from the approved values is majorly on account of increased energy sales in industrial HT & LT category, which comprises about 97.99% of the total energy consumption of UT of ED-DNH. The Commission finds the energy sales to be an uncontrollable factor at the hands of the utility; therefore for the purpose of true-up, the Commission has considered and approved the actual sales of 3896.99 million units for FY 2010-11 as submitted by the petitioner.

6.4 Surplus Energy Sale/UI sales

Petitioner's submission

The petitioner has submitted the actual surplus energy sale of 38.23 million units under UI mechanism for FY 2010-11.

Commission's analysis

The Commission has considered the actual surplus energy sale of 38.23 million units (as submitted by the petitioner) under UI mechanism for FY 2010-11 for the purpose of true-up.

6.5 Intra-State Transmission and Distribution losses

Petitioner's submission

The petitioner has submitted that the actual loss level achieved in FY 2010-11 is 6.84% as against the loss level of 7.36% approved by the Commission in its ARR and tariff order dated November 1'2010.

Commission's analysis

In its ARR petition for FY 2010-11, the petitioner had projected an increased loss level at 7.9% for FY 2010-11 as compared to the loss level achieved at 6.41% for FY 2008-09 and 7.36% for FY 2009-10. The petitioner had proposed to carry out the system improvement schemes to reduce/sustain the losses along with the proposed trajectory for reduction in losses from 7.90% to 7.25%. The Commission had allowed the T&D loss level to 7.36% for FY 2010-11 which was equivalent to the loss levels achieved in the FY 2009-10, subject to the condition that the petitioner shall carry out an energy audit of their system through an accredited agency. The Commission directed the petitioner in its ARR and tariff order dated November 1'2010 to submit an action plan including scope of work for an energy audit for approval by the Commission by December 31' 2010.

The petitioner undertook the energy audit for calculation of actual AT&C loss level in five feeders on pilot basis in FY 2011-12. The energy audit firm recommended several measures for reduction of AT&C losses. The petitioner submitted the action taken report in their additional submission with ARR and tariff petition for FY 2012-13. Commission in its directive issued in ARR and tariff order for FY 2010-11 had mentioned the following

'7.9% losses as projected by ED-DNH, despite 94% consumption being on HT/EHT is on the higher side. Commission directs that an energy audit through an accredited agency be carried out in order to find out the actual losses and remedial measures required to be taken as a result thereof. An action plan including scope of work for the energy audit and loss reduction as trajectory for next 3 years shall be submitted for approval of the Commission by 31st December 2010.'

The petitioner during FY 2010-11 had achieved the loss level of 6.84% as compared to the loss level of 7.36% approved by the Commission. Commission appreciates the efforts made by the petitioner for not only restricting the loss levels but also exceeding the targets set by the Commission. Commission therefore in accordance with the regulation 9 of JERC tariff regulations, 2009 (reproduced below) finds it reasonable to allow 30% of the gain arising from over-achievement of the norms laid down by the Commission to be retained by the ED-DNH.

Quote

"

9. Excess or Under Recovery with Respect to Norms and Targets

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

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

Unquote

Thus the 30% of total estimated gain to be shared with ED-DNH and is allowed as an expense in the Aggregate Revenue Requirement of FY 2010-11.

Table 6.5.1 : Assessment of gain for FY 2010-11

Particulars	Actual	Targeted
Energy at Periphery	4183.00	4183.00
T&D losses	6.84%	7.36%
Energy Sales	3896.89	3875.13
	X	Y
Overachievement (X-Y)	21.75	
Average billing rate	3.25	
Overachievement amount	**7.06**	
30% of total estimated gain to be shared with ED-DNH (Rs. Crores)	**2.12**	

The Commission considers the loss level of 6.84% as reasonable and approves the same for True up of FY 2010-11 and allows the gain of Rs. 2.12 Crores to be considered to be retained by the petitioner in the Aggregate Revenue Requirement of FY 2010-11.

6.6 Inter-State Transmission losses

Petitioner's submission

The petitioner has submitted the energy balance for FY 2010-11, wherein the petitioner has considered the actual pool losses as 161.79 million units at 3.69%.

Commission's analysis

Commission has observes the actual losses as submitted by the petitioner are lesser than the approved value of 5.7%, therefore Commission considers the actual losses for the purpose of true-up for FY 2010-11. Accordingly, the Commission approves the interstate transmission losses of 161.79 million units at 3.69%.

6.7 Energy Requirement

Petitioner's submission

The petitioner has submitted the energy requirement for FY 2010-11, based on the actual sales, power purchase quantum and actual losses for FY 2010-11.

Commission's analysis

The Commission has approved the T&D losses and the inter-state transmission losses as elaborated in the foregoing paragraphs. The Energy requirement for the FY 2010-11 is drawn based on the approved inter-state and intra-state transmission & distribution losses and the approved energy sales. The gross energy requirement approved for FY 2010-11 is shown in the table below, along with the energy requirement submitted by the petitioner in its true-up petition for ARR of FY 2010-11.

Table 6.7.1 : Energy Requirement approved by the Commission and actuals submitted by the petitioner for FY 2010-11 (in Million Units)

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved (FY 2010-11)
1	2	3	4	5	6
1	**ENERGY REQUIREMENT** (in Mus)				
2	Energy sales within the State/UT (in Mus)	3704.00	3704.00	3896.99	3896.99
3	**Total sales within the State/UT**	**3704.00**	**3704.00**	**3896.99**	**3896.99**
4	**Distribution losses**				
i)	%	7.90%	7.36%	6.84%	6.84%
ii)	MU	317.72	294.27	286.02	286.02
5	**Energy required at State Periphery for Sale to Retail Consumers**	**4021.72**	**3998.27**	**4183.00**	**4183.00**
6	**Add: Sales to common pool consumers/ UI (in MUs)**	**0.00**	**0.00**	**38.23**	**38.23**

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved (FY 2010-11)
1	2	3	4	5	6
A	Sales outside state/UT : UI/Under drawal (in MUs)	0.00	0.00	38.23	38.23
B	Sales (in Mus)			0.00	0.00
	a) To electricity traders (in Mus)			0.00	0.00
	b) Through PX (in Mus)			0.00	0.00
C	Sales to other distribution licensees			0.00	0.00
	a) Bilateral Trade (in Mus)			0.00	0.00
	b) Banking Arrangement (in Mus)			0.00	0.00
7	**Total Energy Requirement for State (5+6)**	**4021.72**	**3998.27**	**4221.23**	**4221.23**
8	**Transmission losses**				
i)	%(Calculated)	5.70%	5.57%	3.69%	3.69%
ii)	MU	243.00	236.00	161.79	161.79
9	Energy required to be purchased	**4264.72**	**4234.27**	**4383.02**	**4383.02**

6.8 Power Purchase Quantum & Cost for FY 2010-11

Petitioner's submission

The petitioner has submitted that the actual power purchase for FY 2010-11 is Rs. 1210.40 Crores to procure 4383.02 million units energy requirement for FY 2010-11, as against the power purchase cost of Rs. 1134.20 Crores to procure 4233.59 million units as approved by the Commission in its ARR and tariff order dated November 1'2010.

The petitioner has submitted that short term power purchase to the tune of 109.40 million units out of 4383.02 million units for Rs. 35.45 Crores to meet its peak demand which resulted in the increased power purchase cost as against that approved by the Commission.

Commission's analysis

Commission had approved the Power purchase cost including transmission charges at Rs. 1134.20 Crores for purchase of 4233.59 million units in its ARR and tariff order dated November 1'2010. Further, the Commission during the approval for the ARR of FY 2011-12 in its ARR and tariff order dated September 13'2011 had also recorded the actual power purchase units for the period FY 2010-11 at 4380 million units at table 5.9 of the said order.

The petitioner in its true-up petition has submitted the actual Power purchase quantum of 4383.02 million units at Rs. 1210.40 Crores including transmission costs during FY 2010-11. The petitioner has submitted that it has considered the source-wise Power purchase cost including transmission charges as per the audited accounts of FY 2010-11.

As per the auditor's report attached with the audited accounts for FY 2010-11 submitted by the petitioner, the auditor has mentioned that they *have conducted the audit in accordance with auditing standards generally accepted in India. Further, auditor stated that they have obtained all the information and explanations which, to be best of our knowledge and belief, were necessary for the purposes of the audit. The balance sheet and profit and loss account referred in this report are in agreement with the books of accounts as submitted to us.*

In accordance with the Power purchase cost as per the audited accounts and auditor's report, Commission has found it reasonable and therefore considers Rs. 1210.40 Crores for the purpose of further analysis of provisional true-up.

The summary of Power purchase quantum and costs, for FY 2010-11 as approved by the Commission after the true-up, is given in the following table:

Table 6.8.1 : Power Purchase Units approved by the Commission and actuals submitted by the petitioner for FY 2010-11 (in Million Units)

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved (FY 2010-11)
1	2	3	4	5	6
1	**Net Generation (Share from CGS) (in MUs)**	**3090.00**	**2857.55**	**2924.44**	**2924.44**
A	NTPC (Western Region)	3090.00	2857.55	2924.44	2924.44
2	**Power Purchased from (Other Sources) (in MUs)**	**1174.06**	**1281.04**	**1458.58**	**1458.58**
A	NSPCL	750.00	1053.79	1073.90	1073.90
B	NPCIL	226.00	213.93	275.28	275.28
C	NTPC - KHSTPP – II (Eastern Region)	11.00	13.32		

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved (FY 2010-11)
1	2	3	4	5	6
D	Power Exchange			52.08	52.08
E	UI (Overdrawl)	187.06		57.32	57.32
F	**Power Exchange (Additional Purchase) to match the energy requirement**		**95.00**		
3	Gross Power Purchase (in MUs)	4264.06	4233.59	4383.02	4383.02

Table 6.8.2 : Actual Power Purchase expenses as approved by the Commission for FY 2010-11 (in Rs. Crores)

Sr. No.	Station	Power Purchase (MUs)	Variable Cost (Rs./Kwh)	Fixed Cost (Rs. Crore)	Variable Cost (Rs. Crore)	Other cost (Rs. Crore)	Total Cost (Rs. Crores)	Power purchase Cost per unit
1	2	3	4	5	6 (3*4)/10	7	8 (5+6+7)	9
NTPC Plants								
1	KSTPP	525.48	0.83	13.73	43.50	7.12	64.34	1.22
2	VSTPP-I	382.47	1.49	11.84	57.14	10.76	79.74	2.08
3	VSTPP-II	312.62	1.43	15.77	44.81	7.65	68.24	2.18
4	VSTPP- III	340.03	1.43	26.13	48.59	6.98	81.70	2.40
5	Kawas GPP	591.05	2.29	31.41	135.47	6.71	173.58	2.94
6	JGPP	441.41	2.25	32.61	99.49	4.66	136.76	3.10
7	NTPC-SAIL	1,073.90	1.46	152.22	156.80	8.20	317.22	2.95
8	Sipat	315.20	0.95	24.51	30.07	2.54	57.11	1.81
9	FSTPP	0.00		0.05	0.00	0.05	0.10	
10	TSTPP	0.00		0.04	0.00	0.08	0.12	
11	KHSTPP-1	0.00		0.03	0.00	0.00	0.03	
12	KHSTPP-2	16.17	2.00	1.70	3.24	0.44	5.37	3.32
13	**Total NTPC**	**3998.34**		**310.03**	**619.10**	**55.18**	**984.32**	**2.46**
NPCIL Plants								
14	KAPS	30.10	2.11	0.00	6.35	0.00	6.35	2.11
15	TAPS	245.17	2.66	0.00	65.20	0.00	65.20	2.66
16	**Total NPCIL**	**275.28**		**0.00**	**71.56**	**0.00**	**71.56**	**2.60**
Others								
17	Indian E. Exchange	52.08	3.58	0.00	18.67	0.00	18.67	3.58
18	UI	57.32	6.18	0.00	35.45	0.00	35.45	6.18
19	**Total Others**	**109.40**		**0.00**	**54.11**	**0.00**	**54.12**	**4.95**

Sr. No.	Station	Power Purchase (MUs)	Variable Cost (Rs./Kwh)	Fixed Cost (Rs. Crore)	Variable Cost (Rs. Crore)	Other cost (Rs. Crore)	Total Cost (Rs. Crores)	Power purchase Cost per unit
1	2	3	4	5	6 (3*4)/10	7	8 (5+6+7)	9
20	**Transmission charges**						100.42	0.23
21	**Total**	**4383.02**		**310.03**	**744.77**	**55.18**	**1210.40**	**2.76**

Table 6.8.3 : Summary of Actual Power Purchase expenses submitted by the petitioner for FY 2010-11 (in Rs. Crores)

S. No.	Source	FY 2010-11 Approved in Tariff Order	FY 2010-11 Actual
1.	Power Purchase from Approved Sources	1024.24	1055.86
2.	Transmission charges	71.96	100.42
3.	Power purchase from short term sources including UI overdrawl	38.00	54.12
4.	Total (Rs. in Crores)	1134.20	1210.40

Power Purchased from UI and Power Exchanges

The Petitioner in its true-up petition has submitted that they had procured Power from short term sources like Power exchanges, and UI mechanism to meet the peak demand. Commission has noticed that the Petitioner has procured 57.32 million units through overdrawls under UI mechanism at an average price of Rs. 6.18 per unit and 52.08 million units through power exchanges at an average rate of Rs. 3.58 per unit.

The Commission directs the licensee to separately show the date wise/time wise details of all short term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls along with their next ARR and tariff petition.

Table 6.8.4 : Summary of Sale/ Purchase from UI and Power Exchange for FY 2010-11 (in Rs. Crores)

Sr. No.	Source	FY 2010-11 (Actual)					
		Purchase		Sale		Net Purchase	
		Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)
1	2	3	4	5	6	7	8

Sr. No.	Source	FY 2010-11 (Actual)					
		Purchase		Sale		Net Purchase	
		Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)
1	UI mechanism	57.32	35.45	38.28	8.58	19.04	26.87
2	Power Exchange	52.08	18.67	0	0	52.08	18.67
	Total	**109.4**	**54.12**	**38.28**	**8.58**	**71.12**	**45.54**

As can be observed from the above, the Petitioner has purchased 71.12 MUs of Net Energy at an average rate of Rs. 6.40 per KWh during FY 2010-11. As per the reports generated by WRLDC on UI, it has been found that the Petitioner has overdrawn energy below 49.2 Hz frequency from April 2010 to May 2'2010 and below 49.5 Hz frequency from May 3'2010 to March 31' 2011, at the UI rate of 735 Paisa/Kwh & 873 Paisa/KWh respectively. Therefore as per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof applicable for FY 2010-11 and Press Notification issued by Ministry of Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, Commission has disallowed the additional UI charges of Rs. 4.21 Crores against the UI overdrawl below 49.2 Hz frequency from April 2010 to May 2'2010 and beyond 49.5 Hz frequency from May 3'2010 to March 31' 2011, imposed on the utility as per the UI regulations of CERC (as amended from time to time) for overdrawl during the period when the frequency was below 49.2 (amended to 49.5 w.e.f. May 03'2010 and later on amended to 49.7 w.e.f. March 5' 2012) and it will not be a pass through in the true-up of aggregate revenue requirement of the Petitioner for FY 2010-11. As such penal rate which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of penal charges should not be shown purchase of Power because it is on account of inadequate management of Load by ED-DNH. The ED-DNH is required to forecast their demand more precisely and plan the Power purchase in advance. The petitioner in future also, will have to bear the burden of additional UI charges from their own finances and will not be allowed to pass this on to the consumers.

After consideration of the disallowed amount towards penal charges paid for UI overdrawl/underdrawl as discussed above the approved Purchase from UI, and Power exchange for provisional True-up of ARR for FY 2010-11 is given below:

Table 6.8.5 : Summary of approved Purchase from UI and Power Exchange for FY 2010-11 (in Rs. Crores)

Sr. No.	Source	FY 2010-11 (Approved)	
		Purchase	
		Energy Units (in	Amount

		MUs)	(Rs. in Crores)
1	2	3	4
1	UI mechanism	57.32	31.24
2	Power Exchange	52.08	18.67
	Total	**109.4**	**49.91**

Transmission Charges

The Petitioner is its additional submission submitted the ARR formats reconciled with the actual figures as per the audited accounts. The transmission charges of Rs. 100.42 Crores as submitted by the petitioner for FY 2010-11 have been considered for the purpose of provisional true-up of ARR of FY 2010-11.

Summary of Power Purchase Quantum and Cost

The summary of power purchase quantum and costs, including transmission charges for FY 2010-11 as approved by the Commission for the purpose of this order is given in the following Table:

Table 6.8.6 : Summary of Power Purchase expenses approved by the Commission and as submitted by the petitioner for FY 2010-11 (in Rs. Crores)

S. No.	Source	FY 2010-11		
		Approved in Tariff Order	Actual	Approved
1	Power Purchase from Approved Sources including transmission charges	1096.20	1156.28	1156.28
2	Power purchase from other short term sources including UI overdrawl	38.00	54.12	49.91
3	Total (in Rs. Crores)	1134.20	1210.4	1206.2[15]

6.9 Operation and Maintenance Expenses

Petitioner's submission

The Operation and Maintenance (O&M) expenses comprise of three components namely:

a) Employee cost
b) Repairs & Maintenance expenses and

[15] Actual approved excluding non-admissible UI expenditure of Rs. 4.21 Crores.

c) Administrative and General Expenses

The petitioner has submitted the Operation and Maintenance expenses of Rs. 6.56 Crores in its true-up petition for FY 2010-11 as compared to the Operation and Maintenance expenses of Rs. 7.35 Crores approved by the Commission in its ARR and tariff order dated November 1'2010.

The petitioner in its additional submission has submitted the detailed break-up of Operation and Maintenance expenses on each of the expenditure heads for consideration by Hon'ble Commission.

Commission's analysis

Employee Expenses

The petitioner submitted that the actual employee expenses in FY 2010-11 was Rs. 2.71 Crores as compared to the employee expenses of Rs. 2.95 Crores approved by the Commission in the ARR and tariff order dated November 1' 2010.

Further, Commission noticed that there is no change in the number of employees from April 1'2010 to March 31'2011.

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the final figures of employee expenses of Rs. 2.71 Crores as per audited accounts as reasonable and approves the same for provisional true-up of FY 2010-11.**

Administration and General Expenses

The petitioner submitted that the actual Administration and General expenses in FY 2010-11 was Rs. 1.15 Crores as compared to the Administration and General expenses of Rs. 0.29 Crores approved by the Commission in the ARR and tariff order dated November 1' 2010.

The variation is majorly on account of the membership fees included in the A&G expenses amounting to Rs 79.87 lakhs which was not considered while approving the ARR for FY 2010-11. The petitioner has submitted the bifurcation of the membership fees which includes 77.30 lakhs towards licence and other fees paid to Commission. Commission finds this to be an legitimate expense and therefore considers it as a part of the A&G expenses.

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the administration and general expenses of Rs. 1.15 Crores as per audited accounts excluding the expense on account of membership fees as reasonable and approves the same for the purpose of provisional true-up of FY 2010-11.**

Repair and Maintenance Expenses

The petitioner submitted that the actual Repair and Maintenance expenses in FY 2010-11 was Rs. 2.71 Crores as compared to the Repair and Maintenance expenses of Rs. 4.11 Crores approved by the Commission in the ARR and tariff order dated November 1' 2010.

The Commission in its ARR and tariff order for FY 2010-11 dated November 1'2010 had approved the higher Repair and Maintenance expenses on account of major maintenance proposed to be carried out by the petitioner on EHV/LT substations.

As can be observed, the petitioner has not taken up the maintenance activity as was proposed in the petition of FY 2010-11. Commission has therefore, as per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the repair and maintenance expense of Rs. 2.71 Crores as per audited accounts as reasonable and approves the same for provisional true-up of FY 2010-11.**

6.10 Capitalization, GFA & Depreciation

Petitioner's submission

The Petitioner in its ARR and tariff petition for FY 2010-11 had proposed a capital expenditure of Rs. 61 Crores, out of which Rs. 19.94 Crores was proposed to be capitalized during FY 2010-11.

The petitioner in its true-up petition for FY 2010-11 has not submitted the actual capital expenditure and capitalization achieved during FY 2010-11.

The Petitioner has computed the depreciation at Rs. 20.37 Crores as against the depreciation of Rs. 0.53 Crores approved by the Commission in its ARR and tariff order dated November 1'2010 for FY 2010-11. The petitioner has submitted that the depreciation has been computed by applying the depreciation rates as given in the depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009 on the opening Gross Fixed Assets and the subsequent additions to it in FY 2010-11 as given in the provisional audited annual accounts of Electricity Department of Dadra and Nagar Haveli for FY 2010-11.

Commission's analysis

The Commission had approved the capitalization of Rs. 19.94 Crores for the purpose of Aggregate Revenue Requirement in its ARR and tariff order dated November 01'2010.

The Commission had not accepted the opening gross fixed assets as projected by the department for the reasons as mentioned below in its tariff order for FY 2010-11:

Quote

"The entire capital expenditure has been funded by the Central Government through budgetary support without any external borrowings. The ED-DNH has not maintained any Asset Register and Depreciation Register. The Department has not prepared any Proforma Accounts. ED-DNH has not prepared the statements of accounts viz profit & loss account, balance sheet etc. The figures given in the above Table are computed by the ED-DNH but they are not audited. It is mentioned by the ED-DNH in JERC Order on ARR & Tariff Petition for ED – DNH FY 2010-11 their reply dated 31.07.2010 that depreciation for the years has been computed till FY 2006-07 as a difference of current year and previous year's accumulated depreciation and the figures for FY 2007-08 are also taken as per SBI CAPS Report but the opening figures differ from the year 2006-07 closing figures. Depreciation is to be arrived at by applying applicable rates of depreciation from time to time and the accumulated depreciation is to be arrived at by adding the year to year depreciation.

Regulation 22 (2) of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 reads as follows:
"Investments made prior to and upto 31st March immediately preceding the date of notification of these Regulations or date of receipt of a petition of tariff determination whichever is earlier shall be considered on the basis of audited accounts or approvals already granted by the Commission".

a. *The Department has not maintained the Asset Registers and Depreciation Registers.*

b. *There are no audited accounts for the Regulated Business of Electricity.*

c. *The department itself has qualified that the Gross Fixed Assets have been built up based on available information as on 31.03.2008.*

d. *There is a discrepancy created by the contention of ED-DNH that the data on GFA till 2006-07 has been taken from SBI-CAPS report whereas SBICAPS in their report have mentioned that the analysis done in their report is primarily based on the data / information provided by the Electricity Department of DNH, OIDC and PGCIL.*

e. *Verification of assets was done after the completion of audit and that too not from a third party or accredited agency.*

On account of above the Commission is unable to accept Gross Fixed Assets as given by the Department without audited accounts for the purpose of arriving at the Capital Base and allowing Depreciation and Return on Capital Base.

The Commission directs the ED-DNH to prepare and maintain their annual accounts on commercially accepted principles for the regulated business and get them audited as required under JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 (10/2009).'

In compliance to the Commission's directive the petitioner has furnished the audited accounts for FY 2010-11 but as mentioned by the auditor in the audited accounts of FY 2010-11 in the note 4 of Schedule no. 27 and note 6 of Schedule no. 28 as given below:

'

Note 4 of Schedule no. 27

Fixed Assets

Fixed Assets are stated at cost including all attributable charges properly incurred in erecting and bringing the asset in commercial use. The opening gross value of the fixed assets, accumulated depreciation and net block of assets as on 01.04.2008 are stated at values determined by the engineers of the department.

Note 6 of Schedule no. 28

Fixed Assets

a) *During the current year fixed assets are not physically verified by the department and hence discrepancies if any, could not be ascertained or reported.*

b) *All the assets accounted for are in working conditions, hence none of the assets has been transferred to 'Assets not in use'.*

"

Unquote

The petitioner subsequently has produced the fixed asset register for the FY 2010-11 which confirms the value of the gross fixed assets for the FY 2010-11 contained in the audited accounts. However there are certain inconsistencies noted in the audited accounts and asset & depreciation registers and are listed below:

a) The Balance sheet which forms the part of the audited accounts shows the gross fixed asset as at 31.03.2011 at Rs 471.10 Crores. The Schedule – 8 of the audited accounts shows value of value of GFA at Rs 471.10 Crores as on **31.03.2009**.

b) The fixed asset and depreciation register as submitted by the petitioner has opening value of the assets as on 01.04.2008 instead of 01.04.2010 and the same opening value is also mentioned in the schedule 8 of the audited accounts as on 01.04.2008.

c) There is a mismatch between the classification of assets in fixed asset registers and audited accounts.

d) Further, the fixed asset and depreciation registers contains the comments by the auditor *'prepared by us on the basis of records and information produced before us'* and the seal of the Chartered Accountant does not contains the membership number which is factually and legally not acceptable.

Keeping in view of the facts as discussed above, It is observed that the asset registers are prepared on the basis of as-is information and as such assets are not physically verified. and the remark of Chartered accountant is not acceptable in view of the facts the same was also directed by the Commission in the public hearing that the remark of the Chartered Accountant should be *'assets are physically verified by the auditor and are effectively deployed for which the tariff is being claimed or fixed'*

The asset registers could not provide the specific information of the assets including the present status of the asset, whether the asset in use or not, their linkage to the stores, invoice number etc. This information is crucial to assess the net value of the assets employed in the business of electricity.

Further, it is difficult to ascertain that the assets shown in the asset registers are still rendering the services or lying elsewhere. As such the information on the following could not be ascertained from the fixed asset and depreciation registers:

- Assets in use either for rendering the service or lying as redundant in stores.
- Assets not in use.
- Assets exist lying as dead stock.
- Assets considered as scrap.
- Assets if considered as scrap but not traceable.

Considering the present facts, the fixed assets rendered by the UT of Dadra and Nagar Haveli since its inception as UT, it could had allowed write off sanctions of the assets and as such there is no write off sanction mentioned in the fixed asset registers. Since there is no write off sanction for the period for which tariff is being fixed, entire stock could not be considered as 'assets in use' for the same and the sole purpose of third party verification through a Chartered Accountant is completely set aside by the utility and has produced the as-is, unverified information for consideration of the Commission.

Commission appreciates the efforts made by the petitioner in regard to the completion of audited accounts and compilation of fixed asset & depreciation registers. However in view of the anomalies as highlighted above, the present un-verified information as submitted by the petitioner could not be considered and as such the opening value of gross block as on 01.04.2010 is not being allowed as a gross block for the purpose of depreciation, interest charges and return on equity. Since the capital expenditure of Rs. 68.22 Crores was already been incurred during FY 2010-11, Commission considers it admissible as an addition of 68.22 Crores in the gross block for the purpose of true-up of FY 2010-11. **Keeping in view of the above, Commission provisionally considers the depreciation of Rs. 1.76 Crores for true up of ARR of FY 2010-11 for the addition in the gross block during FY 2010-11.**

6.11 Interest and Finance Charges

Petitioner's submission

The petitioner has not claimed Interest and Finance Charges in its true-up petition for FY 2010-11.

Commission's analysis

The Commission in its ARR and tariff order dated November 1'2010 for FY 2010-11 had not considered the notional interest charges projected by the petitioner. As the petitioner had not borrowed any loans to meet the capital expenditure for FY 2010-11, therefore the interest charges computed by the petitioner were on the basis of notional loan without any external borrowings. However as per Regulation 25 of JERC (Terms and Conditions for Determination 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 of the State Bank of India.

The Commission has analyzed the nature of expenses (interest charges on LC, bank charges etc.) as mentioned in the audited accounts as part of Interest and Finance Charges and considering the reasonableness of the expenditure, considers them allowed for the purpose of truing of FY 2010-11. The Commission observed from the audited accounts that the petitioner had not borrowed any loan to meet the capital expenditure for FY 2010-11. As discussed in para 6.10 of this order, Commission considered the normative interest on the actual capital expenditure incurred during FY 2010-11 and has therefore considered as an allowable expense as a special case for the purpose of true-up of ARR of FY 2010-11. **Commission has therefore considers Rs. 1.46 Crores on account of Interest and Finance Charges as reasonable and approves the same for provisional true-up of FY 2010-11.**

6.12 Interest on Working Capital

Petitioner's submission

The petitioner has computed the interest on working capital for FY 2010-11 as Rs. 11.92 Crores as against Rs. 11.18 Crores approved by the Commission in its ARR and tariff order dated November 1'2010 for FY 2010-11.

Commission's analysis

As per the regulation 29 of JERC tariff regulations

Quote

"

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

1) *For generation and transmission business, the working capital shall be as per CERC norms.*
2) *Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:*
    a. *Power purchase cost.*
    b. *Employees cost.*
    c. *Administration & general expenses and*
    d. *Repair & Maintenance expenses.*
3) *Subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting :*
    a. *Power purchase cost*
    b. *Employees cost*

c. Administration & general expenses

d. Repair & Maintenance expenses.

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

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

The Commission has considered the calculation of the different components of the interest on working capital as per JERC Tariff Regulations

Further, as the consumer security deposit has not been kept in any separate account and is available to the petitioner to meet its working capital requirements, the Commission has therefore considered that the amount against the consumer security deposit available till March 31'2010 to meet the working capital required for FY 2010-11.

Since the utility has not furnished the quantum of security deposit available with it, the Commission has considered the consumer security deposit as available from the audited accounts. The consumer security deposit is considered to be available with the petitioner for mitigating the working capital requirement. Therefore the Commission has considered security deposit as a source to meet its working capital requirement and has deducted this amount from the working capital requirement for FY 2010-11. The petitioner simultaneously has a liability to pay interest to the consumers on the security deposit held, which the Commission has allowed as pass through in the expenses approved.

The SBI Advance Rate of 11.75% as on 1st April 2010 has been considered for the calculation of the interest on working capital. The table below shows the interest on working capital approved for FY 2010-11.

Table 6.12.1 : Interest on Working Capital approved by the Commission for FY 2010-11 (in Rs. Crores)

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved for true up (FY 2010-11)
1	2	3	4	5	6
1	Fuel Cost for 2 months	0.00	0.00	0.00	0.00

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved for true up (FY 2010-11)
1	2	3	4	5	6
2	Power Purchase Cost for one month	125.93	94.52	100.87	99.80
3	Employee Cost for one month	0.25	0.25	0.23	0.23
4	A&G Expenses for one month	0.02	0.02	0.10	0.10
5	R&M Expenses for one month	0.34	0.34	0.23	0.23
6	**Total Working Capital for one month**	**126.54**	**95.13**	**101.41**	**100.35**
7	**Security Deposit**	**0**	**0**	**0**	**16.42**
8	**Total Working after deduction of Security Deposit from Working Capital Requirement**	**126.54**	**95.13**	**101.41**	**83.93**
9	SBAR Rate	12.25%	11.75%	11.75%	11.75%
10	Interest on Working Capital	**15.50**	**11.18**	**11.92**	**9.86**

6.13 Interest on Security Deposit

Petitioner's submission

The petitioner has not claimed the interest on security deposit from consumers for FY 2010-11.

Commission's analysis

In terms of the section 47 (4) of the Electricity Act, 2003 '*the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission.'* The Commission in its previous order had directed to follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from that provided in the Regulation, the same be replaced by those as specified therein. Further, the petitioner has to comply with the provisions of the above referred section of the Electricity Act 2003. The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit during FY 2010-11. The Commission reiterates that the distribution licensee should deliver its obligation under Section 47(4) of the Electricity Act, 2003 and it must pay the interest on security deposit w.e.f. April 1'2010 at the rate of 6% per annum and should explicitly mention the same as the 'Interest on security deposit for FY 2010-11' on the bills of the consumers.

Commission considers it appropriate to allow Rs. 0.99 Crores as the interest on security deposits which is a must pay by the petitioner in FY 2012-13 as an adjustment on account of security deposit

interest and has considered as expenditure in ARR for the purpose of provisional true-up of ARR of FY 2010-11.

6.14 Return on Capital Base/Return on Equity

Petitioner's submission

The petitioner has computed the normative Return on Equity for FY 2010-11 as Rs. 20.98 Crores. The petitioner has submitted that the normative equity has been computed by applying the debt-equity ratio of 70:30 on the opening GFA on April 1'2010 as given in the JERC (Terms and conditions for determination of tariff regulations) 2009. The return on equity has been computed by applying the rate of 16% on the normative debt as per the regulation 24 of the Tariff regulations.

Commission's analysis

The Commission in its ARR and tariff order dated November 1'2010 for FY 2010-11 had noted the following:

Quote

"The ED-DNH it is an integrated utility in its present form as defined in Regulation 2 (9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The ED-DNH is not restructured and corporatized. ED-DNH has submitted that "Administration of DNH has mandated PGCIL to undertake advisory services for transfer of electricity department of UT of DNH to Omnibus Industrial Development Corporation of Daman and Diu and Dadra & Nagar Haveli Limited (OIDC). The primary objective of reform activity is to transfer the ED of DNH to OIDC by creating a separate division in OIDC with a dedicated Chief Executive Officer or separate SPV of OIDC. This will also enable achievement of the objective of corporatization of the electricity department".

The basic requirement either for return on capital base or return on equity is the audited accounts and register of assets and depreciation. The ED - DNH has not prepared the statement of accounts viz profit and loss account, balance sheet etc. ED-DNH has submitted in their letter dated 30/06/2010 that audited accounts are unavailable at the moment and the ED - DNH has initiated the process of appointing auditors and will be in a position to submit the details thereafter only.

In the absence of audited accounts, assets and depreciation registers the Commission is not in favour of any return on capital base till such time the asset register, depreciation registers and accounting statements are prepared and got duly audited for considering the return on capital base." ***Unquote***

Having considered the submission of the petitioner with regard to audited accounts, the Commission is of the view that the petitioner as being an integrated utility in its present form is eligible for the return on capital base and it is entitled to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity for historical assets is the asset and depreciation registers besides other data. The petitioner has furnished the audited accounts and asset registers to the Commission. As discussed in foregoing para no. 6.10, the gross opening block in the fixed asset and audited accounts is based on the assumptions and is not verified. **Therefore Commission has not considered the return on capital base for the purpose of provisional true-up of ARR of FY 2010-11 in the absence of consideration of opening GFA as on April 1'2010.**

The Commission therefore has not considered Return on Capital base for the purpose of provisional true-up of ARR for FY 2010-11.

6.15 Provision for bad and doubtful debts

Petitioner's submission

The petitioner has claimed Rs. 1.07 Crores as against the provision of bad and doubtful debts in its true-up petition for FY 2010-11.

Commission's analysis

As specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

"28. Bad and Doubtful Debts

*The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts **up to 1%** of receivables in the revenue requirement of the generating company/licensee. (Information to be furnished in format 18)"*

Format -18

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

JERC tariff regulation allows a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement. It is seen that the licensee has not actually written off any bad and doubtful debts for FY 2010-11. The Commission therefore has not considered any bad and doubtful debts for provisional true-up of FY 2010-11.

The Commission has, therefore, not considered any expenses on account of bad & doubtful debt for provisional true-up of ARR for FY 2010-11.

6.16 Non-Tariff Income

Petitioner's submission

The Non-tariff income comprises of metering, late payment charges, interest on staff loans, reconnection fee, miscellaneous revenue etc. The petitioner has claimed Rs. 0.03 Crores as actual non-tariff income as against the approved value of Rs. 2.80 Crores for FY 2010-11.

Commission's analysis

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the final figures of Non-tariff Income of Rs. 0.03 Crores as per audited accounts as reasonable and approves the same for provisional true-up of ARR of FY 2010-11.**

6.17 Revenue from Sale of Surplus Power

Petitioner's submission

The petitioner has submitted that "there was a surplus Power available during off-peak hours which was sold under UI mechanism. The revenue earned by the Petitioner from actual sale of surplus power during FY 2010-11 is Rs. 8.58 Crores for 38.23 million units.

