JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA AND UNION TERRITORIES

Petition No. 32/2011

Tariff Order

In the matter of ARR and Tariff Determination for the Union Territory of Dadra and Nagar Haveli for the Financial Year 2011-12

Date of Order 13th September, 2011

2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex
Udyog Vihar, Phase-V, Gurgaon-122 016 (Haryana)
Phone: 0124-2342852 Fax: 0124-2342853
Website: www.jercuts.gov.in

CONTENTS

ANNEXURE

LIST OF TABLE

ABBREVIATIONS

1.	A&G	Administration and General
2.	Act	Electricity Act, 2003
3.	ARR	Aggregate Revenue Requirement
4.	CAGR	Compounded Annualized Growth Rate
5.	CAPEX	Capital Expenditure
6.	CEA	Central Electricity Authority
7.	CERC	Central Electricity Regulatory Commission
8.	CGS	Central Generating Station
9.	Ckt. Km.	Circuit Kilometer
10.	CPSU	Central Public Sector Undertaking
11.	D/C	Double circuit
12.	DD	Daman & Diu
13.	DNH	Dadra & Nagar Haveli
14.	ED-DD	Electricity Department, Daman & Diu
15.	ED-DNH	Electricity Department, Dadra & Nagar Haveli
16.	FC	Fixed charges
17.	FSTPS	Farakka Super Thermal Power Station
18.	FY	Financial Year
19.	GFA	Gross Fixed Assets
20.	GGPP	Gandhar Gas Power Project
21.	HP	Horse Power
22.	HT	High Tension
23.	JERC	Joint Electricity Regulatory Commission for Goa and UTs.
24.	KAPS	Kakrapur Atomic Power Station
25.	KGPP	Kawas Gas Power Project
26.	KHSTPS	Kahalgaon Super Thermal Power Station
27.	KSTPS	Korba Super Thermal Power Station
28.	kVA	Kilo Volt Ampere
29.	kVAh	Kilo Volt Ampere Hour
30.	kWh	Kilo Watt hour
31.	LT	Low Tension
32.	MOP	Ministry of Power
33.	MU	Million Units
34.	MVA	Mega Volt Ampere

35.	MW	Mega Watt
36.	MYT	Multi-Year Tariff
37.	NHPC	National Hydro Power Corporation
38.	NSPCL	NTPC-SAIL Joint Power Corporation Limited
39.	NTPC	National Thermal Power Corporation
40.	O&M	Operation and Maintenance
41.	O/H	Over head
42.	OIDC	Omnibus Industrial Development Corporation
43.	PGCIL	Power Grid Corporation of India Limited
44.	PPCA	Power Purchase Cost Adjustment
45.	R&M	Repairs and Maintenance
46.	RE	Revised Estimates
47.	REA	Regional Energy Accounting
48.	RLDC	Regional Load Despatch Centre
49.	RoE	Return on Equity
50.	S/C	Single circuit
51.	SBI CAPS	SBI Capital Market Limited
52.	SBI PLR	SBI Prime Lending Rate
53.	SLDC	State Load Despatch Centre
54.	SS	Sub-station
55.	TAPS	Tarapur Atomic Power Station
56.	TRS	Transformers
57.	TSTPS	Talcher Super Thermal Power Station
58.	U/G	Under ground
59.	UI	Unscheudled Interchange
60.	VC	Variable charges
61.	VSTPS	Vindyachal Super Thermal Power Station
62.	WRLDC	Western Regional Load Despatch Centre
63.	WRPC	Western Regional Power Committee

Before the

Joint Electricity Regulatory Commission for the State of Goa and Union Territories Gurgaon-122 016

CORAM
Dr. V.K. Garg (Chairperson)
Shri. R.K. Sharma FIE (Member)

Petition No. – 32/2011

In the matter of

Aggregate Revenue Requirement (ARR) and Retail Tariff for the Union Territory of Dadra and Nagar Haveli for the Financial Year 2011-12

And in the matter of

Electricity Department, Dadra and Nagar Haveli **Petitioner**

ORDER

Date:13.09.2011

1. BACKGROUND

1.1 Constitution of the Commission.

1.1.1 In exercise of the powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all Union Territories except Delhi to be known as "Joint Electricity Regulatory Commission for Union Territories" as notified on 2nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" as notified on 30th May 2008.

The Commission is a two-member body designated to function as an autonomous authority responsible for regulation of the power sector in the state of Goa and Union Territories of Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry. The powers and the functions of the Commission are as prescribed in the Electricity Act, 2003. The Head Office of the Commission presently is located in the district town of Gurgaon, Haryana and falls in the National Capital Region.

The Joint Electricity Regulatory Commission for the State of Goa and Union Territories started to function with effect from August 2008 with the objectives and purposes for which the Commission has been established.

Union Territory of Dadra and Nagar Haveli, a deemed licensee under Section 14 of Electricity Act, 2003 is carrying on the business of distribution and retail supply of Electricity in Dadra and Nagar Haveli (Union Territory) through their Electricity Department .

1.1.2 Electricity Department, Dadra and Nagar Haveli, hereinafter, referred to as ED-DNH, had filed a petition for approval of Aggregate Revenue Requirement and determination of retail tariff for the year 2011-12 on 8th March 2011 according to the Conduct of Business Regulations of JERC.

1.2 TARIFF RELATED FUNCTIONS OF THE COMMISSION

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions, namely:-

(a) determine the tariff for electricity supply, wholesale, bulk, or retail, as the case may be;

(b) regulate electricity purchase and procurement process of distribution licensee including the price at which the electricity shall be procured from the generating companies or licensee or from other sources through agreements for purchase of power for distribution and supply .

(c) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee,

(d) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

(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 efficiency, economical use of the resources, good performance, optimum investments;

(d) safeguarding of consumers' interests and at the same time, recovery of the cost of electricity in a reasonable manner;

(e) the principles rewarding efficiency in performance

(f) multiyear 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:

1.2.3 In accordance with the Act, the Commission will not show undue preference to any consumer of electricity in determining the tariff, but may differentiate according to the consumers load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required (Section 62 (3) of the Act)

1.2.4 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall pay in advance the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct as a condition for the license or any other person concerned to implement the subsidy provided for by the State Government (Section 65 of the Act).

1.3 ADMISSION OF PETITION AND PUBLIC HEARING PROCESS:

The ED-DNH has submitted the ARR and Tariff Petition for 2011-12 on 8th March 2011 wherein the Department has worked out a deficit of Rs.207.02 crore. The Commission observed that the ARR and tariff petition filed by the petitioner was incomplete and lacking some critical and vital information required and the manner in which it is required as specified in Commission's regulations on Terms and Conditions for Determination of Tariff. The ARR & Tariff petition was admitted on 5/4/2011 vide petition No.32/2011 to avoid delay in processing the ARR, though the missing information submitted by the utility did not fully comply with the regulatory requirement as per JERC Terms and Conditions for Determination of Tariff Regulations, 2009. The additional information required ultimately was supplied by 19.07.2011.

1.3.1 The Commission directed the utility on 05.04.2011 for publication of its application for ARR and tariff revision in the abridged form and manner as specified in Regulation 29 of JERC (Conduct of Business) Regulations read with section 64 of the Electricity Act, 2003 .

The Public Notice was published by ED-DNH in the following newspapers:

S.No	News Paper	Language	Date of Publication
1.	Indian Express	English	10/05/2011
2.	Free press journal	English	10/05/2011
3.	Nishpaksh Janasagar	Hindi	10/05/2011
4.	Asali Azadi	Hindi	10/05/2011
5.	Savera India Times	Hindi	10/05/2011
6.	Sandesh	Hindi	10/05/2011
7.	Vartaman Pravah	Hindi	10/05/2011

Through the public notice, the public were invited to forward their objections and suggestions on the petition upto 30/05/2011.

The Commission has received written objections by 30/05/2011 on the petition filed by ED-DNH. The Commission has forwarded all the objections received and sent them to ED-DNH for communicating their response to the objections raised. ED-DNH submitted their comments / response on the objections to the respective objectors.

The Commission published a public notice in the following leading news papers on 17.06.2011 giving due information to stake holders, consumers, objectors, and public at large about public hearing to be held at town hall Silvassa on 28.06.2011.

S.No	News Paper	Language	Date of Publication
1	Indian Express	English	17.06.2011
2	Free press journal	English	17.06.2011
3	Nishpaksh Janasagar	Hindi	17.06.2011
4	Asali Azadi	Hindi	17.06.2011
5	Savera India Times	Hindi	17.06.2011
6	Sandesh	Hindi	17.06.2011
7	Vartaman Pravah	Hindi	17.06.2011

Accordingly, the Commission has held public hearings on the ARR and tariff proposals of ED-DNH as given in the schedule below:

S. No	Date	Venue of Public Hearing	Time and Category of consumers to be heard
1	28/06/2011	Town Hall, Silvassa	11.00 AM to 2.00 PM For all the consumers – Focus on domestic/non-domestic (commercial) and LT industries. 3.00 PM to 6.00 PM For all consumers – Focus on HT Industries

In the meanwhile, ED-DNH has submitted a rejoinder to the original petition on 23/05/2011 and on the direction of the Commission ED- DNH has published the contents of the rejoinder in the following news papers on 29.06.2011.

S.No	News Paper	Language	Date of Publication
1	Press journal	English	29.06.2011
2	Local News Paper	Gujrati	29.06.2011

The Commission issued another public notice in the following news papers intimating another public hearing will be held on 18.07.2011 at town hall Silvassa.

S.No	News Paper	Language	Date of Publication
1	Indian Express	English	03.07.2011
2	Free press journal	English	03.07.2011
3	Nishpaksh Janasagar	Hindi	03.07.2011
4	Asali Azadi	Hindi	03.07.2011
5	Savera India Times	Hindi	03.07.2011
6	Sandesh	Hindi	03.07.2011
7	Vartaman Pravah	Hindi	03.07.2011

Accordingly, the Commission held another public hearings on the ARR and tariff proposals of ED-DNH as given in the schedule below:

S. No	Date	Venue of Public Hearing	Time and Category of consumers to be heard
1	18/07/2011	Town hall Silvassa	03.00 PM to 6 PM for all consumers focus on domestic/Non domestic (Commercial) and LT/HT industries.

During the public hearing, each objector was provided a time slot for presenting his views on the petition of ED-DNH before the Commission. The general public, other than those who had earlier sent their written objections, who attended the public hearing were also given an opportunity to express their views/objections/suggestions.

The main issues raised by the objectors in respect of the petition along with the response given by the ED-DNH and comments of the Commission are briefly given in Chapter-4.
The missing information was furnished by the ED-DNH in the month of July, 2011.

Highlights of the order:

The Commission examined the data furnished in the ARR and the tariff petition submitted on 08.03.2011 and subsequent submissions and has passed this order.