Commission's analysis

As discussed in para 5.8, Commission observed that the Petitioner had sold/under-drawl power under UI at an average price of Rs. 2.24/unit.

Table 6.17.1 : Summary of Sale/ Purchase from UI and Power Exchange for FY 2010-11 (in Rs. Crores)#

Sr. No.	Source	FY 2010-11 (Actual)					
		Purchase		Sale		Net Purchase	
		Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)	Energy Units (in MUs)	Amount (Rs. in Crores)
1	2	3	4	5	6	7	8
1	UI mechanism	57.32	35.45	38.28	8.58	19.04	26.87
2	Power Exchange	52.08	18.67	0	0	52.08	18.67
	Total	**109.4**	**54.12**	**38.28**	**8.58**	**71.12**	**45.54**

#this is a macropicture and is derived from scheduling of Power from the specific sources. The information is available with the Petitioner as there is an advanced scheduling of Power and petitioner should be receptive where there is under drawl/over drawl.

After verification of statements/bills, **the Commission considers the sale of surplus Power for the purpose of true-up of FY 2010-11 at Rs. 8.58 Crores for sale of 38.28 million units as reasonable and approves the same for true-up of FY 2010-11.**

6.18 Revenue at approved retail tariff of FY 2010-11

Petitioner's submission

The petitioner has submitted the actual revenue of Rs. 1274.18 Crores from the sale of power including surplus power for FY 2010-11 as per the audited accounts within the state and outside the state.

Commission's analysis

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the final figures of Revenue of Rs. 1265.58 Crores from the sale of Power as per audited accounts as reasonable and approves the same for provisional true-up of FY 2010-11.**

6.19 Aggregate Revenue Requirement and Revenue Surplus/Deficit for true-up of FY 2010-11

Petitioner's submission

The petitioner has submitted the gross revenue requirement of Rs. 1271.28 Crores for FY 2010-11 and has estimated the surplus of Rs. 2.88 Crores during FY 2010-11.

Commission's analysis

The Commission has considered and approved the provisional true-up of ARR for FY 2010-11 based on the items of expenditure discussed in the preceding Chapters and the same has been summarized in the table below vis-à-vis petitioner's claim in the true-up petition for FY 2010-11.

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has provisionally considered the figures as per audited accounts and regulations for the purpose of provisional true-up of FY 2010-11.**

Table 6.19.1 : Aggregate Revenue Requirement approved for true-up of FY 2010-11 (in Rs. Crores)

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved for true-up(FY 2010-11)
1	2	3	4	5	6
1	Cost of fuel	-	-	-	-
2	Cost of power purchase for full year	1,511.14	1,134.20	1,210.40	1,206.20
3	Employee costs	2.95	2.95	2.71	2.71
4	Administration and General Expenses	0.29	0.29	1.15	1.15
5	Repair and Maintenance Expenses	4.11	4.11	2.71	2.71
6	Depreciation	21.41	0.53	20.37	1.76
7	Interest and Finance charges	29.66	-	0.00	1.46
8	Interest on working capital & Interest on Security Deposit	15.50	11.18	11.92	10.85
9	Return on NFA /Equity	11.18	-	20.98	-
10	Provision for Bad Debt	8.20	0.03	1.07	-
11	Advance against Depreciation	-	-	-	-
12	Incentive on achievement of norm of T&D loss in FY 11				2.12
13	**Total Revenue Requirement**	**1,604.44**	**1,153.28**	**1,271.30**	**1,228.95**
14	Less: Non-Tariff Income	2.80	2.80	0.03	0.03
15	Less: Revenue from Surplus Power Sale/UI			8.58	8.58
16	Less: Revenue from Short term sale				
17	**Net Revenue Requirement (13-14-15-16)**	**1,601.64**	**1,150.48**	**1,262.70**	**1,220.34**

The estimated gap has been mentioned in the following table.

Table 6.19.2 : Estimated (Surplus)/gap for true-up of FY 2010-11 (in Rs. Crores)

Sr. No.	Particulars	Proposed in petition of FY 2010-11	Approved in T.O. of FY 10-11 dated 01.11.2010	Petitioner's claim in True-up petition of FY 2010-11	Approved for true-up (FY 2010-11)
1	2	3	4	5	6
17	**Net Revenue Requirement (13-14-15-16)**	**1,601.64**	**1,150.48**	**1,262.70**	**1,220.34**
18	Revenue from Retail Sales at Existing Tariff	1,186.37	1,186.37	1,265.58	1,265.58
19	**Net Gap (17-18)**	**415.27**	**(35.89)**	**(2.88)**	**(45.24)**
20	Recovery on account of PPC variations	-	-	-	
21	**Gap after adjusting PPC variations**	**415.27**	**(35.89)**	**(2.88)**	**(45.24)**
22	Gap for the previous year	-	-	-	-
23	Carrying Cost	-	-	-	(2.66)
24	Past Arrears/Refunds to Consumers	-	-	-	-
25	**Total gap (21+22+23+24)**	**415.27**	**(35.89)**	**(2.88)**	**(47.90)**

Commission considers the estimated surplus of Rs. 47.90 Crores as reasonable and provisionally approves the same for provisional true-up of FY 2010-11. This estimated surplus is carried over to next year and has accordingly been considered in Review of FY 2011-12.

7. REVIEW OF ARR FOR FY 2011-12

7.1 Background

The Commission had approved the Aggregate Revenue Requirement for FY 2011-12 vide its ARR and tariff order dated September 13'2011 as per the provisions of the JERC tariff regulations 2009. As brought out in the previous Chapters of this order, the Commission has deliberated upon the directions of the Hon'ble APTEL regarding redetermination of the Tariff for FY 2011-12 as discussed in detail in chapter 5 of this order. The petitioner had submitted the revised estimates of sale of electricity, income and expenditure of FY 2011-12 for the review of ARR of FY 2011-12 which included the actuals of first half of FY 2011-12 and estimates of the balance year as per the Regulation 8 of JERC Tariff Regulations 2009, in ARR and tariff petition for FY 2012-13 on November 30'2011

The Commission had originally considered the following for ARR of FY 2011-12 as per the JERC tariff regulations, prior to the submission of Petition for Performance Review:

i. Actual Performance in FY 2010-11 (audited[16] figures);

ii. Revised estimates of FY 2011-12 based on the data of first half of the year and projections for second half of the year.

Consequent upon the admission of ARR and tariff petition for FY 2012-13 on January 17'2012; the petitioner submitted the Petition for Annual Performance Review of FY 2011-12 on February 27'2012. The petitioner provided the actual category wise sales, Power purchase cost, O&M expenses, Capital Expenditure and Non-Tariff Income from April 2011 to December 2011 as directed by the Commission on February 27'2012. As submitted by the petitioner in petition for Annual Performance Review of FY 2011-12:

Quote '*The expenses like Depreciation, Return on Equity and Interest on long term loans were not included in the petition for Annual Performance Review as these are computed at the end of the financial year*' ***Unquote***

[16] Audited Accounts of FY 2010-11 provided by the Petitioner.

Table 7.1.1 : Series of updation in the data required for Review of FY 2011-12

Sr. No.	Particulars	Revised estimates of FY 2011-12 submitted in FY 12-13 petition on November 30'2011	Revised estimates of FY 2011-12 submitted in Petition for Annual Performance Review on February 27'2012	Actuals as submitted by the petitioner on June 23'2012	Actuals after verification of figures (FY 2011-12) submitted in June 2012
1	2	3	4	6	7
1	Cost of power purchase for full year	1,658.29	1658.29	1712.79	1,645.18
2	Employee costs	3.50	3.50	-	-
3	Administration and General Expenses	2.24	2.24	-	-
4	Repair and Maintenance Expenses	6.58	6.58	-	-
5	Depreciation	21.04	-	-	-
6	Interest and Finance charges	-	-	-	-
7	Interest on working capital & Interest on Security Deposit	20.53	-	-	-
8	Return on NFA /Equity	-	-	-	-
9	Provision for Bad Debt	8.24	-	-	-
10	Non-Tariff Income	3.80	3.80	3.93	3.93
11	Revenue from Surplus Power Sale/UI	38.73		30.59	30.59
12	Revenue from Retail Sales at Existing Tariff	1,609.69	1609.71	-	-
13	Energy sales (MU) to retail consumers	4,203	4202.68	4,237	4,237
14	Units Purchased from the Power generators	4736.89	4929.13	5,245.36	4725.09

The petitioner in his submission has provided the provisional figures of FY 2011-12 for the following:

a. Power Purchase Quantum and Cost

b. Category wise sales & Revenue, number of Consumers and Connected Load

c. Non-Tariff Income

Commission for this Review of FY 2011-12 has considered the following:

a. Actual Performance in FY 2010-11 (audited figures);

b. Actual Power Purchase Quantum and Cost for FY 2011-12

c. Category wise sales & Revenue, Consumers and Connected Load for FY 2011-12

d. Revised estimates of FY 2011-12 of O&M expenses, Capital Expenditure based on 9 month actuals of FY 2011-12

e. Non-Tariff Income

f. Depreciation, Interest and Finance Charges, Interest on Working Capital, Interest on Security Deposit, and Return on Net Fixed Assets has been computed as per the JERC tariff regulations 2009.

7.2 Review for FY 2011-12

The review of aggregate revenue requirement requires assessment of quantum of energy sales, energy loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. This has been done based on actual data for 12 months for power purchase cost, and sales, and revised estimates of FY 2011-12 based on nine months actuals for O&M expenses, interest and depreciation submitted by the petitioner. As regards to various components of ARR, the Commission's analysis thereon and decision in respect of items given below is discussed in the following paras:

- Review of Energy Requirement

  i. Sales Projections

  ii. Loss Trajectory

  iii. Energy Balance

  iv. Power Purchase Sources

- Review of the Aggregate Revenue Requirement

  i. Power Purchase Costs & Transmission Charges;

  ii. Operation and Maintenance Expenses;

    - Employee Expenses
    - Administration & General expenses

- Repairs & Maintenance Expenses

iii. Capital Expenditure and Asset Capitalisation

iv. Gross Fixed Assets;

v. Depreciation;

vi. Interest on Long Term Loans;

vii. Interest on Working Capital & Security Deposits;

viii. Return on Capital Base/ Net Fixed Assets;

ix. Provision for Bad and Doubtful Debts

x. Other expenses.

xi. Non-Tariff Income

7.3 Consumers, Connected Load and Energy Sales

Petitioner's Submission

The petitioner had initially submitted the category wise actual sales from the month of April to December 2011 and based on the actual sales of 9 months has submitted the revised estimates for FY 2011-12. The petitioner in its additional submission submitted the actual category wise sales for full financial year FY 2011-12 on June 15'2012.

Commission's Analysis

The petitioner's submission did not provide the category wise and slab wise connected load from the month of April 2011 to December 2011. The Commission had called for the information from the petitioner which was responded by the petitioner vide its letter dated January 23'2012. In the said letter the petitioner has submitted the connected load growth for the last three years and has submitted the nine months actuals of FY 2011-12 in their reply to the queries raised by the Commission's office vide Commission's letter dated December 9'2011. However the sub category and slab-wise information was still not provided

As the FY 2011-12 has already elapsed the Commission finds merit in considering the actuals of entire year submitted by the petitioner for revenue/sales, Power purchase expenses. It was noted that the submission of the petitioner was again void of the details with regard to the connected load and no of consumers in each sub category/ slab, which affected the processing of data for this order. The Commission had again called for the details with respect to the connected load and no of consumers for the FY 2011-12 which were responded by the petitioner but void of sub-category/slab wise connected load & no. of consumers on June 25'2012.

As discussed above, the Commission noted that the data submitted in the formats was incomplete, which affected the processing of this order. In this regard the Petitioner is directed that, from the subsequent filings of ARR petition, all formats and information required as per the JERC Tariff Regulation, 2009 should be furnished at the very first instance.

The approved Sales, Connected load and number of consumers for the FY 2011-12 have been shown in the table below:

Table 7.3.1 : Category wise Sales approved by the Commission for FY 2011-12 (in million units)

S.No.	Category/Consumption Slab	FY 2011-12				
		Proposed in petition-FY 12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised Estimates	Actuals	Approved by the Commission
1	2	3	4	5	6	7
A	**Domestic**	**67**	**59**	**64.99**	**56.22**	**56.22**
1	0-50 units			13.88	12.87	10.39
2	51-200 units			22.46	21.05	21.05
3	201 - 400 units			10.06	9.15	9.15
4	401 and above			18.59	13.16	13.16
5	Low Income Group (LIG)					2.47[17]
B	**Commercial**	**26**	**24**	**24.92**	**27.81**	**27.81**
1	1- 100 units			11.46	4.20	4.20
2	101 and above units			13.46	23.61	23.61
C	**Industrial (LT)**	**159**	**154**	**153.98**	**152.19**	**152.19**
1	Up to 20 HP					
2	Above 20 HP					
D	**Agriculture & Poultry**	**4.0**	**2.0**	**2.4**	**3.0**	**3.0**
1	Connected Load upto 10 HP			1.0	0.6	0.6

[17] Normative sale has been considered

S.No.	Category/Consumption Slab	FY 2011-12				
		Proposed in petition-FY 12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised Estimates	Actuals	Approved by the Commission
1	2	3	4	5	6	7
2	Connected Load above 10 HP to 99 HP			1.4	2.4	2.4
E	**Public Lighting**	**4.0**	**3.0**	**4.1**	**5.12**	5.12
F	**High Tension Supply**	4108.0	3982.0	3950.6	**3676.8**	3676.8
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA					
1	Up to 50000 units			924.4	365.5	365.5
2	50001-500000 units			1955.6	1083.9	1083.9
3	Above 500000 units			675.6	2227.5	2227.5
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive				313.4	313.4
1	First - 300 units/KVA			260.2	215.6	215.6
2	301-500 units/KVA			109.1	80.7	80.7
3	Above 500 units/KVA			25.7	17.1	17.1
G	**Temporary Supply**	2.0	1.0	1.7	2.6	2.6
Total		**4370.0**	**4370.0**	**4225.0**	**4237.16**	**4237.16**

Table 7.3.2 : Category wise connected load approved by the Commission for FY 2011-12 (in KVA)

S.No.	Category/Consumption Slab	FY 2011-12	
		Actuals	Approved by the Commission
1	2	3	4
A	**Domestic**	60610.79	60610.79
B	**Commercial**	20496.36	20496.36
C	**Industrial (LT)**	108569.36	108569.36
D	**Agriculture & Poultry**	3836.33	3836.33
E	**Public Lighting**	1603.81	1603.81

S.No.	Category/Consumption Slab	FY 2011-12	
		Actuals	Approved by the Commission
1	2	3	4
F	**High Tension Supply**		
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	800986.00	800986.00
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	68620.00	68620.00
G	Temporary Supply	3467.36	3467.36
	Total (in KVA)	1068190.01	1068190.01

Table 7.3.3 : Category wise number of consumers approved by the Commission for FY 2011-12 (in numbers)

S.No.	Category/Consumption Slab	FY 2011-12	
		Actual	Approved by the Commission
1	2	3	4
A	**Domestic**	34170	34170
A1	*Low Income Group (LIG)*	14110	14110
B	**Commercial**	6852	6852
C	**Industrial (LT)**	2306	2306
D	**Agriculture & Poultry**	1048	1048
E	**Public Lighting**	227	227
F	**High Tension Supply**		
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	790	790
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	40	40
G	**Temporary Supply**	200	200
Total		59743	59743

7.4 Intra-State Transmission & Distribution Loss

Petitioner's Submission

The petitioner has considered the T&D loss level of 6.50% for FY 2011-12.

Commission's Analysis

The Commission in its ARR and tariff order for FY 2011-12 had approved the targeted T&D loss level of 6.25%. The petitioner did not furnish the actual T&D loss for the FY 2011-12. However based on the Sales, Power purchased units and the inter-state transmission loss the Commission has estimated from the available data the actual loss level for FY 2011-12 at 5.69%.

The Commission has noted and appreciates the significant efforts made by the petitioner to achieve the T&D loss level below the approved loss level of FY 2010-11 in spite of the difficulty faced with reduction below 10% level. The Commission is also aware of the fact that reduction below the stated loss levels requires concentrated efforts and considerable technical intervention. As the loss level of 5.69% is estimated based on the un-audited quantum of power purchase, energy sales submitted by the petitioner and actual regional pool loss level of FY 2011-12; in accordance with the sub-regulation 9 of the JERC tariff regulations, 2009; the sharing of gain on account of over-achievement of target specified by the Commission will be dealt in the true-up of FY 2011-12 on the basis of actual T&D loss level and audited figures of Quantum of Power purchase and Sales for FY 2011-12. Accordingly, the **Commission has considered the estimated loss level of 5.69% as the T&D loss level for ARR of FY 2011-12.**

7.5 Inter-State Transmission Loss

Petitioner's Submission

The petitioner has considered the loss level of 3.90% for FY 2011-12 for estimating the power availability at the periphery.

Commission's Analysis

Commission in its ARR and tariff order for FY 2011-12 dated September 13'2011 had approved the loss level of 4.16%. The Commission considers the actual figures of regional pool losses of 3.61% during FY 2011-12 as inter-state loss of ED-DNH for FY 2011-12 and approves the same for review of ARR of FY 2011-12.

7.6 Energy Balance

Petitioner's Submission

The petitioner has considered the increase of 10% in the energy sales during FY 2011-12. Thus, the overall energy requirement at the state periphery for FY 2011-12 is 4494.85 million units.

Commission's Analysis

As discussed in foregoing para no. 7.3, 7.4. 7.5 and 7.7 of this order, the Energy balance approved for FY 2011-12 is as under

Table 7.6.1 : Energy Balance approved for FY 2011-12

Sr. No.	Particulars	FY 2011-12				
		Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12 submitted in FY 12-13 petition	Actual (FY 2011-12)	Approved (FY 2011-12)
1	2	3	4	5	6	7
A)	**ENERGY REQUIREMENT** (in Mus)					
1	Energy sales within the State/UT (in Mus)	4370.00	4225.00	4202.68	4237.16	4237.16
2	**Total sales within the State/UT**	**4370.00**	**4225.00**	**4202.68**	**4237.16**	**4237.16**
3	**Distribution losses**					
i)	%	7.26%	6.25%	6.50%	5.69%	5.69%
ii)	MU	342.10	281.67	292.17	255.64	255.64
4	**Energy required at State Periphery for Sale to Retail Consumers**	**4712.10**	**4506.67**	**4494.85**	**4492.80**	**4492.80**
5	**Add: Sales to common pool consumers/ UI (in Mus)**	**0.00**	**0.00**	**242.05**	**61.69**	**61.69**
A	Sales outside state/UT : UI/Under drawal (in Mus)	0.00	0.00	242.05	61.69	61.69
B	Sales (in Mus)					
	a) To electricity traders (in Mus)	0.00	0.00	0.00	0.00	0.00
	b) Through PX (in Mus)					
C	Sales to other distribution licensees					

Sr. No.	Particulars	FY 2011-12				
		Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12 submitted in FY 12-13 petition	Actual (FY 2011-12)	Approved (FY 2011-12)
1	2	3	4	5	6	7
	a) Bilateral Trade (in Mus)	0.00	0.00	0.00	0.00	0.00
	b) Banking Arrangement (in Mus)	0.00	0.00	0.00	0.00	0.00
6	**Total Energy Requirement for State (5+6)**	**4712.10**	**4506.67**	**4736.89**	**4554.49**	**4554.49**
7	**Transmission losses**	5.90%	4.16%	3.90%	3.61%	3.61%
i)	%	5.99%	4.15%	3.90%	3.61%	3.61%
i)	MU	300.00	195.00	192.24	170.57	170.57
B)	**ENERGY REQUIRED AT GENERATOR END**	**5012.10**	**4701.67**	**4929.13**	**4725.07**	**4725.07**
1	**Net Generation (Share from CGS) (in MUs)**	**3217.15**	**3065.00**	**2800.94**	**2852.70**	**2852.70**
A	NTPC	3217.15	3065.00	2800.94	2852.70	2852.70
2	**Power Purchased from (Other Sources) (in Mus)**	**1794.84**	**1635.00**	**2128.16**	**1872.39**	**1872.39**
A	NSPCL	1055.00	1290.00	1046.03	1113.78	1113.78
B	NPCIL	175.00	320.00	409.93	371.67	371.67
C	KHSTPP – II	9.84	25.00	18.10	16.26	16.26
D	TATA Power (Bilateral arrangement)	390.00		282.53	267.36	267.36
E	Renewable Energy Sources			94.00		0.00
H	Power Exchange			139.91	103.32	103.32
I	Bilateral Trade	85.00				
K	UI (over drawl)	80.00		137.66		
3	**Net power purchase (in MUs)**	**5011.99**	**4700.00**	**4929.10**	**4725.09**	**4725.09**

Table 7.6.2 : Variation Analysis of Power Purchase Quantum of FY 2011-12

Sr. No.	Particulars	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised Approval for in this order (FY 2011-12)	Difference
1	2	3	4	5
A)	**ENERGY REQUIREMENT** (in Mus)			
1	Energy sales within the State/UT (in Mus)	4225.00	4237.16	**12.16**
2	Sales outside state/UT : UI/Under drawl (in Mus)	0.00	61.69	**(61.69)**
B)	**ENERGY REQUIRED AT GENERATOR END**	**4701.67**	**4725.07**	23.40
1	**Net Generation (Share from CGS) (in MUs)**	**3065.00**	**2852.70**	(212.30)
a	NTPC	3065.00	2852.70	(212.30)
2	**Power Purchased from (Other Sources) (in Mus)**	**1635.00**	**1872.39**	237.39
a	NSPCL	1290.00	1113.78	(176.22)
b	NPCIL	320.00	371.67	51.67
c	NTPC - KHSTPP – II (Eastern Region)	25.00	16.26	(8.74)
d	TATA Power (Haldia)		267.36	267.36
e	Renewable Energy Sources		0.00	0.00
h	Power Exchange (Buy)		103.32	103.32
3	**Net power purchase (in MUs)**	**4700.00**	**4725.09**	**25.09**

As can be seen from the above table, the petitioner had purchased Power from short term Power purchase including Power Exchange and bilateral arrangement.

As such the difference between the total power purchase quantum approved in the tariff order for FY 2011-12 vis-à-vis review in this order is 25.09 MU (in monetary terms, Rs 302.99 Crores) which is due to following factors:

1. Short term Power purchase from Power Exchange and bilateral arrangement at a higher rate than the average cost of Power purchase approved in the ARR and tariff order dated September 13'2011. As per the petitioner, this was necessitated and was unavoidable largely due to reduction in supply from NTPC and NSPCL Power stations.
2. Past arrears on account of revision in the tariff of Power stations.
3. Increase in fuel cost

Since the expense is already incurred, it is admissible in Review subject to the final review at the true-up stage.

7.7 Power Purchase Quantum and Cost

Petitioner's Submission

The petitioner has furnished the summary of Power purchase quantum of 5245.36 million units and cost of Rs 1717.79 Crores for FY 2011-12 on the basis of Power purchase bills submitted by the petitioner during technical validation session held on June 23'2012 as per table below. After a large no. of errors, noticed in the summary sheet of Power purchase quantum and cost of FY 2011-12 were pointed out, the petitioner retracted its earlier stand of their data being exact and requested the Commission's office to carry out prudence check of the linking and calculation errors in the aforesaid summary sheet.

Table 7.7.1 : Summary Sheet: Actual Power Purchase Quantum and Cost submitted by the petitioner for FY 2011-12

Sr.No.	Source	Capacity (MW)	License share (%)	Purchase (MU)	VC (Ps/ Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)	Arrears (Rs. Cr)	Net Payable (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10	11	12
I	NTPC Stations and other plants										
1	KSTPP 1&2	2,100.00	3.23%	423.28	94.40	18.71	39.96	1.39	60.06	(3.65)	56.41
2	KSTPS 3	500.00	4.68%	134.22	87.14	23.38	11.70	(0.19)	34.88	(0.00)	34.88
3	VSTPP-I	1,260.00	3.82%	324.40	172.83	18.87	56.07	1.54	76.48	16.07	92.55
4	VSTPP-II	1,000.00	3.88%	263.72	164.84	19.25	43.47	5.02	67.74	4.48	72.22
5	VSTPP- III	1,000.00	4.12%	303.42	164.65	32.59	49.96	6.02	88.57	2.81	91.38
6	KAWAS	656.20	12.34%	407.68	290.09	46.01	118.26	6.59	170.86	5.67	176.53
7	JGPP	657.39	8.89%	291.81	275.33	44.84	80.34	3.59	128.77	0.70	129.47
8	NSPCL - Bhilai	500	32.80%	1,013.40	241.16	193.89	244.39	8.55	446.82	6.53	453.36
9	Sipat	1,000.00	2.94%	228.30	98.39	29.19	22.46	3.35	55.00	(0.01)	54.99
10	Sipat-II	500	7.50%	138.42	113.40	18.58	15.70	2.24	36.52	0.25	36.77
11	RGPPL	1950	2.00%	204.35	106.02	21.41	21.66	0.07	43.14	0.00	43.14
12	Tata Power	120.00	58.33%	216.08	478.19	0.00	103.33	0.00	103.33	0.00	103.33
1	**Subtotal - I**	**11,244**		**3,949.06**	**204.43**	**466.71**	**807.30**	**38.17**	**1,312.18**	**32.85**	**1,345.03**
II	**Eastern Region**										
1	KHSTPP-II	1,500	0.30%	16.60	253.60	1.95	4.21	0.06	6.21	0.49	6.70
2	**Subtotal - II**	**1,500**		**16.60**	**253.60**	**1.95**	**4.21**	**0.06**	**6.21**	**0.49**	**6.70**
	Other										**14.76**

Sr .No.	Source	Capacity (MW)	License e share (%)	Purchase (MU)	VC (Ps/ Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)	Arrears (Rs. Cr)	Net Payable (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10	11	12
	Adjustment										
III	**NPCIL**										
1	KAPPS	440	2.82%	237.18	85.70	0.00	20.33	0.11	20.44	0.00	20.44
2	TAPP 3&4	1,080	4.17%	779.02	93.37	0.00	72.73	0.17	72.91	0.00	72.91
3	**Subtotal - III**	**1,520**		**1,016.20**	**91.58**	**0.00**	**93.06**	**0.29**	**93.35**	**0.01**	**93.36**
IV	**Power purchase from Other Sources**										
1	Power purchase from Indian E. Exchange			103.32	341.75	0.00	35.31	0.00	35.31	0.00	35.31
2	UI			160.18	397.58	2.00	63.68	2.00	67.68	0.00	67.68
5	**Subtotal IV**			**263.50**	**375.69**	**2.00**	**98.99**	**2.00**	**102.99**	**0.01**	**103.00**
	Power Purchase Cost			**5,245.36**	**191.32**	**470.66**	**1,003.56**	**40.51**	**1,514.74**	**33.35**	**1,562.84**
V	**Other Charges**										
1	PGCIL Charges							119.27	119.27	4.30	123.57
2	SLDC charges							0.00	0.00	0.00	0.00
3	WRLDC charges							0.00	0.00	0.00	0.00
4	OPTCL - Wheeling Charges							0.00	0.00	0.00	0.00
5	WRPC							0.00	0.00	0.00	0.00
6	WRTM							0.06	0.06	0.00	0.06
7	RP Obligation							17.37	17.37	0.00	17.37
8	Reactive charges							2.70	2.70	0.00	2.70
9	Reactive charges (GETCO)							0.00	0.00	0.00	0.00
10	MSETCL							1.75	1.75	0.00	1.75

Sr .No.	Source	Capacity (MW)	License share (%)	Purchase (MU)	VC (Ps/ Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)	Arrears (Rs. Cr)	Net Payable (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10	11	12
11	POSOCO							4.50	4.50	0.00	4.50
	Grand Total of Charges			**5,245.36**	**191.32**	**470.66**	**1,003.56**	**181.66**	**1,660.38**	**37.65**	**1,712.79**

Commission's Analysis

As brought out in the section on energy balance, the power purchase quantum approved by the Commission in its last Tariff Order dated 13.09.2011 for FY 2011-12 is 4725.09 MU at an approved power purchase cost of Rs. 1645.18 Crores including arrears of PGCIL and NTPC on account of revision in the tariff specified by CERC. The approved power purchase cost does not include the additional/penal charges paid towards overdrawls/underdrawls under the UI mechanism. The same has been discussed in the latter para of this order and the net additional impact has been considered.

The Commission as part of prudence check verified the station-wise Power purchase bills shown by the petitioner for FY 2011-12 on random selection basis. Commission considered the submissions made by the petitioner after random verification of power purchase bills of Jan., Feb. and March 2012. Commission noticed errors at multiple places and therefore has verified the actual quantum of Power purchase from the REA reports. As such, the linking and calculation errors are the only reason for variation of Power purchase cost and quantum of power purchased, between the summary sheet submitted by the petitioner and the summary sheet verified and approved by the Commission.

It is observed that the petitioner has drawn 61.69 million units (net off of underdrawl and overdrawl) under UI mechanism and 103.32 million units from Power exchanges for meeting the energy demand of consumers of ED-DNH. The Commission observes that the petitioner has not executed long term PPA in line with its base requirement and is also dependent on short term power purchases to meet the shortage of supply. It purchases a large volume of power at higher rate from bilateral, power exchanges and over-drawls under UI even for its base requirement. Commission observes that the utility is not undertaking an appropriate management of Power in their area.

The Commission directs the Petitioner to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the load requirements in their area at various periods and submits to the Commission in their future ARR & Tariff Petitions. The Commission also directs the Petitioner to enforce already signed long term PPA in line with their base load requirements to avoid short term Power purchases from bilateral sources, Power exchanges and UI beyond the prudent level so as to minimize the impact on ARR.

Renewable Purchase Obligations

As per JERC (Procurement of Renewable Energy) Regulations 2010 clause 1 sub clause (1):

Quote

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

Unquote

The petitioner has to purchase 2% of total power purchase from renewable sources for FY 2011-12 including 0.30% for Solar and 1.70% for Non-Solar. The petitioner in its submission has submitted that they have procured Renewable Energy Certificates for FY 2011-12 of 58 million units and total cost has been given at Rs. 17.44 Crores. Commission has observed that in order to comply with the RPO obligation, the petitioner has to procure 85 million units from the Renewable Energy Sources.

However, for the purpose of this review the Commission has allowed an expense of Rs 17.44 Crores based on the actual submitted by the petitioner towards REC's procured for the FY 2011-12.

Further, Commission has noticed that the Petitioner is not buying REC certificates uniformly throughout the year. It has been seen that the Petitioner is following a practice of buying REC certificates at the end of the year to meet the RPO targets. Therefore, the Petitioner is directed to meet their quarterly & yearly RPO targets as specified by the Commission. In case, the Petitioner is buying Renewable Energy certificates to meet their RPO targets, "*Commission directs the Petitioner to minimize bulk purchase of RE certificates at high cost at the end of the year; instead it should stagger the purchase & send a quarterly report of the same".*

Based on the above, the total Power purchase quantum and cost from various sources (excluding underdrawl/overdrawl of Power under UI mechanism) as approved for review of FY 2011-12 is mentioned below:

Table 7.7.2 : Actual Power Purchase Quantum and Cost excluding UI Approved for FY 2011-12

Sr.No.	Source	Purchase (MU)	VC (Ps/ Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)	Arrears (Rs. Cr)	Net Payable (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10
I	**NTPC Stations and other plants**								
1	KSTPP I&II	449.98	88.80	18.71	39.96	1.39	60.06	(3.65)	56.41
2	KSTPS III	149.51	78.23	23.38	11.70	(0.19)	34.88	(0.00)	34.88
3	VSTPP-I	358.28	156.49	18.87	56.07	1.54	76.48	16.07	92.55
4	VSTPP-II	291.33	149.21	19.25	43.47	5.02	67.74	4.48	72.22
5	VSTPP- III	334.28	149.45	32.59	49.96	6.02	88.57	2.81	91.38
6	KAWAS	429.40	275.42	46.01	118.26	6.59	170.86	5.67	176.53
7	JGPP	323.50	248.36	44.84	80.34	3.59	128.77	0.70	129.47
8	NSPCL - Bhilai	1,113.78	219.42	193.89	244.39	8.55	446.82	6.53	453.36
9	Sipat	249.72	89.95	29.19	22.46	3.35	55.00	(0.01)	54.99
10	Sipat-II	167.41	93.76	18.58	15.70	2.24	36.52	0.25	36.77
11	RGPPL	99.31	218.16	21.41	21.66	0.07	43.14	0.00	43.14
12	Tata Power	267.36	386.48	0.00	103.33	0.00	103.33	0.00	103.33
1	**Subtotal – I**	**4,233.83**		**466.71**	**807.30**	**38.17**	**1,312.18**	**32.85**	**1,345.03**
II	**Eastern Region**								
1	KHSTPP-II	16.26	258.89	1.95	4.21	0.06	6.21	0.49	6.70
2	**Subtotal – II**	**16.26**		**1.95**	**4.21**	**0.06**	**6.21**	**0.49**	**6.70**
	Other Adjustment in Power Purchase Cost in FY 2011-12								**14.76**
III	**NPCIL**								
1	KAPPS	98.98	205.37	0.00	20.33	0.11	20.44	0.00	20.44
2	TAPP 3&4	272.69	266.73	0.00	72.73	0.17	72.91	0.00	72.91
3	**Subtotal – III**	**371.67**		**0.00**	**93.06**	**0.29**	**93.35**	**0.01**	**93.36**
IV	**Power purchase from Other Sources**								
1	Power purchase from Indian E. Exchange	103.32	341.75	0.00	35.31	0.00	35.31	0.00	35.31
5	**Subtotal IV**	**103.32**		**0.00**	**35.31**	**0.00**	**35.31**	**0.00**	**35.31**
	Power Purchase Cost	**4,725.09**		**468.66**	**939.88**	**38.51**	**1,447.05**	**48.11**	**1,495.16**
V	**Other Charges**								
1	PGCIL Charges					119.27	119.27	4.30	123.57
2	SLDC charges					0.00	0.00	0.00	0.00
3	WRLDC charges					0.00	0.00	0.00	0.00
4	OPTCL - Wheeling Charges					0.00	0.00	0.00	0.00
5	WRPC					0.00	0.00	0.00	0.00
6	WRTM					0.06	0.06	0.00	0.06
7	RP Obligation					17.44	17.44	0.00	17.44

Sr.No.	Source	Purchase (MU)	VC (Ps/ Unit)	FC (Rs. Cr)	VC (Rs. Cr)	Others (Rs. Cr)	Total (Rs. Cr)	Arrears (Rs. Cr)	Net Payable (Rs. Cr.)
1	2	3	4	5	6	7	8	9	10
8	Reactive charges					2.70	2.70	0.00	2.70
9	Reactive charges (GETCO)					0.00	0.00	0.00	0.00
10	MSETCL					1.75	1.75	0.00	1.75
11	POSOCO					4.50	4.50	0.00	4.50
	Grand Total of Charges	**4,725.09**		**468.66**	**939.88**	**179.73**	**1,592.77**	**52.41**	**1,645.18**

7.8 Operation and Maintenance Expenses

Petitioner's Submission

The petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

- **Employees Expenses** which includes the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and
- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

The Petitioner has submitted the following:

Quote

"…it has not maintained segregation between the three cost elements for the purpose of accounting and had booked all cost including salaries, medical expenses, office expenses, domestic traveling expenses, and other charges towards repairs and supply of materials under the operation and maintenance expense head. However, efforts have been made by ED-DNH to segregate the O&M expenses under different accounting heads. In this regard a specialized accounting firm has been appointed by ED-DNH. The specialized firm has already identified and segregated all the elements of cost to be covered under the three broad categories of O&M expenses from FY 08-09 to FY 10-11."