The highlights of the order are as under:

TABLE-1

Sl.No.	Item	Projected by ED-DNH	Approved by the Commission
1	Energy sales (MU)	4370	4225
2	ARR Net (Rs. crore)	1701.61	1364.40
3	Revenue at existing tariffs (Rs. crore)	1494.43	1358.51
4	Revenue gap/(surplus) (Rs. crore)	207.18	5.89
5	Average cost of supply (Rs./kWh)	3.89	3.23

2. Summary of Dadra and Nagar Haveli Petition for Annual Revenue Requirement

2.1 The Electricity Department of Union Territory of Dadra & Nagar Haveli (DNH) in its petition has submitted Aggregate Revenue Requirement (ARR) for the year 2011-12 for meeting its expenses, the estimated Revenue with the existing tariffs and the revenue gap as shown in Table-1 above. The ARR, the estimated revenue and the gap for the years 2011-12 are as given in Table-2.1 below:

Table-2.1

Aggregate Revenue Requirement and Gap Projected by Electricity Department of DNH for the year 2011-12

(**Rs.** in crores)

Sr. No	Items of Expense	Proposed by the Licensee
1	**2**	**3**
1	Cost of fuel	-
2	Cost of power purchase	1502.47
3	Employee Costs	3.50
4	O & M expenses	6.80
5	Administration and general expenses	0.14
6	Depreciation	20.13
7	Interest charges (Including Interest on working capital)	101.03
8	Return on NFA / Equity	62.46
9	Provision for Bad Debts	8.48
10	Total revenue requirement	1705.01
11	Less: non tariff income	3.40
12	Net revenue requirement (11-11)	1701.61
13	Revenue from existing tariff	1494.43
14	Gap (12-13)	207.18
15	Gap for ------------	0.00
16	Total gap (14+15)	207.18
17	Revenue surplus carried over	-0.159
18	Additional revenue from proposed tariff	207.02
19	Regulatory asset	
20	Energy sales (MU)	4370

Source:- (Format 27 of ARR)

2.2 The Electricity Department of DNH has requested the Commission to

"

- *Accept the Annual Revenue Requirement and Tariff petition for the FY 2011-12 for DNH formulated in accordance with the guidelines outlined as per the regulation of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations;*

- *Approve total recovery of ARR of FY 2011-12;*

- *Approve the category-wise tariff including fixed/demand charges submitted by DHN to meet revenue requirement for the FY 2011-12;*

- *Approve the tariff philosophy, suggestions requested by DNH*

- *Condone any inadvertent delay/ Omissions/errors/rounding off difference/ shortcoming and DNH may please be permitted to add/ change/ modify / alter the petition;*

- *Permit DNH to file additional data / information as may be necessary.*

- *Pass on such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case.*

3. Power Sector in Dadra & Nagar Haveli – An Overview

3.1 ED-DNH has submitted that ED-DNH is responsible for distribution and supply of Electricity in the Union Territory of DNH. It operates in an area of 491 sq. kms. The total population of Union Territory is around 2.20 lakhs as per 2001 census spread over 72 villages. ED DNH serves 55378 consumers spread over various categories. While the HT industrial Category of consumers are 1.4 % of total number of consumers, they are responsible for 94% of total sales.

3.2 POWER SUPPLY

ED-DNH has submitted that ED DNH does not have its own generation. The power supply requirements of Union Territory are met from its share in Central Generating Stations based on firm and infirm allocation and other sources as is given in Table-3.1 below:

TABLE-3.1
Allocation of power from Central Generating Stations (CGS)

Sr. No	**Sources**	**Capacity(MW)**	**Firm/Unallocated Allocation**	
			%	MW
1	KSTPS	2100	3.63	76.23
2	VSTPS – I	1260	4.32	54.43
3	VSTPS – II	1000	4.38	43.80
4	VSTPS – III	1000	4.63	46.30
5	KGPP	656.2	12.34	80.98
6	GGPP	657.39	8.89	58.44
7	SIPAT	1000	4.43	44.30
8	NPCIL (KAPs)	440	3.16	13.90
9	NPCIL (TAPs)	1080	4.68	50.54
10	NSPCL	500	27.00	135
11	Dabhol – Ratnagiri	1920	2.00	38.4
12	Other Sources			50
	Total	**11613.59**		**692.32**

Source:- Table 3.7 Power allocation 2011-12 of Tariff Petition

ED DNH has a firm allocation of 155 MWs from various central generating stations (viz) NTPC, NPC and NSPCL, Bhilai. In addition to the firm share allocation, most of the stations has 15% unallocated power. The distribution of this unallocated power among the constituents of Western Region is decided by Ministry of Power GOI from time to time. The present allocation of firm/ infirm power for DNH from CGS is around 692.38 MW.

Any short fall in the supply is met through other sources including power exchange etc.

3.3 TRANSMISSION AND DISTRIBUTION

ED-DNH owns and operates a transmission and distribution network status of which as on 31st March 2010 is given in Table-3.2 below:

TABLE-3.2

Transmission and Distribution Network

Sl. No.	Voltage	Transmission Lines (Ckt. Km)	Substations Transformers		
			SS	Trs	Capacity (MVA)
	Transmission				
1	220 kV Line (D/C)	48.5	2	6	670
2	66 kV Line (D/C & S/C)	154.6	9	32	487
	Distribution				
3	11 kV Line (O/H & U/G)	636.74			
4	LT (O/H & U/G)	1785.65			
	Distribution Transformers				
5	11 kV / 400V		-	873	

3.4 TRANSMISSION AND DISTRIBUTION (T&D) LOSSES

As per ED-DNH the transmission and distribution (T&D) losses of DNH system were 7.4% in 2009-10 and 7.9% in 2010-11. The technical and commercial losses are not segregated.

3.5 CONSUMER PROFILE

The ED-DNH served 55,378 consumers as on 31.03.2010. The category wise consumer base and energy sales during 2009-10 are given in Table-3.3

TABLE-3.3

Consumer Profile and Energy Sales during – 2009-10

<table>
<tr><th>Sl.No.</th><th>Consumer Category</th><th colspan="2">No. of Consumers</th><th colspan="2">Energy Sales (MU)</th></tr>
<tr><td>1</td><td>Domestic</td><td colspan="2">30523 (55%)</td><td colspan="2">47 (1.4%)</td></tr>
<tr><td>2</td><td>Commercial</td><td colspan="2">6495 (11.8%)</td><td colspan="2">19 (0.6%)</td></tr>
<tr><td>3</td><td>Agriculture</td><td colspan="2">968 (1.8%)</td><td colspan="2">3 (0.1%)</td></tr>
<tr><td>4</td><td>LT Industry</td><td colspan="2">2485 (4.5%)</td><td colspan="2">125 (3.8%)</td></tr>
<tr><td>5</td><td>HT and EHT Industry</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td></td><td>HT-A</td><td>733</td><td rowspan="3">(1.4%)</td><td colspan="2" rowspan="3">3131 (94.0%)</td></tr>
<tr><td></td><td>HT-B</td><td>28</td></tr>
<tr><td></td><td>HT-C</td><td>10</td></tr>
<tr><td>6</td><td>Public Lighting</td><td colspan="2">289 (0.5%)</td><td>2.5</td><td rowspan="2">(0.1%)</td></tr>
<tr><td>7</td><td>LIG</td><td colspan="2">13847 (25%)</td><td>1.5</td></tr>
<tr><td></td><td>Total</td><td colspan="2">55378 (100%)</td><td>3329</td><td>(100%)</td></tr>
</table>

Source: - Table 3.1 & Table 3.3 of Tariff Petition

3.6 DEMAND AND SUPPLY POSITION

The existing Demand of Union Territory is about 520 MW and the pending demand is about 450 MW. As per the 17th EPS the demand of the UT will reach up to 778 MW by end of 2012. As per ED- DNH, in view of the present trend and pending requests, demand will reach up to 900 MW by end of 2012.

3.6.1 Power Supply Position

The power supply from various central generating stations during 2009-10 (Actual) and 2010-11(Estimated) & actuals as furnished by DNH is given in Table-3.4 below:

Table-3.4
Power Supply from Central Generating Stations
(Table 3.5 of ARR)

(MU)

Sl.No.	Source of supply	2009-10 (Actual)	2010-11 (Estimated)	2010-11 (Actual)
1.	NTPC			2924.44
2.	KSTPS	578	533.77	
3.	VSTPS I	384	383.51	
4.	VSTPS II	319	308.22	
5.	VSTPS III	346	332.10	
6.	Kawas Gas/LQD/LNG	472	597.72	
7.	GGPP	0	359.57	
8.	SIPAT	309	321.25	
9	FSTPS		0.00	
10	KHSTPS – I		0.00	
11	TSTPS		0.00	
12	KHSTPS – II		14.77	
13	NSPCL/RSTPS		0.00	
14	JGPSGas/LNG	325	103.72	
15	NHPC		0.00	
			0.00	
16	Bhilai PS Unit 1 & 2	451	0.00	
17	NPC/NPCIL (KAPS)		17.77	
18	KAPS	30	154.42	30.10
19	TAPS III & IV	200	0.00	245.17
20	NSPCL		1054.97	1073.9
21	Dabhol – Ratnagiri		0.00	
22	ER Import/Own Generation		0.00	
23	FTSPS ER/ Banking	19	0.00	
24	KhSTPSI ER	7	0.00	
25	`TSTPS ER	12	0.00	
26	KhSTPS II ER/ Renewable	10	0.00	
27	PTC/Traders		0.00	
28	Others (may be specified)		0.00	
29	Other Sources/UI Other Charges	276	76.50	107
30	Other Charges		0.00	
31	PGCIL		0.00	
32	LDC		0.00	
33	RLDC		0.00	
34	Reactive Charges		0.00	
35	Reactive Charges(GETCO)		0.00	
36	Indian Energy (IEX)		52.50	
37	OPTCL		0.00	
38	Feedback Venture		0.00	
39	JERC		0.00	
40	WRPC		0.00	
	TOTAL	**3738**	**4310.79**	**4380.62**

Source:- Table 3.5 Details of Power Procurement Sources of Petition

3.6.2 Energy Balance

Supply and demand position during 2009-10 and 2010-11 and energy balance are shown in Table-3.5 below:

Table-3.5
Energy Balance for 2009-10 & 2010-11

(MU)

Sl.No.	Energy Sales	2009-10 (Actual)	2010-11 (Estimated)
1.	LT sales	198	222
2.	HT sales	3131	3482
	Total sales	**3329**	**3704**
3.	T&D losses	267 (7.40%)	322 (7.9%)
4.	Total energy requirement	3594	4026
	Energy Available		
5.	From central generating stations	3318	3851
6.	Other sources / UI	276	175
7.	**Total energy available**	**3594**	**4026**
8.	Energy purchase (Ex periphery)	3727	4269

Source: - Table 3.4 of ARR

4. Brief Summary of Objections Raised, Response from ED-DNH and Commission's Comments

4.1 PUBLIC RESPONSE TO THE PETITION

On admitting the ARR and tariff petition for 2011-12, the Commission directed the ED-DNH to make available copies of the petition to the general public, post the petition in their website and also publish the same in news papers in abridged form and invite comments / objections from them.

Public hearing was held in Silvassa on 28/06/2011 and on 18/07/2011.

Most of the observations/objections/suggestions are general and suggestive in nature. It is also observed that the observations/objections/suggestions are by and large repetitive in nature. The replies as given by ED-DNH thereon have also been noted. Based on the observations/objections/suggestions and replies as given by ED-DNH, issues have been dealt with as and where considered appropriate in the Commission's order.

4.2.1 Name of organizations who filed their objection on the petition are given in annexure -1

4.2.2 Name of consumers / representatives of organizations who raised objections / suggestions during the public hearing are given in annexure -2

4.2.3 The details of objections raised, Department response on the written objections received in response to the public notice are given in annexure -3

5. Annual Revenue Requirement – 2011-12 Commission's Analysis and Decisions

5.1 The ARR and Tariff Petition for year 2011-12 filed by the Department was incomplete, as many of the formats required under JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 were not submitted. With reference to various queries from the Commission, the utility had submitted the missing data / clarifications / information vide the following references;

1. Lr No 1-1 (463)/ELE/2011 dt 19/07/2011
2. Lr No 1-1 (463)/ELE/2011 dt 19/07/2011
3. Lr No 1-1 (463)/ELE/2011 dt 19/07/2011

The additional information and revised / corrected figures submitted by the ED-DNH in the above references are taken into consideration while analyzing the ARR & Tariff Petition in the order. Many information gaps still remain, however commission has finalized the ARR based on available information to avoid further delay.

5.2.1 Consumer categories

ED– DNH served 55,378 consumers as on 31st March 2010 in its area of operation and the consumers are broadly categorized as under:

- Domestic
- Commercial
- Agriculture & Poultry
- LT Industrial
- Public Lighting
- Industrial HT-A (Industry and Motive Power on (11 kV and 66 kV)
- Industrial HT– B (Ferro / Steel and Power intensive)
- Temporary supply

5.2.2 Projected consumer growth

ED-DNH has furnished the category-wise consumers over the last three years (2007-08, 2008-09 and 2009-10) and estimated consumer base for 2010-11 and projected for FY 2011-12. The projected consumer base for the period FY 2011-12 are given in Table-5.1 below:

Table-5.1

Category-wise Consumer Growth

Sr. No	Particulars	2007-08 (Actuals)	2008-09 (Actuals)	2009-10 (Actuals)	2010-11 (Estimated)	2011-12 (Projected)
1	Domestic	27723	29023	30523	31356	32200
2	LIG	13674	13760	13847	14084	14000
3	Commercial	5639	5811	6495	6224	6400
4	Public Lighting	253	272	289	107	200
5	Agriculture	1197	1212	968	977	983
6	LT Industry	3437	3463	2485	2559	2640
7	Temporary	**-**	**-**	**-**	**250**	**264**
	Total LT	**51923**	**53541**	**54607**	**55557**	**56687**
8	**HT Industry**					
a	HT A	717	740	**733**	776	**800**
b	HT B	30	28	28	23	40
c	HT C	9	10	10	8	**-**
9	HT Temporary	-	-	-	-	-
	Total	**756**	**778**	771	**807**	**840**
	Grand Total (LT+HT)	**52679**	**54319**	**55378**	**56364**	**57527**

Source:- (Extracted from Table 3.3A &B & Format 28 of ARR)

ED- DNH serves consumers at different voltages at which the consumers avail supply. .

5.2.3 Energy sales

Reasonable projection of category-wise energy sales is essential to determine the energy required to be purchased and the likely revenue by sale of electricity. The category-wise sales projected by the ED - DNH in its petition for approval of the ARR are examined in detail in paras 5.3 to 5.4.

5.3 OVERALL APPROACH TO SALES PROJECTIONS

ED- DNH has projected the category-wise energy sales for the year 2011-12 based on the past trends over a period of five years (2004-05 to 2009-10). It has considered CAGR over 5-year period and the growth rate is applied over the consumption of the year 2009-10. It is stated that in addition to growth rate in energy consumption, the growth trend in number of consumers and connected load have also been taken as guiding factors in arriving at the demand and energy.

It is stated that wherever the CAGR over the 5-year presented an abnormal trend, normalization has been undertaken for such categories for forecasting sales for the year 2011-12.It is also stated that the actual growth in consumer strength up to October 2010 with reference to actual Nos at end of FY 2009-10 is considered for projection for FY 2011-12

5.4 PROJECTED ENERGY SALES – 2011-12

ED-DNH has furnished the category-wise past sales along with projected sales for the year 2011-12 based on CAGR over 5 year period and normalization undertaken along with assumed growth rate and estimated sales for FY 2010-11 in Table-5.2 below:

Table-5.2
Past trend in Category-wise sales and sales projected for 2011-12

S.No	Category	Sales in MU						5 years CAGR (%)	Assumed Growth for FY 2010-11 (%)	FY 2010-11 (Estimated)
		FY 2004-05 Actuals	FY 2005-06 Actuals	FY 2006-07 Actuals	FY 2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals			
1	Domestic	14	23	33	41	41	47	30	20	57
2	Commercial	6	8	11	14	18	19	27	15	22
3	Agriculture	2	2	2	2	3	3	10	0	3
4	LT Industry	94	95	185	150	115	125	12	8	135
5	HT/EHT Industry	1,636	1,998	2,204	2,732	2,889	3131	14	11	3,482
6	Public Lighting	1	1	1	2	2	2.5	15	5	3
7	Temp. Supply					1	1.5	30	33	2
	Total	**1,754**	**2,127**	**2,437**	**2,942**	**3,070**	**3329**	**14**	**11**	**3,704**

Source: - (Table-3.1 of ARR & Table 3.1.2 of the rejoinder)

The ED- DNH has projected the category wise energy sales for the year 2011-12 as given in Table-5.3 below:

Table-5.3
Projected Energy Sales for 2011-12

Sl.No.	Consumers Category-wise	Energy Sales (MU)
1.	Domestic	67
2.	Commercial	26
3.	Agriculture	4
4.	LT Industry	159
5.	HT& EHT industry	4108
6.	Public Lighting	4
7.	Temporary Supply	2
	Total (LT+HT)	**4370**

Source: - (Table-3.1 of ARR)

ED-DNH has subsequently furnished the actual sales for FY 2010-11 given as below:

Sl.No.	Consumers Category	(MU)
1.	Domestic	54.00
2.	Commercial	21.00
3.	Agriculture	2.26
4.	LT Industry	147.00
5.	HT	3669.00
6.	Public Lighting	3.00
7.	Temporary Supply	1.00
8.	**Total**	**3897.00**

Source:- (Table 3.1.2 of rejoinder)

5.5 ANALYSIS OF ENERGY SALES PROJECTED AND COMMISSION’S VIEW

Based on the actual sales for 2010-11, CAGR for 2/3/5 years from 2004-05 to 2009-10 is shown in Table 5.4 below:

TABLE 5.4

		Past trend in Category-wise sales projected									
		Sales in MU's									
S.No.	Category	FY 2005-06 Actuals	FY 2006-07 Actuals	FY2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals	FY2010-11 Approved	FY 2010-11 Actuals	CAGR 2 Years	CAGR 3 Years	CAGR 5 Years
1	Domestic	23	33	41	41	47	55	54.13	14.90%	9.70%	33.02%
2	Commercial	8	11	14	18	19	22	20.65	7.11%	13.83%	37.17%
3	Agriculture	2	2	2	3	3	3	2.262	-13.17%	4.19%	4.19%
4	LT Industry	95	185	150	115	125	135	147.2	13.15%	-0.62%	15.72%
5	HT/EHT Industry	1,998	2,204	2,732	2,889	3131	3482	3669	12.65%	10.33%	22.46%
6	Public Lighting	1	1	2	2	2.5	3	2.744	17.13%	11.12%	40.00%
7	Temp.Supply				1	1.5	2	1.101	4.93%	0	0
	Total	2,127	2,437	2,942	3,070	3329	3704	3897	12.67%	9.82%	22.36%

Source last year tariff order table 8 & rejoinder ARR 2011-12 format 28.

The growth in category wise consumers from 2007-08 to 2010-11 is furnished in table 5.5 below:

Table 5.5

		Category Wise Consumer Growth						
S.No.	Category	No. of Consumers						
		FY 2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals	FY 2010-11 Approved	FY 2010-11 Actuals	CAGR 2Year	CAGR 3Year
1	Domestic	27723	29023	30523	32048	32326	5.54%	5.25%
2	Commercial	5639	5811	6495	6690	6683	7.24%	5.83%
3	Agriculture	1197	1212	968	978	1023	-8.13%	-5.10%
4	LT Industry	3437	3463	2485	2510	2548	-14.22%	-9.49%
5	HT/EHT Industry	756	778	771	812	807	2.10%	2.37%
6	Public Lighting	253	272	289	312	289	3.08%	4.53%
7	Temp.					426		
8	LIG	13674	13760	13847	13985	13985	0.81%	0.75%
9	Total	52679	54319	55378	57335	58087	0.41%	3.97%
Table (3.3 of ARR & Table 3.3 A of rejoinder to ARR 2011-12								

The forecast based on CAGR of past sales is a tried and tested method and is extensively used. However, there could be abnormalities in some cases where the consumption levels in earlier years are abnormally low/high. In such cases the growth is normalized by considering the growth during the later years. It is observed that there is a wide gap between the growths as shown by 2yr, 3 yr, and 5yr CAGR. The growth shown by 3 yr CAGR appears to be reasonable. Therefore, the Commission has adopted 3 yrs CAGR for the purpose of computing growth in each category for 2011-12 except LT & HT industries where normalization has been applied.

The consumption under each category of consumers is discussed below:

(i) Domestic

ED-DNH has projected energy sales of 67 MU (Table-3.1 of ARR) for FY 2011-12 to this category at a growth of 17.5% over the estimated figure of 57 MU of FY 2010-11.

Actual sales of this category for FY 2010-11 is 54 MU. As per 3 yrs CAGR, applying a growth rate of 9.7%, projected sale comes to 59.243 MU.

The Commission therefore approves domestic sales of 59 MU for FY 2011-12 as against ED-DNH projection of 67MU.

(ii) Commercial

ED-DNH has projected energy sales of this category at 26 MU for the year 2011-12 at a growth of 18% over estimated figure of 22 MU for FY 2010-11.

DNH has furnished actual consumption for FY 2010-11 at 21 MU. As per 3 yrs CAGR, applying a growth rate of 13.83%, projected sale comes to 23.904 MU.

The Commission approves the energy sales for this category for the year 2011-12 at 24 MU as against ED-DNH projection of 26MU.

(iii) Agriculture

ED – DNH has projected the energy sales of 4 MU for agricultural category during 2011-12 at a growth rate of 33% over the estimated consumption for the FY 2010-11.

Actual consumption of this category for FY 2010-11 is reported as 2.26 MU. As per 3 yrs CAGR, applying a growth rate of 4.19%, projected sale comes to 2.35 MU.

The Commission approves at 2 MU for the year 2011-12 as against 4 MU projected by ED - DNH

(iv) Industry (LT)

ED-DNH has projected energy sales for LT industry at 159 MU for the year 2011-12 at a growth rate of 17%.

Actual consumption of this category for FY 2010-11 is reported as 147 MUs. As per 3 years CAGR, the growth rate in this category is negative. However keeping in view that for last two years, there has been year over year growth of 8.7% and 17.8%, a normalisation is applied and the growth for FY 2011-12 is restricted to 5% for the purpose of estimation, which comes to 154.35 MUs.

The Commission, therefore approves the energy sales at 154 MU for the year 2011-12 as against 159 MU projected by ED - DNH

(v) High Tension (HT/EHT)

ED DNH has projected a sale of 4108 MU for the FY 2011-12 at a growth rate of 18% over the estimated sales of FY 2010-11.