Unquote

ED-DNH has submitted that the said work will be finalized soon and output of the same will be submitted to the Hon'ble Commission during the processing of ARR petition of FY 12-13.

Summary of the past five year operation and maintenance expense is summarized in table below:

Table 7.8.1: Operation & Maintenance Expense of previous years (Rs. Crore)

Year	O&M Expenses
	Actual
FY 06-07	3.99
FY 07-08	4.09
FY 08-09	5.53
FY 09-10	7.20
FY 10-11	8.09

The total Operation & Maintenance expense for FY 2010-11 was Rs. 8.09 Crore as compared to the total O&M expense of Rs. 7.20 Crores in FY 2009-10, an increase of over 12% from FY 2009-10 to FY 2010-11. The increase in operation and maintenance cost in FY 10-11 was primarily due to increase in A&G expenses.

7.8.1 Employee Expenses

Petitioner's Submission

The Employee expense estimated by the Petitioner comprise of all costs related to employees like basic salary, dearness allowances, medical cost, leave travel allowances, honorarium, etc. However the Petitioner does not maintain cost related to leave salary contribution and pension of the employee in the employee cost. Therefore, the Petitioner will claim these expenses relating to the employee cost at an appropriate time when the respective cost items become payable.

Based on the various expenses related to employee booked during six months of FY 11-12, ED-DNH has estimated the total employee cost for full year of FY 11-12 as Rs. 3.50 Crore. The petitioner has used five year monthly average growth rate of 6.96% for FY 2011-12.

ED-DNH prayed to the Hon'ble Commission that salaries/employee cost increase should be considered as an uncontrollable factor specially factors like DA/Basic hike through Government, revision through 6th Pay Commission etc. Therefore, ED-DNH requests the Hon'ble Commission to approve the employee costs as projected.

Further, the petitioner in its Petition for Annual Performance Review for FY 2011-12 has submitted the nine months actuals of Employee expenses from April to December as Rs. 2.46 Crores.

Commission's Analysis

As per the regulation 27 of JERC tariff regulations 2009

Quote

"

27. Operation and Maintenance Expenses

1) *'Operation & Maintenance expenses' or 'O&M expenses' shall mean & include repair and maintenance (R&M) expenses, employee expenses and administrative & general (A&G) expenses including insurance.*

   While determining the O&M expenses for generation functions within the State, the Commission shall be guided, as far as feasible, by the principles and methodologies of CERC on the manner, as amended from time to time.

2) *While determining the O&M expenses for transmission functions within the State, the Commission shall be guided, as far as feasible by the principles and methodologies specified by CERC on the matter, as amended from time to time:*

   Provided further that the Commission may, if it considers it just, practical and proper considering the size of the total transmission system of, and the quantum of electricity handled by, an integrated utility, treat its transmission system as an integral part of its distribution system itself.

3) *O&M expenses for distribution functions shall be determined by the Commission as follows:*

   a) *O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;*

   b) *Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the Wholesale Price Index on April 1 of the relevant year;*

   c) *In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expenses for subsequent years for individual companies on the basis of such estimation and above principle.*

4) *O&M expenses of assets taken on lease/hire-purchase and those created out of the consumers' contribution shall be considered in case the generating company or the licensee has the responsibility for its operation and maintenance and bear O&M expenses.*

5) *O&M expenses for gross fixed assets added during the year shall be considered from the date of commissioning on pro-rata basis.*

6) *O&M expenses for integrated utility shall be determined by the Commission on the norms and principles indicated above."*

Unquote

Commission observes the employee expenses approved for FY 2010-11 as Rs. 2.95 Crores and the actuals data of FY 2010-11 as per the audited accounts is Rs. 2.72 Crores. Commission has analyzed the past trends, the employee expenses approved in the tariff order dated September 13' 2011 for FY 2011-12 and is of the view that the actual audited data of FY 2010-11 shows true depiction of expenses incurred by the utility. Commission has therefore considered the actuals of FY 2010-11 as a revised base for calculating the employee cost for FY 2011-12. The escalation factor used by the Commission is 8.76% per annum. The WPI index upto March 2012 has been used (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2011-12. The employee expenses approved for FY 2010-11 have been escalated by the WPI factor of 8.76% to determine the employee expenses for FY 2011-12.

Further, the Commission acknowledges the fact that impact of 6th Pay Commission implementation would be uncontrollable at the hands of the petitioner and such expenses would be treated as a pass through during the true-up process based on the actual payout in this regard for the FY 2011-12.

Commission considers the employee cost of Rs. 2.95 Crores as reasonable and approves the same for Review of ARR for FY 2011-12.

7.8.2 Repair and Maintenance Expenses

Petitioner's Submission

Repairs and maintenance expense comprise of expenses incurred by the Petitioner with regard to maintenance and upkeep of the transmission and distribution system. Adequate R&M activities help in reduction of transmission and distribution losses and breakdowns in the system.

The actual R&M expense for FY 10-11 for ED-DNH was Rs. 3.91 Crore. The revised estimate of R&M expense for FY 11-12 is Rs. 6.58 Crore. The increase in R&M cost for FY 11-12 is due to outsourcing of operation and maintenance activity of EHV substations to third party agency. Also, the price of most of the basic commodities like iron, copper, zinc and cement used in the repairs and maintenance has increased tremendously over the last 5 years.

ED-DNH requested the Hon'ble Commission to approve the Repair & Maintenance expense without any disallowances as the same is necessary for proper maintenance and strengthening of the system and quality of supply in the region in order to ensure consumer satisfaction.

Further, the petitioner in its Petition for Annual Performance Review for FY 2011-12 has submitted the nine months actuals of Repair and Maintenance expenses from April 2011 to December 2011 as Rs. 5.25 Crores.

Commission's Analysis

Commission observes the Repair and Maintenance expenses approved for FY 2010-11 as Rs. 4.11 Crores and the actuals data of FY 2010-11 as per the audited accounts is Rs. 2.71 Crores. Commission has analyzed the past trends, the Repair and Maintenance expenses of Rs. 6.80 Crores approved in the tariff order dated September 13' 2011 for FY 2011-12, nine months actuals of FY 2011-12 and revised estimates based on 9 months actuals as submitted by the petitioner.

Repair & Maintenance expenditure in general shall increase in proportion to increased capitalization. As the actual capitalization achieved during 2010-11 is more than the approved value, the revised estimates of Repair & Maintenance expenses based on the nine months actuals are considered reasonable for FY 2011-12. The Commission recognizes the requirement of the maintenance activities and also observes that the R&M expenses proposed by the petitioner amounting to Rs 6.58 Crores are lower than that approved in the order dated September 13, 3011.

Therefore the Commission considers the Repair and Maintenance expenses of Rs. 6.58 Crores as reasonable and approves the same for Review of ARR for FY 2011-12.

7.8.3 Administration and General Expenses

Petitioner's Submission

The Administrative and General (A&G) expense comprise of various sub-heads including the following:

- Telephone, postage & telegrams charges;
- Travel and conveyance expenses;
- Consultancy and regulatory fees; and
- Consumer indexing fee

The actual A&G expense for FY 10-11 was Rs. 1.23 Crore. As against Rs. 0.29 Crore approved by the Commission for FY 10-11 in the Tariff order for ED-DNH dated November 1' 2010. ED-DNH would like to submit that in the past the department used to book the consultancy and legal fee in the power purchase head. Therefore, the escalation of cost in A&G expenses was re-allocation of consultancy and regulatory expenses from power purchase to A&G expenses.

ED-DNH has considered the revised estimates of A&G expense as Rs. 2.24 Crores for FY 11-12. The Commission has approved Rs. 0.14 Crore for FY 11-12. For FY 11-12, the A&G expense would include charges on account of regulatory, consultancy, energy auditing and consumer indexing fees. ED-DNH highlighted that it has already completed the energy auditing and consumer indexing exercise in 5 feeders on pilot basis. ED-DNH would further like to take this exercise on the remaining 172 feeders and Rs. 1 Crore has been further provisioned for FY 11-12.

Commission's Analysis

Commission has noticed that the provision of Rs. 1 Crores has been created on account of energy auditing and consumer indexing exercise in FY 2011-12. Further, the petitioner has not provided the actual expenses on this component, details of price discovery process etc., occurred to appoint the professional for this particular exercise and the current status of action stipulated by the petitioner in this regard on the development side. The petitioner has not supported its claim by conclusive evidence for reasonableness of the expenditure; therefore the Commission has provisionally allowed an expense of Rs. 50 lakhs for energy auditing and consumer indexing exercise for FY 2011-12. **The petitioner is directed to provide the details of tendering process followed for award of such contract along with the results of the same**. The Commission may consider the expense based on the reasonableness of the expense and the results of the energy audit so exercised while true-up of FY 2011-12.

The Commission is of the view that the actual audited data of FY 2010-11 is a true depiction of expenses incurred by the utility, if the provision for energy auditing and consumer indexing exercise is not considered. The Commission has therefore considered the actuals of FY 2010-11 as a revised base for calculating the A&G expenses for FY 2011-12 in line with the JERC Tariff Regulations.

The Commission has considered the WPI index upto March 2012 (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2011-12. The actual expenses for FY 2010-11 have been escalated by the WPI factor of 8.76% to determine the expenses for FY 2011-12. The Commission in addition to the above has considered Rs 50 lakhs as an admissible one-time expense on account of energy auditing and consumer indexing exercise.

Commission considers the Administration and General Expenses of Rs. 1.75 Crores as reasonable and approves the same for Review of ARR for FY 2011-12.

7.8.4 Summary of Operation and Maintenance Expenses

The overall summary of O&M expenditure estimated by the petitioner vis-à-vis approved by the Commission in its previous tariff order for FY 2011-12 and revised estimates submitted by the Petitioner for review for FY 2011-12 is given below:

Table 7.8.4.1: Summary of Operation & Maintenance Expenses (in Rs. Crores)

Sr. No.	Particulars	FY 2011-12			
		Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12	Revised Approval in this order (FY 2011-12)
1	2	3	4	5	7
1	Employee Expenses	3.50	3.25	3.50	2.95
2	A&G Expenses	0.14	0.14	2.24	1.75
3	R&M Expenses	6.80	6.80	6.58	6.58
4	Sub-Total	**10.43**	**10.19**	**12.32**	**11.27**
5	Less: Expenses Capitalized	-	-	-	-
6	Total O&M Expenses	**10.43**	**10.19**	**12.32**	**11.27**

7.9 Capital Expenditure and Capitalization

Petitioner's submission

The petitioner submitted, "The present transmission and distribution infrastructure of ED-DNH does not have adequate standby source arrangement for restoring the power supply in case of major breakdowns. Further, considering the increase in demand from HT & LT consumers, ED-DNH would be required to undertake significant capital expenditure for system augmentation and strengthening. System augmentation would not only help ED-DNH in handling increased load but would also ensure better quality of supply and network reliability to the consumers. Though, ED-DNH T&D loss levels are quite low, the capital expenditure would help in further reduction of T&D losses."

The petitioner has recently submitted the Asset and Depreciation Registers as per the directives of Hon'ble Commission.

The petitioner further submits that each year they draft an Annual Plan for the capital investment for new schemes and continuing schemes which it plans to incur in the ensuing year. Due to lower allocation of funds from the Government of India as compared with the requested funds, the actual capital expenditure has been lower than the planned capital expenditure in the previous years. Therefore, the capital expenditure for the subsequent years is higher as it includes the schemes for which the funds were not allocated in the previous capital expenditure proposal. The petitioner has proposed the capital expenditure of Rs. 42 Crores, out of which the petitioner has projected the addition of Rs. 27.16 Crores in the Gross Fixed Assets during FY 2011-12.

Commission's analysis

Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2011-12 is required to maintain the reliable supply for the consumers of UT of Dadra and Nagar Haveli.

As per the Regulation 21, of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 specifies that the licensee shall propose in their filings, a detailed capital investment plan, showing separately ongoing projects that will spill into the Ensuing Year and new projects (along with their justification) that will commence in the ensuing year. Commission has noticed that the petitioner had not submitted the capital investment plan as per the regulations and did not give the present status of the capital expenditure incurred/capitalized. However, for the purpose of this ARR computation, **Commission provisionally approves the capital expenditure of Rs. 42 Crores proposed by the petitioner for Review of ARR for FY 2011-12.** A detailed statement of the capital expenditure incurred quarterly, the asset capitalized and added in the gross fixed assets upto 31.03.2012 on different dates during the year be provided for true-up.

This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

7.10 GFA and Depreciation

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2012-13 had submitted that they had Rs. 452.29 Crore of Opening Gross Fixed Assets (GFA) of Rs. 452.29 Crores in FY 11-12. ED-DNH has further proposed capital expenditure of Rs. 42.00 Crore during FY 11-12.

Based on the actual capitalization of the first six months and estimated addition in GFA during the remaining six months of FY 11-12, assets amounting to Rs. 27.16 Crore have been estimated to be added in the GFA during FY 11-12.

Further, the Petitioner has submitted the audited accounts for FY 2010-11 containing the audited value of opening gross fixed assets as on April 1'2010 along with the true-up petition for FY 2010-11 and has also submitted the Fixed Asset Registers showing the details of assets as on March 31'2011.

Depreciation is charged on the basis of straight-line method, on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is based on the original cost of the Gross Fixed Assets. Based on the CERC norms, ED-DNH has applied the following depreciation rates as specified by CERC in the Tariff Regulations for FY 2009-14.

Table 7.10.1: Depreciation rate specified by CERC

Asset Category	Depreciation Rate %
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Computers & Others	6.33%
Land	0.00%

Depreciation for the FY 11-12 is determined by applying aforesaid category-wise assets depreciation rates on the opening balance of Gross Fixed assets and average of the addition during the year projected for FY 11-12

Commission's analysis

As discussed in para 6.10 of this order and as per Regulation 26 of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 depreciation is computed the approved capitalization of FY 2010-11 including approved capitalization during FY 2011-12.

The Regulation 26 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The depreciation rates for distribution assets as specified by CERC vide Appendix-III (Depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009 has been used to calculate the depreciation. The depreciation for the FY 2011-12 has been worked out at Rs. 4.24 Crores.

Table 7.10.2 : GFA & Depreciation submitted by the petitioner and approved in the review for FY 2011-12(in Rs. Crores)

Sr. No.	Particulars	FY 2011-12			
		Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12	Approved (FY 2011-12)
1	2	3	4	5	6
1	Opening Value of Assets at the beginning of the year	418.95	19.94	452.29	68.22
2	Additions during the year	40.14	40.14	27.16	27.16
3	Gross Fixed Assets at the end of year	459.09	60.08	479.45	95.38
4	Average Assets	**439.02**	**40.01**	**465.87**	**81.80**
5	Depreciation for the year	**20.13**	**2.11**	**21.04**	**4.24**

Table 7.10.3 : Calculation for working out the Depreciation for FY 2011-12(in Rs. Crores)

Sr. No.	Particulars	Value of assets at the beginning of FY 2011-12	Addition during FY 2011-12	Closing balance at the end of FY 2011-12	Rate of Depreciation	Depreciation for FY 2011-12
1	2	3	4	5	6	7
1	Plant & Machinery	65.89	27.16	93.05	5.28%	4.20
2	Buildings	1.26	-	1.26	3.34%	0.04
3	Vehicles	-	-	-	9.50%	-
4	Furniture and Fixtures	-	-	-	6.33%	-
5	Computers and Others	0.07	-	0.07	6.33%	0.00
6	Land	1.00	-	1.00	0.00%	-
7	Total	**68.22**	**27.16**	**95.38**		**4.24**

Commission considers the depreciation of Rs. 4.24 Crores as reasonable and approves the same for Review of ARR of FY 2011-12.

7.11 Interest on Loan

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2012-13 has submitted that the entire capital expenditure of ED-DNH since its inception has been funded by the Central Government through Budgetary supports each year upto FY 10-11. Therefore, the department does not have any loan liabilities.

However, ED-DNH is now migrating from a Government owned utility to a commercial utility under the Electricity Act, 2003, it has come under the direction of the Joint Electricity Regulatory Commission. It has been assumed that ED-DNH would work as a separate commercial utility and therefore would be utilizing the debt facilities from FY 2012-13 onwards.

Further, the petitioner has not included the Interest on long term loans in the Petition for Annual Performance Review for FY 2011-12, as submitted by the petitioner these are computed at the end of the financial year.

Commission's analysis

Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 lays down

Quote "

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

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

Commission in its ARR and tariff order dated September 13'2011 did not considered any interest charges as the petitioner has not borrowed any loans in the past upto March 31' 2010 and had not proposed to borrow any loans to meet the capital expenditure for the FY 2011-12. The interest charges projected by the utility for 2011-12 are on the basis of notional loan without external borrowings. Similarly the petitioner had not proposed any external borrowing during FY 2011-12 in the ARR and tariff petition for FY 2012-13. Further, the petitioner has not claimed the interest on loans in its Petition for Annual Performance Review for FY 2011-12.

The ED DNH being an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009; as the ED DNH is not restructured and corporatized till date. Considering this an integrated utility and its entitlement to return on its capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of interest on loans is the adequate information of the value of fixed assets of the utility in service (net fixed assets) at the beginning of such year and funding pattern as well as terms & conditions of funding of capital assets.

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

"23. Debt-Equity Ratio

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:

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: .

(2) 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.:

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

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for the FY 2010-11, wherein the Commission had determined Tariff as per the JERC Tariff Regulations,2009. The Commission has also perused the accounts certified by a chartered accountant submitted by the petitioner for FY 2010-11. It has been observed that the petitioner does not have any opening loan portfolio and the entire capital base is funded through government budgetary support.

As discussed in para 6.10 of this order, the normative interest under the JERC Tariff Regulations could therefore be considered on the assets created during the year FY 2010-11 onward excluding the opening capital base as projected by the petitioner in FY 2010-11. Commission has considered an addition of Rs. 68.22 Crores in Gross Fixed Assets for FY 2010-11 which are considered funded through normative debt to the tune of 70%. The Commission has considered the capitalization of assets as proposed by the petitioner at Rs 27.06 Crores during the FY 2011-12. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the normative loan at 19.01 for the FY 2011-12. The calculation for the interest on the normative loan is given below:

Table 7.11.1 : Normative Interest on Loan approved in the review for FY 2011-12(in Rs. Crores)

Sr. No.	Particulars	Approved (FY 2011-12)
1	2	3
1	Opening Normative Loan	47.75
2	Add: Normative Loan during the year	19.01
3	Less: Normative Repayment	4.78
4	Closing Normative Loan	**61.99**
5	Average Normative Loan	54.87
6	Rate of Interest (@SBAR rate)	13.00%
7	Interest on Normative Loan including bank charges, if any	7.13

Accordingly, the **Commission has considered the Normative Interest on loans as Rs. 7.13 Crores as reasonable and approves the same for review of FY 2011-12.**

7.12 Interest on Working Capital

Petitioner's submission

The petitioner has computed the Interest on Working Capital for FY 11-12 based on normative basis as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

Since ED-DNH is an integrated utility, the working capital requirement for FY 11-12 and FY 12-13 has been computed considering the following parameters:

i. One month Power purchase cost
ii. One month Employees cost
iii. One month Administration & general expenses
iv. One month Repair & Maintenance expenses.
v. Sum of two month requirement for meeting Fuel cost.

A rate of interest of 14.75% has been considered for FY 11-12 on the working capital requirement, being the SBI Prime Lending Rate as on September 13' 2011. This is in line with the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 which states that "The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India."

The normative interest on working capital for FY 11-12 as per the revised estimates amounts to Rs. 20.53 Crores.

Commission's analysis

Commission has considered the actuals of Power Purchase expenses of FY 2011-12 and approved O&M expenses to work out the normative working capital required for FY 2011-12.

As per the regulation 29 of JERC tariff regulations

Quote"

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

For generation and transmission business, the working capital shall be as per CERC norms. Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:

a. Power purchase cost.

b. Employees cost.

c. Administration & general expenses and

d. Repair & Maintenance expenses.

1) 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.

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

In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensee is required to pay interest on security deposit collected from the consumers. If this security deposit is invested in the form of interest earning fixed deposits or other similar instruments. The interest earned from such investment could be utilized to pay the interest to the consumers under section 47(4) of the Electricity Act 2003. However it is noted that the petitioner has not invested any of the security deposit held and the said amount is available to the petitioner. Accordingly, the Commission has allowed the interest payable to the consumer as expense in this order. Commission has considered the security deposit available with the Petitioner as a source to meet working capital requirements and has deducted this amount from the working capital requirement considered for interest for review of FY 2011-12. Further, Commission clarifies that SBI PLR rate has now been substituted as SBI Advance Rate. The Commission has considered the SBI advance rate of 13%[18] as on 1st April 2011 for Review of ARR of FY 2011-12. The detailed calculation for the calculation of interest on working capital is mentioned below:

[18] SBI advance rate notified on 14.02.2011; Thereafter four revisions in the SBI advance rate was notified in FY 2011-12 and are as under: 25.04.2011-13.25%; 12.05.2011-14% ; 11.07.2011-14.25%; 13.09.2011 – 14.75%. No further revision has been notified

Table 7.12.1 : Interest on working capital submitted by the petitioner and approved in Review for FY 2011-12

(in Rs. Crores)

Sr. No.	Particulars	FY 2011-12			
		Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12	Approved (FY 2011-12)
1	2	3	4	5	6
1	Fuel Cost for 2 months	0.00	0.00	0.00	0.00
2	Power Purchase Cost for one month	125.21	111.85	138.19	134.12
3	Employee Cost for one month	0.29	0.27	0.29	0.25
4	A&G Expenses for one month	0.01	0.01	0.19	0.15
5	R&M Expenses for one month	0.57	0.57	0.55	0.55
6	**Total Working Capital for one month**	**126.08**	**112.70**	**139.22**	**135.05**
7	**Security Deposit**	**0**	**0**	**0**	**17.07**
8	**Total Working after deduction of Security Deposit from Working Capital Requirement**	**126.08**	**112.70**	**139.22**	**117.99**
9	SBAR Rate	12.25%	11.75%	14.75%	13.00%
10	Interest on Working Capital	**15.44**	**13.24**	**20.53**	**15.34**

The Commission considers Rs. 15.34 Crores as Interest on Working Capital as reasonable and approves the same for Review of ARR for FY 2011-12.

7.13 Interest on Security Deposit

Petitioner's submission

The petitioner has not claimed interest on security deposit and has not shown the security deposit available with them during FY 2011-12.

Commission's analysis

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

The petitioner in their letter dated July 24'2010 had submitted the details of security deposit available with the petitioner. Further, the petitioner had submitted that they collect security deposits from consumers and contractors (as earnest money deposit or security). While security deposit from consumers is taken at the time of providing the connection and has to be repaid to the consumers at the time of surrender of the connection, security deposit from contractors is adjusted, subsequent to satisfactory completion of the contracted work. These deposits are in the form of fixed deposit receipts (FDR) / Bank Guarantee and in case of FDR the interest is directly paid to the consumer.

The Commission in its ARR and tariff order dated September 13'2011 had directed the petitioner should follow the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of consumer security deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2011-12. The Commission would like to reiterate its direction that the distribution licensee should deliver its obligation under the Section 47(4) of the Electricity Act, 2003 and it must pay the interest on security deposit w.e.f. April 1'2011 at the rate of 6% per annum (Being the Bank Rate as on 1st April 2011) and should explicitly mention the same as the 'Interest on security deposit for FY 2011-12 on the bills of the consumers. Commission has considered the security deposit from consumers available with the petitioner as on March 31'2011 as per the audited accounts of FY 2010-11.

Security Deposit amount is available to the licensee. cost of the deposit, i.e. Interest @bank rate is allowed as expenditure in ARR.

In view of the above, the Commission allowed Rs. 1.02 Crores as the interest on security deposits as expenditure in ARR in Review for FY 2011-12.

7.14 Return on Equity/Capital Base

Petitioner's submission

The petitioner has not claimed the return on equity/capital base in its revised estimates of ARR of FY 2011-12, in ARR and tariff petition for FY 2012-13. Further, the petitioner has stated in the petition for Annual Performance Review of FY 2011-12 that Return on Equity shall be computed at the end of the financial year.

Commission's analysis

ED DNH is an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and it is entitlement to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity for historical assets is the basic information in the form of the assets and depreciation registers besides other data. ED DNH has provided the required asset and depreciation registers from 1st April 2008 to March 31'2011 along with audited accounts of FY 2010-11.

As discussed in para 6.10 of this order, Commission has therefore considered return on capital base as per the Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and has considered Rs. 1.99 Crores as a 3% return on net block of approved assets/capitalization at the beginning of the FY 2011-12.

Commission considers the Return on Capital Base of Rs. 1.99 Crores as reasonable and approves the same for FY 2011-12.

7.15 Provision for Bad and Doubtful debts

Petitioner's submission

The petitioner had considered the provision of 0.5% of the receivables in the revenue requirement for FY 2011-12.

Table 7.15.1: Provision for Bad & Doubtful debts for FY 2011-12

Provision for Bad & Doubtful Debts (in Rs. Crores)	FY 11-12 Revised Estimate
Receivables	1,648.42
Provision for Bad &Doubtful Debts as 0.50% of Receivables	0.50%
Provision for Bad & Doubtful Debts	**8.24**

Commission's analysis

As can be observed from the audited accounts, there was no bad & doubtful debt written off in FY 2010-11. Further, as specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

Quote:

28. Bad and Doubtful Debts

The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the generating company/licensee. (Information to be furnished in format 18)

Format -18

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

Unquote

As the petitioner has claimed only 0.5% provisioning of bad and doubtful debt, the Commission has therefore considered the provision of 0.5% of the receivables towards bad and doubtful debts as per the provisions of the regulations subject to availability (at the time of true up) of audited accounts & auditor's certificate of write off sanction of written off bad & doubtful debts, which is a normal commercial accounting practice.

Commission has considered the provision of 0.5% of the receivables from the retail sales for FY 2011-12 as bad and doubtful debt at Rs. 6.97 Crores as reasonable and approves the same as per the regulations for Review of ARR for FY 2011-12.

7.16 Non-Tariff Income

Petitioner's submission

The petitioner has submitted that the non-tariff income includes meter rent/service line rentals, recovery for theft of power/malpractices, miscellaneous charges from consumers. Other income includes Interest on Staff loans & advances, Delayed payment charges from consumers, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

The revised estimates of non-tariff income is Rs. 3.80 Crore for FY 11-12 as submitted by the petitioner in ARR and tariff petition for FY 2012-13 based on the 6 months actuals of Rs. 1.90 Crore and the non-tariff income for the balance six months has been projected on pro-rata basis. Further, the petitioner has submitted the 9 months actuals of non-tariff income at Rs. 1.50 Crores for FY 2011-12 in its petition for Annual Performance Review for FY 2011-12 and has submitted the actuals of FY 2011-12 is Rs. 3.93 Crores in its additional submission.

Commission's `analysis

The Commission considers the actual Non-Tariff Income of Rs. 3.93 crores submitted by the petitioner as reasonable and approves the same for Review of ARR for FY 2011-12.

7.17 Revenue from Sale of Surplus Power

Petitioner's submission

The petitioner has not submitted the details of sale of surplus Power during FY 2011-12 in the petition for Annual Performance Review for FY 2011-12. However the petitioner in its ARR petition for FY 2012-13 has submitted the following:

Quote

"ED-DNH has estimated a surplus power of 240 MUs based on the energy available and sale to various consumer categories. This surplus power is primarily available to ED-DNH due to additional allocation of 38 MW from RGPPL, additional 25MW from NTPC-SAIL Bhilai and 70 MW from Tata Power Haldia stations for one year i.e. FY 11-12. ED-DNH has sold approximately 130 MUs during the first 6 months of FY 11-12 at an average rate of Rs. 1.60 per unit. Revenue from sale of balance surplus units during the remaining six months has been computed at the same rate."

Unquote

Further, the petitioner submitted the details of transactions under UI mechanism to be considered as only source for sale of surplus power. The petitioner has projected Rs. 38.73 Crores towards the revenue from sale of surplus power.

Commission's analysis

As can be observed from the approved Energy Balance for FY 2011-12 in para 7.6 of this order, the energy availability is more than the required amount. The petitioner in its additional submission has submitted the transaction under UI mechanism. Commission has considered the submissions made by the petitioner and after a prudence check of UI transaction. Commission noticed the net under-drawl of 89.96 million units at a total price of Rs. 35.80 Crores.

As per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof applicable for FY 2011-12 and Press Notification issued by Ministry of Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, Commission is mandated to disallow the additional UI charges of Rs. 5.21 Crores against the UI over-drawl/underdrawl beyond

49.5 Hz frequency from April 2011 to March 2012, imposed on the utility under the UI regulations of CERC(as amended from time to time) for overdrawl during the period when the frequency was below 49.5 Hz (amended to 49.7 Hz vide CERC order dated 5th March 2012) and it will not be a pass through in the aggregate revenue requirement of the Petitioner for FY 2011-12. As such penal rate which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of damages should not be shown as purchase of Power because it is on account of poor management of Load by ED-DNH. The ED-DNH is directed to forecast their demand more precisely and plan the Power purchase in advance. The burden of additional UI charges would have to be borne by the petitioner from their own finances and will not be allowed to pass this on to the consumers. Therefore, the Commission directs the licensee to separately show the date wise/time wise details of all short term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls.

Thus, the Commission considers the net impact of UI transaction as net Surplus Power sale under UI for FY 2011-12 at Rs. 35.80 Crores for net Sale of 61.69 million units as reasonable and approves for Review of ARR for FY 2011-12, subject to true-up.

7.18 Revenue at approved retail tariff of FY 2011-12

Petitioner's submission

The petitioner has submitted the actual revenue of Rs. 1742.03 Crores (including Rs. 348.30 Crores recovered as part of PPCA variations) for FY 2011-12 in its additional information for ARR and tariff petition for FY 2012-13.

Commission's analysis

Commission has accepted the actual revenue submitted by the Petitioner for FY 2011-12 on the basis of actual energy sales during that period. Commission has noticed that the actual revenue of FY 2011-12 includes the additional charge on account of PPCA from the consumers of DNH. The actual category wise PPCA charged from the consumers is not provided by the petitioner. The petitioner has provided the total amount of Rs 348.29 Crores as PPCA billed in the FY 2011-12.

In view of the APTEL order in the matter of Appeal no. 175 of 2011 & I.A. No. 263 of 2011 the Commission has analyzed the options for treatment of PPCA charged during FY 2011-12. The same has been discussed in the Chapter 5 of this order. Accordingly the Commission keeping in view interest of the utility and the consumer has considered the **option c** as a reasonable option and has accordingly reviewed the ARR of FY 2011-12 and (surplus)/deficit thereof to be carry forward for FY 2012-13 in this order.

The Commission had approved the power purchase cost of Rs 1342.19 Crores for FY 2011-12 in the order dated September 13' 2011, however the approved power purchase cost in this order is considered at Rs 1609.38 Crores (Net of UI sale). The variation in the power purchase cost therefore comes to 267.19 Crores (i.e. Rs 1609.38 Crores minus Rs 1342.19 Crores)against which the utility has collected 348.80 Crores. The petitioner has thus collected an additional amount of Rs 81.11 Crores (Rs. 348.80 Crores – 267.19 Crores).

The Commission would refer to the section 64(6) of the Electricity Act, 2003 which is reproduced below:

> *"If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the licensee".*

The Commission finds the PPCA recovery to be in excess of the legitimate claim therefore the petitioner is directed to refund the additional amount of Rs 81.11 Crores in the ratio of 81.11/348.8 (i.e. for every Rs 100 recovered on account of PPCA from a consumer, a refund of Rs. 23.25 would be made to that consumer). The consumer shall also be paid interest on the refunded amount at the rate of 9.5% per annum for the number of months starting from April 2012 (i.e. if the PPCA refund is made in the month of August 2012 then interest for 4 months shall be paid). This interest expenditure shall not be a pass through in the ARR. The refund shall be through adjustment in the bills of the consumers.

The detail of revenue considered by the Commission for review of ARR of FY 2011-12 as per the submissions by the Petitioner for FY 2011-12 is given below.

The Commission has considered the Revenue from Sale of Power at existing tariff of FY 2011-12 at Rs. 1393.73 Crores for FY 2011-12 (excluding Rs. 348.30 Crores recovered as part of PPCA variations) as reasonable and approves the same for FY 2011-12. The differential amount of Rs. 7.87 Crores in the revenue on account of re-determined[19] tariff for FY 2011-12 as discussed in Chapter 5 of this order, will be refunded through adjustment in the bill to the consumers during FY 2012-13 and shall

[19] As per the directions given by the APTEL vide its judgment dated February 28'2012 in the matter of appeal no. 159 of 2011

be shown separately as a 'refund due to re-determination of tariff for FY 2011-12'. The actual total amount of refund will be considered at the time of true-up of FY 2011-12.

7.19 Review of Aggregate revenue Requirement for FY 2011-12

The Commission has considered and approved the review of ARR for FY 2011-12 based on the items of expenditure discussed in the preceding Chapters and the actuals submitted by the petitioner of Power purchase costs, revenue and sales and the same has been summarized in the table below:

Table 7.19.1 : Aggregate Revenue Requirement approved for review of FY 2011-12

(in Rs. Crores)

Sr. No.	Particulars	Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12 submitted in FY 12-13 petition	Approved for Review in this order (FY 2011-12)
1	2	3	4	5	6
1	Cost of fuel	-	-	-	-
2	Cost of power purchase for full year	1,502.47	1,342.19	1,658.29	1,645.18
3	Employee costs	3.50	3.25	3.50	2.95
4	Administration and General Expenses	0.14	0.14	2.24	1.75
5	Repair and Maintenance Expenses	6.80	6.80	6.58	6.58
6	Depreciation	20.13	2.11	21.04	4.24
7	Interest and Finance charges	85.59	-	-	7.13
8	Interest on working capital & Interest on Security Deposit	15.44	13.24	20.53	16.36
9	Return on NFA /Equity	62.46	-	-	1.99
10	Provision for Bad Debt	8.48	0.07	8.24	6.97
11	Advance against Depreciation	-	-	-	-
12	Incentive on achievement of norm of T&D loss in FY 12	-	-	-	-
13	**Total Revenue Requirement**	**1,705.01**	**1,367.80**	**1,720.42**	**1,693.15**
14	Less: Non-Tariff Income	3.40	3.40	3.80	3.93
15	Less: Revenue from Surplus Power Sale/UI			38.73	35.80
16	Less: Revenue from Short term sale				-
17	**Net Revenue Requirement (13-14-15-16)**	**1,701.61**	**1,364.40**	**1,677.89**	**1,653.42**

The estimated gap has been mentioned including the carrying cost in the following table:

Table 7.19.2 : Estimation of Deficit considered for review of FY 11-12 (in Rs. Crores)

Sr. No.	Particulars	Proposed in petition of FY 2011-12	Approved in T.O. of FY 11-12 dated 13.09.2011	Revised estimates of FY 2011-12 submitted in FY 12-13 petition	Approved for Review in this order (FY 2011-12)
1	2	3	4	5	6
17	**Net Revenue Requirement (13-14-15-16)**	**1,701.61**	**1,364.40**	**1,677.89**	**1,653.42**
18	Revenue from Retail Sales at Existing Tariff	1,494.43	1,358.51	1,609.69	1,393.73
19	**Net Gap (17-18)**	**207.18**	**5.89**	**68.20**	**259.69**
20	Recovery on account of PPC variations				348.30
21	**Gap after adjusting PPC variations**	**207.18**	**5.89**	**68.20**	**(88.61)**
22	Refunds to consumers on account of excess recovery of PPCA variations				81.11
23	Refund due to revision in tariff of FY 12				7.87
24	**Net Gap after refund to the Consumers**	**207.18**	**5.89**	**68.20**	**0.37**
25	Gap for the previous year		-	-	(47.90)
26	Carrying Cost				(6.20)
27	Past Arrears/Refunds to Consumers				
28	**Total gap (24+25+26+27)**	**207.18**	**5.89**	**68.20**	**(53.73)**

As can be observed there was a revenue gap of Rs. 259.69 Crores at the end of FY 2011-12 without considering the PPCA recovery. The utility has recovered Rs. 348.30 Crores on account of PPC variations. Thus creating a net surplus of Rs. 88.61 Crores not considering the previous year surplus and carrying cost; Commission for the purpose of Review of FY 2011-12 considered the 'refund to consumers on account of excess recovery of PPCA variations' and 'refund due to revision in tariff of FY 2011-12' to be refunded back to the consumers in the manner specified in this Chapter 5 and Chapter 7 of this order, from the surplus of Rs. 88.61 Crores. Commission therefore has considered the estimated gap of Rs. 0.37 Crores after said refund to the consumers. Further, considering the surplus of previous years and carrying cost, the estimated revenue surplus of Rs. 53.73 Crores is considered to be reasonable and approves the same for Review of FY 2011-12.