Actual consumption of this category for FY 2010-11 is reported as 3668 MUs. As per 3 years CAGR, the projections for energy sale for FY 2011-12 comes to 4047 MU at a growth rate of 10.33% over sales of FY 2010-11.

However, Commission observes that the supporting distribution system is insufficient, over stressed, mis-utilized, and for the same reason 554 applications involving a demand of 730 MVA are lying pending, many of which for a long time. As a consequence, increase in losses or low rate of loss reduction attributed to one category is a burden which consumers of other categories also have to share and is not desirable. Therefore, the growth is restricted to 8.5%.

Considering a growth rate of 8.5% over the actual sales for FY 2010-11, the sales for FY 2011-12 works out to 3982 MU.

The Commission, therefore approves the energy sales of 3982 MU for HT/EHT industry for 2011-12 as against 4108 MU projected by ED-DNH**.**

(vi) Public Lighting

ED-DNH has projected the energy sales of 4 MU for the year 2011-12 at a growth of 33% over the estimated consumption during 2010-11.

Actual consumption of this category for FY 2010-11 is reported as 3 MU. As per 3 yrs CAGR, applying a growth rate of 11.12%, projected sale comes to 3.33 MU.

The Commission, therefore approves a consumption of 3 MU for FY 2011-12 against 4 MU projected by ED-DNH.

(vii) Temporary supply

The ED-DNH has projected energy sales under temporary supply at 2 MU for the year 2011-12 with no growth over the estimated consumption for FY 2010-11.

Actual consumption of this category for FY 2010-11 is reported as 1 MU. ED-DNH has projected no growth for this category.

The Commission, therefore approves 1 MU for FY 2011-12 as against 2 MU projected by ED-DNH.

5.6 CATEGORY-WISE ENERGY SALES

The energy sales projected by DNH and approved by the Commission is given in Table 5.6 below:

TABLE-5.6

Category-wise Energy Sales – 2011-12

(MU)

Sl. No.	Consumer Category	Energy sales Projected by ED-DNH	Approved by the Commission
c.	Domestic	67	59
d.	Commercial	26	24
e.	Agriculture	4	2
f.	LT Industry	159	154
g.	HT/EHT Industry	4108	3982
h.	Public lighting	4	3
i.	Temporary supply	2	1
	Total	**4370**	**4225**

5.7 TRANSMISSION AND DISTRIBUTION LOSSES

As per details furnished in the ARR petition, the losses over the last two years were as under:

2009-10 - 7.37% (Actual)

2010-11 - 6.86%(Actual)

ED-DNH projected the losses at 7.26% for the year 2011-12.

Commission Analysis

ED-DNH has furnished the energy purchases and sales actuals for FY 2010-11. The T&D losses for FY 2009-10 and FY 2010-11 are analyzed and shown under:

Sr. No	Particulars	FY 2009-10	FY 2010-11
1	Power Purchase from CGS (MU)	3462	4274
2	Power available at periphery	3318	4077
3	Pool Loss MU	144	197
4	Pool Loss %	4.16%	4.61%
5	UI Purchases	276	107
6	Total Power availability at UT (MU) Periphery (2+5)	3594	4184
7	Total Energy Sales(LT+HT) MU	3329	3897
8	T & D Loss MU	265	287
9	T & D Loss %	7.37%	6.86%

Out of the total sales, 94% is under HT/EHT Industrial category. Actual losses of FY 2010-11 comes to 6.86%. Growth during FY 2011-12 is also expected to be predominantly due to HT/EHT industry involving low losses especially when further growth has been restricted on account of system capacity as mentioned in preceding paras. Therefore losses are expected to go further below 6.86%. As such it is appropriate to fix the T & D losses at a reasonable level of 6.25% for the FY 2011-12.

ED-DNH has projected external losses at 5.5%. Western region network losses are obtained for the period 28/06/2010 to 26/06/2011 (52 weeks). The loss is in the range of 3.4% to 5.5 %. The average loss is 4.16%. It is considered reasonable to adopt 4.16% towards regional transmission loss (pool losses) at the same level of FY 2009-10.

The regional pool loss level of 4.16% is considered as against 5.5% proposed by ED – DNH.

5.8 ENERGY REQUIREMENT

Based on the facts mentioned above Para 5.5 to 5.7. the total energy requirement for ED-DNH at its periphery as proposed by DNH and approved by the commission are given in Table 5.7 below.

Table-5.7

Energy Requirement 2011-12

(MU)

Sl. No.	Particulars	Projected by ED-DNH	Approved by the Commission
1	Estimated energy sales (MU)	4370	4225
2	T & D loss %	7.26	6.25
3	T & D Loss (MU)	342	282
4	Total Energy requirement to the system at state periphery (MU)	4712	4507
5	Pool Losses %	5.9%	4.16%
6	Pool Losses (MU)	300	195
7	Energy to be purchased (MU)	5012	4702

Say 4700 MUs.

5.9 ALLOCATION OF POWER FROM CENTRAL GENERATING STATIONS AND ENERGY AVAILABLE TO ED-DNH

5.9.1 The Union Territory of Dadra & Nagar Haveli does not have its own generation. It depends entirely on the allocation of power from central generating stations and purchase of some power from other sources including power exchanges etc. to meet the shortfall.

ED-DNH has been allocated power from various central generating stations in Western and Eastern regions. ED-DNH indicated in their petition that about 692 MW both on firm and infirm basis is allocated to DNH as on as shown in the Table-5.8 below.

Table-5.8
Allocation of Power from Central Generating Stations (CGS)

(MW)

Sr. No	Sources	Capacity (MW)	Firm/Unallocated Allocation	
			%	MW
1	KSTPS	2100	3.63	76.24
2	VSTPS – I	1260	4.32	54.39
3	VSTPS – II	1000	4.38	43.83
4	VSTPS – III	1000	4.63	46.31
5	KGPP	656.2	12.34	80.99
6	GGPP	657.39	8.89	58.46
7	SIPAT	1000	4.43	44.31
8	NPCIL (KAPs)	440	3.16	13.91
9	NPCIL (TAPs)	1080	4.68	50.54
10	NSPCL	500	27.00	135
11	Dabhol – Ratnagiri	1920	2.00	38.40
12	Other Sources			50
	Total	**11613.59**		**692.38**

Source:- (Table 3.7 of ARR)

ED- DNH has a firm allocation of only 155 MU from various generating stations of NTPC, NPCIL and NSPCL Bhilai. In addition to the firm share allocation, most of the stations have 15% unallocated power. The distribution of this unallocated power among the constituents of western region is being decided by the Ministry of Power, Govt of India from time to time based on the power requirement seasonality and power shortages in different states. The present allocation of firm/ infirm power for DNH from CGS is around 692.38MW.

In addition to the above allocation from central generating stations, ED-DNH proposes to purchase power from other sources and draw energy from the system under un-scheduled interchange (UI) to meet their requirement.

5.9.2 It is stated by ED-DNH that they have adopted the following methodology to arrive at the energy availability from central generating stations based on the allocation of power.

- The quantum of power allocated to DNH from central generating stations is based on the allocation declared by Western Regional Power Committee (WRPC) Power purchase from the CGS is accounted at the plant ex-bus.

- Fixed Cost, Energy Charges and other charges for CGS stations have been considered with an escalation of 10% over previous year levels Power purchase from other sources is considered at Rs 5/kWH for FY 2011-12 based on the current market prices, average variation over the past period

Based on the above methodology / assumptions, ED-DNH has estimated the energy entitled from CGS and other sources at 5012MU EX-bus for 2011-12. The summary of power purchase during years 2009-10, 2010-11 and 2011-12 (projected) furnished by ED-DNH is given in Table-5.9 below.

Table – 5.9

Summary of Power Purchase

(MU)

Energy Balance	FY 2009-10 (Actuals)	Actuals 2010-11	FY 2011-12 (Projected)
NTPC			
KSTPS	578	525.48	535.00
VSTPS I	384	382.47	385.00
VSTPS II	319	312.62	310.00
VSTPS III	346	340.03	335.00
Kawas Gas/LQD/LNG	475	519.05	600.00
GGPP	0	372.26	360.00
SIPAT	309	315.20	325.00
KHSTPS – II		16.17	9.84
JGPSGas/LNG	325	69.15	69.15
Bhilai PS Unit 1 & 2	451	0	
NPCIL (KAPS)	30	30.10	20.00
NPCIL (TAPS) II & IV	200	245.17	155.00
NSPCL		1073.90	1055.00
Dabhol – Ratnagiri		0	298.00
FTSPS ER/ Banking	19	0	-
KhSTPSI ER	7	0	-
`TSTPS ER	12	0	-
KhSTPS II ER Renewable	10	0	-
Others (may be specified)		0	390.00
UI	276	107	80.00
Indian Energy (IEX)			85.00
TOTAL	**3738**	**4380.61**	**5011.99**

Source:- (Table 3.5 of ARR)

5.10 Commission Analysis

The share of ED DNH from central generating stations and the power available for the year 2011-12 is obtained from WRPC 135th Annual load generation balance report for 2011-12. Accordingly the availability of power from central generating station has been considered as given in Table 5.10 below.

Table 5.10

Power Purchase approved by Commission 2011-12

S. No	Station	Installed capacity MW	Power Availability MU	DNH Share % *	Energy Share MU	Projected by DNH MU	Approved by Commission
1	KSTPS (I & II)	2100	14993	3.96	480	535	480
	KSTPS III	500		5.81	121		120
2	VSTPS I	1260	8863	4.73	419	385	415
3	VSTPS II	1000	7150	4.80	343	310	340
4	VSTPS III	1000	7150	5.06	362	335	360
5	KGPP	656.2	3941	12.34	486	600	485
6	GGPP	657.39	3940	8.89	350	360	340
7	SIPAT	1660	7135	4.86	347	325	345
8	NPCIL – KAPS	440	2024	3.45	70	20	70
9	NPCIL – TAPS	1080	4931	5.11	252	155	250
10	NSPCIL Bhilai	500		27	1290.91	1055	1290
11	KHSTPS II	1500		0.02	27	9.84	25
12	JGPPS/RSTPS					69.15	0
13	Dabhol-Ratnagiri	2220		2.00	190	298	180
14	Indian Energy					85	0
15	Other sources					390	0
16	UI					80	0
	Total					**5011.99**	**4700**

* As per letter no. WRPC/Comml-I/6/Alloc/2011/5699 dated 6th June, 2011

5.11 POWER PURCHASE COST

The allocation of power from Central Generating Stations, the parameters adopted by ED-DNH to arrive at the entitlement of energy from Central Generating Stations and the estimated availability of energy for purchase for the year 2011-12 are discussed in para 5.9.

It is stated by ED-DNH that the cost of power purchase from Central Generating Stations has been arrived at as under;

1. Fixed cost, energy charges and other charges for CGS have been considered with an escalation of 10% over the previous year level.
2. Power purchase from other sources is considered at Rs. 5.00 per unit for 2011-12 based on current market prices, average variation over the past period and / or escalation advised by NTPC for central sector station.

The power purchase cost estimated by ED-DNH for 2011-12 is given in Table-5.11 below

Table-5.11

Power Purchase Cost Projected by ED-DNH for FY- 2011-12

S.No	Source	Purchase (MU)	External Losses (%)	Energy recd. by Licensee (MU)	VC (Rs. Unit)	FC (Rs. crore)	VC(Rs. crore)	Others(Rs. crore)	Total(Rs. crore)	Rate Per Unit in Rs.
1	2	3	4	5	6	7	8	9	10	11
1	KSTPS	535.00	29.43	505.58	0.80	13.75	0.00	6.32	62.75	1.173
2	VSTPS-I	385.00	21.18	363.83	1.49	11.81	57.26	6.09	75.16	1.952
3	VSTPS-II	310.00	17.05	292.95	1.42	15.74	44.16	5.45	65.35	2.108
4	VSTPS-III	335.00	18.43	316.58	1.41	25.32	47.30	6.36	78.98	2.358
5	KGPP	600.00	33.00	567.00	2.21	31.26	132.80	3.06	167.12	2.785
6	GGPP	360.00	19.80	340.20	2.33	24.48	83.82	3.45	111.75	3.104
7	SIPAT	325.00	17.88	307.13	1.05	24.44	33.98	2.16	60.58	1.864
8	KHSTPS - II	9.84	0.54	9.30		1.00	1.96	0.46	3.42	3.476
9	JGPPS/RSTPS	69.15	3.80	65.35		5.41	13.18	0.07	18.66	2.699
10	NPCIL(KAPs)	20.00	1.10	18.90		0.00	3.75	0.56	4.31	2.155
11	NPCIL (TAPs)	155.00	8.53	146.48		0.00	41.00	17.4	58.40	3.768
12	Other Sources		0.00	0.00						
13	NSPCL	1055.00	58.03	996.98		0.00	231.02	75.44	306.46	2.905
14	Dabhol-Ratnagiri	298.00	16.39	281.61		37.25	74.50	37.25	149.00	5.000
15	Other Sources	390.00	21.45	368.55		48.75	97.50	48.75	195.00	5.000
16	UI/Other charges	80.00	4.40	51.00					45.00	5.625
	Other Charges		0.00							
17	PGCIL		0.00			0.00	60.00	0.00	60.00	
18	LDC		0.00							
19	RLDC		0.00						5.01	
20	Reactive Charges								2.90	
21	Reactive Chrg(GETCO)		0.00						0.76	
22	Indian Energy (IEX)	85.00	4.68	80.33		0.00	30.00	0	30.00	3.529
23	OPTCL		0.00				0.20		0.20	
24	Consultancy		0.00				0.20		0.20	
25	JERC		0.00				0.90		0.90	
26	WRPC		0.00				0.35		0.35	
	Total	**5011.99**		**4711.73**		**239.21**	**996.57**	**212.8**	**1502.3**	**2.997**

Source:- (Table 3.9 of ARR)

ED-DNH has further submitted to allow recovery of any charges in power purchase expenses during the year, through fuel and power purchase cost Adjustment mechanism. Such mechanism are prevailing in neighboring states of Maharashtra, Gujarat and have been envisaged in the electricity ACT 2003 (Section 62) also.

Transmission and Other charges

In addition to power purchase costs from central generating stations and other sources given above, ED-DNH has projected the inter-state transmission charges to be paid to PGCIL, RLDC, reactive charges and GETCO reactive charges at Rs. 68.73 crore (Rs. 60+5.01+2.90+0.76) for transmission of 5011.99 MU from central generating stations and other sources for 2011-12. This is estimated at 5% escalation over the charges paid during 2009-10.

Commission's Analysis

As per regulation 17 of JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, the Cost of Power Purchase from Central Generating station shall be worked out on the tariff determined by CERC and the cost of power purchase from nuclear power generating stations of NPCIL shall be worked out on the basis of tariff notified by the department of Atomic Energy under the Atomic Energy Act 1961. Accordingly fixed costs approved by CERC for various central generating stations have been obtained from CERC web site for the year 2011-12 and the share of ED- DNH has been worked out based on energy as approved by the Commission for FY 2011-12 as shown in Table 5.10. The power purchase cost for FY 2011-12 has been calculated as under:

(i) Tariff as approved by CERC for FY 2011-12. The variable charges per unit have been taken from the bills of respective CGS for the month of July, 2011 which are in line with CERC approval.

(ii) The actual payments of arrears made by ED-DNH to CGS & PGCIL amounting to Rs. 46.138 crores.

(iii) Arrears bills received from PGCIL and payments under process amounting to Rs. 8.33 crores.

(iv) Power purchase from Dhabol- Ratnagiri has been taken as provided in the agreements i.e., Rs. 1.50/kwh for fixed charge & Rs. 2.10/kwh for energy charges.

(v) ED DNH do not have any Non Conventional Energy Generation in their area of operation. Therefore a provision of Rs. 49.53 cr. has been kept which will be utilized by ED DNH to discharge their obligations in procurement of renewable energy JERC (Procurement of Renewable energy) regulations 2010 during 2011-12.

The power purchase source-wise as approved by the Commission for the FY 2011-12 is given in table 5.12 below:

Table-5.12

Power Purchase Cost for FY 2011-12 Approved by the Commission

S.No 1	Source 2	Installed Capacity (MW) 3	Annual Fixed Cost (Rs in Cr.) 4	ED-DNH Share (%) 5	Power Purchase (MU) 6	Fixed Cost (Rs. Crores) 7=(4*5)	Variable Cost (Rs/kwh) 8	Total Variable Cost (Rs in Cr.) 9=(6*8)	Total Cost (Rs. Crores) 10=(7+9)
1	KSTPS (I&II)	2100	685.98	3.96	480	27.16	1.054	50.59	77.76
2	KSTPS 3	500	163.33	5.81	120	9.49	0.903	10.84	20.33
3	VSTPS-I	1260	500.05	4.73	415	23.65	1.572	65.24	88.89
4	VSTPS-II	1000	502.84	4.8	340	24.14	1.484	50.46	74.59
5	VSTPS-III	1000	765.06	5.06	360	38.71	1.484	53.42	92.14
6	KGPP	656.2	367.19	12.34	485.00	45.31	1.550	75.18	120.49
7	GGPP	657.39	504.03	8.89	340.00	44.81	1.920	65.28	110.09
8	SIPAT	1660	836.82	4.86	345	40.67	0.880	30.36	71.03
9	KHSTPS-II	1500	1166.84	0.2	25.00	2.33	1.254	3.14	5.47
	Total NTPC	**10333.59**		**50.65**	**2910**	**256.28**		**404.496**	**660.77**
10	NPCIL-KAPS	440		3.45	70	0.00	2.170	15.19	15.19
11	NPCIL-TAPS	1080		5.11	250	0.00	2.730	68.25	68.25
12	NSPCL-BHILAI	500	557.45	27	1290	150.51	1.290	166.41	316.92
13	Dhabol-Ratnagiri	1950	1.50/kwh	2	180	27.00	2.10	37.80	64.82
	Sub Total	**3970**			**1790**	**177.51**		**287.65**	**465.16**
14	Renewable power purchase obligation							49.53	49.53
15	PGCIL Transmission Charges							107.69	107.69
16	RLDC @ (Rs 2000/day)							0.14	0.14
17	SLDC							4.42	4.42
	Sub Total	0	0	0	0	0	0	161.78	161.78
	Total up to item 17	**14303.59**			**4700**	**433.79**		**853.926**	**1287.72**
18	**Arrears**								**54.47**
									1342.19

The scheduling of power shall be carried out strictly as per merit order.

The Commission accordingly approves the power purchase cost of Rs. 1342.19 crores for purchase of 4700 MU (gross) for FY 2011-12.

REVENUE REQUIREMENT –2011-12

ED-DNH has projected a total ARR of Rs. 1705.01 crore for the year 2011-12 as given in Table-5.13 below:

Table-5.13

Expenses Projected for 2011-12

(Rs. crore)

Sl.No.	Particulars	Expenses Projected (revised) by ED-DNH
1.	Power purchase costs	1502.47
2.	Employees cost	3.50
3.	O&M expenses	6.80
4.	Administration and general expenses	0.14
5.	Depreciation	20.13
6.	Interest charges including interest on working capital	101.03
7.	Provisions for bad debts	8.48
8.	Return on NFA/Equity	62.46
9.	**Total revenue requirement**	**1705.01**

Source:- (Format 27 of ARR)

The expenses projected by ED-DNH under each head and the Commission's analysis are discussed below:

5.12 GROSS FIXED ASSETS

The ED-DNH has projected the Gross Fixed Assets at Rs. 484.66 crore to end of March 2011. Most of the assets are transmission assets and account for Rs. 470.66 crore and the balance Rs. 14 crore are distribution assets. In the original ARR, the Gross Fixed Assets furnished in Format 12&6 were discrepant. When the discrepancies were pointed out, the utility has reiterated year wise depreciation in their letter dated 19th July 2011. The Gross Fixed Assets during the year 2008-09 to 2011-12 furnished by the ED-DNH are given in the Table-5.14 below:

Table-5.14

Gross Fixed Assets

(Rs. crore)

Year	Opening balance	Additions during the year	Closing balance
FY 2008-09	407.370	20.320	427.690
FY 2009-10	427.690	37.030	464.720
FY 2010-11	464.72	19.940	484.660
FY 2011-12	484.660	40.140	524.800

Source:- Table 3.12 of ARR

ED-DNH has submitted that in the absence of fixed asset register, the Gross Fixed Assets (GFA) have been built up based on available information as on 31/03/2008. The additions during the FY 2007-08 have been considered from the works capitalized and thereafter regular additions during subsequent years have been added and accordingly GFA have been computed for the year 2011-12.

Commission Analysis

ED- DNH has submitted that the opening GFA as on 31/03/2008 has been built up based on the available information as on 31/03/2008. The additions during 2008-09 have been considered from the works capitalized.

The entire capital expenditure has been funded by the Government of India 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 Performa Accounts. The figures given in the above Table are computed by the ED- DNH but they are not audited. 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".

- The Department has not maintained the Asset Registers and Depreciation Registers.

- There are no audited accounts for the Regulated Business of Electricity.
- The department itself has qualified that the Gross Fixed Assets have been built up based on available information as on 31.03.2008.

On account of the above the Commission is unable to accept the gross fixed assets as given by the department without audited accounts for the purpose of arriving at the capital base, deprecation, return on equity and other items which are dependent on capital base.

5.13 CAPITAL EXPENDITURE PLAN FOR 2011-12

The ED-DNH has projected capital expenditure to the extent of RS 58.98 Cr for the FY 2011-12. The scheme wise details and the proposed expenditure are given in table 5.15 below.