As discussed above, the 'differential revenue on account of redetermination of tariff of FY 2011-12' and 'excess recovery on account of PPC variations' shall be refunded back to the consumers in FY 2012-13 and the adjustment, if any will be considered at the time of true-up of FY 2011-12.

8. AGGREGATE REVENUE REQUIREMENT OF FY 2012-13

8.1 Background

The ARR & Tariff Petition filed by the ED-DNH for FY 2012-13 as per the relevant provisions mentioned in the tariff regulations 2009. The petitioner has submitted its Aggregate Revenue Requirement and Tariff application as per the Regulation no. 12 & 13 of JERC Tariff regulations 2009 to estimate the revenue requirement for FY 2012-13 on the basis of audited accounts/actuals of FY 2010-11, revised estimates for the FY 2011-12 and forecasted figures for FY 2012-13.

The Petitioner in its petition has submitted its Aggregate Revenue Requirement for FY 2012-13 and has considered the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2012-13. In this chapter, the Commission has analyzed the petition of ED-DNH based on the provisions mentioned in the regulations, audited figures for FY 2010-11, revised estimates/actuals of FY 2011-12 submitted by the petitioner. The Commission has taken into consideration the following:

1. Performance in FY 2010-11 (Audited[20] Figures);
2. Revised estimates of FY 2011-12 including the category wise sales, Power Purchase cost, O&M expenses, Capital Expenditure and Non-Tariff Income from April 2011 to December 2011;
3. Actual Sales/Revenue and Power Purchase Cost submitted by the petitioner for FY 2011-12 in its additional submission;
4. Impact of 're-determination of tariff' of FY 2011-12.

8.2 Analysis of Aggregate Revenue Requirement of FY 2012-13

The determination of Aggregate Revenue Requirement requires assessment of quantum of energy sales, loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. Revised estimates/actuals submitted by the petitioner as regards to various components of ARR of previous year, the Commission's analysis thereon and decision in respect of items given below as discussed in the following paras:

- Assessment of Energy Requirement

[20] Audited Accounts of FY 2010-11 provided by the Petitioner.

i. Sales Projections

ii. Loss Trajectory

iii. Energy Balance

iv. Power Purchase Sources

- Assessment of the Aggregate Revenue Requirement

i. Power Purchase Costs & Transmission Charges;

ii. Operation and Maintenance Expenses;

- Employee Expenses
- Administration & General expenses
- Repairs & Maintenance Expenses

iii. Capital Expenditure and Asset Capitalization

iv. Gross Fixed Assets;

v. Depreciation;

vi. Interest on Long Term Loans;

vii. Interest on Working Capital & Security Deposits;

viii. Return on Capital Base/ Net Fixed Assets;

ix. Provision for Bad and Doubtful Debts

x. Other expenses.

xi. Non-Tariff Income

As per the regulation no. 13 of JERC Tariff regulations 2009,
Quote

1) *The Aggregate Revenue Requirement of the generating company or the licensee shall comprise of the following:*

i. Fuel Cost for own generation, if applicable.

ii. Cost of Power Purchase, if any

iii. Operation and Maintenance Expenses,

iv. Depreciation, including Advance Against Depreciation,

v. Interest and Cost of Finance,

vi. Return on Equity,

vii. Income Tax

viii. Provision for Bad & Doubtful Debts

ix. Other Expenses.

2) The data should be provided for three years

i. Audited figures for the previous year; Information for the previous year shall be based on the audited accounts; in the absence thereof, the audited accounts for the immediately preceding year shall be filed along with the un-audited accounts for the previous year.

ii. Estimated figures for the current financial year should be based on actual figures for the first six months and the estimated figures for the second six-months of the year. The estimated figures for the second half year of the current financial year should be based on the actual audited figures for the second half of the previous year with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified.

iii. Forecasted figures for the ensuing year should be based on the current year figures with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified."

"

4) The Aggregate Revenue Requirement of the generating company or the licensee shall be worked out by adjusting the following in the revenue requirement computed under Clause (1) above:

i. Necessary adjustments under Regulation 9 'Review and Truing Up'.

ii. Income from surcharge and additional surcharge from Open Access Consumers, if any ;

iii. Transmission and/or Wheeling Charges recovered from the Open Access Customers, if any ;

iv. Authorized portion of Income/revenue from Other Business engaged in by the licensee for optimum utilization of assets, if any, in accordance. ***Unquote***

8.3 Consumers, Connected Load and Energy Sales

Petitioner's Submission

The petitioner has considered historical trend for estimating the energy consumption. The petitioner has submitted that the overall energy sales are significantly dependent upon HT/EHT Industries to the extent of around 94%. Energy sold to various consumer categories over the past 5 years have grown at approximately 10% p.a., mainly contributed by increase in the industrial LT and HT/EHT sales.

The petitioner is of the view that the factors affecting the actual consumption of electricity are numerous and often beyond the control of the utility including factors such as Government Policy, economic climate, weather conditions and force majeure events like natural disasters, etc. the petitioner, therefore for projecting the category-wise consumption for the FY 11-12[21] and FY 12-13 has considered the past growth trends in each of the consumer category including growth trend in number of consumers and connected load.

Further, as submitted by the petitioner, the actual energy sales in the DNH periphery in the first six months of the FY 11-12 was 2,068.65 MUs and energy billed was Rs. 676.98 Crores. The energy sales for FY 11-12 & FY 12-13 have been determined based on CAGR for past four-year (i.e. FY 05-06 to FY 10-11) actual energy sales in various consumer categories. Since the energy sales in each category depends upon a number of factors like growth in economy, climate, Government policies, etc., normalization in sales has been undertaken in order to remove any wide fluctuations.

A four-year CAGR has been considered for estimation of sales in domestic, commercial, HT/EHT industry and public lighting categories. For FY 11-12, the actual six month energy sales have also been analyzed and the trend in the growth of half yearly FY 11-12 sales is observed to be similar to the annual growth considered. Therefore, for estimating the sales to various consumer categories during FY 11-12[22] and FY 12-13, four-year CAGR has been considered.

For the LT industry category, large variations have been seen in the growth in the past. While a CAGR growth in the last three years is in LT industry category is 13.15%. However, the CAGR growth in LT industry category had declined in the last three years. Therefore, for FY 12-13, a reasonable growth rate of 7% has been considered for projecting the sales LT consumers. In case of stabilization or minor decline in sales in a few categories such as LIG and agriculture, no growth has been considered while projecting for FY 12-13 energy sales.

[21] Corrected from FY 2010-11 as per the petition

[22] Corrected from FY 2008-09 as per the petition

The petitioner has considered the cumulative average growth rate (%) for Energy Sales (MUs) as mentioned in the following table:

Table 8.3.1 : CAGR(%) for estimation of Sales for FY 12-13 considered by petitioner

Sales	CAGR (Four years)	Adjusted CAGR
Domestic	9.70%	12.00%
Commercial	17.12%	7.22%
Agriculture	-8.98%	0.00%
LT Industry	-0.62%	7.00%
HT/EHT Industry	10.32%	10.32%
Public Lighting	11.12%	11.12%
Temp. Supply		10.00%
Total Sales	**9.82%**	

Source: Table 3 of Petition for FY 2012-13 submitted by ED-DNH

Table 8.3.2 : Category wise Energy Sales projected for FY 2012-13 (in MUs)

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)
A	Domestic	71.30
B	Commercial	26.72
C	Agriculture	2.40
D	LT Industry	164.76
E	HT/EHT Industry	4,358.38
F	Public Lighting	4.55
G	Temp. Supply	1.70
	Total	**4,629.81**

Source: Table 4 of Petition for FY 2012-13 submitted by ED-DNH.

Further, the petitioner has submitted the actual audited sales of FY 2010-11 and actual sales of FY 2011-12 in its additional submission for consideration of the Hon'ble Commission.

Commission's analysis of Consumer growth, connected load and Energy Sales

The Commission has considered the audited figures of FY 2010-11 & actuals figures of FY 2011-12 for projecting the category wise connected load, number of consumers and Energy sales for FY 2012-13.

The modified CAGR (%) of five years (from FY 2011-2012 over FY 2006-2007) for different consumer categories and the growth rate, accordingly adopted by the Commission on the actuals of FY 2011-12 (as submitted by the petitioner) to assess the Energy Sales for FY 2012-13 except for the estimation of Energy Sales for category 'Temporary Supply', where modified CAGR of three years (FY 2011-2012 over FY 2008-2009) has been used. Three years CAGR (FY 2011-2012 over FY 2008-2009) has been used to assess the connected load for FY 2012-13 and 3 years CAGR (FY 2010-2011 over FY 2007-2008) has been used to assess the number of consumers for FY 2012-13 except for the estimation for category 'Temporary Supply', where year on year increase from FY 2009-10 to FY 2010-11 has been used. The details are given in the tables below:

Table 8.3.3 : Modified CAGR(%) considered by the Commission for estimation of Sales, Consumer Base and Connected load for FY 12-13

S. No.	Category	Sales	Consumer Base	Connected Load
1	Domestic	11.24%	5.25%	5.79%
	Domestic – LIG		0.79%	
2	Commercial	20.38%	5.83%	0.00%
3	Agriculture & Poultry	0.04%	0.00%	0.00%
4	LT Industry	0.00%	0.00%	3.95%
5	HT/EHT Industry – HTA	10.78%	2.32%	10.50%
	HT/EHT Industry – HTB		3.31%	0.00%
6	Public Lighting	38.62%	4.53%	3.98%
7	Temp. Supply	37.68%	3.08%	39.75%

Table 8.3.4 : No. of Consumers considered by the Commission for FY 2012-13

(in numbers)

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)	FY 2012-13 Approved by the Commission
1	2	3	4
A	**Domestic**	50033	35840
A1	**Low income group**		14222
B	**Commercial**	7484	7484
C	**Industrial (LT)**	2087	2306
D	**Agriculture & Poultry**	921	971
E	**Public Lighting**	316	316
F	**High Tension Supply**		

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)	FY 2012-13 Approved by the Commission
1	2	3	4
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	808	808
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	42	41
G	**Temporary Supply**	448	448
	Total	62139	62436

Table 8.3.5 : Connected Load considered by the Commission for FY 2012-13 (in KVA)

S.No.	Category/Consumption Slab	FY 2012-13 Approved by the Commission
1	2	3
A	**Domestic**	64123
B	**Commercial**	20496
C	**Industrial (LT)**	112859
D	**Agriculture & Poultry**	3836
E	**Public Lighting**	1668
F	**High Tension Supply**	
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA – total	885108
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive-total	68620
G	Temporary Supply	4846
	Total (in KVA)	**1161556.70**

Table 8.3.6 : Energy Sales considered by the Commission for FY 2012-13 (in Million Units)

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)	FY 2012-13 Approved by the Commission
1	2	3	4
A	**Domestic**	71.30	59.79
1	0-50 units	15.23	9.07
2	51-200 units	24.64	23.41
3	201 - 400 units	11.04	10.18
4	401 and above	20.39	14.64
5	Low Income Group (LIG)		2.49
B	**Commercial**	26.72	33.47
1	1- 100 units	12.29	5.06
2	101 and above units	14.43	28.42
C	**Industrial (LT)**	164.76	152.19
D	**Agriculture & Poultry**	2.4	3.0
1	Connected Load upto 10 HP	1.0	0.63
2	Connected Load above 10 HP to 99 HP	1.4	2.37
E	**Public Lighting**	4.6	7.09
F	**High Tension Supply**	4358.4	4420.3
HTA	Industrial & Motive power- 11KV or 66KV having CMD above 100 KVA		
1	Up to 50000 units	1019.9	404.85
2	50001-500000 units	2157.4	1200.68
3	Above 500000 units	745.3	2467.58
HTB	Ferro Metallurgical/SteelMelting/ Steel Rolling/Power Intensive		
1	First - 300 units/KVA	7.2	238.78
2	301-500 units/KVA	64.8	89.40
3	Above 500 units/KVA	363.8	18.97
G	**Temporary Supply**	1.7	3.59
	Total	**4629.8**	**4679.4**

8.4 Intra-State Transmission & Distribution Loss

Petitioner's submission

The petitioner has submitted that significant reduction in transmission & distribution losses is achieved. The petitioner further submitted that the system improvement works executed every year under the plan schemes as well as increase in energy sales quantum at higher voltages has resulted in the reduction of T & D losses.

During FY 10-11, the ED-DNH had been able to achieve T&D loss level of 6.85%. The petitioner has considered the T&D loss of 6.50% for FY 11-12. The petitioner proposes to reduce the T&D losses to 6.30% for FY 12-13.

Considering the proposed capital expenditure in transmission and distribution network during FY 10-11 and FY 12-13, the petitioner expects to reduce the losses by approximately 0.20% in FY 12-13. The petitioner brought to the notice of the Hon'ble Commission that the T&D loss of UT of Dadra & Nagar Haveli is one of the lowest in the country. Therefore, It's quite difficult to reduce losses by more than 0.2% p.a., due to low base loss level of 6.85% in Dadra & Nagar Haveli. It requires significant effort and resources to reduce losses even by 0.2%. Moreover, the quantum of energy handled by the system has increased over a period of time and this also marginally affects the T & D Losses in the System.

Commission's analysis

Commission observes the submissions made by the Petitioner for FY 2012-13 is at the reduced level that was approved in tariff order for FY 2011-12 dated September 13' 2011. Further, the Petitioner has submitted that the energy audit is completed for five feeders on pilot basis and ED-DNH has initiated on the recommendations given by the energy auditing firm.

As per the regulation 15 of JERC Tariff regulations, 2009

Quote "*15. AT& C Losses*

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

2. *The licensee shall also propose a loss reduction programme for the Ensuing Year as well as for the next three years giving details of the measures proposed to be taken for achieving the same.*

3. *Based on the information furnished and field studies carried out and the loss reduction program proposed by the licensee, the Commission shall fix separate targets for reduction of Transmission and Distribution losses and for commercial efficiency for the period specified by the Commission:*

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

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

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

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

As discussed in para 6.5 of this order, Commission appreciates the efforts made by the petitioner for keeping the loss level below the loss level of FY 2010-11 and FY 2011-12. Keeping in view of the facts as stated by the petitioner, Commission therefore consider the reduction of 0.25% in the approved T&D loss level of FY 2011-12 in the order dated September 13' 2011 for FY 2012-13. **Commission has therefore retained the T&D loss at 6.00% as reasonable and approves the same for FY 2012-13.**

8.5 Inter-State Transmission Loss

Petitioner's submission

The petitioner has submitted that the actual external transmission losses (PGCIL losses) on power purchase for FY 10-11 was 4.61% and six months of FY 11-12 was 3.65% of gross power purchase. The Petitioner would like to submit to the Commission that the Petitioner has no control over the PGCIL losses, therefore has considered the loss level of 3.90% for FY 2012-13 for estimating the power availability at the periphery.

Commission's view

Commission has considered the recent 52-week moving average of regional losses available and found the inter-state transmission losses to be 3.56% for FY 2012-13.

Commission considers inter-state transmission losses for FY 2012-13 of 3.56% as reasonable and approves the same for FY 2012-13.

8.6 Energy Requirement

Petitioner's submission

The petitioner has submitted the energy requirement for FY 2012-13, based on the projected sales power purchase quantum and estimated losses for FY 2012-13.

Commission's analysis

The Commission has approved the T&D losses and the inter-state transmission losses as elaborated in the foregoing paragraphs. The Energy requirement for the FY 2012-13 is drawn based on the approved inter-state and intra-state transmission & distribution losses and the approved energy sales. The gross energy requirement approved for FY 2012-13 is shown in the table below.

Table 8.6.1 : Energy Requirement approved by the Commission and actuals submitted by the petitioner for FY 13

(in Million Units)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
A)	**ENERGY REQUIREMENT** (in Mus)		
1	Energy sales within the State/UT (in Mus)	4629.81	4679.41
2	**Total sales within the State/UT**	**4629.81**	**4679.41**
3	**Distribution losses**		
i)	%	6.30%	6.00%
ii)	MU	311.29	298.69
4	**Energy required at State Periphery for Sale to Retail Consumers**	**4941.10**	**4978.10**
5	**Add: Sales to common pool consumers/ UI (in Mus)**	**63.21**	**0.00**
A	Sales outside state/UT : UI/Under drawal (in Mus)	63.21	0.00
B	Sales (in Mus)		
	a) To electricity traders (in Mus)		0.00
	b) Through PX (in Mus)		0.00
C	Sales to other distribution licensees		
	a) Bilateral Trade (in Mus)		0.00
	b) Banking Arrangement (in Mus)		
6	**Total Energy Requirement for State (5+6)**	**5004.31**	**4978.10**
7	**Transmission losses**		
i)	%	3.90%	3.56%
i)	MU	203.09	183.76
8	**ENERGY REQUIRED AT GENERATOR END**	**5207.40**	**5161.86**

8.7 Energy Balance

Petitioner's submission

Based on the data on estimated & projected sales and purchase obtained, an Energy Balance has been prepared for FY 2012-13 as shown below

Commission's analysis

Based on the Energy requirement, Energy availability and Transmission & Distribution Losses for FY 2012-13 as discussed in earlier paras and the following para 8.8. The Energy balance for FY 2012-13 is presented below.

Table 8.7.1 : Energy Balance for FY 2012-13 as approved by the Commission

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
A)	**ENERGY REQUIREMENT** (in Mus)		
1	Energy sales within the State/UT (in Mus)	4629.81	4679.41
2	**Total sales within the State/UT**	**4629.81**	**4679.41**
3	**Distribution losses**		
i)	% (targeted)	6.30%	6.00%
ii)	MU	311.29	298.69
4	**Energy required at State Periphery for Sale to Retail Consumers**	**4941.10**	**4978.10**
5	**Add: Sales to common pool consumers/ UI (in Mus)**	**63.21**	**0.00**
A	Sales outside state/UT : UI/Under drawal (in Mus)	63.21	0.00
B	Sales (in Mus)		
	a) To electricity traders (in Mus)		0.00
	b) Through PX (in Mus)		0.00
C	Sales to other distribution licensees		
	a) Bilateral Trade (in Mus)		0.00
	b) Banking Arrangement (in Mus)		
6	**Total Energy Requirement for State (5+6)**	**5004.31**	**4978.10**

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
7	**Transmission losses**	3.90%	3.56%
i)	%	3.90%	3.56%
i)	MU	203.09	183.76
B)	**ENERGY REQUIRED AT GENERATOR END**	**5207.40**	**5161.86**
1	**Net Generation (Share from CGS) (in MUs)**	**3077.26**	**3631.40**
A	NTPC	3077.26	3631.40
2	**Power Purchased from (Other Sources) (in Mus)**	**2130.14**	**1530.47**
A	NSPCL	1135.74	785.92
B	NPCIL	416.35	345.31
C	KHSTPP – II	18.97	16.44
D	TATA Power (Haldia)	408.24	242.42
E	Renewable Energy Sources	150.84	140.38
3	**Net power purchase after considering MOD principles (in MUs)**	**5207.40**	**5161.86**

8.8 Power Purchase Quantum and Cost

Petitioner's submission

Power Purchase Quantum

The petitioner has submitted that Dadra & Nagar Haveli has no generating stations of its own and relies on the firm and infirm allocation of power from Central Generating Stations like Korba, Vinashyachal, Kahalgaon, Kawas, Sipat, Tarapur, Kakrapar etc. to meet its energy requirement.

The petitioner for the purpose of estimation of the power availability during FY 12-13 has considered the following sources of power:

- NTPC Western Region Generating Stations
- NTPC Eastern Region Generating Stations

- NSPCL (NTPC-SAIL Power Company Ltd)
- Nuclear Power Corporation of India Limited
- Private Sector Power Generating Companies
- Renewable energy sources – Solar and Non-Solar
- Other market sources

The Petitioner has allocation from Western as well as Eastern region from coal, gas and nuclear power stations. However, for meeting the demand-supply gap during the peak hours, the Petitioner has relied on energy exchange and over-drawal from the Grid (UI). The UT of Dadra & Nagar Haveli has allocated share in Central Sector Generating Stations (CSGS) of NTPC, Nuclear Power Corporation of India Ltd (NPCIL), and NTPC Sail Power Company Ltd (NSPCL). The energy allocation from various generating stations is summarized in table below:

Table 8.8.1: Energy Allocation from Central Generating Stations as submitted by the petitioner

Name of the plant	Weighted average total allocation (MW)
KSTPP	67.78
VSTPP-I	48.10
VSTPP-II	38.76
VSTPP- III	41.18
KAWAS	80.99
JGPP	58.46
Sipat – II	37.50
Sipat – I	31.81
KHSTPP – II	3.00
NPCIL – KAPS	12.41
NPCIL - TAPP 3&4	45.06
Total	**465.05**

Further, Additional power allocation of 37.5 MW from Sipat – II has been considered for FY 12-13.

For projecting the power availability for FY 12-13, Dadra & Nagar Haveli has considered allocation of firm and infirm power from the western region generation stations (NTPC and NPCIL) as per the allocation specified in the notification no. WRPC/Comml/I/6/Alloc/2011 dated October 28'2011 of Western Regional Power Committee. For projecting the power purchase from eastern region NTPC generating stations, allocation from KhSTPP has been considered.

ED-DNH has 164 MW of firm and infirm allocations from 2X250 MW NSPCL Bhilai power plant. Entire allocation of 164 MW has been considered for projecting power availability during FY 12-13. Additionally, power purchase from NTPC Mauda Power Plant in Maharashtra has been taken into account by ED-DNH, wherein ED-DNH has 25 MW of allocation out of the total installed capacity of 1000 (2X500) MW. The first unit of plant will be commissioned during early FY 2012-13.

Power purchase quantum from the NTPC stations and NPCIL for the second half of the current year and FY 12-13 has been calculated based on the installed capacity of each plant and by applying the average of previous four and half years PLF as mentioned in the REA to calculate the plant-wise gross generation. For NSPCL, an average PLF of 82% has been considered in line with the actual PLF for first six months of the plant during FY 11-12. For gas based generating stations i.e. Kawas (KGPP) and Gandhar (GGPP) average gross generation of FY 07-08, FY 08-09, FY 09-10, FY 10-12 and FY 11-12 (six months) has been considered.

Auxiliary consumption of 9% and 3% has been considered for coal and gas based generating stations, respectively.

The petitioner has also made the provision of power purchase from the renewable sources (solar and non-solar) for FY 12-13 as specified in the procurement of renewable energy regulations of JERC 2010 as well as approved by the Commission in the Tariff order for FY 11-12.

Actual external transmission losses (PGCIL losses) on power purchase for FY 10-11 was 4.61% and six months of FY 11-12 was 3.65% of gross power purchase. The Petitioner would like to submit to the Commission that the Petitioner has no control over the PGCIL losses. Therefore, for computing the power availability at the periphery, 3.90% external transmission losses have been applied on the gross power purchase for FY 12-13 respectively. The below mentioned table lists down station wise estimated power purchase for FY 12-13.

Table 8.8.2: Power Purchase for FY 12-13 as submitted by the petitioner (in million units)

Source (MUs)	FY 12 -13 Projected
KSTPP I & II	526.57
KSTPS III	180.01
VSTPP-I	352.95
VSTPP-II	292.58
VSTPP- III	315.71
KAWAS	423.41
JGPP	337.67
Sipat- I	232.81
Sipat – II	141.43
NTPC-SAIL Bhilai	1135.74
RGPPL	274.11
Tata Power – Haldia	282.00
Mauda	125.71
Subtotal	**4621.24**
Eastern Region	
KHSTPP-2	18.97
Subtotal	**18.97**
NPCIL	
KAPS	88.71
TAPS	327.65
Subtotal	**416.35**
Power purchase from Other Sources	
Bilateral	0.00
Power purchase from Indian E. Exchange	0.00
Banking	0.00
UI	0.00
Solar	20.11
Non-Solar	130.73
Subtotal	**150.84**
External Losses	203.09
Total Power Purchase	**5004.32**

Power Purchase Cost

The cost of purchase from the central generating stations for FY 12-13 is estimated based on the following assumptions:

- Fixed cost for FY 12-13 has been projected considering a 10% escalation over the estimated fixed cost for various stations for FY 11-12. The escalation has been considered based on impact of new Tariff Regulations FY 2009-14 issued by Hon'ble CERC for computation of tariff for Central Generating Stations and recent increase in fix charges of the NTPC power plants by Hon'ble CERC.
- Variable cost from each NTPC generating stations for FY 12-13 have been projected based on the actual escalation of average variable cost and fuel price adjustment per unit from FY 10-11 to FY 11-12 (6 months). An escalation of 15% has been assumed for projecting the variable cost for FY 12-13 keeping in view of the escalation of 15% witnessed in the variable cost in the last two years by approximately 15 per cent p.a. on the coal and gas prices over the past one and half years. Per-unit variable cost escalation over from FY 10-11 to FY 11-12 (for the first six months) is presented in the table below.

Table 8.8.3: Variable cost escalation from FY 10-11 to FY 11-12 (6 months)

Source	Per-unit cost Rs./unit	Per-unit cost Rs./unit	Rate of increase in variable cost
	FY 10-11 (Actual)	FY 11-12 (Actual 6 months)	
Western region power plants	1.57	1.79	15%
Eastern region power plants	2.00	2.58	29%
Average increase from FY 10-11 to FY 11-12			15%

- The ED-DNH has projected other charges for FY 12-13 at similar level as estimated for full year of FY 11-12.
- For nuclear plants i.e. KAPS and TAPP Units 3 & 4, single part tariff with 10% escalation on the actual per unit charges for FY 11-12 has been considered for FY 12-13.

- For NTPC-SAIL Bhilai unit 1 & 2, fixed, variable and other charges have been projected based on the actual cost for first six months of FY 11-12. An escalation of 15% for increase in fuel cost, fixed charges, other charges, etc. has been used for projecting the power purchase cost from NTPC-SAIL.
- For Tata Power Haldia Plant, power purchase cost for FY 12-13 has been projected at the same rate as FY 11-12 (Rs. 3.95/per unit) i.e. per unit cost as per the power purchase agreement with Tata Power.
- For RGPPL fixed, variable and other charges have been projected based on the actual cost for October 2011. An escalation of 10% in fixed cost and 15% for increase in fuel cost and other charges have been used from projecting the power purchase cost for RGPPL.

The petitioner has submitted to the Commission that ED-DNH has recently received communication from NTPC and PGCIL regarding anticipated arrears to be paid in FY 12-13. Thereof, ED-DNH has separately estimated arrears of Rs. 64 Crore (NTPC Rs. 59 Crore & PGCIL Rs 5 Crore) in the power purchase cost of FY 12-13.

The Total Power Purchase cost from various sources for FY 12-13 is summarized in Table below:

Table 8.8.4: Power Purchase Cost for FY 12-13 (in Rs. Crore)

Source	Units (MU)	Fixed charges	Variable charges	FPA charges	Other charges	Total	Per Unit Cost
KSTPP I & II	526.57	16.84	53.28		7.65	77.77	1.48
KSTPS III	180.01	21.23	14.67		2.29	38.18	2.12
VSTPP-I	352.95	16.32	63.77		5.23	85.32	2.42
VSTPP-II	292.58	18.79	46.70		12.83	78.32	2.68
VSTPP- III	315.71	31.89	54.10		6.58	92.57	2.93
KAWAS	423.41	38.11	133.00		8.33	179.44	4.24
JGPP	337.67	42.82	107.89		7.44	158.14	4.68
Sipat – I	232.81	31.95	24.36		3.29	59.60	2.56
Sipat – II	141.43	23.50	21.92		2.50	47.92	3.39
NSPCL – Bhilai	1135.74	198.81	226.55		10.40	435.75	3.84
RGPPL	274.11	19.97	61.32		0.00	81.29	2.97
Tata Power – Haldia	282.83	0.00	111.60		0.00	111.60	3.95

Source	Units (MU)	Fixed charges	Variable charges	FPA charges	Other charges	Total	Per Unit Cost
Mauda	125.71	32.00	14.46		0.00	46.46	3.70
Subtotal	**4621.24**	**492.22**	**933.62**	**0.00**	**66.53**	**1492.37**	**3.23**
Eastern Region							
KHSTPP-2	18.97	2.06	4.97		0.01	7.03	3.71
Subtotal	**18.97**	**2.06**	**4.97**	**0.00**	**0.01**	**7.03**	**3.71**
NPCIL							
KAPS	88.71	0.00	20.83		0.34	21.17	2.39
TAPS	327.65	0.00	138.59		0.08	138.67	4.23
Subtotal	**416.35**	**0.00**	**159.42**	**0.00**	**0.42**	**159.84**	**3.84**
Power purchase from other sources							
Solar	20.11	0.00	30.17	0.00		30.17	15.00
Non Solar	130.73	0.00	50.98	0.00	0.00	50.98	3.90
Subtotal	**150.84**	**0.00**	**81.15**	**0.00**	**0.00**	**81.15**	**5.38**
Arrears for NTPC and PGCIL			64.00			64.00	
External Losses	201.06						
Total Power Purchase	**5004.32**	**494.28**	**1243.16**	**0.00**	**66.96**	**1804.40**	**3.61**

Transmission and Other Charges

The Transmission charges payable to PGCIL are based on the total capacity allocation in the transmission network. ED-DNH has a mix of firm and infirm capacity allocation from various Central Generating Stations which is revised by the Ministry of Power at regular intervals. Therefore, considering the changing capacity allocation, the petitioner has estimated the transmission charges for FY 11-12 based on the actual transmission charges for six months of FY 11-12 and pro-rata allocation of the same for remaining six months.

For projecting the PGCIL transmission charges for FY 2012-13, an escalation of 10% over the estimated FY 10-11 transmission charges has been considered in view of the increase in transmission charges. Further, ED-DNH has taken into account the additional capacity share in the new stations and an escalation of 10% for the ensuing year for estimation of Inter-State transmission charges.

Other charges like LC charges to NTPC and PGCIL for FY 12-13 has been considered based on the LC charges estimated for FY 11-12.

Table8.8.5: Total Power Purchase Cost for FY 12-13 (in Rs. Crore)

Particulars	FY 12-13 (Projected)		
	Energy available at DNH Periphery (MUs)	Total Cost (Rs. Cr)	Per Unit Cost (Rs/kWh)
Gross Power Purchase Cost	5004.32	1804.40	3.61
Transmission Charges		119.11	
Other Charges		0.22	
Total Power Purchase Cost (including Transmission Cost)		**1923.73**	**3.84**

Commission's Analysis of Power Purchase Quantum and Cost

Power Purchase Quantum and Cost for FY 2012-13

- **Central Generating Stations – National Thermal Power Corporation and NPCIL**

The petitioner has firm allocation in the Central Sector Generating Stations of NTPC from the following stations

- Korba Super Thermal Power Station - I, II and III.
- Vindhyachal Super Thermal Power Station - I, II & III
- Kawas Gas Power Station
- Gandhar Gas Power Station

- Sipat Super Thermal Power Station- I &II
- Ratnagiri Gas and Power
- Kahalgaon Super Thermal Power Station - II (Eastern Region)
- Mauda Thermal Power Station

The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations except Kahalgaon STPS-II as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2012/684 dated May 24, 2012. The allocation for Kahalgaon STPS-II is considered as per the notification of the Eastern Region power Committee w.e.f. March 1'2012.
- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing NTPC stations based on the installed capacity and the average Plant Load Factor for the past two years (FY 2010-11 and FY 2011-12). The Net energy sent out has been considered after considering the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.
- **New Station:** Further, it is also pertinent to mention here that the second unit of SIPAT STPS -I, Unit# 2 has attained COD on May 25,2012, therefore the availability from this station has been considered on pro-rata basis from the date of COD. It would have been inappropriate to consider one month PLF for the station, therefore the Commission has considered the PLF at 85% equivalent to the Normative Availability specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the petitioner from respective stations.

The Commission has considered the following assumptions to arrive at the Power purchase cost for the FY 2012-13 from the NTPC stations:

- **Fixed Charges:** The fixed charges are considered based on the formula specified for the stations in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges for each stations have been taken as per the latest Tariff orders for the respective stations

- **Variable Charges:** The Commission has considered the average variable cost for the period January 2012 to March 2012 submitted by the petitioner for consideration of the per unit variable charges for the FY 2012-13.

Accordingly, the Commission approves the following availability from NTPC stations based on the merit order dispatch principles

Table 8.8.6: Approved Power purchase quantum from NTPC stations under merit order dispatch

Sr. No.	Source	Capacity (MW)	Average PLF (%)	Weighted Average		Gross Generation (MUs)	Auxiliary Consumption (%)	Purchase (MUs)	PGCIL Losses (MUs)	Energy Available at Periphery (MUs)
				%	MW					
1	2	3	4	5	6	7	8	9	10	11
A	**Central Sector Power Stations**									
I	**NTPC**									
	KSTPS – I & II	*2,100*	86.13	3.30%	69.21	15,844.47	6.50%	488.25	*17.38*	470.86
	VSTPS – I	*1,260*	92.50	3.91%	49.25	10,209.23	8.50%	365.14	*13.00*	352.15
	VSTPS – II	*1,000*	92.50	3.97%	39.69	8,102.56	6.50%	300.71	*10.71*	290.01
	VSTPS –III	*1,000*	92.50	4.21%	42.13	8,102.56	6.50%	319.20	*11.36*	307.83
	KGPP	*656*	69.10	12.34%	80.99	3,972.36	3%	475.57	*16.93*	458.64
	GGPP	*657*	70.50	8.89%	58.46	4,059.73	3%	350.19	*12.47*	337.72
	SIPAT- I	*1,000*	95.23	4.01%	40.13	8,342.15	6.50%	313.04	*11.14*	301.89
	KSTPS - III (unit - VII)	*500*	86.13	4.80%	24.00	3,772.49	6.50%	169.32	*6.03*	163.29
	SIPAT – I	*1,320*	85.00	4.82%	63.56	9,155.52	6.50%	412.19	*14.67*	397.51
	RGPPL	*1,967*	91.67	2.00%	39.34	15,795.58	3%	306.43	*10.91*	295.53
	NTPC - Mauda	*1,000*	85.00	2.50%	25.00	5,589.60	6.00%	131.36	*4.68*	126.68
II	**Eastern Region**									
	KHSTPP – II	*1,500*	66.91	0.20%	3.00	8,791.97	6.50%	16.44	*0.59*	15.86

According to the approved energy the commission has approved the following cost from the NTPC stations:

Table 8.8.7: Approved Power purchase Cost from NTPC stations for FY 2012-13

Sr. No.	Source	Purchase (MUs)	Fixed Charges (Rs. Crores)	Variable Charges (Ps/kWH) - Average of Jan,Feb. and March 2012	Variable Charges (Rs. Crores)	Total Cost (Rs. Crores)
1	2	3	4	5	6	7
A	**Central Sector Power Stations**					
I	**NTPC**					
	KSTPS	488.25	28.39	74	36.17	64.56
	VSTPS – I	365.14	22.33	141	51.59	73.92
	VSTPS – II	300.71	22.81	133	39.87	62.68
	VSTPS –III	319.20	35.91	133	42.55	78.47
	KGPP	475.57	65.59	221	105.24	170.83
	GGPP	350.19	53.37	217	76.01	129.38
	SIPAT Stage 2	313.04	37.63	94	29.43	67.06
	KORBA - III (KSTPS - VII)	169.32	24.89	74	12.46	37.35
	SIPAT - Stage I	412.19	55.59	93	38.17	93.76
	RGPPL	306.43	39.17	237	72.74	111.91
	NTPC – Mauda	131.36	32.00	115	15.11	47.11
II	**Eastern Region**					
	KHSTPP – II	16.44	2.22	238	3.91	6.13

In addition to the existing stations of NTPC, the petitioner has submitted the allocation from upcoming plant of NTPC at Mauda, Maharashtra

- **Energy Availability**: The availability of Mauda has been considered as submitted by the petitioner from the second quarter of FY 2012-13.

- **Fixed and Variable Charges**: The variable charges for Mauda at Rs. 1.15 per unit and fixed charges of Rs. 32 Crores for Mauda for FY 2012-13 as submitted by the petitioner has been considered. The Commission finds the rate to be prudent and approves the same for FY 2012-13.

➢ **Central Generating Stations – Nuclear Power Corporation of India Limited**

The petitioner has firm allocation in the Central Sector Generating Stations of NPCIL from the following stations

- Kakrapara Atomic Power Station (KAPS)
- Tarapur Atomic Power Station (TAPS)

The Commission while estimating the energy availability from the above stations have considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2012/684 dated May 24, 2012.
- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing NPCL stations based on the installed capacity and the average Plant Load Factor for the past two years (FY 2010-11 and FY 2011-12) as recorded by CEA in its monthly generation reports. The Net energy sent out is considered after reducing the auxiliary consumption.
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the petitioner from respective stations.

The Commission has considered the following assumptions to arrive at the single part tariff for the NPCIL stations during FY 2012-13:

- **Variable Charges:** The Commission has considered the average variable cost for the period January 2012 to March 2012 submitted by the petitioner for consideration of the per unit variable charges for the FY 2012-13.
- **Merit order Dispatch**: The Commission has considered the nuclear plants as must run and has not subjected them for merit order dispatch.

Accordingly, the Commission approves the following availability from NPCIL stations based on the merit order dispatch principles

Table8.8.8: Approved Power purchase quantum from NPCIL stations under merit order dispatch

Sr. No.	Source	Capacity (MW)	Average PLF	Weighted Average		Gross Generation (MUs)	Auxiliary Consumption (%)	Net Generation (MUs)	Purchase (MUs)	PGCIL Losses (MUs)	Energy Available at Periphery (MUs)
				%	MW						
II	**NPCIL**										
	KAPS	440	97.99	2.91%	12.79	3,776.93	10%	3,399.23	98.81	*3.52*	95.29
2	*TAPS*	1,080	79.81	3.63%	39.18	7,550.66	10%	6,795.60	246.50	*8.78*	237.72

According to the approved energy the commission has approved the following cost from the NPCIL stations:

Table 8.8.9: Approved Power purchase Cost for NPCIL Stations

Sr. No.	Source	Purchase (MUs)	Fixed Charges (Rs. Crores)	Variable Charges (Ps/kWH) - Average of Jan,Feb. and March 2012	Variable Charges (Rs. Crores)	Total Cost (Rs. Crores)
1	2	3	4	5	6	7
A	**Central Sector Power Stations**					
II	**NPCIL**					
	KAPS	98.81	0	223	21.99	21.99
	TAPS	246.50	0	277	68.40	68.40

- **NSPCL**

The petitioner has firm allocation from the following station of NSPCL

- NSPCL - Bhilai

The Commission has considered the following assumptions to arrive at the Power purchase cost for the FY 2012-13 from the NSPCL stations:

- **Fixed Charges:** The fixed charges are considered as per the petitioner's submission
- **Variable Charges:** The Commission has considered the average variable cost for the period January 2012 to March 2012 submitted by the petitioner for consideration of the per unit variable charges for the FY 2012-13.

- **Merit Order Dispatch**: Further, the NSPCL stations have been subjected to merit order dispatch and accordingly the power purchase quantum and variable cost has been approved. However the fixed charges are approved for full allocation.

Accordingly, the Commission approves the following availability from NSPCL stations based on the merit order dispatch principles

Table 8.8.10: Approved Power purchase quantum and Cost from NSPCL-Bhilai

Sr. No.	Source	Capacity (MW)	Average PLF	Weighted Average		Gross Generation (MUs)	Auxiliary Consumption (%)	Purchase (MUs)	PGCIL Losses (MUs)	Energy Available at Periphery (MUs)
				%	MW					
1	2	3	4	5	6	7	8	9	10	11
1	*NSPCL-Bhilai*	*500*	91.15	32.80%	164.00	3,992.37	9.00%	785.92	*27.98*	757.94

Note: Partial availability is considered based of merit order dispatch

Sr. No.	Source	Purchase (MUs)	Fixed Charges (Rs. Crores)	Variable Charges (Ps/kWH) - Average of Jan, Feb. and March 2012	Variable Charges (Rs. Crores)	Total Cost (Rs. Crores)
1	2	3	4	5	6	7
I	**NSPCL – Bhilai**	785.92	181.89	272	213.54	395.43

➢ Tata Power Haldia

The petitioner has contracted Power from the following

- TATA Power Trading Company - Haldia

The Commission has considered the following assumptions for estimation of energy availability and Power Purchase cost from the above stations:

- **Energy Availability**: The energy availability has been considered for TATA Power Haldia has been considered till the expiry of PPA agreement i.e. till September 13'2012.
- **Fixed and Variable Charges**: As observed from the PPA submitted, the single part tariff for power from Haldia is Rs. 3.95 per unit. It is also observed that the PPA includes a compensation clause where the petitioner would have to pay an amount of Rs 2.00 per unit if it fails to schedule 95% of the power for which open access is granted. As per the stated clause the

petitioner would have to pay Rs. 2.00 per unit for energy not scheduled. The Commission therefore feels that Rs. 2.00 per unit therefore could be considered towards fixed charges and the balance amount of Rs. 1.95 per unit to be considered towards variable charges for consideration of the merit order only.

- **Merit Order Dispatch:** The Commission has further subjected the purchase under the principles of Merit order Dispatch and accordingly approves the following Power Purchase Cost.

Table 8.8.11: Approved Power purchase quantum and Cost from TATA Power Haldia

Sr. No.	Source	Capacity (MW)	Average PLF	Weighted Average		Gross Generation (MUs)	Auxiliary Consumption (%)	Purchase (MUs)	PGCIL Losses (MUs)	Energy Available at Periphery (MUs)
				%	MW					
1	2	3	4	5	6	7	8	9	10	11
	Tata Power – Haldia	*120*	95.00	58.33%	70.00	454.18	8.50%	242.42	*8.63*	233.79

Sr. No.	Source	Purchase (MUs)	Fixed Charges (Rs. Crores)	Variable Charges (Ps/kWH)	Variable Charges (Rs. Crores)	Total Cost (Rs. Crores)
	Tata Power – Haldia	242.42	48.48	195	47.27	95.75

- **Renewable Energy Obligation**

As per JERC (Procurement of Renewable Energy) Regulations 2010 clause 1 sub clause (1)

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.

The Petitioner has to purchase 3% of total energy purchase from renewable sources for FY 2012-13 including 0.40% for Solar and 2.60% for Non-Solar. The petitioner in its petition has submitted that it is considering procuring renewable energy to meet its renewable energy obligation.

The Commission has therefore considered the submission of the petitioner and accordingly allowed the procurement of renewable energy as proposed by the petitioner.

Table 8.8.12: Approved Power purchase quantum and Cost from Renewable Energy Sources

Sr. No.	Source	Purchase (MUs)	Fixed Charges (Rs Crores)	Variable Charges (Rs Crores)	Total Cost (Rs Crores)
D	**Renewable Energy Sources**	**140.38**			
	(2.60% for - Non Solar)	121.66	-	48.67	48.67
	(0.40% for Solar)	18.72	-	16.85	16.85

- **Transmission Charges (PGCIL, NRLDC F&C and Reactive Energy Charges)**

The Commission has considered the PoC rates as specified by the Central Electricity Regulatory Commission vide its order no L-1/44/2010- CERC dated 31.03.2012 applicable for April 2012 to September 2012 for approving the Transmission charges for the FY 2012-13. Accordingly the Transmission charges for usage of PGCIL network is approved at **Rs 161.91 Crores.**

The petitioner also utilizes the network of GETCO, OPTCL for wheeling of power scheduled from different stations. The Commission therefore approves the petitioner's estimates of **Rs 4.43 Crores** as OPTCL - Wheeling Charges, WRPC, WRTM, Congestion charges, reactive charges, reactive charges (GETCO), others, misc. incentives.

Further, the Commission also allows the petitioner's claim of other charges for FY 2012-13 including SLDC Charges, WRLDC charges amounting to **Rs 8.35 Crores**.

Accordingly the total Transmission charges approved for the FY 2012-13 is **Rs. 174.69 Crores.**

- **Power Purchase Cost Approved**

For determining the power purchase cost, merit order dispatch principles have been applied. The must-run stations have been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order.

In accordance with the foregoing paragraphs the Commission has approved the following Power Purchase Cost.

Table 8.8.13: Power Purchase cost approved for FY 2012-13 after considering MOD principles

Sr. No.	Source	Energy Available at Periphery (MUs)	Fixed Charges (Rs. Crores)	Variable Charges (Ps/kWH) - Average of Jan,Feb. and March 2012	Variable Charges (Rs. Crores)	Total Cost (Rs. Crores)
1	2	3	4	5	6	7
A	**Central Sector Power Stations**					
I	**NTPC**					
	KSTPS	470.86	28.39	74	36.17	64.56
	VSTPS – I	352.15	22.33	141	51.59	73.92
	VSTPS – II	290.01	22.81	133	39.87	62.68
	VSTPS –III	307.83	35.91	133	42.55	78.47
	KGPP	458.64	65.59	221	105.24	170.83
	GGPP	337.72	53.37	217	76.01	129.38
	SIPAT Stage 2	301.89	37.63	94	29.43	67.06
	KORBA - III (KSTPS - VII)	163.29	24.89	74	12.46	37.35
	SIPAT - Stage I	397.51	55.59	93	38.17	93.76
	RGPPL	295.53	39.17	237	72.74	111.91
	NTPC – Mauda	126.68	32.00	115	15.11	47.11
II	**NPCIL**					
	KAPS	95.29		223	21.99	21.99
	TAPS	237.72		277	68.40	68.40
B	**Other Generating Stations**					
I	**NSPCL**					
	Bhilai	757.94	181.89	272	213.54	395.43
II	**Eastern Region**					
	KHSTPP - II	15.86	2.22	238	3.91	6.13
C	**Tata Power**					
	Haldia	233.79	48.48	195	47.27	95.75
D	**Renewable Energy Sources**					
	(2.60% for - Non Solar)	117.33		400	48.67	48.67
	(0.40% for Solar)	18.05		900	16.85	16.85
E	**OTHER CHARGES**					
	PGCIL Transmission Charges (POC Charges WR + SR)					161.91
	SLDC Charges, WRLDC charges					8.35
	OPTCL - Wheeling Charges, WRPC, WRTM, Congestion charges, reactive charges, reactive charges (GETCO), others, misc. incentives					4.43
F	**Total**	**4,978**	**650**		**940**	**1,765**

Further, any variation on account of Fuel and Power Purchase cost shall be calculated as per the formula specified by the Commission separately and any impact shall be passed directly to the consumers. The formula will be applicable from FY 2012-13.

The licensee will compute fuel and power procurement cost variations on quarterly basis and adjustment shall be made in consumer bills starting after a month following the end of the quarter based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified separately by the Commission. For the purpose of calculation using FPPCA formula notified by the Commission, **the approved per unit cost of power purchase ($R_{Approved}$) for use in the FPPCA formula (paisa per unit) is 340 paisa per unit for FY 2012-13**. The approved per unit cost of power purchase for FY 2012-13 to be considered in the FPPCA formula excludes transmission charges of PGCIL,SLDC charges, RLDC charges and charges for reactive energy.

8.9 Operation and Maintenance Expenses

Petitioner's Submission

The petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

- **Employees Expenses** which includes the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and
- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

In the past, the Petitioner has not maintained segregation between the three cost elements for the purpose of accounting and had booked all cost including salaries, medical expenses, office expenses, domestic traveling expenses, and other charges towards repairs and supply of materials under the operation and maintenance expense head. However, efforts have been made by ED-DNH to segregate the O&M expenses under different accounting heads. In this regard a specialized accounting firm has been appointed by ED-DNH. The specialized firm has already identified and segregated all the elements of cost to be covered under the three broad categories of O&M expenses from FY 08-09 to FY 10-11. The said work will be finalized soon and output of the same will be submitted to the Hon'ble Commission during the processing of ARR petition of FY 12-13.

Summary of the past five year operation and maintenance expense is summarized in table below:

Table 8.9.1: Operation & Maintenance Expense of previous years (Rs. Crore)

Year	O&M Expenses
	Actual
FY 06-07	3.99
FY 07-08	4.09
FY 08-09	5.53
FY 09-10	7.20
FY 10-11	8.09

The total O&M expense for FY 10-11 was Rs. 8.09 Crore as compared with FY 09-10, where total O&M expense of Rs. 7.20 Crore, an increase of over 12%. The increase in operation and maintenance cost in FY 10-11 was primarily due to increase in A&G expenses.

Commission's Analysis

Commission has considered the submission made by the petitioner in this regard and has accordingly approved the O&M expenses.

8.9.1 Employee Expenses

Petitioner's Submission

The Employee expense estimated by the Petitioner comprise of all costs related to employees like basic salary, dearness allowances, medical cost, leave travel allowances, honorarium, etc. However the Petitioner does not maintain cost related to leave salary contribution and pension of the employee in the employee cost. Therefore, the Petitioner will claim these expenses relating to the employee cost at an appropriate time when the respective cost items become payable.

Based on the various expense head related to employee booked during six months of FY 11-12, ED-DNH has estimated the total employee cost for full year of FY 11-12 as Rs. 3.50 Crore and Rs. 3.74 Crores for FY 2012-13. The petitioner has used five year monthly average growth rate of 6.69% for FY 2012-13.

ED-DNH has prayed to the Commission that salaries/employee cost increase should be considered as an uncontrollable factor specially factors like DA/Basic hike through Government, revision through 6th Pay Commission etc. Therefore, ED-DNH requested the Hon'ble Commission to approve the employee costs as projected.

Commission's Analysis

As per the regulation 27 of JERC tariff regulations 2009

Quote

27. Operation and Maintenance Expenses

1) *'Operation & Maintenance expenses' or 'O&M expenses' shall mean & include repair and maintenance (R&M) expenses, employee expenses and administrative & general (A&G) expenses including insurance.*

   While determining the O&M expenses for generation functions within the State, the Commission shall be guided, as far as feasible, by the principles and methodologies of Hon'ble CERC on the manner, as amended from time to time.

2) *While determining the O&M expenses for transmission functions within the State, the Commission shall be guided, as far as feasible by the principles and methodologies specified by Hon'ble CERC on the matter, as amended from time to time:*

   Provided further that the Commission may, if it considers it just, practical and proper considering the size of the total transmission system of, and the quantum of electricity handled by, an integrated utility, treat its transmission system as an integral part of its distribution system itself.

3) *O&M expenses for distribution functions shall be determined by the Commission as follows:*

   a) *O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;*

   b) *Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the Wholesale Price Index on April 1 of the relevant year;*

   c) *In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expenses for* *subsequent years for individual companies on the basis of such estimation and above principle.*

4) *O&M expenses of assets taken on lease/hire-purchase and those created out of the consumers' contribution shall be considered in case the generating company or the licensee has the responsibility for its operation and maintenance and bear O&M expenses.*

5) *O&M expenses for gross fixed assets added during the year shall be considered from the date of commissioning on pro-rata basis.*

6) *O&M expenses for integrated utility shall be determined by the Commission on the norms and principles indicated above.*

Unquote

As may be seen from para 7.8.1, Commission has considered Employee cost as Rs. 2.95 Crores for Review of ARR for FY 2011-12 for reasons explained therein. Taking Rs. 2.95 Crores as base for FY 2011-12 and applying escalation of 8.76%, employee Cost for FY 2012-13 works out to Rs. 3.20 Crores. The latest WPI index till March 2012 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2011-12.

Commission considers the employee cost of Rs. 3.20 Crores as reasonable and approves the same for FY 2012-13.

8.9.2 Repair and Maintenance Expenses

Petitioner's Submission

Repairs and maintenance expense comprise of expenses incurred by the Petitioner with regard to maintenance and upkeep of the transmission and distribution system. Adequate R&M activities help in reduction of transmission and distribution losses and breakdowns in the system.

The actual R&M expense for FY 10-11 for ED-DNH was Rs. 3.91 Crore. The revised estimate of R&M expense for FY 11-12 is Rs. 6.58 Crore. The increase in R&M cost for FY 11-12 is due to outsourcing of operation and maintenance activity of EHV substations to third party agency. Also, the price of most of the basic commodities like iron, copper, zinc and cement used in the repairs and maintenance has increased tremendously over the last 5 years.

The estimated R&M expense for FY12-13 is Rs. 8.10 Crore. The escalation of cost from the previous year expenses of Rs. 6.58 Crore is due to outsourcing of additional EHV sub-stations to third party agencies as ED-DNH is facing severe shortages of staff for proper O&M of the substations.

ED-DNH requested the Hon'ble Commission to approve the Repair & Maintenance expense without any disallowances as the same is necessary for proper maintenance and strengthening of the system and quality of supply in the region in order to ensure consumer satisfaction.

Commission's Analysis

As may be seen from para 5.8.2, Commission has considered R&M expenses as Rs. 6.58 Crores for Review of ARR for FY 2011-12 for reasons explained therein. Taking Rs. 6.58 Crores as base for FY 2011-12 and applying escalation of 8.76%, the R&M expense works out to Rs. 7.16 Crores for FY 2012-13.

The Commission considers the R&M expenses of Rs. 7.16 Crores as reasonable and approves the same for FY 2012-13.

8.9.3 Administration and General Expenses

Petitioner's Submission

The Administrative and General (A&G) expense comprise of various sub-heads including the following:

- Telephone, postage & telegrams charges;
- Travel and conveyance expenses;
- Consultancy and regulatory fees; and
- Consumer indexing fee

The actual A&G expense for FY 10-11 was Rs. 1.23 Crore. As against Rs. 0.29 Crore approved by the Commission for FY 10-11 in the Tariff order for ED-DNH dated November 1' 2010. ED-DNH would like to submit that in the past the department used to book the consultancy and legal fee in the power purchase head. Therefore, the escalation of cost in A&G expenses was re-allocation of consultancy and regulatory expenses from power purchase to A&G expenses.

ED-DNH has considered the revised estimates of A&G expense as Rs. 2.24 Crores for FY 11-12. The Commission has approved Rs. 0.14 Crore for FY 11-12. For FY 11-12, the A&G expense would include charges on account of regulatory, consultancy, energy auditing and consumer indexing fees. ED-DNH highlighted that it has already completed the energy auditing and consumer indexing exercise in 5 feeders on pilot basis. ED-DNH would further like to take this exercise on the remaining 172 feeders and Rs. 1 Crore has been further provisioned for FY 11-12.

The Regulatory & Consultancy expenses for the FY 12-13 has been projected as per the existing agreements, contracts with the consultants and the best estimates for the future regulatory and consultancy works.

For FY 12-13 the A&G expenses has been projected at Rs. 2.38 Crore in consideration of the above expenses.

Commission's Analysis

As may be seen from para 5.8.3, Commission has considered A&G expenses as Rs. 1.75 Crores for Review of ARR for FY 2011-12 for reasons explained therein. Taking Rs. 1.25 Crores (excluding the one time expense towards energy auditing and consumer indexing exercise) as base for FY 2011-12 and applying escalation of 8.76%, the A&G expense works out to Rs. 1.35 Crores for FY 2012-13.

The Commission considers the A&G expenses of Rs. 1.35 Crores as reasonable and approves the same for ARR for FY 2012-13.

8.9.4 Summary of Operation and Maintenance Expenses

The overall summary of O&M expenditure estimated by the petitioner vis-à-vis approved by the Commission for FY 2012-13 is given below:

Table 8.9.4.1: Summary of Operation & Maintenance Expenses (in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved by this order (FY 2012-13)
1	2	3	4
1	Employee Expenses	3.74	3.20
2	A&G Expenses	2.38	1.35
3	R&M Expenses	8.10	7.16
4	Sub-Total	**14.22**	**11.72**
5	Less: Expenses Capitalized	-	-
6	Total O&M Expenses	**14.22**	**11.72**

8.10 Capital Expenditure and Capitalization

Petitioner's submission

The petitioner submitted the following:

Quote

The present transmission and distribution infrastructure of ED-DNH does not have adequate standby source arrangement for restoring the power supply in case of major breakdowns. Further, considering the increase in demand from HT & LT consumers, ED-DNH would be required to undertake significant capital expenditure for system augmentation and strengthening. System augmentation would not only help ED-DNH in handling increased load but would also ensure better quality of supply and network reliability to the consumers. Though, ED-DNH T&D loss levels are quite low, the capital expenditure would help in further reduction of T&D losses.

Unquote

The petitioner has recently submitted the Asset and Depreciation Registers as per the directives of Hon'ble Commission.

The petitioner further submits that each year they draft an Annual Plan for the capital investment for new schemes and continuing schemes which it plans to incur in the ensuing year. Due to lower allocation of funds from the Government of India as compared with the requested funds, the actual capital expenditure has been lower than the planned capital expenditure in the previous years. Therefore, the capital expenditure for the subsequent years is higher as it includes the schemes for which the funds were not allocated in the previous capital expenditure proposal. The petitioner has proposed the capital expenditure of Rs. 61.30 Crores for FY 2012-13, out of which the petitioner has projected the addition of Rs. 43.72 Crores in the Gross Fixed Assets during FY 2012-13.

Commission's analysis

Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2011-12 is required to maintain the reliable supply for the consumers of UT of Dadra and Nagar Haveli

As per the Regulation 21, of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 specifies that the licensee shall propose in their filings, a detailed capital investment plan, showing separately ongoing projects that will spill into the Ensuing Year and new projects (along with their justification) that will commence in the ensuing year. The petitioner had not submitted the capital investment plan as per the regulations and did not give the present status of the capital expenditure incurred/capitalized during past years. As discussed in para 6.10 of this order, for the purpose of this ARR computation, **Commission provisionally approves the capital expenditure of Rs. 61.30 Crores proposed by the petitioner for ARR for FY 2012-13.** A detailed statement of the capital expenditure incurred quarterly, the asset capitalized and added in the gross fixed assets upto 31.03.2013 on different dates during the year be provided for true-up.

This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

8.11 GFA and Depreciation

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2012-13 had submitted that they had Rs. 479.45 Crore of Opening Gross Fixed Assets (GFA) in FY 12-13. ED-DNH has further proposed capital expenditure of Rs. 61.30 Crore during FY 12-13.

For FY 12-13, ED-DNH has proposed Rs. 61.13 Crore capital expenditure out of which Rs. 43.72 Crore estimated to be capitalized/added in the gross fixed assets.

Further, the Petitioner has submitted the audited accounts for FY 2010-11 containing the audited value of opening gross fixed assets as on April 1'2010 along with the true-up petition for FY 2010-11 and has also submitted the Fixed Asset Registers showing the details of assets as on March 31'2011.

Depreciation is charged on the basis of straight-line method, on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is based on the original cost of the Gross Fixed Assets. ED-DNH has applied the following depreciation rates as specified by Hon'ble CERC in the Tariff Regulations for FY 2009-14.

Table 8.11.1: Depreciation rate specified by Hon'ble CERC

Asset Category	Depreciation Rate %
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Computers & Others	6.33%
Land	0.00%

Depreciation of Rs. 22.91 Crores for the FY 12-13 is determined by applying aforesaid category-wise assets depreciation rates on the opening balance of Gross Fixed assets and average of the addition during the year projected for FY 12-13.

Commission's analysis

As discussed in para 6.10 of this order and As per Regulation 26 of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 depreciation shall be computed on historical cost of the assets including additions during the year. Since historical assets is on assumption basis, therefore the additions during each year i.e. FY 2010-11 and FY 2011-12 including the depreciation has been considered for FY 2012-13.

The Regulation 26 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by Hon'ble CERC from time to time. The depreciation rates for distribution assets as specified by Hon'ble CERC vide Appendix-III (Depreciation schedule of Hon'ble CERC (Terms and Conditions of Tariff) Regulations, 2009 has been used to calculate the depreciation. The depreciation for the FY 2012-13 has been worked out at Rs. 6.11 Crores.

Table 8.11.2 : GFA & Depreciation submitted by the petitioner and approved in the review for FY 2012-13(in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
1	Opening Value of Assets at the beginning of the year	479.45	95.38
2	Additions during the year	43.72	43.72
3	Gross Fixed Assets at the end of year	523.17	139.10
4	Average Assets	**501.31**	**117.24**
5	Average Rate of Depreciation	4.38%	
6	Depreciation for the year	**22.91**	**6.11**

Table 8.11.3 : Calculation for working out the Depreciation for FY 2012-13(in Rs. Crores)

Sr. No.	Particulars	Value of assets at the beginning of FY 2012-13	Addition during FY 2012-13	Closing balance at the end of FY 2012-13	Rate of Depreciation	Depreciation for FY 2012-13
1	2	3	4	5	6	7
1	Plant & Machinery	93.05	43.72	136.77	5.28%	6.07
2	Buildings	1.26	-	1.26	3.34%	0.04
3	Vehicles	-	-	-	9.50%	-
4	Furniture and Fixtures	-	-	-	6.33%	-
5	Computers and Others	0.07	-	0.07	6.33%	0.00
6	Land	1.00	-	1.00	0.00%	-
7	Total	**95.38**	**43.72**	**139.10**		**6.11**

Commission considers the depreciation of Rs. 6.11 Crores as reasonable and approves the same for ARR of FY 2012-13.

8.12 Interest on Loan

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2012-13 has submitted that the entire capital expenditure of ED-DNH since its inception has been funded by the Central Government through Budgetary supports each year upto FY 10-11. Therefore, the department does not have any loan liabilities.

However, ED-DNH is now migrating from a Government owned utility to a commercial utility under the Electricity Act, 2003, it has come under the direction of the Joint Electricity Regulatory Commission. It has been assumed that ED-DNH would work as a separate commercial utility and therefore would be utilizing the debt facilities from FY 2012-13 onwards.

Assets capitalized during FY 12-13 have been considered based on normative debt-equity ratio of 70:30 as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

Interest rate of 14.75% has been considered for computation of interest cost for long-term loans which is similar to the prevailing SBI Prime Lending Rate.

Commission's analysis

Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 lays down

(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".

The ED DNH being an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 as the ED DNH is not restructured and corporatized till date. Considering this an integrated utility and its entitlement to return on its capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of interest on loans the adequate information of the value of fixed assets of the utility in service (net fixed assets) at the beginning of such year and funding pattern as well as terms & conditions of funding of capital assets.

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

Quote

23. Debt-Equity Ratio

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:

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: .

(2) 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.:

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

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for the FY 2010-11, wherein the Commission had determined Tariff in accordance with the JERC Tariff Regulation. The Commission has also perused the accounts certified by a chartered accountant submitted by the petitioner. It has been observed that the petitioner does not have any opening loan portfolio and the entire capital base is funded through internal accruals.

As discussed in para 6.10 of this order, the normative interest under the JERC Tariff Regulations could therefore be considered on the assets created during the year FY 2010-11 onward excluding the opening capital base. Commission has accordingly considered the opening normative loan of Rs. 61.99 Crores and normative debt of 70% of addition to GFA of Rs. 30.60 Crores during the FY 2012-13 and has calculated the normative interest as per the regulations which amounts to Rs 10.91 Crores. Accordingly, the **Commission has considered the Normative Interest on loans as Rs. 10.91 Crores as reasonable and approves the same for ARR for FY 2012-13.** The calculation is given below:

Table 8.12.1 : Normative Interest on Loan approved in the ARR for FY 2012-13(in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
1	Opening Normative Loan	-	61.99
2	Add: Normative Loan during the year	30.60	30.60
3	Less: Normative Repayment	1.53	6.68
4	Closing Normative Loan	**29.07**	**86.92**
5	Average Normative Loan	14.54	73.95
6	Rate of Interest (@SBAR rate)	14.75%	14.75%
7	Interest on Normative Loan including bank charges	2.14	10.91

8.13 Interest on Working Capital

Petitioner's submission

The petitioner has computed the Interest on Working Capital for FY 11-12 based on normative basis as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

Since ED-DNH is an integrated utility, the working capital requirement for FY 12-13 has been computed considering the following parameters:

i. One month Power purchase cost

ii. One month Employees cost

iii. One month Administration & general expenses

iv. One month Repair & Maintenance expenses.

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

A rate of interest of 14.75% has been considered for FY 12-13 on the working capital requirement, being the SBI Prime Lending Rate as on September 13' 2011. This is in line with the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 which states that "The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India."

The normative interest on working capital for FY 12-13 as per the revised estimates amounts to Rs. 23.82 Crores.

Commission's analysis

Commission has considered the approved Power purchase expenses of FY 2012-13 and approved O&M expenses to work out the normative working capital required for FY 2012-13.
As per the regulation 29 of JERC tariff regulations

Quote

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

For generation and transmission business, the working capital shall be as per Hon'ble CERC norms. Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:

a. Power purchase cost.

b. Employees cost.

c. Administration & general expenses and

d. Repair & Maintenance expenses.

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

Unquote

In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensee is required to pay interest on security deposit collected from the consumers. If this security deposit is invested in the form of interest earning fixed deposits or other similar instruments. The interest earned from such investment could be utilized to pay the interest to the consumers under section 47(4) of the Electricity Act 2003. However it is noted that the petitioner has not invested any of the security deposit held and the said amount is available to the petitioner. Accordingly, the Commission has allowed the interest payable to the consumer as expense in this order. Commission has considered the security deposit available with the Petitioner as a source to meet working capital requirements and has deducted this amount from the working capital requirement considered for interest for review of FY 2012-13. Further, Commission clarifies that SBI PLR rate has now been substituted as SBI Advance Rate. The Commission has considered the SBI advance rate of 14.75%[23] as on 1st April 2012 for ARR of FY 2012-13. Commission has not considered the revenue from short term sale of power of units deducted under merit order dispatch principles in the total power purchase cost for the purpose of estimating the working capital requirement for FY 2012-13. The detailed calculation for the calculation of interest on working capital is mentioned below:

[23] SBI advance rate notified on 14.02.2011; Thereafter four revisions in the SBI advance rate was notified in FY 2011-12 and are as under: 25.04.2011-13.25%; 12.05.2011-14% ; 11.07.2011-14.25%; 13.09.2011 – 14.75%. No further revision has been notified

Table 8.13.1 : Interest on working capital submitted by the petitioner and approved in ARR for FY 2012-13

(in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved (FY 2012-13)
1	2	3	4
1	Fuel Cost for 2 months	0.00	0.00
2	Power Purchase Cost for one month	160.31	147.08
3	Employee Cost for one month	0.31	0.27
4	A&G Expenses for one month	0.20	0.11
5	R&M Expenses for one month	0.68	0.60
6	**Total Working Capital for one month**	**161.50**	**148.05**
7	**Security Deposit**	**0**	**17.73**
8	**Total Working Capital after deduction of Security Deposit from Working Capital Requirement**	**161.50**	**130.33**
9	SBAR Rate	14.75%	14.75%
10	Interest on Working Capital	**23.82**	**19.22**

The Commission considers Rs. 19.22 Crores as Interest on Working Capital as reasonable and approves the same for ARR for FY 2012-13.

8.14 Interest on Security Deposit

Petitioner's submission

The petitioner has not claimed interest on security deposit and has not shown the security deposit available with them during FY 2012-13.

Commission's analysis

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

The petitioner in their letter dated July 24'2011 had submitted the details of security deposit. Further, the petitioner had submitted that they collect security deposits from consumers and contractors (as earnest money deposit or security). While security deposit from consumers is taken at the time of providing the connection and has to be repaid to the consumers at the time of surrender of the connection, security deposit from contractors is adjusted, subsequent to satisfactory completion of the contracted work. These deposits are in the form of fixed deposit receipts (FDR) / Bank Guarantee and in case of FDR the interest is directly paid to the consumer. These directions were issued in earlier order and as discussed in para 6.13 of this order that all the instruments of security deposit must satisfy the requirements as mentioned in para 6.13 or alternatively the security deposit be accepted directly by way of cash, cheque, bank draft or pay order by the licensee payable to the licensee in the event of default/delayed payment/any reasonable outstanding.

The Commission in its ARR and tariff order dated September 13'2011 had directed the petitioner should follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

On account of provisions mentioned in the Act and regulation, Commission re-directs the Petitioner to pay the interest on security deposit collected from the consumers with effect from April 1st 2010 irrespective of their constraints.

As per Clause 47(4) of the Electricity Act, 2003 and as specified in regulation 25 of JERC Tariff Regulations 2009, *the distribution licenses shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission*. On account of provisions mentioned in the Act and regulation, Commission directs the petitioner, that the petitioner must pay the interest on consumer security deposit for FY 2012-13 (at the Bank Rate i.e. 9.50[24]% per annum applicable as on 1st April 2012) with effect from 1st April 2012 to the consumers on their security deposit irrespective of petitioner's constraints and should explicitly mention the same as the 'Interest on security deposit for FY 2012-13' on the bills of the consumers. **Any non-compliance in this regard shall be viewed seriously by the Commission.**

[24] As per RBI circular no. RBI/2011-12/432, UBD.BPD. (PCB).Cir. No. 26 /16.11.00/2011-12 dated March 07'2012 on bank rate.

In view of the above, the Commission allows Rs. 1.68 Crores as the interest on security deposits and considers as expenditure in ARR for FY 2012-13.

8.15 Return on Capital Base

Petitioner's submission

As per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, ED-DNH is entitled for a Return on Equity (RoE). However, the Rate of return has not been specified in the Regulations issued by JERC.

As per the Hon'ble CERC revised Tariff Regulations FY 2009-14, Generation and Transmission utilities are entitled for a pre-tax Return on Equity of 15.50% with an additional return of 0.50% for projects completing before a specified timeline. ED-DNH would like to submit that Distribution Business is perceived to be a higher risk business as compared with Generation and Transmission Business. Therefore, a higher RoE should be provided for the Distribution Business given that ED-DNH is primarily a transmission and distribution utility with no generating assets.

However, considering that the other State Electricity Regulatory Commissions in India are allowing a RoE of 16% for distribution business, ED-DNH has claimed RoE of 16% for FY 12-13 in its Petition.

Return on equity has been computed based on 30% normative equity for capitalization during FY 12-13 in line with the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

Return on equity for ED-DNH has been computed as Rs. 1.16 Crores for FY 12-13

Commission's analysis

ED DNH is an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and it is entitled to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity for historical assets is the basic information in the form of the assets and depreciation registers besides other data. ED DNH has provided the required asset and depreciation registers till March 31'2011 along with audited accounts of FY 2010-11.

As discussed in para 6.10 of this order, Commission has therefore considered return on capital base in accordance with Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and has considered Rs. 2.68 Crores as a 3% return on net block at the beginning of the FY 2012-13.

Commission considers the Return on Capital Base of Rs. 2.68 Crores as reasonable and approves the same for ARR of FY 2012-13.