Table-5.15
Capital expenditure proposed by ED-DNH for 2011-12

(Rs. crore)

Sr. No	Name of scheme	Year of Start	Nature of Project (select Appropriate Code from Below)	Project Start Date (DD-MM-YY)	Project Completion date (DD-MM-YY)	Proposed Expenditure
1	Augmentation of 220/66kV Kharadpada SS from 300 MVA to 400 MVA	2009-10	a	2009-10	2010-11	0.5
2	Establishment of 66/11kV,2x20 MVA Waghdhara SS	2009-10	a	2009-10	2011-12	2.000
3	Normal development works in UT DNH	2011-12	b	2011-12	2011-12	3.000
4	Upgradation of meter testing laboratory	2009-10	b	2009-10	2010-11	0.020
5	Establishment of 66/11kV 2x15 MVA sub- station at Piparia SS	2010-11	a	2010-11	Scheme Submitted to CEA	3.000
6	Establishment of 66/11kV 2x20 MVA Athal SS	2010-11	a	2010-11	2011-12	2.500
7	Establishment of 66/11kV 2x15 MVA Kala SS	2010-11	a	2010-11	2011-12	5.400
8	Establishment of 66/11kV,2x15 Velugam SS	2010-11	a	2010-11	2011-12	6.500
9	Establishment of 220/66/11kV, Saily SS	2010-11	a	2009-10	2010-13	6.000
10	Establishment of 220/66 KV S/s2x160 MVA at Khadoli SS	2007-08	a	2009-10	2009-10	11.480
11	Upgradation & modernization and providing spare power transformer at AMLI, Masat, Rakholi and Khadolo SS	2010-11	a	2010-11	2011-12	2.000
12	Augmentation of 1x10 MVA to 1x20 MVA at Masat and Rakholi 66/11 KV SS	2010-11	a	2010-11	2011-12	2.000
13	Augmentation of 1x10 MVA to 1x20 MVA at 66/11 KV SS Khadoli SS	2010-11		2010-11	2011-12	1.650

Sr. No	Name of scheme	Year of Start	Nature of Project (select Appropriate Code from Below)	Project Start Date (DD-MM-YY)	Project Completion date (DD-MM-YY)	Proposed Expenditure
14	A scheme for integrated solution for electrical network modeling and distribution analysis software with allied study of power sector	2010-11	B	2010-11	2011-12	1.750
15	Establishment of 220/66kV SS at Waghchipa along with associated lines and bays.	2010-11	a	2010-11	Scheme under Preparation	1.000
16	Establishment of 66/11 KV SS at Silli Kuwapada	2011-12	a	2012-13		0.250
17	Construction of new office building	2010-11	f	2011-12		2.000
18	Augmentation (Hotline Stringling) of 66 KV 2ND circuit line with panther conductor on existing Kharadpada –Dadra line.	2010-11	a	2010-11	2011-12	1.750
19	Establishment of 66/11 KV SS at Chinchpada	2011-12	a	2011-12	2012-13	1.000
20	Erection of 220 KV, Multi circuit line to connect 220/66 KV Khodoli, Sayali and Kharadpada SS from proposed 400/220 KV Kala SS	2011-12	a	2011-12	2012-13	1.500
21	Augmentation of 220/66 KV Khadoli Sub- Station from 2x160 MVA to 3x160 MVA	2011-12	a	2011-12	2012-13	1.000
22	Augmentation of 66/11 KV Khanvel Sub- Station from 30 MVA to 30 MVA	2011-12	a	2011-12	2012-13	0.500
23	Erection of 66 KV Bay at Khabvel Sub- Station for 66 KV incoming line and Hindalco Bay.	2011-12	a	2011-12	2012-13	0.800
24	Upgradation and Modernization of ^^/11 KV Khadoli SS	2011-12	a	2011-12	2012-13	0.350
25	Scheme for providing Automatic Meter Reading (AMR) of HT Consumers.	2011-12	a	2011-12	2012-13	0.500
26	Consultancy for T&D Losses and Energy Auditing	2011-12	a	2011-12	2012-13	0.500
27	Providing Free Electric Service Connections	2011-12	b	2011-12	2011-12	0.030
	Total					**58.980**

Source: - (Format 5 of ARR) code as per note given in ARR format

The ED- DNH has submitted that the infrastructure inherited by DNH is insufficient to cater to the present load and increasing demand, thereby requiring significant capital expenditure to upgrade and strengthen the distribution network to meet the desirable standards of performance and provide better network reliability and sustainable performance to the consumers of DNH.

The capital plan envisaged will also assist in reducing system losses. Out of the capital expenditure of Rs 59 Cr, DNH proposed for capitalization of Rs 40.14 Cr during the year 2011-12. ED-DNH has provided actual expenditure during 2009-10 at Rs 38.028. It is also stated that major capital expenditure incurred during the year 2009-10 is on establishment of 220/66 KV S/S with a capacity of 2x160 MVA at Khadoli costing to Rs 34.50 Cr and the said S/S was stated to be Commissioned during 2010-11 and DNH will have two 220/66 KV S/S sources to cater the demand.

The summary of capital expenditure and capitalization is out lined in table 5.16 below

Table 5.16

Summary of projected capital expenditure and Capitalization during FY 2011-12

Sr. No	Particulars	Previous Year (actuals)	Current Year (RE)	Ensuring Year (Projections) Rs. In Crore
		2009-10	2010-11	2011-12
1	Opening Balance	9.2152	10.2082	18.2682
2	Add: New investments	38.023	28	58.98
3	Total	47.2382	38.2082	76.2482
4	Less Investment capitalized	37.030	19.940	40.140
5	Closing balance	10.2082	18.2682	36.1082

Source: - (Table 3.6 of ARR)

Commission Analysis

ED-DNH has stated that out of capital expenditure of Rs 38.02 Cr incurred during 2009-10, Rs 34.508 incurred towards establishment of 220/66 KV S/S with 2x160 MVA capacity and the said S/S was Commissioned during 2010-11. As verified from Capital expenditure plan, Rs 128 Cr proposed during 2010-11 and Rs 11.48 Cr proposed during 2011-12 on the said substations. As such there is need to reconcile the total expenditure on the above S/S with the sanctioned cost and regularize the total expenditure. The ED- DNH is directed to furnish physical parameters achieved, such as new service connections released, meters replaced, new Sub-stations and transformers commissioned, distribution lines extended etc after capitalization of the proposed capital expenditure in accordance with regulation 21 of JERC (Terms & conditions for determination of Tariff) regulation 2009.

The Commission approves the proposed capitalization of Rs.40.14 Cr. during 2011-12 subject to true up at a later stage as per regulations.

5.15 OPERATION AND MAINTENANCE (O&M) EXPENSES

The O&M expenses comprise the employee expenses, Repair & Maintenance (R&M) expenses and Administration and General (A&G) expenses.

It is mentioned by ED-DNH that DNH maintains its accounts on cash basis and submits the same to Finance Department on a monthly basis for audit and does not maintain its accounts purely in the above categorization of O&M heads. It has various heads such as salaries, medical treatment, domestic traveling, office expenses and other charges towards supply of materials, minor repair works etc which are categorized into O&M expenses.

The ED-DNH has projected the overall O&M expenses at Rs. 10.44 crore for the year 2011-12 as detailed in the Table-5.17 below:

Table-5.17

O&M expenses projected by ED-DNH for the year 2011-12

(Rs. crore)

Sr. No.	Particulars	2011-12
1.	Employee cost	3.50
2.	A&G expenses	0.14
3.	R&M expenses	6.80
	Total O&M expenses	10.44

Source:- (Table-3.11 of ARR)

The past trend in O&M expenses for the period 2003-04 to 2010-11 is given in the Table-5.18 below:

Table-5.18
O&M Expenses – Past trend

Year	(Rs. crore)
2003-04	4.43
2004-05	4.47
2005-06	4.48
2006-07	3.99
2007-08	4.09
2008-09	5.53
2009-10	7.20
2010-11	7.19

Source:- (Table 3.10 of ARR)

The O&M expenses registered an increase of 30% in 2009-10 over 2008-09 and (-) 0.14% during 2010-11 over 2009-10.

These O&M expenses are discussed head wise in the fore going paras:

5.15.1 Employee Cost

The ED-DNH has projected the employee cost at Rs. 3.50 crore for 2011-12. The component-wise details of employee cost for the years 2009-10 (actuals), 2010-11 (estimated) and 2011-12 (projection) have been furnished in Format-16. As the financial year is over the actual employee cost for 2010-11 has been obtained from the ED/DNH. The component wise details of employee cost actuals for the years 2009-10 and 2010-11 and projections for the year 2011-12 are given in the Table-5.19 below:

Table-5.19

Employee cost actuals for 2008-09 and 2009-10 and projection for 2010-11

(Rs. crore)

S.N	Particulars	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Projections)
	Salaries & Allowances			
1	Basic pay	1.7932	1.7992	1.5393
2	Dearness pay	0.3263	0.4240	0.3901
3	Dearness allowance	0.4324	0.4324	1.2155
4	Hose rent allowance	0.0937	0.0937	0.0937
5	Fixed medical allowance			
6	Medical reimbursement charges			
7	Over time payment			
8	Other allowances (detailed list to be attached)	0.1137	0.1137	0.22
9	Generation incentive			
10	Bonus	0.0397	0.0397	0.044
11	**Total**	**2.7990**	**2.9027**	**3.5026**
	Terminal Benefits			
12	Leave encashment	0.0000	0.0000	0
13	Gratuity	0.0469	0.0469	0
14	Commutation of pension			
15	Workmen compensation			
16	Ex-gratia			
17	**Total**	**0.0469**	**0.0469**	**0.0000**
	Pension payments			
18	Basic pension			
19	Dearness pension			
20	Dearness allowance			
21	Any other expenses			
22	**Total**	**0**	**0**	**0**
23	**Total (11+17+22)**			
24	Amount capitalized			
25	Net amount			
26	Add prior period expenses			
27	**Grand Total**	**2.8458**	**2.9495**	**3.5026**

Source:- (Format 16 of ARR)

It is stated that DNH has projected the employee cost for FY 2011-12 taking into consideration increase in the basic salary and related other remunerations. It is further stated that DNH has projected the employee cost for FY 2011-12 based on the actual salary expenses of FY 2010-11.

The ED-DNH has submitted that in the absence of any practice of maintaining the provision for pension, terminal benefits etc., separately DNH has not considered leave salary contribution, pension and terminal benefits of the employees in the employee expenses and mentioned that DNH reserves its right towards their claim and will approach the Hon'ble Commission at the appropriate stage.

Commission Analysis

ED-DNH has not maintained separate accounts for the Electricity Department. As submitted by the Utility, DNH is controlled by Government of India and the maintenance of accounts or income and expenditure statement is on 'cash' basis unlike other utilities / licensees where the accounts are being maintained on 'accrual' basis.

The employee expenses which were Rs. 2.85 crore during 2009-10 increased to Rs. 2.95 crore during 2010-11at an increase of 3.5%. This is projected at Rs. 3.50 crore for 2011-12 with an increase of 18.64% over the actuals for 2010-11. The Commission observes that the increase in DA is too steep especially when expenditure on basic pay has reduced as compared to 2010-11. The Commission therefore limits escalation to 10% over the previous year which works out to Rs 3.25 cr.

The Commission approves the employee cost of Rs. 3.25 crore as against ED-DNH projection of Rs 3.50 Cr for the year 2011-12.

5.15.2 Repairs and Maintenance (R&M) Expenses

The R&M expenses include expenses on repairs and maintenance of electrical equipment, buildings, distribution network, vehicles, furniture and fixtures, office equipment etc.

The ED-DNH has projected the R&M expenses at Rs. 6.80 crore for the year 2011-12 with 65% increase over 2010-11 expenses.