8.16 Provision for Bad and Doubtful debts

Petitioner's submission

The petitioner had considered the provision of 0.5% of the receivables in the revenue requirement for FY 2012-13.

Table 8.16.1: Provision for Bad & Doubtful debts for FY 2012-13

Provision for Bad & Doubtful Debts (in Rs. Crores)	FY 12-13
	Projected
Receivables	1,530.07
Provision for Bad &Doubtful Debts as 0.50% of Receivables	0.50%
Provision for Bad & Doubtful Debts	7.65

Commission's analysis

As can be observed from the audited accounts, there was no bad & doubtful debt in FY 2010-11. Further, as specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

Quote

28. Bad and Doubtful Debts

The Commission may, after the generating company/licensee gets the receivables audited, allow a provision for bad debts up to 1% of receivables in the revenue requirement of the generating company/licensee. (Information to be furnished in format 18)"

Format -18

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

Unquote

As the petitioner has claimed only 0.5% provisioning of bad and doubtful debt, the Commission has therefore considered the provision of 0.5% of the receivables towards bad and doubtful debts as per the provisions of the regulations subject to availability (at the time of true up/review) of audited accounts & auditor's certificate of write off sanction of written off bad & doubtful debts, which is a normal commercial accounting practice.

Commission has considered the provision of bad and doubtful debt as Rs. 7.57 Crores as reasonable and approves the same as per the regulations for ARR for FY 2012-13.

8.17 Non-Tariff Income

Petitioner's submission

The petitioner has submitted that the non-tariff income includes meter rent/service line rentals, recovery for theft of power/malpractices, miscellaneous charges from consumers. Other income includes Interest on Staff loans & advances, Delayed payment charges from consumers, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

For FY 12-13, an increase at 5% p.a. has been considered over the estimated FY 11-12 non-tariff income and has worked out Rs. 3.99 Crores.

Commission's analysis

Commission has considered the actuals submitted by the petitioner for FY 2011-12 at Rs. 3.93 Crores including security deposit of consumers and has accordingly considered the petitioner's claim for FY 2012-13.

The Commission considers the petitioner's claim of Non-Tariff Income of Rs. 3.99 crores as reasonable and approves the same for ARR for FY 2012-13.

8.18 Revenue from Sale of Surplus Power

Petitioner's submission

As mentioned in Power purchase section above, ED-DNH has has projected a surplus energy of 14 MUs for FY 12-13 and has considered the revenue of Rs. 18.96 Crores.

Commission's analysis

The Commission as also discussed in the section of power purchase of this chapter, has applied merit order dispatch principles in estimating the power procurement requirement of the utility. Based on this, the Commission has only allowed power purchase as required to meet the requirement within the utility and as such, no surplus power is available for sale outside the territory. The Commission, therefore, has not considered the revenue earned from outside sales for FY 2012-13.

8.19 Revenue at 're-determined retail tariff of FY 2011-12'

Petitioner's submission

The petitioner has estimated the Revenue from sale of power for FY 12-13 is determined based on the energy sales estimated in and category wise tariff prevalent in the UT of Dadra & Nagar Haveli.

The revenue from sale of power at approved tariff is estimated to be Rs. 1,511.10 Crore in FY 2012-13. Further, ED-DNH has computed the revenue for the entire FY 12-13 based on the tariff notified by the Hon'ble Commission in the Tariff Order for FY 11-12 dated 13th September, 2011. However, ED-DNH has not considered any revenue on account of fuel price adjustment charge during FY 12-13.

However, as also mentioned above in the section on power purchase, ED-DNH has projected a surplus energy of 14 MUs for FY 12-13. The table below summarizes the revenue from sale of power at existing tariff for FY 12-13:

Table8.19.1: Revenue from Sale of Power at Existing Tariff as submitted by petitioner (Rs. Crore)

Revenue at Existing Tariff	FY 12-13
(Rs Crores)	Projected
Domestic	13.50
Commercial	8.19
Agriculture	0.19
LT Industry	47.62

Revenue at Existing Tariff (Rs Crores)	FY 12-13 Projected
HT/EHT Industry	1439.54
Public Lighting	1.32
Temp. Supply	0.74
Total revenue from existing tariff	**1,511.10**
Revenue from Surplus Power Sale	18.96
Total Revenue	**1,530.07**

Commission's analysis

Based on the estimates of sales, consumers and connected load approved by the Commission for FY 2012-13, the Commission has arrived at the revenue from existing tariff (re-determined tariff for FY 2011-12 in this order) of Rs. 1513.35 Crores.

Table 8.19.2: Revenue from Sale of Power at re-determined tariff of FY 2011-12 approved by the Commission

(Rs. Crores)

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)	FY 2012-13 Approved by the Commission by this order
1	2	3	4
A	**Domestic**	13.50	0.00
1	0-50 units		0.91
2	51-200 units		3.75
3	201 - 400 units		2.04
4	401 and above		3.29
5	Low Income Group (LIG)		0.09
B	**Commercial**		
1	1- 100 units	8.19	1.04
2	101 and above units		7.67
C	**Industrial (LT)**	47.62	39.25
D	**Agriculture & Poultry**	0.19	
1	Connected Load upto 10 HP		0.03

S.No.	Category/Consumption Slab	FY 2012-13 (Petitioner's submission)	FY 2012-13 Approved by the Commission by this order
1	2	3	4
2	**Connected Load above 10 HP to 99 HP**		0.20
E	**Public Lighting**	1.32	0.85
F	**High Tension Supply**	1439.54	
HTA	**Industrial & Motive power-11KV or 66KV having CMD above 100 KVA**		
1	Up to 50000 units		125.76
2	50001-500000 units		391.00
3	Above 500000 units		815.89
HTB	**Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive**		
1	First - 300 units/KVA		74.44
2	301-500 units/KVA		36.81
3	Above 500 units/KVA		8.76
G	**Temporary Supply**	0.74	1.57
	Total	**1511.10**	**1513.35**

8.20 Aggregate revenue Requirement and Revenue Surplus/Deficit for ARR of FY 2012-13

Petitioner's submission

The petitioner estimated the Net Aggregate Revenue Requirement for FY 2012-13 to be Rs. 1,972.48 Crores.

Commission's analysis

Based on the estimates approved in the preceding chapters, the aggregate revenue requirement is summarized in the table below:

Table 8.20.1 : Aggregate Revenue Requirement approved for ARR of FY 2012-13

(in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved by this order (FY 2012-13)
1	2	3	4
1	Cost of fuel	-	-
2	Cost of power purchase for full year	1,923.73	1,764.93
3	Employee costs	3.74	3.20
4	Administration and General Expenses	2.38	1.35
5	Repair and Maintenance Expenses	8.10	7.16
6	Depreciation	22.91	6.11
7	Interest and Finance charges	2.14	10.91
8	Interest on working capital & Interest on Security Deposit	23.82	20.91
9	Return on NFA	1.05	2.68
10	Provision for Bad Debt	7.65	7.57
11	Advance against Depreciation	-	-
12	**Total Revenue Requirement**	**1,995.52**	**1,824.67**
13	Less: Non-Tariff Income	3.99	3.99
14	Less: Revenue from Surplus Power Sale/UI	18.96	
15	**Net Revenue Requirement (12-13-14)**	**1,972.57**	**1,820.83**

The estimated gap has been mentioned including the carrying cost in the following table:

Table 8.20.2 : Estimation of Deficit considered for ARR of FY 12-13 (in Rs. Crores)

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved by this order (FY 2012-13)
1	2	3	4
15	**Net Revenue Requirement (12-13-14)**	**1,972.48**	**1,820.83**
16	Revenue from Retail Sales at Tariff	1,511.10	1,513.35[25]

[25] On the basis of re-determined tariff

Sr. No.	Particulars	Petitioner Submission (FY 2012-13)	Approved by this order (FY 2012-13)
1	2	3	4
17	**Net Gap (15-16)**	**461.38**	**307.48**
18	Gap/(Surplus) for the previous year	-	(53.73)
19	Carrying Cost	-	-
20	Past Arrears/Refunds to Consumers	-	-
21	**Total gap (17+18+19+20)**	**461.38**	**253.74**

As can be observed there is a revenue gap of **Rs. 253.74 Crores** at the end of FY 2012-13 considering estimated surplus of previous year. As can be seen from the above, reasonable tariff hike in the appropriate categories is inevitable; Commission has therefore taken a considerate view in terms of determination of tariff for FY 2012-13 and is discussed in chapter 10 of this order.

9. DIRECTIVES

9.1 Commission's Observation

While examining the compliance note and supporting documents submitted by the Petitioner in the proposed ARR and Tariff Petition for FY 2012-13, it has been observed that the directives issued in tariff order dated September 13'2011 for FY 2011-12 have not been fully compiled with by ED-DNH. *Though Commission appreciates the efforts made by the petitioner in reduction of T&D losses. Actions taken on the directions need more effort and seriousness on the part of the petitioner.*

Compliance of Directives issued by the Commission in the tariff order on Petition no 32/2011 for FY 2011-12 dated September 13' 2011

1. **<u>Directive -1</u>: Annual Statement of Accounts**

   The Commission directs the ED-DNH to prepare and maintain their annual accounts on commercially accepted principles for the regulated business and get them audited as required under JERC (Terms and Conditions for Determination of Tariff) Regulations 2009 (10/2009).

   Compliance/Action Taken mentioned in ARR and tariff petition for FY 2012-13
   Petitioner's submission
   Quote "*ED-DNH has appointed a specialized Chartered Accountant/Auditing firm – M/s Soni Jhawar & Co., a Surat vide order no. ELE/Dept. /NIT/CA/2010/ 772 dated 07 June 2011.*

   *All the historical data pertains has been given to the Chartered Accountant. The initial segregation and classification under the major accounting heads has been completed by the Chartered Accountant. The firm is now in the process to finalizing the past accounts of ED-DNH under the commercially accepted principles. The aforesaid process is likely to complete by the mid of December 2011. Upon finalization of the accounts, ED-DNH will submit the same to the Hon'ble Commission by December 2011."***Unquote***

   The petitioner has submitted the audited accounts of FY 2010-11 along with its true-up petition for FY 2010-11.

   Commission's Comments
   Action taken is noted and the submission is accordingly considered for the purpose of provisional true-up of FY 2010-11.

2. **Directive-2: Preparation of Asset and Depreciation Register**

   The Electricity Department was directed to arrange for the preparation of assets and depreciation registers function wise, and asset classification wise. Till such time, the above registers are prepared and got audited, it is not feasible for the Commission to consider the gross fixed assets and accumulated depreciation over the years to arrive at the capital base and allow the return there on as per JERC (Terms and Conditions of Determination of Tariff) Regulations, 2009.

Compliance/Action Taken

Petitioner's submission

Quote '*The aforesaid CA firm is also in process to prepare the asset and depreciation registers. The work is in the final stage and ED-DNH would submit the final asset and depreciation by the end of December*' **Unquote**

The petitioner has recently submitted the fixed and depreciation registers

Commission's Comments

Action taken is noted and as discussed in earlier para, the submission is accordingly considered for the purpose of provisional true-up of FY 2010-11. As these assets have not been verified by the Chartered Accountant as per their letter dated 02 July 2012 and the asset verification was carried out after the finalization of audited accounts of FY 2010-11.

3. Directive-3: Management Information System (MIS)

The ED-DNH was directed to take steps to build credible and accurate data base and management information system to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement and which the Commission may consider at the appropriate time under Regulation 11 of JERC (Terms and Conditions for determination of Tariff) Regulations 2009. The formats software and hardware may synchronize with the Regulatory Information and Management System (RIMS) circulated by Hon'ble Central Electricity Regulatory Commission (CERC). The ED-DNH should get a study conducted on computerized database, on electronic media and shall give a proposal by 31.12.2011 as to how the ED-DNH proposes to achieve this.

Compliance/Action Taken

Petitioner's submission

Quote *"ED-DNH would like to highlight that a computerized system has been implemented and accordingly all the records pertains to power purchase, sales, revenue and other associated costs have maintained properly.* "**Unquote**

Commission's Comments

Action taken is noted and hereby the petitioner is directed to submit the quarterly reports in the RIMS formats specified by Hon'ble CERC.

4. Directive-4: Billing Efficiency / Collection Efficiency

The ED-DNH is directed to improve the energy billing efficiency to 100%. The ED-DNH shall submit a time bound action plan to achieve 100% billing efficiency.

Compliance/Action Taken

Petitioner's submission

Quote' *As per the estimate of ED-DNH the collection efficiency by the end of FY 11-12 would reach to 95.5% against target set by the Commission of 100%.*

ED-DNH would like to submit that at present the billing department is grossly understaffed. The existing staff in the billing department are finding hard to cope with the ever increasing billing and collection pressures. To improve this situation, ED-DNH has hired manpower on contractual basis. However this arrangement was not so successful.

In order to improve the billing and collection efficiency, ED-DNH is now planning to hire a specialized agency for these tasks. This type of arrangement is practiced in various other states in India such as Gujarat, Delhi, Haryana and Himachal Pradesh and would like to bring good results in DNH as well.

*ED-DNH is in the process to finalization of the terms of conditions for hiring specialized agency for this purpose and would likely to float a tender in the first half of the next calendar year. '***Unquote**

Commission's Comments

Action taken is noted and the petitioner is directed to submit the status report of the progress made in this direction quarterly.

5. Directive-5: Collection of Arrears

The ED-DNH is directed to prepare, age wise analysis and initiate measures to liquidate the arrears and shall submit an action plan in this respect by 31.12.2011.

Compliance/Action Taken

Petitioner's submission

Quote *'ED-DNH has already prepared the analysis of arrears of 2010-11 and same has been submitted to the Hon'ble Commission. ED-DNH is now doing this exercise regularly for collection of the arrears.'* **Unquote**

Commission's Comments

Action taken is noted and Commission appreciates that the petitioner has taken up the collection of arrears seriously. The petitioner is directed to submit the status of outstanding dues receivables on 31.03.2010, 31.03.2011 & 31.03.2012 and age analysis of outstanding more than six months old, added each year after 31.03.2009.

6. Directive-6: Line Losses and System Augmentation

7.26% losses as projected by the ED-DNH, despite 94% consumption being on HT/EHT, is on the higher side. Commission directs that an energy audit through an accredited agency be carried out in order to find out the actual losses (technical & commercial losses separately) and remedial measures required to be taken as a result thereof. An action plan including scope of work for the energy audit and loss reduction trajectory for next 3 years shall be submitted by 31.12.2011 for approval of the Commission. ED DNH shall release further new connection or load enhancement of existing connection only through appropriate Transmission and Distribution system so that this does not result into violation of any provision of regulation of the Commission or tariff order.

Compliance/Action Taken

Petitioner's submission

Quote' *ED-DNH would like to highlight that the line losses in its territory in the FY 10-11 was 6.85%, which is one of the lowest in the country. Further, ED-DNH has set to target to reduce the line losses to 6.50% in FY 11-12 and 6.30% in FY 12-13.*

In order to reduce the system losses, ED-DNH has proposed a number of capex schemes such as augmentation of D/C circuit line, augmentation of new 220/66 kV and 66/11kV substations and automatic meter system for the HT consumers.

ED-DNH is regularly calculating the T&D losses of 66 kV and 11kV feeders. In this regard, ED-DNH has appointed ERDA, Vadodara to calculate the T&D losses for the following five feeders:

Feeder	Sub-station

Feeder	Sub-station
Silvassa Town – I	Amli
Dadra –V	Dadra
Kherdi	Khanvel
Arthal rural	Kharadpara
Silvassa Town – 4	Amli

*ED-DNH would conduct similar studies for the rest of the feeders as well. This task is expected to complete by FY 12-13.'****Unquote***

Commission's Comments

Action taken is noted and Commission appreciates the efforts made by the petitioner in this regard. The Commission is of the view that considering the consumer mix of DNH there is a scope of further reduction in distribution losses.

7. Directive-7: Contribution of Consumers for Capital Investment

It is stated by some of the consumers that the consumers are contributing for part of capital investment for providing electricity to their installations. The amounts collected from the consumers towards capital investment shall be brought out in the accounts.

Compliance/Action Taken

Petitioner's submission

Quote' *It is to inform that all the capital investments are made from Government plan fund. ED-DNH either can lay the service line of relevant voltage level i.e. 66kV and 11kV line and recover the expenditure from the consumer or ask the consumer to lay the service line at his own cost as being done in other states like Gujarat and Maharashtra.*

ED-DNH would also like to inform that it is following the notification of Development Rules notified by the Administration. Hence, in ED-DNH the service line laid by the consumer under the supervision of the department to ensure planning, safety and provisions of the IE Rules.

Under these circumstances, it is reiterated that consumer has no contribution for enhancement of capital infrastructure and it is being done by the department. However, ED-DNH has initiated the process to maintain separate register for such work.' ***Unquote***

Commission's Comments

Action taken is noted

8. Directive-8: Metering of Consumer Installations / Replacement of Non-Functional / Defective Meters.

It is observed that Low Income Group category of consumers is not metered and the consumption of the consumers with 2 lamps is charged on flat rate basis. Under section 55 (1) of Electricity Act, 2003, no licensee shall supply electricity after expiry of two years from the appointed date except through installation of correct meter in accordance with the regulation to be made in this behalf by the Authority. Accordingly metering is required to be done in line with Central Electricity Authority (installations and operation of meters) Regulations 2006 to all consumers. Electricity Department of Dadra and Nagar Haveli is directed to provide meters to all such consumers such as LIGH consumer with 2 lamps etc., which are not metered for supply of electricity at present.

ED-DNH is directed to submit an action plan for installation of appropriate meters to the consumers of all categories by 31-12-2011 for the approval of the Commission

Compliance/Action Taken

Petitioner's submission

Quote' *By the following the Directive of the Hon'ble Commission, ED-DNH has already floated a tender to procure the meters to be installed in the un-metered LIG category of consumers. Defective and stopped meters will be replaced during this process as well.'* ***Unquote***

Commission's Comments

Action taken is noted

9. Directive-9: Consumers Bills

The Commission feels that under the present circumstances, there is a need of reformatting the electricity bills served on the consumers to accommodate data and information as considered essential by the Commission. A draft format be prepared and submitted to the Commission by 31.12.2011.

Compliance/Action Taken

Petitioner's submission

Quote 'The format of the revised energy bill has already been submitted to the Hon'ble Commission for their suggestions and comments on the same. ED-DNH once again requests the Hon'ble Commission for their comments and suggestions on the revised energy bill format.' **Unquote**

Commission's Comments

Comments sent seperately

10. Directive-10: Demand Side Management (DSM) and Energy Conservation

The Commission observes that demand side management and energy conservation measure is to be encouraged in order to reduce consumption of electricity. Therefore, Commission directs that a study be conducted by ED-DNH through an accredited agency for the efficient use of electricity by various means. An action plan on the above, including scope of study shall be submitted to the Commission by 31.12.2011.

Compliance/Action Taken

Petitioner's submission

Quote "ED-DNH has initiated to formulate a detailed plan for DSM and to engage an accredited agency like ERDA to chalk out various energy conservation measures. The work is already given for five feeders on a pilot basis and for the rest of the feeders will be given to the accredited agencies on tendering process. ED-DNH has already initiated this process." **Unquote**

Commission's Comments

Action taken is noted

New Directives for FY 2012-13

1. **Directive 1: Segregation of T&D losses and loss reduction trajectory:**
   The Petitioner is directed to furnish segregation of losses into transmission and distribution losses in the first instant and further segregated distribution losses into technical and commercial losses separately in their next ARR and tariff petition, along with the status report on energy accounting and T&D losses.

2. **Directive 2: Load Forecasting study:**
   The Petitioner is directed to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the load requirements in their area at various periods and submit to Commission along with next ARR and tariff petition.

3. **Directive 3: Long Term PPA, overdrawl/underdrawl under UI mechanism and Banking of Power**
   The Petitioner is directed to enforce already signed long term PPA in line with their base load requirements to avoid short term Power purchases from bilateral sources, Power exchanges and U.I. beyond the prudent level so as to minimize the impact on ARR.

   Further, the Commission also directs the licensee to separately show in the review/true-up petition the date wise/time wise details of all short term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls and should furnish the sources & cost of Power for purchase of energy from each of Renewable Energy sources at the true-up stage and should make necessary arrangements for long term PPA for purchase of Power from Renewable Sources of Energy. Further, the Commission also directs the petitioner to explore the possibility of banking of surplus power which will ensure optimal utilization of the available power.

4. **Directive 4: Online Bill Payment:**
   The facility of online payments may be made more visible in a consumer friendly manner and extra charge (if any) on online payment should be discontinued forthwith. The Petitioner is directed to introduce multiple payment gateways for online collection and status of 'online bill payment facility' be submitted within three months.

5. **Directive 5: Renewable Purchase obligation:**
   The Petitioner is directed to stagger the purchase over the year to avoid bunching of purchase at high cost towards the end of the year.

6. **Directive 6: Rural Electrification:**

   The Petitioner is directed to submit the status of rural electrification in their area along with the detailed plan for rural electrification with the timeline proposed to achieve the complete electrification of rural area.

7. **Directive 7: Capital expenditure:**

   The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in the subsequent quarter.

8. **Directive 8:Enforcement Cell:**

   The Petitioner is directed to submit the status of the functioning of enforcement cell and quarterly progress report detailing number of cases, amount involved, amount of revenue fines recovered, (to be shown separately in ARR), sub-judice cases, and reduction in losses as a consequence.

9. **Directive 9: Data on the consumption and load profile of Advertisement Hoardings, Sign boards, Signage's etc.**

   The Petitioner is directed to separately capture the data regarding consumption and the load profile of the users of advertisement hoardings, signboards, signage's etc. and propose tariff for this category separately in the next tariff petition, so that the differential tariff for this category could be set as they draw power during the peak hours.

10. **Directive 10:Assessment of the open access consumers**

    The Petitioner is directed to provide an assessment of the number of open access consumers greater than 1 MW to the Commission by September 30' 2012.The Petitioner to provide the detailed scheme to operationalize open access scheme including setting up of the STU and SLDC (nodal agency) by the power department of the appropriate government.

11. **Directive 11: Short-term procurement of power by the licensee**

    As per the Ministry of Power resolution dated May 15' 2012, the licensee is directed to comply with the guidelines for short term procurement of power by distribution licensees through tariff based bidding process.

12. **Directive 12: Standard of Performance**

    The Commission has notified the JERC (Standards of Performance) Regulation 2009, wherein the guaranteed and overall standards of performance are prescribed to ensure the quality of supply. The petitioner is bound to adhere to the Regulations prescribed and impart the stipulated performance standards. The Commission in this regard directs the Petitioner to submit the information regarding the standards of performance achieved for FY 2011-12 within one month from the issue of this order. Further, the licensee should ensure timely submission of the information as per the requirement laid down in the JERC (Standards of Performance) Regulation, 2009.

13. Directive 13: Security Deposit

The Commission in its previous order had directed to follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from that provided in the Regulation, the same be replaced by those as specified therein. The petitioner is directed to submit the present status versus regulations requirement.

14. Directive 14 :Forecasting Power requirements

The licensee is directed to improve the forecasting of the requirement of Energy basically for the Industry to help plan for Power Purchase at a reasonable cost, rather than spot purchase.

15. Directive 15 Energy Audit Expenses

The Petitioner is directed to submit all the documents establishing capability and rate reasonability for awarding the work of energy audit within two weeks of issuance of this Tariff order so as to check the reasonableness of the expenditure. The matter has been discussed in relevant Chapters of this order.

16. Directive 16 : Continuous & Non-Continuous Industries

A scheme is to be framed by the Petitioner to meet industry demand for uninterrupted supply & its commercial mechanism.

17. Directive 17 : Assets verification

The third party physical verification is required to be done by the competent firm of Chartered Accountant. The assets not employable for delivery of service to the consumer as useful assets should be written off.

18. Directive 18 : Roadmap for reduction in cross-subsidy

The petitioner is directed to propose a road map for an increase in the tariff rate which progressively reduces bring the gap between per unit tariff and the average cost of supply over a period of 5 years in two phases i.e. first 3 years from FY 2012-13, FY 2013-14 and FY 2014-15 a review thereafter and further reduction during FY 2015-16 and FY 2016-17.

19. Directive 19 : Overdrawls/Underdrawls beyond the frequency band specified by CERC

As per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof applicable for FY 2011-12 and Press Notification issued by Ministry of Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, Commission is mandated to disallow the additional UI charges of Rs. 5.21 Crores against the UI over-drawl/underdrawl beyond 49.5 Hz frequency from April 2011 to March 2012, imposed on the utility under the UI regulations of CERC(as amended from time to time) for overdrawl during the period when the frequency was below 49.5 Hz (amended to 49.7 Hz vide CERC order dated 5th March 2012) and it will not be a pass through in the aggregate revenue requirement of the Petitioner for FY 2011-12. As such penal rate which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of damages should not be shown as purchase of Power because it is on account of poor management of Load by ED-DNH. The ED-DNH is directed to forecast their demand more precisely and plan the Power purchase in advance. The burden of additional UI charges would have to be borne by the petitioner from their own finances and will not be allowed to pass this on to the consumers. Therefore, the Commission directs the licensee to separately show the date wise/time wise details of all short term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls.

20. Directive 20 : Interest on Security Deposit

As per Clause 47(4) of the Electricity Act, 2003 and as specified in regulation 25 of JERC Tariff Regulations 2009, *the distribution licenses shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission*. On account of provisions mentioned in the Act and regulation, Commission directs the petitioner, that the petitioner must pay the interest on consumer security deposit for FY 2012-13 (at the Bank Rate i.e. 9.50[26]% per annum applicable as on 1st April 2012) with effect from 1st April 2012 to the consumers on their security deposit irrespective of petitioner's constraints and should explicitly mention the same as the 'Interest on security deposit for FY 2012-13' on the bills of the consumers. **Any non-compliance in this regard shall be viewed seriously by the Commission.**

26 As per RBI circular no. RBI/2011-12/432, UBD.BPD. (PCB).Cir. No. 26 /16.11.00/2011-12 dated March 07'2012 on bank rate.

10. Tariff Philosophy and category-wise tariffs for FY 2012-13

10.1 Preamble

The Commission in determining the aggregate revenue requirement and retail supply tariff for the financial year 2012-13 has been guided by the provisions of the Electricity Act, 2003, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Hon'ble Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by the JERC under Section 61 of the Act which lays down the broad principles, which shall guide for determination of retail tariff.

Keeping view of the above, the tariff has been designed in such a way to bring down the cross subsidies within reasonable and sustainable levels so as to reduce it gradually without giving 'Tariff Shock' to any category and retail tariff of different categories of consumers remains 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. Commission has taken a considerate view in this regard to determine the tariff so that it progressively reflects the cost of supply of electricity and also reduce cross subsidies within a reasonable period and thereby balancing the interest of the utility and the consumer, thus compensating the department with additional revenue and provides the reasonable hike in consumer's tariff.

10.2 Revenue Gap for FY 2012-13 and Recovery

The petitioner in its ARR Petition for FY 2012-13, the petitioner projected a revenue gap for FY 2012-13 of Rs. 461.47 crore at existing tariffs approved in the Commission's tariff order dated September 13'2011. Simultaneously, the petitioner has projected the revenue gap for FY 2011-12 of Rs. 68.20 Crores in the ARR petition for FY 2012-13 as per the revised estimates of FY 2011-12. As submitted by the petitioner in the Petition for Annual Performance Review for FY 2011-12, the gap of FY 2011-12 comes after taking into account the additional revenue on account of PPCA charged over consumption from the industrial consumers but exclusive of domestic, agriculture and BPL category of consumers.

The petitioner in its ARR and Tariff petition for FY 2012-13, has proposed a tariff revision plan, through which it is proposed to cover not only the entire projected revenue gap of FY 2012-13 of Rs. 461.47 Crores but also proposed to keep a surplus of Rs. 41.50 Crores to be utilized towards any variation in projected expenses as against actual expenses during this period. With regard to the contribution of industries in Energy Sales, the petitioner submitted to the Commission that

Quote

…the sales to LT industrial and HT/EHT category form approximately 98% of the total sales within the UT of Dadra & Nagar Haveli. However, the per unit revenue realization from this category is below the average cost of supply leading to revenue losses for ED-DNH. The average cost of supply has also increased over the past years due to increase in power purchase cost. Therefore, the current two-part Tariff structure is inadequate to compensate for the loss of revenue.

Unquote

As elaborated in para 8.20 of this Order, the Commission has estimated the cumulative revenue gap at the end of FY 2012-13 would be Rs. 253.74 Crores after considering the surplus created after the provisional truing-up of ARR of FY 2010-11 and Review of ARR of FY 2011-12 and considering the refund on 'account of PPC variations' and differential revenue 'due to re-determination of tariff for FY 2011-12'.

As discussed in Chapter 7 of this order and considering the additional revenue realized on account of PPCA formula in FY 2011-12; Commission has therefore computed the revenue by considering the category wise sales approved by the Commission for FY 2011-12 in this Order, and the category wise tariffs re-determined by the Commission for FY 2011-12 (as discussed in Chapter 5 and 7 of this order) as per the directions passed in the judgment issued in the matter of Appeal no. 159 of 2011 by Hon'ble APTEL on February 28'2012. The relevant excerpt of the judgment is given below:

'22. In the light of our findings above, we deem it fit to remand back the impugned Tariff Order with the direction to redetermine the tariff for all the categories in view of our observations given above'

In order to recover the cumulative revenue gap of Rs. 253.74 Crores, the average tariffs have to be increased by around 22.36% to recover the same during FY 2012-13; In accordance with principles of the tariff policy, the tariff should be prospective in nature; Commission has therefore taken a considerate view in this regard.

Further, keeping the consumption pattern of the DNH in view and the judgment issued by Hon'ble APTEL, and the submission made by various industry associations, Commission has examined all aspects and has no objections, if one class of consumer wants to voluntary share the burden of fuel surcharge, the licensee is permitted to appropriately address the issue. Commission has considered the same while determining the tariff for FY 2012-13.

10.3 Tariff Proposal

Petitioner's submission

The petitioner has proposed the substantial increase in the tariff charged from HT/EHT consumers and has also proposed a higher consumption slab “600 units and above” in the domestic consumer category with tariff rate of Rs. 3.00/unit as against the existing tariff rate of Rs. 3.25/unit and at the same time has requested to keep the retail tariffs determined for domestic and agriculture consumers at the tariff applicable for FY 2010-11.

The category wise existing and proposed tariff submitted by the Petitioner are as under:

Table 10.3.1: Existing and Proposed Tariff for FY 2012-13 proposed by the Petitioner (in Rs.)

Tariff Structure	Existing FY 11-12		Proposed FY 12-13		
	Energy Charges (Rs/kWh)	Fixed Charges	Energy Charges (Rs/kWh)	Fixed Charges	
Low Income group (LIG)		24/per connection/ Month		10/per connection/Month	*
LT-D/Domestic					
Ist 50 Units	1.60		1.00		
51 to 200 Units	2.25		1.60		
201 to 400 Units	3.00		2.00		
401 to 600 Units	3.25		2.25		
600 units and above	3.25		3.00		
LT-C/Commercial					
1st 100 Units	2.25		2.25		
Beyond 100 Units	3.25		3.25		
LT- Ag/ Agriculture					
Upto 10 HP per unit	2.50		0.55		
Beyond 10 HP per unit	2.65		0.85		*
LTP Motive Power					
Upto 20 HP of Connected Load	2.50		3.40		
Above 20 HP Connected Load	2.50	Rs. 15/HP	3.40	Rs. 25/HP	
LT-PL/Public Lighting					
Public Lighting	3.23		3.23		
HT					
HTC General					
50000 units	2.95	Rs. 60/KVA	4.07	Rs.120 / KVA	For connected load >500KVA, Rs.500/KVA
50000 to 5 lakh units	3.10	Rs. 60/KVA	4.22	Rs.120 / KVA	
Beyond 5 lakh units	3.15	Rs. 60/KVA	4.27	Rs.120 / KVA	

Tariff Structure	Existing FY 11-12		Proposed FY 12-13		
	Energy Charges (Rs/kWh)	Fixed Charges	Energy Charges (Rs/kWh)	Fixed Charges	
Penal charges for exceeding contracted demand	8.00	Rs 180/KVA or part there of	8.00	Rs. 360/KVA	Beyond 500 KVA Rs. 1500/KVA
HTC Ferro					
First 300 Units per KVA	2.05	Rs. 450/KVA	3.17	Rs. 600/KVA	
Next 200 units per KVA	3.05	Rs. 450/KVA	4.17	Rs. 600/KVA	
Above 500 units per KVA	3.55	Rs. 450/KVA	4.67	Rs. 600/KVA	
Penal charges for exceeding contracted demand	8.00	Rs 900/KVA or part there of	8.00	Rs 900/KVA or part there of	

* It is proposed to have the existing tariff of the FY 2010-11 during FY 2012-13. As the total consumption of domestic and agriculture category of consumer is less than 4% in the overall consumption.

Commission's analysis

The Commission has determined the retail tariff for FY 2012-13 in view of the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy, the suggestions/objections of the stakeholders in this regard and the petitioner's submission as discussed in section 8.2 of this Order.

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

Relevant section from tariff policy:

8.3 Tariff design: Linkage of tariffs to cost of service

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

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

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

1. *In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.*
2. *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.*

   For example if the average cost of service is Rs 3 per unit, at the end of year 2010-2011 the tariff for the cross subsidised categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross-subsidising categories should not go beyond Rs 3.60 per unit.
3. *While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending of the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage*
4. *Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges are levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid*

in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

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

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

1) *…………………….*

2) *…………………….*

3) *……………………..*

4) *In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*

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

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

Commission has looked into the relation between the tariff and average cost of supply for FY 2012-13. In case the tariff is at 120% of the average cost of supply, no increase has been approved, as they are already at maximum of the band. However effort is being made to move the tariff of appropriate consumer category, towards the lower limit of the band to meet the declared objectives of tariff policy and the Electricity Act 2003. The Commission has considered an increase of 16.77% for FY 2012-13 for all consumer categories to recover the revenue gap of FY 2012-13 over the entire financial year 2012-13, which computes to 22.36% for recovery in 9 months from July 1'2012 to March 31'2012. Though the industry associations had stated they would be taking the burden of 'Fuel & Power Purchase Cost variations' to be charged from the consumers of domestic category but there is no mention of 'increase in tariff' to be subsidized by the industry associations.

The Commission is following the Electricity Act 2003, the Tariff Policy, Electricity Policy as a guiding factor and the directions of the Honorable APTEL as quoted in para 5.1 in chapter 5 of this order. The Commission approach on various issues in the ARR & Tariff Order for 2012-13 is as under:-

- Road Map for progressively reducing cross subsidy over 5 years.
- Tariff meeting the average cost of supply of power to a consumer class.
- User charges for continuous supply during peak time.
- Cost of Consumer surcharge
- Open Access.
- Cross subsidy between various categories of consumers in the open access.
- FPPCA formula
- Average cost of supply
- Agriculture tariff estimation methodology followed.