The details of R&M expenses actuals for 2009-10 and 2010-11 (RE) and 2011-12 (Projection) furnished by the Utility are given in the Table-5.20 below:

Table-5.20

Repairs and Maintenance expenses projected for the year 2011-12

(Rs. crore)

S.N	Particulars	2009-10 (Actual)	2010-11 (RE)	2011-12 (Projections)
1	**Plant & Machinery**			
	Plant & Apparatus			
	EHV substations	2.2700	3.7400	6.37
	33kV substation			
	11kV substation	0.1819	0.2000	0.25
	Switchgear and cable connections			
	Others			
	Total	**2.4519**	**3.9400**	**6.62**
2.	Building			
3.	Hydraulic works & civil works			
	Line cable & network			
	EHV lines			
	33kV lines			
	11kV lines			
	LT lines			
	Meters and Metering equipment			
	Others			
	Total			
5	Vehicles	0.0500	0.0600	0.06
6	Furniture & Fixtures	0.1037	0.1100	0.12
7	Office equipments			
8	Operating expenses			
9	**Total**	**0.1537**	**0.1700**	**0.1800**
10	Add/Deduct share of others (To be specified)	0	0	0
11	**Total expenses**	**2.6056**	**4.1100**	**6.8000**
12	Less: Capitalized	0	0	0
13	**Net expenses**	**2.6056**	**4.1100**	**68000**
14	Add Prior Period			
15	**Total expenses charged to revenue as R&M expenses**	**2.6056**	**4.1100**	**6.8000**

Source:- (Format 14 of ARR)

Commission Analysis

R & M expenditure in general shall increase proportional to increased capitalization. As the capitalization proposed during 2011-12 is more than that during 2010-11, the R & M expense projected for the year 2011-12 are considered reasonable.

The Commission, therefore, approves the R&M expenses at Rs. 6.80 crore for the year 2011-12 as projected by the ED/DNH.

5.15.3 Administration and General (A&G) Expenses

The A&G expenses include rents, rates and taxes, insurance, communication, legal charges, audit fees, consultancy charges, technical fees, conveyance and travel charges and other professional charges.

The ED-DNH has projected the A&G expenses at Rs. 0.14 crore for 2011-12at the same level of the expenses during 2010-11 which were at an increase 4.65% over 2009-10 (actuals). ED DNH has submitted that the escalation is to absorb the normal inflationary increases in the costs and DNH has also been availing legal services and advisory assistance from consultants for various regulatory and other issues.

The details of A&G expenses actuals for the years 2009-10 and estimated to FY 2010-11 and projection for 2011-12 are given in the Table-5.21 below:

Table-5.21
A&G Expenses Projected by ED-DNH for 2011-12

(Rs. crore)

S.N	Sub-head	2009-10 (Actual)	2010-11 (RE)	Ensuring year 2011-12 (Projections)
1	Rent, rates & taxes			
2	Insurance			
3	Telephone, posts & telegraphs	0.023	0.025	0.025
4	Consultancy fees			
5	Technical fees			
6	Other professional charges			
7	Conveyance & travel expenses	0.088	0.090	0.090
8	Electricity & water & other charges	0.018	0.020	0.020
9	Others (Medical)			
10	Freight			
11	Other material related expenses			
12	**Total**	**0.129**	**0.135**	**0.135**
13	Add/Deduct share of others (to be specified)	0.000	0.000	0.000
14	**Total expenses**	**0.129**	**0.135**	**0.135**
15	Less capitalized	0.000	0.000	0.000
16	Net expenses	0.129	0.135	0.135
17	Add prior period			
18	**Total expenses charged to revenue**	**0.129**	**0.135**	**0.135**

Source:- (Format 17 of ARR)

The A&G expenses projected for 2011-12 at Rs. 0.14 crore is towards rent ,rate, taxes and communication and travel expenses.

The Commission approves the A&G charges at Rs. 0.14 crore for the year 2011-12 as projected by ED-DNH.

5.16 DEPRECIATION

The ED-DNH has projected the depreciation charges at Rs.20.13 crore for the year 2011-12 as detailed in the Table-5.22 below:

Table-5.22

Depreciation projected for FY 2011-12

(Rs. crore)

Particulars	Opening GFA (Rs. Crore)	Additions during the year (Rs. Crore)	Dep. Rates (%)	Dep. Amount (Rs. Crore)
Plant & Machinery	314.570	36.440	5.8	18.53
Buildings	40.276	2.480	3.34	1.43
Vehicles	0.700	0.000	5.28	0.04
Furniture and Fixtures	0.839	0.690	6.33	0.10
Computer & others	0.230	0.030	15.00	0.04
Land leasehold	53.870	0.500	0.00	0.00
Total	410.485	40.140		20.134

Source:- (Table 3.14 of ARR)

But in format 12 depreciation of Rs 20.58 Cr is claimed by ED-DNH for the year 2011-12 as detailed in table 5.23 below.

Table-5.23

Gross Fixed Assets and Depreciation projected for 2011-12

Sr. No	Particulars Name of the Assets	Rate of Depreciation	Previous Year 2009-10		Current Year 2010-11		Ensuring Year 2011-12		Accumulated depreciation
			Assets value at the beginning of the year	Depreciation charges	Assets value at the beginning of the year	Depreciation charges	Assets value at the beginning of the year	Depreciation charges	
1	2	3	4	5	6	7	8	9	10
	(iv) Transmission								
1	Land and land rights	0	52.870	0.000	53.870	0.000	53.870	0.000	0.000
2	Building	3.34	41.608	1.440	41.668	1.392	40.276	1.428	4.260
3	Hydraulic works								
4	Other civil works								
5	Plant and machinery	5.28	295.148	17.407	312.271	17.535	314.570	18.533	53.475
6	Lines and cable network								
7	Vehicles	5.28	0.674	0.036	0.639	0.039	0.700	0.037	0.112
8	Furniture and fixtures	6.33	0.956	0.061	0.896	0.057	0.839	0.097	0.214
9	Office equipment	15	0.312	0.047	0.266	0.041	0.230	0.039	0.126
	Total		**391.57**	**18.99**	**409.61**	**19.063**	**410.49**	**20.134**	**58.187**
	(v) Distribution								
1	Land and land rights								
2	Building								
3	Hydraulic works								
4	Other civil works								
5	Plant and machinery	5.28	3.750	0.198	7.870	0.416	8.467	0.447	1.061
6	Lines and cable network								
7	Vehicles								
8	Furniture and fixtures								
9	Office equipment								
	Total		**3.750**	**0.198**	**7.870**	**0.416**	**8.467**	**0.447**	**1.061**
	(vi) Others								
	Grand Total (i to vi)		**395.318**	**19.188**	**417.479**	**19.479**	**418.952**	**20.581**	**59.248**

Commission Analysis

The ED-DNH has stated that depreciation has been claimed as per the provisions of CERC Tariff Regulations, 2009.

The ED-DNH has arrived at the gross fixed assets to end of March 2011 at Rs. 484.66 crore. The Commission has not accepted the gross fixed assets as projected by the department for the reasons given in Para 5.12.

The ED-DNH has projected the capital expenditure of Rs. 58.98 crore for the year 2011-12 and proposed to capitalize (i.e add to the fixed assets base), Rs.40.14 crore during 2011-12 out of the projected investment of Rs. 58.98 crores. CWIP of Rs 19.94 capitalized during 2010-11 and on which depreciation was allowed in 2010-11 is considered as opening GPA for FY 2011-12 and new addition of assets during the year 2011-12 to the extent of Rs. 40.14 crore are considered and hence depreciation allowed as detailed in Table 5.26 below . Regulation 26 of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that deprecation of assets shall be calculated annually at the rates specified by CERC from time to time. The effective average rate of depreciation for distribution assets is 5.28% vide Appendix III (Depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009.

The deprecation for the year 2011-12 has been worked out at Rs. 2.11 crore as detailed in the Table-5.24 below:

Table-5.24

Depreciation for 2011-12 approved by the Commission

(Rs. crore)

S.N	Particulars	2011-12
1.	Gross fixed assets as on 01/04/2011	19.94
2.	Addition during the year 2011-12	40.14
3.	Gross fixed assets at the end of the year 2011-12	60.08
4.	Average assets	40.01
5.	Rate of depreciation	5.28%
6.	Depreciation for the year	2.11

The Commission, accordingly, approves the depreciation charges at Rs. 2.11 crore for the year 2011-12.

5.17 INTEREST AND FINANCE CHARGES

The ED-DNH has projected the interest and finance charges at Rs. 85.59 crore for the year 2011-12 The details of loan outstanding and interest required to be furnished in Format 10 have not been provided. It has been simply mentioned in the ARR petition that interest costs have been estimated based on (1) interest on debt / long term loans (2) interest on working capital and (3) interest on security deposit. It is further mentioned that DNH being a Government Department, the entire capital employed has been funded through equity infusion by the Central Government through Budgetary support without any external borrowings.

Commission Analysis

ED-DNH has calculated the interest charges on the sum of opening WIP and capitalization during the year at the rate of 12.25% stated to be SBI prime lending rate as on 1st April 2010 as detailed in table below.

Table 5.25

Interest and Finance Charges projected by ED-DNH for FY 2011-12

(Rs. crore)

Sr. No	Interest Capitalized	Previous year (actuals)	Current year (RE)	Ensuring year (projections)
1	2	3	4	5
1	WIP	10.208	17.313	36.108
2	GFA at the end of year	37030	19.940	40.140
3	WIP+GFA at the end of the year	47.238	37.208	76.248
4	Interest (excluding interest on WCL)12.25%	5.787	4.558	9.340
5	Interest Capitalized	53.025	41.766	85.588

Source:- Table 3.16 of ARR

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 has not borrowed any loans in the past upto 31/03/2010 and has not proposed to borrow any loans to meet the capital expenditure for the year 2011-12. The interest charges projected by the utility for 2011-12 are on the basis of notional loan without external borrowings.

The Commission, therefore, does not consider any interest charges projected by the ED-DNH for the year 2011-12.

5.18 INTEREST ON WORKING CAPITAL

The ED-DNH has projected the interest on working capital at Rs.15.44 crore for the year 2011-12 as detailed in the Table-5.26 below:

Table-5.26

Interest on working capital projected for 2011-12

(Rs. crore)

S.N	Particulars	Amount	
		Current year (RE)	Ensuing year (Projections)
1	**2**	**3**	**4**
1.	Fuel Cost	0.000	0.000
2.	Power Purchase Cost	96.139	125.206
3.	One month's employee costs	0.246	0.292
4.	Administration and general expenses	0.011	0.011
5.	One month's R&M Cost	0.014	0.567
6.	**Total**	**96.410**	**126.075**
	Interest on working capital	11.810	15.444

Source:- Table 3.17 of ARR

Commission Analysis

ED-DNH has stated that it has computed the interest on working capital for the FY 2011-12 on normative basis as per the provisions under JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. It has claimed interest on working capital at 12.25% being the SBI Prime Lending Rate (PLR) as on 1st April 2010 and requested the Commission to approve the interest on working capital as projected. The interest on working capital has been wrongly claimed at 12.25% instead of 11.75% being the correct short term PLR of SBI as on 1st April 2010.