Keeping in view of the above, Commission has determined the retail tariff keeping in the mind the guiding principles as stated in Section 61 of the Electricity Act 2003 and has determined the tariff of FY 2012-13. In view of the surplus created out of provisional True-up exercise of FY 2010-11 and review of FY 2011-12; the assessed cumulative gap is Rs. 253.74 Crores for FY 2012-13; **The Commission has therefore considered an average hike of 16.77% for FY 2012-13 for all consumer categories to recover the revenue gap of FY 2012-13 over the entire financial year 2012-13, which computes to 22.36% for recovery in 9 months from July 1'2012 to March 31'2012 from 're-determined tariff of FY 2011-12 to FY 2012-13** as reasonable and appropriate in the interest of the consumers and the Electricity Department of UT of

Dadra and Nagar Haveli to recover the revenue gap in nine months of FY 2012-13. The Commission's approved tariff for FY 2012-13 is given below:

Table 10.3.2 : Commission's Approved Tariff for FY 2012-13

S.No.	Category/Consumption Slab	Approved Tariff for FY 2012-13 (Rs.)			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)	Average tariff (Rs./Unit)	K Factor[27] for FPPCA formula for FY 2012-13
A	**Domestic**		**/KWh**	**/KWh**	
1	0-50 units		1.10	1.10	0.28
2	51-200 units		1.70	1.70	0.43
3	201 - 400 units		2.20	2.20	0.56
4	401 and 600		2.50	2.50	0.63
6	Low Income Group (LIG)	5.00		0.34	0.00
B	**Commercial**				
1	1- 100 units		2.25	2.25	0.57
2	101 and above units		3.00	3.00	0.76
C	**Industrial (LT)**				
1	Up to 20 HP	0.00	3.00	3.24	0.82
2	Above 20 HP	20.00	3.00		
D	**Agriculture & Poultry**				
1	Connected Load upto 10 HP		0.65	0.65	0.00
2	Connected Load above 10 HP to 99 HP		0.95	0.95	0.00
E	**Public Lighting (lamp)**		1.60	1.60	0.40
F	**High Tension Supply**				

[27] FPPCA is not applicable for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as zero.

S.No.	Category/Consumption Slab	Approved Tariff for FY 2012-13 (Rs.)			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)	Average tariff (Rs./Unit)	K Factor[27] for FPPCA formula for FY 2012-13
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA				
1	Up to 50000 units	75.00	3.70	3.90	0.98
2	50001-500000 units	75.00	3.80	4.00	1.01
3	Above 500000 units	75.00	3.85	4.05	1.02
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive				
1	First - 300 units/KVA	500.00	2.70	3.89	0.98
2	301-500 units/KVA	500.00	3.40	4.59	1.16
3	Above 500 units/KVA	500.00	3.70	4.89	1.23

10.4 Average Cost of Supply

The Commission observes that the Average Cost of Supply (ACoS) has gone up from Rs. 3.13/kWh[28] as per trued up ARR of FY 2010-11 to Rs. 3.89/kWh approved for FY 2012-13. The Petitioner has sought a huge tariff increase over the existing tariff in FY 2012-13. Considering the net gap, the Commission is of the view that the approved increase in tariff of 22.36% for FY 2012-13 is reasonable and justifiable to recover the revenue gap of FY 2012-13.

The Commission observes that the tariff being charged to most of the categories of consumers is below average cost of supply. The Commission has attempted to reduce the cross-subsidy in the consumer categories in this order, by rationalizing the tariff for subsidized categories and suitably adjusting the tariff for subsidizing categories, vis-à-vis the prevailing average cost of supply, while at the same time, is trying to ensure that there is no ‘tariff shock’ to any consumer category. With the progressive increase in the tariff of the subsidized categories towards Average cost of supply at the rate 10-15% per year; the tariff may over the years touch ACOS and the burden of the cross subsidy may progressively come down.

[28] Considering the trued up Aggregate Revenue Requirement of FY 2010-11 discussed in section 5 of this order

The average tariff as a percentage of average cost of supply of Rs. 3.89/- per unit approved in this tariff order for FY 2012-13 is as shown in the table below.

Table 10.4.1 : Comparison of unit revenue rate with ACOS

S. No.	Category/Consumption Slab	Average unit revenue rate at re-determined tariff of FY 2011-12	Average unit revenue rate at re-determined tariff of FY 2011-12 as a percentage of ACOS of FY 2012-13	Average unit revenue rate at tariff of FY 2013	New Tariff of FY 13 as a percentage of Average Cost of Supply (FY 2012-13)
A	**Domestic**	**/KWh**	**%age**	**/KWh**	**%age**
1	0-50 units	1.00	26%	1.10	28%
2	51-200 units	1.60	41%	1.70	44%
3	201 - 400 units	2.00	51%	2.20	57%
4	401 and above	2.25	58%	2.50	64%
5	Low Income Group (LIG)	0.34	9%	0.34	9%
B	**Commercial**				
1	1- 100 units	2.05	53%	2.25	58%
2	101 and above units	2.70	69%	3.00	77%
C	**Industrial (LT)**	2.40	62%	3.24	83%
D	**Agriculture & Poultry**				
1	Connected Load upto 10 HP	0.55	14%	0.65	17%
2	Connected Load above 10 HP to 99 HP	0.85	22%	0.95	24%
E	**Public Lighting (lamp)**	1.20	31%	1.60	41%
F	**High Tension Supply**				
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA				
1	Up to 50000 units	3.11	80%	3.90	100%
2	50001-500000 units	3.26	84%	4.00	103%
3	Above 500000 units	3.31	85%	4.05	104%
HTB	Ferro Metallurgical/SteelMelting/ Steel Rolling/Power Intensive				
1	First - 300 units/KVA	3.12	80%	3.89	100%

S. No.	Category/Consumption Slab	Average unit revenue rate at re-determined tariff of FY 2011-12	Average unit revenue rate at re-determined tariff of FY 2011-12 as a percentage of ACOS of FY 2012-13	Average unit revenue rate at tariff of FY 2013	New Tariff of FY 13 as a percentage of Average Cost of Supply (FY 2012-13)
2	301-500 units/KVA	4.12	106%	4.59	118%
3	Above 500 units/KVA	4.62	119%	4.89	126%

10.5 Applicability of Revised Tariffs

The revised tariffs shall be applicable from July 1, 2012. In cases, where there is a billing cycle difference for a consumer with respect to the date of applicability of the revised tariffs, then the revised tariff should be made applicable on a pro-rata basis for the consumption. The bills for the respective periods as per existing tariff and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during respective period arrived at on the basis of average unit consumption per day multiplied by number of days in the respective period falling under the billing cycle).

10.6 Estimated Revenue and Surplus/Deficit at approved Tariff for FY 2012-13

The estimated Revenue at approved tariff for FY 2012-13 works out to be as under.

Table 10.6.1 : Total Revenue estimated by the Commission at approved tariff for FY 12-13 (in Rs. Crores)

S.No.	Category/Consumption Slab	FY 2012-13 Revenue at approved tariff
A	**Domestic**	
1	0-50 units	1.00
2	51-200 units	3.98
3	201 - 400 units	2.24
4	401 and above	3.66
5	Low Income Group (LIG)	0.09
B	**Commercial**	
1	1- 100 units	1.14
2	101 and above units	8.52
C	**Industrial (LT)**	49.29
1	Up to 20 HP	
2	Above 20 HP	

S.No.	Category/Consumption Slab	FY 2012-13
		Revenue at approved tariff
D	**Agriculture & Poultry**	
1	Connected Load upto 10 HP	0.04
2	Connected Load above 10 HP to 99 HP	0.23
E	**Public Lighting**	1.14
F	**High Tension Supply**	
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	
1	Up to 50000 units	157.71
2	50001-500000 units	479.74
3	Above 500000 units	998.28
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	
1	First - 300 units/KVA	92.79
2	301-500 units/KVA	41.00
3	Above 500 units/KVA	9.27
G	**Temporary Supply**	1.57
H	**Total**	**1851.68**

The collection of above revenue will be only for 1st July 2012 to 31st March 2013 on prorata basis. For period from 1st April 2012 to 30th June 2012, the 're-determined tariff of FY 2011-12' will be applicable. The Revenue thus collected for FY 2012-13 is at table 10.6.3.

The estimated gap/surplus after incorporating impact of revised tariff for FY 2012-13 from 1st July 2012 is as under:

Table 10.6.2 : Estimation of ARR Gap/Surplus at revised tariff for FY 12-13 (in Rs. Crores)

Sr. No.	Particulars	Approved (FY 2012-13) with tariff applicable from 1st July
1	2	3
15	**Net Revenue Requirement (12-13-14)**	**1,820.83**
16	Revenue from Retail Sales at 're-determined' Tariff of FY 2011-12	1,513.35
17	**Net Gap (15-16)**	**307.48**
18	Gap for the previous year	(53.73)

Sr. No.	Particulars	Approved (FY 2012-13) with tariff applicable from 1st July
1	2	3
19	Carrying Cost	0
20	Past Arrears/Refunds to Consumers	0
21	**Total gap (17+18+19+20)**	**253.74**
22	Additional revenue from revised tariff	253.74
23	**Revenue Gap/ (Surplus), if any, after proposed tariffs (21-22)**	(0.00)
24	Budgetary Support from Government	0
25	**Net Final Revenue Gap/ (Surplus) (23-24)**	(0.00)

Table 10.6.3 : Total Revenue for FY 12-13 at approved tariff from 1st July 2012 (in Rs. Crores)

S. No.	Calculations		Total Revenue (FY 2012-13)
1	Revenue generation from 1st April 2012 to 30th June 2012 at 're-determined tariff for FY 2011-12'.	=3/12 months x s.no.'16' of Table 10.6.2 =(3/12) x (1513.35)	378.34
2	Revenue Generation from 1st July 2012 to 31st March 2013 at Approved Tariff for FY 2012-13	= 9/12 months x s.no. 'H' of Table 10.6.1 =(9/12) x (1851.68)	1388.76
3	Previous years (Surplus)	On account of Review and True-up of past years	53.73
4	**Total Revenue of FY 2012-13**		**1820.83**

The Commission has taken into consideration the percentage increase in tariff with respect to Average Cost of supply in previous years. For instance during FY 2010-11, the average unit revenue rate was Rs. 3.20/unit, while the average cost of supply was Rs. 3.13/unit, thus the tariff was 102% of ACOS; for FY 2011-12 as per 're-determined tariff', the average unit revenue rate worked out as Rs. 3.19/unit, while the average cost of supply was Rs. 3.23/unit, thus the tariff was 99% of ACOS. After revision of the tariff in FY 2012-13, as brought out in this order, the average unit revenue rate would be Rs. 3.89[29]/unit, while the average cost of supply would be Rs. 3.89/unit, thus the tariff would be 100% of ACOS. It may be observed that it is not materially different from the relative tariff in previous years, i.e. it does not distort the tariff structure, rather it is a step towards achieving the tariff within +/- 20% of Average Cost of Supply as per the Tariff Policy.

In the instant tariff order, the cross subsidy structure has not undergone any significant change. No category is adversely affected; vis-à-vis the average cost of supply and the relative benefit/burden of subsidized/subsidizing class has been maintained.

[29] Considering 're-determined tariff of FY 2011-12' from April 1'2012 to June 30'2012 and revised tariff from July 1'2012 to March 31'2013 as worked out in table 10.6.3.

Table 10.6.4 : Revenue realized as % of ACoS (Earlier appd. Tariff of FY 11-12 & Re-determined Tariff of FY 11-12)

S.No	Category/Consumption Slab	Approved Tariff -Earlier Order of FY 11-12			Redetermined Tariff for FY 12 (Rs.)				
		Demand Charges (Rs./KVA/or Rs /consumer/ or Rs/HP/) per month	Variable Charges	Revenue Realisation as %age of ACOS	Demand Charges (Rs./KVA/or Rs /consumer/ or Rs/HP/) per month	Variable Charges	Average unit revenue rate of FY 12 at redetermined tariff of FY 2011-12	ACOS for FY 2011-12 (Approved) - Sept. 13'2011	Redetermined Tariff of FY 12 as a percentage of Approved ACOS of FY 12
A	**Domestic**		**Rs/KWh**	**%age**		**Rs/KWh**	**Rs/KWh**		**%age**
1	0-50 units		1.60	**50%**		1.00	1.00	3.23	**31%**
2	51-200 units		2.25	**70%**		1.60	1.60	3.23	**50%**
3	201 - 400 units		3.00	**93%**		2.00	2.00	3.23	**62%**
4	401 and above		3.25	**101%**		2.25	2.25	3.23	**70%**
5	**600 units and above**								
6	Low Income Group (LIG)	24.00			5.00			3.23	
B	**Commercial**								
1	1- 100 units		2.25	**70%**		2.05	2.05	3.23	**63%**
2	101 and above units		3.25	**101%**		2.70	2.70	3.23	**84%**
C	**Industrial (LT)**								
1	Up to 20 HP		2.50	**80%**		2.40	2.50	3.23	**77%**
2	Above 20 HP	15.00	2.50		15.00	2.40			
D	**Agriculture & Poultry**								
1	Connected Load upto 10 HP		2.50	**77%**		0.55	0.55	3.23	**17%**
2	Connected Load above 10 HP to 99 HP		2.65	**82%**		0.85	0.85	3.23	**26%**
E	**Public Lighting (lamp)**		3.23	**100%**		1.20	1.20	3.23	**37%**
F	**High Tension Supply**								
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA								
1	Up to 50000 units	60.00	2.95	**100%**	60.00	2.95	3.23	3.23	**100%**
2	50001-500000 units	60.00	3.10		60.00	3.10			
3	Above 500000 units	60.00	3.15		60.00	3.15			
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive								
1	First - 300 units/KVA	450.00	2.05	**117%**	450.00	2.05	3.77	3.23	**117%**
2	301-500 units/KVA	450.00	3.05		450.00	3.05			
3	Above 500 units/KVA	450.00	3.55		450.00	3.55			

Note : The comparison as shown in the above table is based on parameters as in the approved Tariff Order of FY 2011-12 dated 13th September 2011; vis-a-vis re-determined tariff for FY 2011-12, as detailed in Chapter 5 of this Tariff Order

11. Conclusion of Commission's Order

The Tariff Order is in compliance of the judgments of Hon'ble APTEL on Appeals:

1. No. 159 of 2011 dated 28th Feb 2011

2. No. 175 of 2011 dated 14 March 2011

The Commission having considered the restored 'ARR and tariff petition for FY 2011-12' bearing no. 32/2011 of Electricity Department of Dadra and Nagar Haveli in compliance with the above mentioned judgments of Hon'ble APTEL and has re-determined the retail tariff structure for FY 2011-12 and has considered the petitions submitted by Electricity Department of Dadra and Nagar Haveli for Truing-up of Aggregate Revenue Requirement of FY 2010-11, Annual Performance Review of FY 2011-12 and approval of Aggregate Revenue Requirement (ARR) and determination of retail tariffs for supply of energy for FY 2012-13 bearing petition no. 62/2012, the Commission approves the Aggregate Revenue Requirement (ARR) and the tariff structure for FY 2012-13.

1. The 're-determined tariff for FY 2011-12' of all the categories is given below (Petition no. 32/2011):

S.No.	Category/Consumption Slab	Re-determined Tariff for FY 2011-12 (Rs.)	
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)
A	**Domestic**		**/KWh**
1	0-50 units		1.00
2	51-200 units		1.60
3	201 - 400 units		2.00
4	401 and above		2.25
5	Low Income Group (LIG)	5.00	
B	**Commercial**		
1	1- 100 units		2.05
2	101 and above units		2.70
C	**Industrial (LT)**		
1	Up to 20 HP		2.40
2	Above 20 HP	15.00	2.40
D	**Agriculture & Poultry**		

S.No.	Category/Consumption Slab	Re-determined Tariff for FY 2011-12 (Rs.)	
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)
1	Connected Load upto 10 HP		0.55
2	Connected Load above 10 HP to 99 HP		0.85
E	**Public Lighting (lamp)**		1.20
F	**High Tension Supply**		
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA		
1	Up to 50000 units	60.00	2.95
2	50001-500000 units	60.00	3.10
3	Above 500000 units	60.00	3.15
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive		
1	First - 300 units/KVA	450.00	2.05
2	301-500 units/KVA	450.00	3.05
3	Above 500 units/KVA	450.00	3.55

2. The break-up of the Aggregate Revenue Requirement approved for Electricity Department of Dadra and Nagar Haveli for FY 2012-13 is given below.

Sr. No.	Particulars	Approved (FY 2012-13) (in Rs. Crores)
1	2	3
1	Cost of fuel	-
2	Cost of power purchase for full year	1,764.93
3	Employee costs	3.20
4	Administration and General Expenses	1.35

Sr. No.	Particulars	Approved (FY 2012-13) (in Rs. Crores)
1	2	3
5	Repair and Maintenance Expenses	7.16
6	Depreciation	6.11
7	Interest and Finance charges	10.91
8	Interest on working capital & Interest on Security Deposit	20.76
9	Return on NFA /Equity	2.68
10	Provision for Bad Debt	7.57
11	Advance against Depreciation	-
12	**Total Revenue Requirement**	**1,824.67**
13	Less: Non-Tariff Income	3.99
14	Less: Revenue from Surplus Power Sale/UI	
15	Less: Revenue from Short term sale	-
16	**Net Revenue Requirement (12-13-14-15)**	**1,820.83**
17	Revenue from Retail Sales at Existing Tariff	1,513.35
18	**Net Gap (16-17)**	**307.48**

3. The approved retail tariff (as given below) for FY 2012-13 shall be in accordance with the tariff schedule specified in this order.

S.No.	Category/Consumption Slab	Approved Tariff for FY 2012-13 (Rs.)			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)	Average tariff (Rs./Unit)	K Factor[30] for FPPCA formula for FY 2012-13
A	**Domestic**		**/KWh**	**/KWh**	
1	0-50 units		1.10	1.10	0.28
2	51-200 units		1.70	1.70	0.43
3	201 - 400 units		2.20	2.20	0.56
4	401 and 600		2.50	2.50	0.63

[30] FPPCA is not applicable for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as zero.

S.No.	Category/Consumption Slab	Approved Tariff for FY 2012-13 (Rs.)			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs./KWh)	Average tariff (Rs./Unit)	K Factor[30] for FPPCA formula for FY 2012-13
6	Low Income Group (LIG)	5.00		0.34	0.00
B	**Commercial**				
1	1- 100 units		2.25	2.25	0.57
2	101 and above units		3.00	3.00	0.76
C	**Industrial (LT)**			3.24	
1	Up to 20 HP	0.00	3.00		0.82
2	Above 20 HP	20.00	3.00		
D	**Agriculture & Poultry**				
1	Connected Load upto 10 HP		0.65	0.65	0.00
2	Connected Load above 10 HP to 99 HP		0.95	0.95	0.00
E	**Public Lighting (lamp)**		1.60	1.60	0.40
F	**High Tension Supply**				
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA				
1	Up to 50000 units	75.00	3.70	3.90	0.98
2	50001-500000 units	75.00	3.80	4.00	1.01
3	Above 500000 units	75.00	3.85	4.05	1.02
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive				
1	First - 300 units/KVA	500.00	2.70	3.89	0.98
2	301-500 units/KVA	500.00	3.40	4.59	1.16
3	Above 500 units/KVA	500.00	3.70	4.89	1.23

4. In accordance with the directions given by the Hon'ble APTEL, the cumulative energy bills of affected consumers for FY 2011-12 will accordingly be re-calculated as per the 're-determined tariff' and shall be adjusted in the bills of consumers in FY 2012-13.

5. The approved tariff of FY 2012-13 shall come in force with effect from 1st July 2012 and shall remain valid till amended by the Commission. <u>The licensee shall publish the revised tariff structure and the salient features of tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply.</u>

6. The licensee will compute fuel and power procurement cost variations and adjustments shall be made in the consumer bills based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified by the Commission. **The approved per unit cost of power purchase ($R_{approved}$) for use in the FPPCA formula (paisa per unit) is 340 paisa per unit for FY 2012-13**.

7. Copy of this order may be sent to Petitioner, CEA and Administration of UT of Dadra and Nagar Haveli. It shall be placed on the website of the Commission.

(Dr. V K Garg)
Chairman

Place: Gurgaon
Date: July 31' 2012

12. Tariff Schedule

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 tariffs.

2) Unless otherwise agreed to these tariffs for power supply are applicable for supply at one point only.

3) Supply to consumers having contracted load between 100 KVA to 1500 KVA shall be at 11 KV and for more than 1500 KVA up to 25000 KVA at 66 KV; though for dedicated feeders, the consumer would get contracted load up to 2500 KVA on 11kV system. The consumer who requires load more than 25000 KVA load, the supply voltage shall be at 220 KV level.

4) The 11 kV consumers who desire to take power more than 1500 kVA and up to 2500 KVA on 11 kV system shall lay down separate dedicated feeder with both end metering at their own cost and shall pay 15% supervision charges to the department and also pay the development charges at the rate of Rs. 1000 per KVA for the load in excess of 1500 KVA to the licensee

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

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

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

8) The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy

consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulation. If such over-drawl is more than 20% of the contract demand then the connections shall be disconnected immediately.

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

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

10) Delayed payment surcharge shall be applicable to all category of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paise shall be ignored and amount of 50 paise or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only upto the month of permanent disconnection.

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

12) The values of the 'K' factor applicable for the different consumer categories have been mentioned in Chapter 11 (Conclusion of Commission's Order at point no 3)

13) Schedule of other charges approved in this Tariff Order will remain in force until it is amended by the Commission.

The detailed tariff Schedule is outlined as under:

DETAILED TARIFF SCHEDULE

I. (A) Domestic Category

Applicable to private houses, hostels, hospitals run on Non-commercial lines, Charitable, Educational and Religious Institutions for light, Fans, Radios, domestic heating and other household appliances including water pumps up to 2 HP.

I. ENERGY CHARGES

Usage (Units/Month)	Energy charge (Ps./Unit)
0-50 units	110
51-200 units	170
201-400 units	220
401 and above	250

(B) Power Supply to Low Income Group (Up to 2x40 W bulbs only)

Power supply to low income group connections will be charged at **Rs. 5.00 per service connection per month**. For any unauthorized increase in the load beyond 2x40 watts, penal charges at the rate of Rs. 10.00 per month per point will be levied and the installation will be liable for disconnection.

II. Non-Domestic Category/Commercial

This includes all categories which are not covered by other tariff categories including Domestic Category, Power Supply to low Income Group, Industrial LT, HT/EHT Category (A&B), Agriculture and Poultry, Public Lighting.

Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting, clubs and other Commercial installations.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
1-100 units	225
101 units and above	300

III. INDUSTRIAL - LT

Applicable to all Low Tension Industrial Motive Power Connections including water works/pumps with sanctioned load upto 99 HP.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	300

II. Fixed Charges

Usage (Units/Month)	Tariff (Rs./HP/month) part thereof
Up to 20 HP	Nil
For loads above 20 HP	5/- per HP or part thereof

III. Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain Power Factor 0.90 as per Commission's regulation 11/2010 shall be charged extra 2.5 % of units consumed as additional power factor charges. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. ED-DNH reserves the right to install a suitable capacitor at its own cost and recover the cost thereof as arrears of energy charges. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

IV. HT/EHT CATEGORY

A. High Tension Consumer

Applicable to all Industrial/Motive power consumers drawing through 11 kV and 66 kV systems having contract demand of 100 kVA and above.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 75/-
In Excess of Contract Demand	Rs 150/-

ii. Energy Charges

Usage (Units/Month)	Tariff (Ps./Unit)
1 - 50,000 units	370
50001 – 500000 Units	380
500001 and above	385

iii. Penalty Charges: Twice the applicable Charges**.**

a) Penalty charges will be levied on those units which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co – relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

The power factor of the consumer if, less than 0.90; for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged extra as surcharge at the rate of 500 ps/unit. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

All High tension and Extra High Tension installations where the monthly average power factor is maintained above 0.95 lagging shall be eligible for an incentive in the form of rebate at the rate of 1% of the energy charge for every 0.01 improvement in power factor above 0.95 lagging in the energy charges billed in the month. The Power factor value will be rounded to two decimal places. For example 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95. In case, any dispute arises about the applicability of any tariff for any particular class or service or as to the interpretation of any clause of these tariffs, the decision of the Commission shall be final and binding.

v. Billing Demand

Billing demand will be the highest among the following:
(a) 100 kVA
(b) 75% of the Contract demand
(c) Actual Demand Established

B. HT Industrial (Ferro Metallurgical/ Steel Melting/ Steel Rerolling Power Intensive)

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 500/-
In Excess of Contract Demand	Rs 1000/-

ii. Energy Charges

Usage	Tariff (Ps./Unit)
First 300 units / kVA	270
Next 200 units / kVA	340
Above 500 units / kVA and above	370

iii. **Penalty Charges** Twice the applicable Charges.

a) Penalty charges will be levied on those units which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co–relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

v. The power factor of the consumer if, less than 0.90; for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged extra as surcharge at the rate of 500 ps/unit. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

All High tension and Extra High Tension installations where the monthly average power factor is maintained above 0.95 lagging shall be eligible for an incentive in the form of rebate at the rate of 1% of the energy charge for every 0.01 improvement in power factor above 0.95 lagging in the energy charges billed in the month. The Power factor value will be rounded to two decimal places. For example 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95. In case, any dispute arises about the applicability of any tariff for any particular class or service or as to the interpretation of any clause of these tariffs, the decision of the Commission shall be final and binding.

V. AGRICULTURE AND POULTRY

Agriculture or poultry loads upto 99 HP sanctioned load will be considered in this category.

i. Energy Charges

Usage	Tariff (Ps./Unit)
For connected load up to 10 HP	65
Beyond 10 HP and upto 99 HP connected load	85

VI. PUBLIC LIGHTING

i. Energy Charges

Usage	Tariff (Ps./Unit)
For all units	160

VII. **Temporary Supply:** Tariff for Temporary Connection shall be Fixed / Demand charges (if any) plus energy charges (for relevant slab if any) under corresponding permanent supply category plus 50% of both.

For multi activity pursuit, applicable tariff for temporary connection shall be with reference to that of non-domestic category for permanent supply.

The Temporary Tariff are applicable for temporary period of supply up to 1 (one) month, which can be extended for another period of supply up to maximum period of 2 years.

VIII. Schedule of Other Charges

a. Meter Rent

Sl.No.	Meter Type	Tariff (in Rs.) / Month or Part There of
1	Single Phase	10
2	Three Phase	25
3	LT Meter with MD indicator	200
4	Tri- vector Meter	500

Note: The type of meters to be installed in consumer premises will be decided by the department. Generally the consumers having connected load above 50 HP will be provided with L.T.M.D.meters

b. Reconnection Charges

Sl.No.	Connection Type	Tariff (in Rs.)
1	Single Phase	50
2	Three Phase	100
3	HT	1000

c. Service Connection Charges

Sl.No.	Connection Type	Tariff (in Rs.)
1	Single Phase	250
2	Three Phase	1000
3	HT (First 500 KVA)	10000
4	HT (Beyond 500 KVA)	Rs 1000 per 100 KVA or part thereof

d. Extra Length Charge

Sl.No.	Connection Type	Tariff / Meter (in Rs.)
1	Single Phase	25
2	Three Phase	50

Extra length Chargeable will be beyond permissible 30 meters free length from existing network for new connection for all categories except Agriculture. Free length in respect of New Agriculture consumer is 300 meters

e. Cost of HT connection

Entire Cost of setting up HT connection would be borne by the consumer and the agreement period would be two years for the category. 15% supervision charges shall be recovered by ED-DNH.

f. **Testing Fee for various Metering Equipment. FY 2012-13**.

Sl.No.	Type of Metering Equipment	Fee Per Unit (in Rs.)
1	Single Phase	100
2	Three Phase	300
3	Three Phase Tri-vector Meter (0.5 Class) Industrial LT Consumer	500
4	Three Phase Tri-vector Meter (0.5 Class) 11 KV HT Consumer	500
5	Three Phase Tri-vector Meter (0.2 Class) 66KV EHT Consumers	1000
6	Combined CTPT Unit for 11 KV Consumer	500
7	66 KV CT / PT Unit	500
8	Three Phase CT Block	300
9	CT Coil	100

g. Fees (Non-refundable) for submission of Test Report of wiring Completion

Sl.No.	Types of Metering Equipment	Fee Per Unit (in Rs.)
1	Single Phase Lighting / Domestic	10
2	Three Phase Lighting /Domestic	25
3	Single Lighting / Domestic	50
4	Three Phase Lighting / Domestic	100
5	Three Phase LT Industries	250

6	Single Phase / Three phase Agriculture / Streetlight / Public Lighting & other	50
7	HT Industries up to 500 KVA	1000
8	HT Industries up to 2500 KVA	5000
9	HT Industries above 2500 KVA	10000

Annexure -1 Commission's letter dt. Dec. 09' 2011 reg. defects in Petitioner's ARR petition

Annexure-

संयुक्त विद्युत विनियामक आयोग गोवा राज्य और संघ राज्य क्षेत्र

JOINT ELECTRICITY REGULATORY COMMISSION

(for State of Goa & Union Territories)

Ref. No. 14/20/2011-JERC dated: 9.12.2011

To,

The Secretary (Power)
UT of Dadra & Nagar Haveli,
Secretariat,
Silvassa- 396 230.

Sub: Filing of petition for the approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2012-13 for the UT of Dadra and Nagar Haveli under Section 62 and 86 of the Electricity Act, 2003.

Sir,

I am directed to refer to your petition/ application dated 27th Nov., 2011 and filed on 30th Nov., 2011 on the above subject and to inform you that on scrutiny, some defects/ missing information have been noticed as under which require clarification.

1. Authority letter in favour of Shri H.M. Patel, Executive Engineer, ED –DNH has been issued by secretary (Power) Daman & Diu instead of Secretary (power) DNH This may be corrected.
2. Format 4 for the year 2010-11 is not filled properly & complete in all respect. Format 4 – Power Purchase (actual) from April 2011 to Oct. 2011 are required. The amount depicted in column "other charges" to be elaborated station wise. Arrears for energy (purchase) for previous years but paid during 2011-12 to be given station wise separately.
3. Format 28 -The "contract Demand "Column for the year 2011-12 (estimated) has not been filled. The said format for the month of April 2011 to Oct. 2011 on actual basis is required.
4. Details of Solar & Renewable (Non Solar Power) purchases station wise with PPA, if any, is required.
5. Month wise abstract of power purchases cost Station wise for the year 2011-12 giving detail of variable, FPA & other charges with due explanation is required.
6. Connected Load Growth for last three year i.e. 2008-09, 2009-10, 2010-11& for April 2011 to Oct. 2011 is required.
7. No of consumer category wise ending Oct. 2011 (on actual) are required.

Contt.....2 page

Goa

Andaman & Nicobar

Chandigarh

Dadra & Nagar Haveli

Daman & Diu

Lakshadweep

Puducherry

"Vanijya Nikunj" 2nd Floor, Udyog Vihar, Phase-V, Gurgaon - 122016 Haryana
Tel.: 0124-2340301, Telefax: 0124-2342853, E-mail: secretaryjerc@gmail.com Web: www.jercuts.gov.in

(2)

8. Revised Estimate for bad debt s for year 2011-12 have been made to the tune of Rs.8.24 cr against approved provision of Rs.0.07cr. Detailed justification may be provide d for the same.
9. Age wise and amount wise analysis of arrears ending 31.3.2011 (year 2011-12) have not been provided though it has been mentioned to have been submitted to the Commission at page 48 Of the Tariff Petition. Same may be provided.
10. As per annexure III (volume II of ARR & Tariff Petition) ,Extract of Energy audit report dated 25th march,2011, the energy audit in respect of 5 no. 11 KV feeders has been carried out but the action taken report on the same has not been provided.
11. As per proposed Tariff, development charges @ Rs 1000 per KVA for demand of 1500KVA and above, has been proposed for which necessary justification may be provided.
12. Provision of Rs. 64 cr (NTPC Rs.59 cr and PGCIL Rs.5 cr) has been kept in the year 2012-13 for liquidating the expected arrears. The letter of demand received from NTPC and PGCIL along with justification of such demand of arrears may be provided. Nothing has been said about the expected credit to be received. The same requires to be taken into account and inform accordingly.
13. For High Tension supply , Power Factor Surcharge @ 600 ps per unit have been proposed if the power factor of the consumer is less than 0.90. However, no incentive have been provided for improved power factor. Same may be justified.
14. Some of the photo copies of the energy bills as per annexure I , (Volume II) are illegible. The corrected copy of the energy bills with abstract be sent.

You are requested to rectify the defects/ submit clarifications on the above points at the earliest so as enable this office to process the said application/ petition accordingly.

Yours Sincerely

(R.K. Malik)
Secretary

Copy to:
Shri H.M.Patel Executive Engineer, Electricity Department, UT of Dadra & Nagar Haveli, 66 kv sub station, Amli Road, Silvassa- 396 320, with reference to letter No. 1-1(564)/ELE/2011/1887 dated 29.11.2011.

Annexure -2 Commission's admission Order dated January 17'2012

JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON

Coram
Dr. V. K. Garg, Chairperson
Shri R.K. Sharma, FIE, Member
Petition No.....62/ 2012

In the matter of

Approval of Aggregate Revenue Requirement for Tariff Proposal for the FY 2012-13.

And in the matter of:

Electricity Department Dadra & Nagar Haveli ....Petitioner

Present:

1. Shri. R.B.Chaubal, Deputy Engineer, Electricity Department, DNH.
2. Shri S. S. Mehta, Consultant for Electricity Department, DNH

ORDER

17.01.2012

The Petitioner presented the salient features of the petition. The petitioner was directed to file complete information required by 27th Feb 2012 so that review and trueup of earlier ARRs could also be carried out.

The petition admitted.

Sd/- Sd/-

(R. K. Sharma)
Member

(Dr. V.K. Garg)
Chairperson

Certified copy

(R.K.Malik)
Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

Annexure -3 Commission's order dated February 28'2012

JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON

Coram
Dr. V. K. Garg, Chairperson
Petition No.....62/ 2012

In the matter of

Approval of Aggregate Revenue Requirement (ARR) and Tariff Proposal for the FY 2012-13.

And in the matter of

Electricity Department Dadra & Nagar Haveli ....Petitioner

Present:

1. Shri. R.B.Chaubal, Deputy Engineer, Electricity Department, DNH.
2. Shri Gaurav Lohani, Consultant for Electricity Department, DNH

ORDER

28.02.2012

Petitioner has not filed all information asked during hearing on 17.01.2012. The petitioner requested for some more time to file the requisite information.

Request accepted.

Requisite information be filed by 13.03.2012.

Post for hearing on 13.03.2012.

Sd/-
(Dr. V.K. Garg)
Chairperson

Certified Copy

06-03-12

(R.K.Malik)
Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

2

Member (Vacant)

* Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. As per conduct of business regulation of the JERC "Coram is Two" but if the Member is prevented from attending the meeting or the hearing for any reason, the Hon'ble Chairperson will constitute a valid Coram.

Certified Copy

06/03/12

(R.K.Malik)
Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

Annexure -4 Commission's order dated March 13'2012

JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON

Coram
Dr. V.K. Garg, Chairperson

Petition No. 62/2012

In the matter of
Filing of ARR and Tariff Proposal for the FY 2012-13.

And in the matter of:
Electricity Department Dadra & Nagar Haveli .... Petitioner

Present
1. Shri R.B. Chaubal, Dy. Engineer, Electricity Department, DNH
2. Ms. Swapna Seshadri, Advocate for Electricity Department, DNH

ORDER

13.03.2012
Consequent upon judgment dated 28.02.2012 in Appeal No. 159 of 2011 captioned '**Shri Shankarbhai Dhavlu Waghmare, Versus Joint Electricity Regulatory Commission and another**,' Petition No. 32 of 2011 filed by Electricity Department of Dadra and Nagar Haveli for ARR and Tariff determination for the year 2011-12 is restored wherein rehearing is ordered and scheduled for hearing at 2.00 P.M. on 13.04.2012.

This Petition No. 62 of 2012 is to be simultaneously heard and clubbed with Petition No. 32 of 2011. Petitioner directed to file additional information as per Annexure provided to Counsel for Petitioner and suggest / propose roadmap to gradually reduce cross subsidies to level of ± 20% within 5 years from FY 2011-12 with FY 2010-11 as the base year in the light of the judgment of the Hon'ble APTEL dated 28.02.2012 in Appeal No. 159 of 2011.

Long date occasioned as notice to Shri Shankarbhai Dhavlu Waghmare has been ordered for 13.04.2012 in Petition No. 32 of 2011 as notice sent to him earlier is not received served or unserved.

Post for Hearing at 2.00 P.M. on 13.04.2012.

Sd/-
(Dr. V.K. Garg)
Chairperson

Certified Copy

(R.K.Malik)
Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

Member (Vacant)

* Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. As per conduct of business regulation of the JERC "Coram is Two" but if the Member is prevented from attending the meeting or the hearing for any reason, the Hon'ble Chairperson will constitute a valid Coram.

Certified Copy

13/3/12

(R.K.Malik)
Secretary

R.K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA AND UNION TERRITORIES GURGAON

Coram
Dr. V.K. Garg, Chairperson
Petition No. 32/2011

In the matter of
Filing of ARR and Tariff Proposal for the FY 2011-12.

And in the matter of:
Electricity Department Dadra & Nagar Haveli .... Petitioner

Present

1. Shri R.B. Chaubal, Dy. Engineer, Electricity Department, DNH
2. Ms. Swapna Seshadri, Advocate for Electricity Department, DNH

ORDER

13.03.2012

Shri Shankarbhai Dhavlu Waghmare, President District Panchayat, Dadra and Nagar Haveli appellant in Appeal No. 159 of 2011 is not present.

Notice sent to Shri Shankarbhai Dhavlu Waghmare not received served or unserved.

Commission directed that fresh notice be sent to him through Registered A.D. for 13.04.2012. Notice be also sent to him through Electricity Department, UT of Dadra and Nagar Haveli.

Petitioner directed to file additional information as per Annexure provided to Counsel for Petitioner and suggest / propose roadmap to gradually reduce cross subsidies to level of ± 20% within 5 years from FY 2011 – 12 with FY 2010-11 as the base year in the light of the judgment of the Hon'ble APTEL dated 28.02.2012 in Appeal No. 159 of 2011.

Post for Hearing at 2.00 P.M. on 13.04.2012.

(Dr. V.K. Garg)
Chairperson

2

Member (Vacant)

* Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. As per conduct of business regulation of the JERC "Coram is Two" but if the Member is prevented from attending the meeting or the hearing for any reason, the Hon'ble Chairperson will constitute a valid Coram.

Certified Copy

13/03/12

(R.K.Malik)
Secretary

सचिव
संयुक्त विद्युत विनियामक आयोग
गोवा राज्य और संघ राज्य क्षेत्र
"वाणिज्य निकुंज" दूसरी मंजिल, उद्योग विहार,
फेज-5, गुड़गांव-122016 हरियाणा

Annexure -5 Commission's order dated April 13'2012

JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA AND UNION TERRITORIES GURGAON

Coram*
Dr. V.K. Garg, Chairperson
Petition No. 62/2012

In the matter of:

Filing of ARR and Tariff Proposal for the FY 2012-13.

And in the matter of:

Electricity Department Dadra & Nagar Haveli .... Petitioner

Present

1. Shri R.B. Chaubal, Dy. Engineer, Electricity Department, DNH
2. Shri Anand K. Ganesan, Advocate for Electricity Department, DNH
3. Shri S. Siddharth Mehta, Consultant for DNH

ORDER

13.04.2012

Consequent upon judgments dated 28.02.2012 in Appeal No. 159 of 2011 titled '**Shankarbhai Dhavlu Waghmare Versus Joint Electricity Regulatory Commission and another**', dated 14.03.2012 in Appeal No. 175 of 2011 titled '**Silvassa Industries Association Versus Joint Electricity Regulatory Commission and another**' and dated 15.03.2012 in Appeal No. 19 of 2012 titled '**Mr. Chandrakant M. Parekh & Anr. Versus Electricity Department of Dadra and Nagar Haveli and Anr.**' Petition No. 32 of 2011 for ARR and Tariff determination for FY 2011-12 of Electricity Department of Dadra and Nagar Haveli has been restored.

Heard counsel for Petitioner.

The Hon'ble APTEL in the above judgments has directed JERC for determination of Tariff for all categories for FY 2011-12of Electricity Department, Dadra and Nagar Haveli. This is Petition No. 62 of 2012 of

Contd..2/-

Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13. Therefore both the Petitions are required to be heard simultaneously and this Petition is also required to be clubbed in Petition No. 32 of 2011 for ARR and Tariff determination for FY 2011-12. Hence this Petition No. 62 of 2012 of Electricity Department of Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13 is clubbed with Petition No. 32 of 2011 of Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2011-12.

The Commission directed the Electricity Department of Dadra and Nagar

Haveli to file following information:-

A. (i) Total amount collected by the Electricity Department, Dadra and Nagar Haveli on account of fuel surcharge till date.

(ii) Total amount billed on account of Fuel Surcharge by Electricity Department, Dadra and Nagar Haveli till date.

(iii) Methodology, computation and working sheet of the Fuel surcharge calculation.

(iv) Details of the "Designated Officer" appointed by Electricity Department of Dadra and Nagar Haveli as per the JERC Tariff Order dated 03.10.2011, his role and responsibilities.

(v) Whether details of Fuel surcharge, its computation methodology and calculations were uploaded on the Website of Electricity Department, Dadra and Nagar Haveli.

B. (i) List of consumers who asked information about the basis of calculation and computation of such fuel surcharge as per the JERC Order and status of the replies from the Department to the consumers.

Counsel for Petitioner requested for ten days time for filing above information.

Request acceded.

The above information be filed by 24.04.2012.

Contd..3/-

-3-

Public hearing is scheduled for 2nd to 4th May, 2012.

Summary of petition be published by licensee in the proforma **annexed 'A'.**

Sd/-
(Dr. V.K. Garg)
Chairperson

Member (Vacant)

* Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. As per conduct of business regulation of the JERC "Coram is Two" but if the Member is prevented from attending the meeting or the hearing for any reason, the Hon'ble Chairperson will constitute a valid Coram.

JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA AND UNION TERRITORIES GURGAON

Coram *
Dr. V.K. Garg, Chairperson
Petition No. 32/2011

In the matter of

Filing of ARR and Tariff Proposal for the FY 2011-12.

And in the matter of:

Electricity Department Dadra & Nagar Haveli .... Petitioner

Present

1. Shri R.B. Chaubal, Dy. Engineer, Electricity Department, DNH
2. Shri Anand K. Ganesan, Advocate for Electricity Department, DNH
3. Shri S. Siddharth Mehta, Consultant for DNH
4. Shri Shankarbhai Dhavlu Waghmare, President District Panchayat, **Respondent / Appellant in Appeal No. 159/2011**
5. Shri Sakesh Kumar, Advocate for Silvassa Industries Association **Respondent / Appellant in Appeal No. 175/2011**
6. Shri Chandrakant M. Parekh **Respondent / Appellant in Appeal No. 19/2011**
7. Shri Dharmendra Sinh K. Thakor **Respondent / Appellant in Appeal No. 19/2012**

ORDER

13.04.2012

Heard Shri Anand K. Ganesan, Counsel for Petitioner, Shri Sakesh Kumar, Counsel for Respondent, Silvassa Industries Association ,Shri Shankarbhai Dhavlu Waghmare, Mr. Chandrakant M. Parekh and Mr. Dharmendra Sinh K. Thakor, Respondents.

Contd..2/-

-2-

Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13. Therefore both the Petitions are required to be heard simultaneously and this Petition is also required to be clubbed in Petition No. 32 of 2011 for ARR and Tariff determination for FY 2011-12. Hence this Petition No. 62 of 2012 of Electricity Department of Dadra and Nagar Haveli for ARR and Tariff determination for FY 2012 – 13 is clubbed with Petition No. 32 of 2011 of Electricity Department, Dadra and Nagar Haveli for ARR and Tariff determination for FY 2011-12.

The Commission directed the Electricity Department of Dadra and Nagar

Haveli to file following information:-

A. (i) Total amount collected by the Electricity Department, Dadra and Nagar Haveli on account of fuel surcharge till date.
(ii) Total amount billed on account of Fuel Surcharge by Electricity Department, Dadra and Nagar Haveli till date.
(iii) Methodology, computation and working sheet of the Fuel surcharge calculation.
(iv) Details of the "Designated Officer" appointed by Electricity Department of Dadra and Nagar Haveli as per the JERC Tariff Order dated 03.10.2011, his role and responsibilities.
(v) Whether details of Fuel surcharge, its computation methodology and calculations were uploaded on the Website of Electricity Department, Dadra and Nagar Haveli.

B. (i) List of consumers who asked information about the basis of calculation and computation of such fuel surcharge as per the JERC Order and status of the replies from the Department to the consumers.

Counsel for Petitioner requested for ten days time for filing above information.

Request acceded.

The above information be filed by 24.04.2012.

Contd..3/-

-3-

Public hearing is scheduled for 2nd to 4th May, 2012.

Summary of petition be published by licensee in the proforma **annexed 'A'.**

Sd/-
(Dr. V.K. Garg)
Chairperson

Member (Vacant)

* Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. As per conduct of business regulation of the JERC "Coram is Two" but if the Member is prevented from attending the meeting or the hearing for any reason, the Hon'ble Chairperson will constitute a valid Coram.

Certified Copy

(R.K.Malik)
Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
Vanijya Nikunj, 2nd Floor, Udyog Vihar, Ph-V
Gurgaon-122016, Haryana

Annexure -6 Newspaper public notice for inviting objections/suggestions, by the petitioner

ELECTRICITY DEPARTMENT

ADMINISTRATION OF DADRA AND NAGAR HAVELI (UT)

Opp. Secretariat, Silvassa - 396 230

PUBLIC NOTICE

No.1-1(564)/ELE/2011/2135 Dtd. 02/12/2011

Disclosure pursuant to the ARR Petition filed before the JERC for determination of tariff for year 2012-13

Electricity Department of UT Administration of Dadra and Nagar Haveli has filed ARR Petition and Tariff Proposal before the Joint Electricity Regulatory Commission (JERC) under Section 62 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2012-13 in accordance with the JERC (Conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009. Salient features of the proposed ARR are as under:

Aggregate Revenue Requirement (ARR) Projected for FY 2012-13 and Revised Estimates for FY 2011-12

(Rs. in Crore)

Annual Revenue Requirement Rs. Crore	FY11-12 Revised Estimates	FY12-13 Projected
Power Purchase Cost	1,658.25	1,923.73
O&M Expense	12.32	14.22
Depreciation	21.04	22.91
Interest Cost on Loan/Capital [illegible]	[illegible]	[illegible]

Electricity Department Administration of Dadra and Nagar Haveli (UT) Opp. Secretariat, Silvassa – 396 230

PUBLIC NOTICE

No.1-1(384)/ELE/2011/2136 Dtd.: 02/12/2011

Disclosure pursuant to the ARR Petition filed before the JERC for determination of tariff for year 2012-13

Electricity Department of UT Administration of Dadra and Nagar Haveli has filed ARR Petition and Tariff Proposal before the Joint Electricity Regulatory Commission (JERC) under Section 62 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2012-13 in accordance with the JERC (Conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009. Salient features of the proposed ARR are as under:

Aggregate Revenue Requirement (ARR) Projected for FY 2012-13 and Revised Estimates for FY 2011-12

Annual Revenue Requirement Rs. Crore	FY 11-12 Revised Estimates	FY 12-13 Projected
Power Purchase Cost	1,658.29	1,923.73
O&M Expense	12.32	14.22
Depreciation	21.04	22.91
Interest Cost on Long-term Capital Loans	-	2.14
Interest on Working Capital Loans	20.13	23.82
Return on Equity		1.05
Provision for Bad Debt	8.24	7.85
Less: Non-Tariff Income	3.80	3.99
Annual Revenue Requirement	1,716.82	1,991.54
Total revenue from existing tariff	1,509.69	1,511.10
Revenue from Surplus Power Sale	38.73	18.98
Total Revenue	1,548.42	1,530.07
Revenue (Gap)/Surplus	(68.20)	(461.47)

Electricity Department of Dadra and Nagar Haveli has proposed to increase the retail tariff for FY 12-13 as the existing retail tariff in the UT is not adequate to meet the ARR projected for the FY 12-13. The category wise proposed tariff for FY 12-13 is summarized below:

Tariff Structure	Existing FY 11-12 Energy Charges (Rs/kWh)	Existing FY 11-12 Fixed Charges	Proposed FY 12-13 Energy Charges (Rs/kWh)	Proposed FY 12-13 Fixed Charges	
Low Income group (LIG)		24/per connection/Month		10/per connection/Month	
LT-D/Domestic					
1st 50 Units	1.50		1.00		
51 to 200 Units	2.25		1.60		
201 to 400 Units	3.00		2.00		
401 to 600 Units	3.25		2.25		
600 units and above	3.25		3.00		
LT-C/Commercial					
1st 100 Units	2.25		2.25		
Beyond 100 Units	3.25		3.25		
LT-Ag/ Agriculture					
Upto 10 HP per unit	2.50		0.56		
Beyond 10 HP per unit	2.65		0.65		
LTP Motive Power					
Upto 20 HP of Connected Load	2.50		3.40		
Above 20 HP Connected Load	2.50	Rs. 15/HP	3.40	Rs. 25/HP	
LT-PL/Public Lighting					
Public Lighting	2.25		3.25		
HTC General					
50000 units	2.95	Rs. 50/KVA	4.07	Rs. 120/KVA	For connected load >500KVA Rs 500/KVA Beyond 500 KVA Rs. 1500/KVA
50000 to 5 lakh units	3.10	Rs. 60/KVA	4.22	Rs. 120/KVA	
Beyond 5 lakh units	3.15	Rs. 60/KVA	4.27	Rs. 120/KVA	
Penal charges for exceeding contracted demand	8.00	Rs. 150/KVA or part there of	8.00	Rs. 360/KVA	
HTC Ferro					
First 300 Units per KVA	2.05	Rs. 450/KVA	3.17	Rs. 600/KVA	
Next 200 units per KVA	3.05	Rs. 450/KVA	4.17	Rs. 600/KVA	
Above 500 units per KVA	3.55	Rs. 450/KVA	4.67	Rs. 600/KVA	
Penal charges for exceeding contracted demand	6.00	Rs. 900/KVA or part there of	8.00	Rs. 900/KVA or part there of	

Pursuant to JERC (Conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, it is hereby notified that the persons who are interested in filing their objections/suggestions on the ARR Petition and Tariff Proposal may file the same to the Secretary, Joint Electricity Regulatory Commission (JERC), 2nd Floor, HSIIDC Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon, Haryana.

No.IP/OPN/0356/2011
Silvassa, Dt: 09/12/2011

Sd/-
Executive Engineer (Power)
Electricity Department, Dadra and Nagar Haveli.

विद्युत विभाग

दादरा एवं नगर हवेली प्रशासन (यूटी)

[illegible], सिलवासा-396230

सार्वजनिक सूचना

सं. [illegible]

वर्ष 2012-13 की दर-सूची निर्धारित करने के लिए जेईआरसी के समक्ष दाखिल की गई एआरआर याचिका के [illegible]

प्रकटीकरण (Disclosure)

बिजली विभाग, [illegible] 2009 [illegible] जेईआरसी [illegible] दर-सूची [illegible] वर्ष 2012-13 की दर-सूची [illegible] बिजली अधिनियम 2003 की धारा [illegible] संयुक्त विद्युत विनियामक आयोग (जेईआरसी) के समक्ष [illegible] याचिका तथा दर-सूची प्रस्ताव दाखिल किया है [illegible] निम्नलिखित है :-

वित्तीय वर्ष 2012-13 के लिए प्रस्तावित कुल राजस्व आवश्यकता (एआरआर) तथा वित्तीय वर्ष 2011-12 के लिए संशोधित अनुमान [illegible]

(रु. करोड़ में)

कुल राजस्व आवश्यकता	वित्तीय वर्ष 11-12	वित्तीय वर्ष 12-13
रु. करोड़	संशोधित अनुमान	प्रस्तावित
बिजली क्रय लागत	1,600.29	1,903.70
परिचालन एवं रखरखाव खर्च	12.30	14.30
मूल्यह्रास	21.04	22.81
[illegible]	-	0.14
[illegible]	20.10	30.83
[illegible]	-	1.05
[illegible]	8.24	1.60
[illegible]	3.86	3.90
कुल राजस्व आवश्यकता	1,735.02	1,961.54
मौजूदा दर-सूची से कुल राजस्व	1,600.60	1,311.76
[illegible]	50.75	15.96
कुल राजस्व	1,648.42	1,530.27
राजस्व (अंतर)/अधिशेष	(58.20)	(461.41)

विद्युत विभाग, दादरा एवं नगर हवेली ने वित्तीय वर्ष 12-13 की [illegible] दर-सूची में [illegible]

वित्तीय वर्ष 12-13 के लिए [illegible] प्रस्तावित दर-सूची का संक्षिप्त [illegible] निम्नानुसार है :-

दर-सूची संरचना	मौजूदा वित्तीय वर्ष 11-12		प्रस्तावित वित्तीय वर्ष 12-13		
	ऊर्जा प्रभार (Rs/kWh)	निश्चित प्रभार	ऊर्जा प्रभार (Rs/kWh)	निश्चित प्रभार	
[illegible]		20/प्रति कनेक्शन/माह		10/प्रति कनेक्शन/माह	
एलटी-घरेलू					
पहली 80 यूनिट्स	1.40		1.00		
81 से 200 यूनिट्स	2.20		1.80		
201 से 400 यूनिट्स	3.00		2.00		
401 से 600 यूनिट्स	3.25		2.25		
600 एवं अधिक	3.25		3.00		
एलटी-डी/वाणिज्यिक					
पहली 100 यूनिट्स	3.25		3.25		
100 यूनिट्स से अधिक	3.25		3.25		
एलटी-कृषि					
10 एचपी प्रति यूनिट तक	2.50		0.50		
10 एचपी प्रति यूनिट से अधिक	2.65		0.80		
एलटीपी मोटिव पावर					
20 एचपी के कनेक्टेड लोड (Load) तक	2.50		3.40		
20 एचपी के कनेक्टेड लोड (Load) से अधिक	2.50	रु. 10/एचपी	3.40	रु. 25/एचपी	
[illegible]					
[illegible] लाइटिंग	3.25		3.25		
[illegible]					
50000 यूनिट्स	2.90	रु. 50/केवीए	4.07	रु. 130/केवीए	कॉन्ट्रैक्ट लोड (Load) के लिए > 500 केवीए, रु. 500/केवीए; 500 केवीए से अधिक रु. 1300/केवीए
50000 से 5 लाख यूनिट्स	3.10	रु. 60/केवीए	4.22	रु. 130/केवीए	
5 लाख यूनिट्स से अधिक	3.15	रु. 60/केवीए	4.27	रु. 130/केवीए	
अनुबंधित मांग की सीमा पार करने पर दण्ड प्रभार	6.00	रु. 100/केवीए या उसका हिस्सा	6.00	रु. 160/केवीए	
[illegible]					
पहली 300 यूनिट्स प्रति केवीए	2.68	रु. 450/केवीए	3.77	रु. 600/केवीए	
अगली 300 यूनिट्स प्रति केवीए	3.05	रु. 450/केवीए	4.77	रु. 600/केवीए	
600 यूनिट्स प्रति केवीए से अधिक	3.55	रु. 450/केवीए	4.87	रु. 600/केवीए	
अनुबंधित मांग की सीमा पार करने पर दण्ड प्रभार	6.00	रु. 900/केवीए या उसका हिस्सा	6.00	रु. 900/केवीए या उसका हिस्सा	

[illegible] 2009 तथा जेईआरसी (दर-सूची निर्धारण की शिर्ते एवं शर्तें) के अनुसार [illegible] एआरआर याचिका तथा दर-सूची प्रस्ताव [illegible] (जेईआरसी), [illegible] सुझाव/आपत्तियां दाखिल कर सकते हैं।

कार्यपालक अभियंता (बिजली)
बिजली विभाग
दादरा एवं नगर हवेली

PDNH/356/2011,
[illegible], Dt: 06/12/2011

Electricity Department, Administration of Dadra and Nagar Haveli (UT) Opp. Secretariat, Silvassa - 396 230

PUBLIC NOTICE

[illegible]/2011/2136

Dt: [illegible]

[illegible] ARR Petition [illegible] Electricity Department of UT Administration of Dadra and Nagar Haveli [illegible] determination of tariff for year 20[illegible] Joint Electricity Regulatory Commission (JERC) under Section [illegible] of the Electricity Act, 2003 [illegible] ARR Petition and Tariff Proposal [illegible] Revenue Requirement and Tariff for the year 2012-13 [illegible] JERC (Terms and Conditions for Determination of Tariff) Regulations 2009 [illegible] ARR Projected for FY 2011-12 [illegible] FY 2012-13

Particulars	FY 11-12	FY 12-13
Power Purchase Cost	1,5[illegible]	[illegible]
O&M Expense	12.32	3.32
Depreciation	21.04	22.61
Interest Cost on Long Term Capital Loans	[illegible]	2.14
Interest on Working Capital Loans	20.[illegible]	27.32
Return on Equity	[illegible]	[illegible]
Provision for Bad Debt	8.27	7.46
Less: Non-Tariff Income	3.60	1.99
Annual Revenue Requirement	1,718.42	1,991.54
Total Revenue from existing tariff	1,606.69	1,511.10
Revenue from Surplus Power Sale	38.73	18.96
Total Revenue	1,646.46	1,530.07
Total Revenue (Gap)/Surplus	(69.20)	(461.47)

Electricity Department of Dadra and Nagar Haveli has proposed to increase the retail tariff for FY 12-13 as the existing tariff in the UT is not adequate to meet the ARR projected for the FY 12-13. The category wise proposed tariff for FY 12-13 is summarized below.

Category	Existing FY 11-12 Energy Charge	Fixed/Demand Charge	Proposed FY 12-13 Energy Charge	Fixed/Demand Charge	
Low Income group (LIG)		2/- per connection/Month		10/- per connection/Month	
LT-D/Domestic					
1st 50 Units	1.00		1.00		
51 to 200 Units	2.25		1.50		
201 to 400 Units	3.00		2.00		
401 to 800 Units	3.25		2.25		
800 units and above	3.25		3.00		
LT-C/Commercial					
1st 100 Units	2.25		2.25		
Beyond 100 Units	3.25		3.25		
LT-Ag/Agriculture					
Upto 10 HP per unit	2.50		0.55		
Beyond 10 HP per unit	2.25		0.55		
LTP Motive Power					
Upto 20 HP of Connected Load	2.50		3.40		
Above 20 HP Connected Load	2.50	Rs. 15/HP	3.40	Rs. 25/HP	
LT-PL/Public Lighting					
Public Lighting	3.25		3.25		
HTC General					
50000 units	2.95	Rs. 60/KVA	4.07	Rs. 120/KVA	For connected load <500KVA Rs 90/KVA
50000 to 5 lakh units	3.10	Rs. 60/KVA	4.22	Rs. 120/KVA	
Beyond 5 lakh units	3.15	Rs. 60/KVA	4.27	Rs. 120/KVA	
Penal charges for exceeding contracted demand	6.00	Rs. 180/KVA or [illegible] times of	8.00	Rs. 360/KVA	Beyond 500 KVA Rs. 150/KVA
HTC Ferro					
First 300 Units per KVA	2.05	Rs. 450/KVA	3.17	Rs. 600/KVA	
Next 200 units per KVA	3.05	Rs. 450/KVA	4.17	Rs. 600/KVA	
Above 500 units per KVA	3.55	Rs. 450/KVA	4.67	Rs. 600/KVA	
Penal charges for exceeding contracted demand	6.00	Rs. 900/KVA or [illegible] times of	8.00	Rs. 900/KVA or [illegible] times of	

Pursuant to JERC (Conduct of Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, it is hereby notified that the persons who are interested to file their objections / suggestions on the ARR Petition and Tariff Proposal may file the same to the Secretary, Joint Electricity Regulatory Commission (JERC), 2nd Floor, HSIIDC Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon, Haryana.

DIPR/DNH/358/2011
Silvassa, Dt. 09/12/2011

Sd/-
Executive Engineer (Power)
Electricity Department, Dadra and Nagar Haveli

विद्युत विभाग

सार्वजनिक सूचना

(Disclosure)

[illegible]

Revised Estimates for FY 2011-12

	FY 11-12	FY 12-13
	Revised Estimate	Projected
[illegible]	[illegible]	[illegible]

[illegible]

	Existing		Proposed	
Energy Charges (Rs./kWh)	Fixed Charge	Energy Charge (Rs./kWh)	Fixed Charge	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

ELECTRICITY DEPARTMENT

[illegible]

Opp. Secretariat, Silvassa - 396 230

PUBLIC NOTICE

[illegible]

of tariff for year 2012-13

[illegible]

(Rs. in Crore)

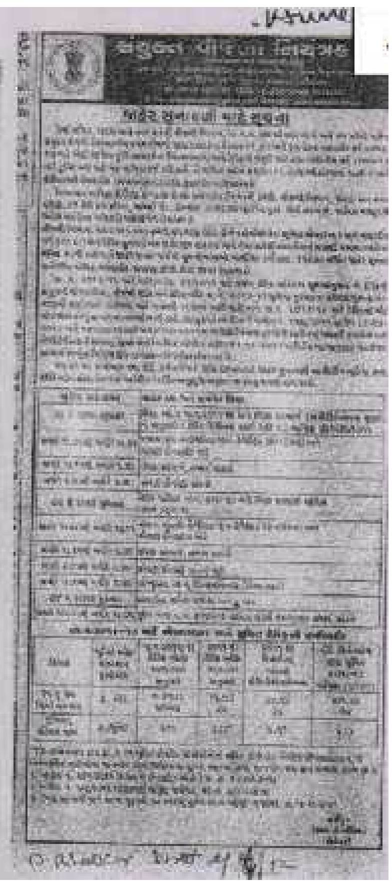
[illegible]

Executive Engineer (Revenue)

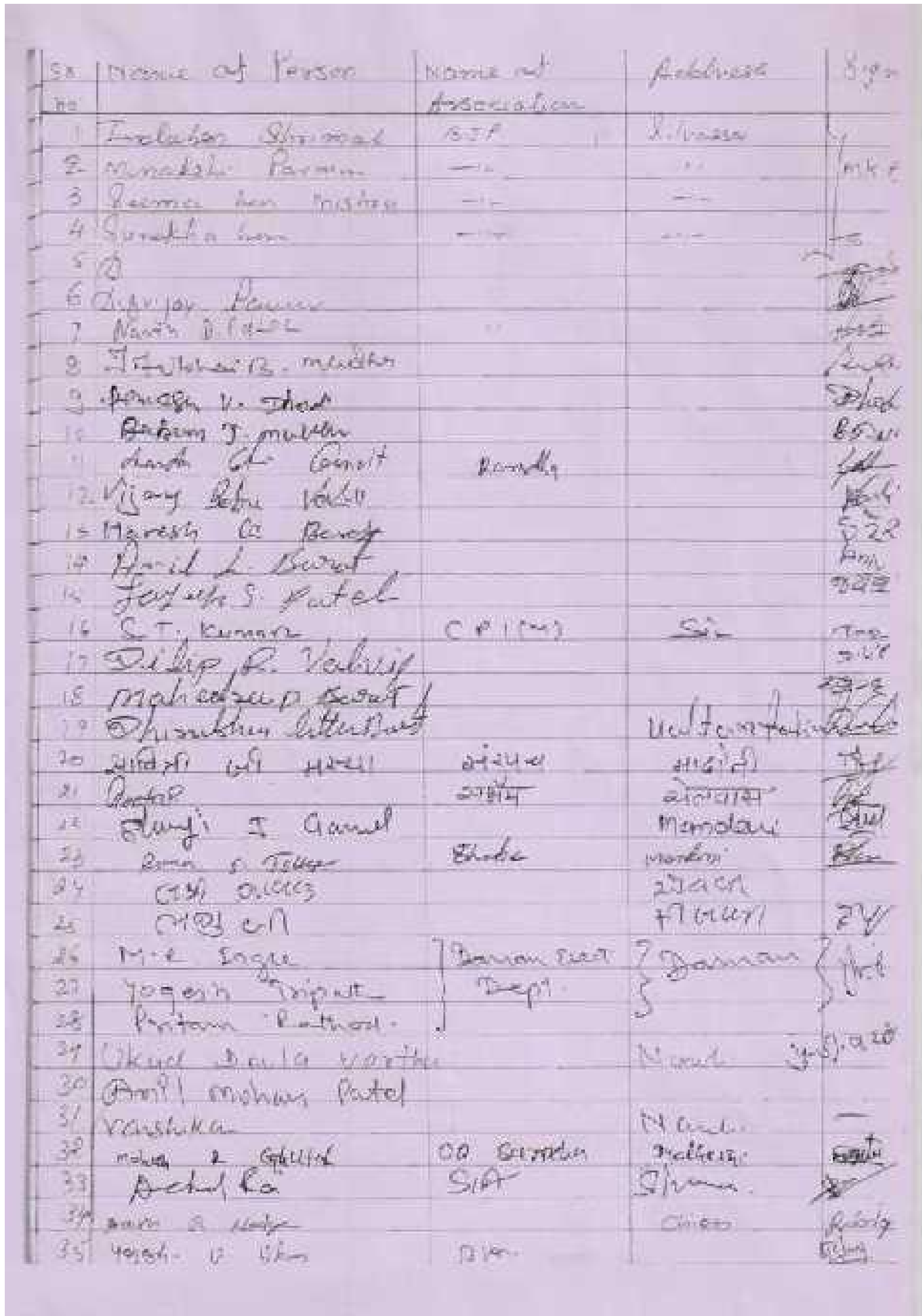
Electricity Department

Dadra and Nagar Haveli

Annexure -7 Newspaper public notice for intimation of public hearing, by the Commission



Annexure -8 List of those Present at the Public hearing / Objectors



Sr No	Name of Person	Name of Association	Address	Sign
1	[illegible] Shrimal	BJP	Silvassa	
2	Minakshi Parmar	—	—	MKP
3	[illegible]	—	—	
4	[illegible]	—	—	
5	[illegible]			
6	Digvijay [illegible]			
7	Naresh [illegible]			
8	[illegible] B. [illegible]			
9	[illegible] V. [illegible]			
10	[illegible] J. [illegible]			
11	[illegible] Gamit	[illegible]		
12	Vijay [illegible]			
13	Naresh [illegible]			
14	Anil L. [illegible]			
15	[illegible] S. Patel			
16	S.T. Kumar	CPI(M)	Sil	
17	Dilip R. [illegible]			
18	[illegible]			
19	[illegible]		[illegible]	
20	[illegible]	[illegible]	[illegible]	
21	[illegible]	[illegible]	[illegible]	
22	[illegible] I. Gamit		Mamdau	
23	[illegible]	[illegible]	[illegible]	
24	[illegible]		[illegible]	
25	[illegible]		[illegible]	
26	M.R. Ingle	Daman Elect Dept.	Daman	
27	Yogesh Rajput			
28	Pritam Rathod			
29	[illegible]		[illegible]	
30	Anil Mohan Patel			
31	Vanshika		[illegible]	
32	[illegible]	[illegible]	[illegible]	
33	[illegible]	SIA	[illegible]	
34	[illegible]		[illegible]	
35	[illegible]	[illegible]		


37 [illegible] [illegible]
38 Ashwin S. Patel [illegible] Silvassa [illegible]
39 [illegible] S. Singh [illegible]
40 [illegible]
41 Mukul yadav [illegible] Silvassa
42 [illegible]
43 [illegible] BJP [illegible]
44 Sanjay [illegible]
45 [illegible] — — —
46 Deepak [illegible]
47 Mahesh [illegible] Silvassa
48 [illegible]
49 [illegible]
50 [illegible]
51 [illegible] Sarpanch
52 Dipak Patel Silvassa Press Reporter
53 [illegible] S. Vartha Sili
54 [illegible] BJP
55 [illegible] — —
56 Jayanti L. Patel Ex Sarpanch Silvassa
57 [illegible] R. [illegible] BJP
58 [illegible]
59 [illegible] B.J.P.
60 [illegible] BJP
61 [illegible] S. [illegible] B.J.P.
62 [illegible] B.J.P.
63 [illegible] B.J.P.
64 [illegible] M. Patel [illegible] B.J.P.
65 [illegible] B.J.P.
66 [illegible] B.J.P.
67 Rakesh bhai U. Patel B.J.P.
68 Amit A. Patel B.J.P.
69 [illegible]
70 [illegible] L. [illegible] B.J.P.
71 Ramesh D. [illegible]
72 Vijay [illegible] B.J.P.
50 [illegible] from [illegible] BJP.

73	Jayantilal M. Rajani	Silvassa	Silvassa	[signature]
74	Vishal Patel	"	"	[signature]
75	T. N. Yadav		Silvassa	[signature]
76	Anil Shukla	"	"	[signature]
77	[illegible]	"	"	[signature]
78	Pradip R. Patel	Vasonpa	Vasonpa	[signature]
79	[illegible]	[illegible]. B.J.P	[illegible]	[signature]
80	[illegible]	" "	[illegible]	
81	[illegible]	" "	[illegible]	[signature]
82	[illegible]	[illegible] "	[illegible]	
83	R.S. [illegible]	Kalpana [illegible]	[illegible]	RC
84	Lalit bhai	BJP	Silvassa	
85	Modi - Reliance	—	Silvassa	
86	Afsain Chonte		Silvassa	[signature]
87	Rajesh A. [illegible]		Silvassa	[signature]
88	Gulab bhai Patel	BJP	Silvassa	
89	Ramesh B. Karle	BJP	Amboli	
90	Vina Bhusala		Dapada	—
91	Shri Hasmukh Panchal	Reliance	Silvassa	[signature]
92	PS Rajput	Silvassa	[signature]	[signature]
93	Kailash	Silvassa		[signature]
94	Mr. P. K. Jadav	SIA, Silvassa	S.L	[signature]
95	Mr. Kiran Chahan	SIA	Silvassa	[signature]
96		3-5-2012		
97				
98	Shri Shelke	DNH		
99	Shri Trivedi bhai	SIMA		
100	P [illegible]	SIA	S.A	[signature]
101	Madhubhai	—	Kadaiya	
102	T. F. Chauhan		Silvassa	
103	Dr. T P Chauhan	Congress [illegible]	[illegible]	
104	Suresh Kathiria	—"—	[illegible]	[signature]
105	Prashant	—"—	[illegible]	[signature]
105	Keshubhai Patel	—"—	[illegible]	[signature]
107	T. [illegible]			[signature]

Sr No.	Name of Person	Name of Association	Address	Sign
109	[illegible]	[illegible]		[illegible]
110	Divya Rohit	[illegible]	Sily	[illegible]
111	Ramesh Bhikubhai	-	-	[illegible]
112	Kantu C. Vartha	Cay	Sily	[illegible]
113	Sunesh Varthe	-"-	-"-	[illegible]
114	Shukar Vartha	-"-	-"-	[illegible]
115	Dhiru bhai	-"-	-"-	[illegible]
116	Salish Pali	-"-	-"-	Sat
117	Naresh Palu	-"-	-"-	[illegible]
118	Janya Rayya	-"-	-"-	[illegible]
119	Jayesh R. Khunthucha		Galonda va Pad	[illegible]
120	Rajesh	Steel Asso.	Silvassa	
121	Pravin Ishva	Cay	Sily	[illegible]
122	Ramesh Tiwale	-"-	-	[illegible]
123	Jagan Dhikar	-"-	-"-	[illegible]
124	Prabhu Raghu	-"-	-"-	[illegible]
125	Pravin Namkuha			[illegible]
126	Mahesh Bhamni	-		[illegible]
127	H.B. Pandal	Reliance	Khandvada	[illegible]
128	N.L. Chauhan	Hotel Lords	Naroli	[illegible]
129				
130				
131				