Regulation 29 (3) of the JERC (Terms and Conditions of Tariff) Regulations, 2009 specified that subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting:

- Power purchase cost
- Employee cost
- Administration and General expenses
- Repair and Maintenance expenses
- Sum of two months requirement for meeting fuel cost

The ED-DNH has no generation facility and therefore no fuel cost is involved. In terms of the parameters as per Regulations the interest on working capital, works out to Rs 12.81 crore for the year 2011-12 as detailed in the Table-5.27 below:

Table-5.27

Interest on working capital approved for 2011-12

(Rs. crore)

S.N	Particulars	Total cost	2011-12
1.	One month power purchase cost	1342.19	111.85
2.	One month employee cost	3.25	0.27
3.	One month Adm & Gen. Charges	0.14	0.01
4.	One month R&M expenses	6.80	0.57
5.	Two months fuel cost		-
6.	**Total working capital**		**112.70**
7.	Rate of interest on working capital		11.75%
8.	**Interest on working capital**		**13.24**

The Commission accordingly approves the interest on working capital at Rs. 13.24 Crore on normative basis as against Rs. 15.44 crore projected by ED-DNH for the year 2011-12.

5.19 PROVISION FOR BAD DEBTS

The ED-DNH has projected the provision for bad debts at Rs. 8.44 crore for the year 2011-12. It is stated that DNH has considered provision for bad debts at 0.5% of revenue from sale of power to the consumers and submitted that collection from domestic consumers in slabs 1 & 2, agriculture and poultry, public lighting etc is very marginal and hence provision for such consumers need to be done as doubtful debts.

COMMISSION ANALYSIS

Regulation 28 of JERC (Terms and Conditions of Tariff) Regulations, 2009 permits up to 1% of receivables subject to licensee gets the receivables audited.

ED-DNH has stated that Rs 7.09 are receivable from consumers as on 31-03-2011. Hence 1% of Rs 7.09 works out to Rs 0.07 Cr

The Commission, accordingly, approves the provision for bad and doubtful debts at Rs. 0.07 crore @ 1% of the arrears outstanding as on 31/03/2011

5.20 RETURN ON CAPITAL BASE / RETURN ON EQUITY

(a) The ED-DNH has projected Rs. 62.46 crore towards return on capital base @ 16% on NFA for the year 2011-12. The details of gross fixed assets and accumulated depreciation and return on capital base @ 16 % furnished by ED- DNH are as detailed in the Table-5.28 below:

Table-5.28

Capital base and return projected by ED-DNH for 2011-12

(Rs. crore)

S.N	Particulars	2009-10 (Actual)	2010-11 (RE)	2011-12 (Projection)
1.	Gross block at the beginning of the year	391.57	409.61	410.49
2.	Less: (i) accumulated depreciation	18.99	19.06	20.13
	(ii) consumer contribution	-	-	-
3.	Net fixed assets at the beginning of the year	372.58	390.55	390.35
4.	Reasonable return @ 16% on NFA	59.61	62.49	62.46

Source:-Table 3.15 of ARR

Commission Analysis

As per regulation 24 of JERC (Terms and conditions for determination of tariff) regulations 2009 read with regulation 15 of CERC tariff regulation 2009, return on equity will be computed on pre-tax basis at the base rate of 15.5 % to be grossed up by applicable tax rate. In case of projects commissioned on or after 01/04/2009 an addl return of 0.5% shall be allowed if such projects are completed within the time line specified.

Return on equity shall be computed on the paid up equity capital determined in accordance with the regulation 23 of JERC (Terms and conditions for determination of tariff) regulations 2009. As such the data furnished in table 5.30 is not relevant to allow return on equity.

The 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. 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 has also 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 un-available at present and the 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 unable to allow 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.

5.21 NON-TARIFF INCOME

The ED-DNH has projected the non-tariff income at Rs. 3.40 crore for the year 2011-12. The non-tariff income is in the form of meter rent, late payment charges and miscellaneous charges from various categories of consumers. The details of non-tariff income furnished by the utility in Format 21 are given in the Table-5.29 below:

Table-5.29

Non – tariff income projected for the year 2011-12

(Rs. crore)

Sr. No	Particulars	2009-10 (Actual)	2010-11 (RE)	2011-12 (Projected)
1	Meter / service rent	0.301	0.300	0.350
2	Late payment surcharge	0.488	0.500	0.550
3	Theft / pilferage of energy	0.065	0.000	0.000
4	Wheeling charges under open access			
5	Interest on staff loans & advances			
6	Income from trading			
7	Income from staff welfare activities			
8	Investment & bank balances			
9	Misc. receipts / income	1.835	2.000	2.500
10	**Total income**			
11	Add prior period income			
12	**Total non tariff income**	**2.689**	**2.800**	**3.400**

Source:- (Format 21 of ARR)

The non-tariff income projected for 2011-12 is reasonable.

The Commission, therefore accepts the non-tariff income at Rs. 3.4 crore for the year 2011-12 as projected by the ED/DNH.

5.22 REVENUE FROM THE EXISTING TARIFF

The ED-DNH has furnished the revenue from existing tariff at Rs. 1494.43 crore for the year 2011-12. The details are given in Table-5.30 below:

Table-5.30

Revenue with Existing tariff for 2011-12 as projected by ED-DNH

Category of consumers	No of consumers	Energy Sales (MU)	Demand charges (Rs. crore)	Energy Charges (Rs. crore)	Total Revenue (Rs. crore)
Domestic Total	32200	64.52	0	10.53	10.53
LIG	14000	2.45	0.7		0.7
Total	**46200**	**66.97**	**0.7**	**10.53**	**11.23**
Commercial	6400	25.85	0.44	6.98	7.42
Public Lighting	200	3.52	0.05	0.42	0.47
Temporary	250	2.35	0.02	0.95	0.97
HT(Motive power) Total	760	3761	51.54	1170	1222
Furnace, Rolling, Power Intensive (HT) Total	40	308	42.88	137.67	180.55
Penal Charges		37.39	0.73	29.91	30.64
Total HT	800	4107	95.15	1338	1433
LT Industrial Total	2640	158.61	2.18	38.07	40.25
IND. Total (a+b)	**3440**	**4266**	**97.33**	**1376**	1473
Agriculture Consumption	983	3	0	0.17	0.17
PF Charges (HT)					0
HT TEMP		0.41	0.01	0.17	0.17
Grand Total	**57473**	**4368**	**98.55**	**1395**	1494

Source:- (Table 4.7 of ARR)

With the sales of 4225 MU approved by the Commission vide Para 5.6 revenue from existing tariff works out to Rs. 1358.51 crore as detailed in table 5.31 below:

Table -5.31

Revenues for FY 2011-12 calculated on tariff of FY 2010-11

Sr.No.	Category of Consumers	No. of Consumer	Energy Sales (MU) as approved	Contracted Max. Demand KVA	Demand Charges Rs. in Crores	Tariff rates (Ps/unit)	Energy Charge Rs. in Crores	Total Revenue Rs. in Crores	Rate per Unit
1	2	3	4	5	6	7	8	9	
1	Domestic	32200						0.00	
a)	Up to 50 units		12.37			100	1.24	1.25	
b)	51-200 units		21.10			160	3.38	3.38	
c)	201-400 units		8.97			200	1.79	1.79	
d)	Above 400 units		16.56			225	3.73	3.73	
1 (B)	LIG (BPL)	14000						0.08*	
	Total	**46200**	**59.00**				**10.13**	**10.29**	**1.73**
2	NRS/Commercial							0.00	
	0-100 units	6400	4			205	0.79	0.79	
	Above 100 units		20			270	5.40	5.40	
	Total	**6400**	**24**				**6.19**	**6.19**	**2.58**
3	Public lighting	200	3		0.02	120	0.36	0.38	
4	Temporary	250	1		lump sum			0.44	
		450	4		0.02				
5	Industrial (General) HT -A								
	Industrial & Motive (11 Kv and 66 Kv with Cd of 100 Kva & above)	800		726256	42.39			41.39	
	0-50000 units		387.70			295	114.37	114.37	
	50001 to 500,000 units		1156.80			310	358.61	358.61	
	500,001 and above		2111.15			315	665.01	665.01	
	Total	**800**	**3656**	**726256**	**42.39**		**1137.99**	**1180.38**	**3.23**
6	HT Industrial (Fero/Steel/Power Intensive) HT - B	40		101458	43.94	0.00		43.83	
	First 300 units/KVA		214.60			205	43.99	43.99	
	301 units/KVA to 500 units/KVA		90.55			305	27.62	27.62	
	Above 500 units/KVA		21.20			355	7.53	7.53	
	Total	**40**	**326**	**101458**	**43.94**		**79.14**	**123.08**	**3.77**
7	LT-Industrial	2640	154	86666	1.56	240	36.96	38.52	2.50
8	Agriculture Consumption	983	2.00			55	0.11	0.11	0.55
	Total	**3623**					**37.07**	**38.63**	
9	Add MMC and Other charges						0.00	0.00	
	Surcharge (HT)							0.00	
	PF Charges (HT)						0.00	0.00	
								0.00	
	Grand Total	**57513.00**	**4225**		**88.00**		**1270.52**	**1358.51**	**3.22**

@ Rs. 5/month/connection

The Commission approves the revenue from existing tariff at Rs. 1358.51 crore as against Rs. 1494.43 crore projected by the Department for the year 2011-12.

5.23 REVENUE REQUIREMENT

The summary of the revenue requirement of the ED-DNH for the year 2011-12 as analyzed in the preceding paragraphs and approved by the Commission are furnished in the Table-5.32 below:

Table-5.32

Revenue requirement for the year 2011-12

(Rs. crore)

S.N	Particulars	Reference to para of Tariff order	Proposed by the ED-DNH	Approved by the Commission
1.	Cost of power purchase	5.15.1	1502.47	1342.19
2.	Employee cost	5.15.2	3.50	3.25
3.	R&M expenses	5.15.3	6.80	6.80
4.	A&G expenses	5.16	0.14	0.14
5.	Depreciation	5.17	20.13	2.11
6.	Interest and finance charge	5.18	85.59	0
7.	Interest on working capital	5.19	15.44	13.24
8.	Provision for bad debts	5.20	8.48	0.07
9.	Return on equity / capital base		62.46	0
10.	**Total revenue requirement**		**1705.01**	**1367.80**
11.	Less: Non tariff income	5.21	3.40	3.40
12.	**Net revenue requirement**		**1701.61**	**1364.40**
13.	Revenue from existing tariff	5.22	1494.43	1358.51
14.	**Gap for 2011-12 (12-13)**		**207.18**	**5.89**
15.	Sales (mu)	5.6	4370	4225
16.	**Average cost (Rs./kWh)**		**3.89**	3.23

It can be seen from the above, there is a gap of Rs. 5.89 crore for the year 2011-12 against the gap of Rs. 207.18 crore projected by ED-DNH.

6. Power Purchase Cost Adjustment for DNH

Electricity Department, DNH depends for its power entirely on Central Power Generating Stations, viz NTPC, NPC and NSPCC Bhilai. ED- DNH has no control over any increase in price of the power from these sources due to any increase in price of fuel. The Commission is of the view that any increase in power purchase costs on account of increase in fuel cost has to be passed over to the consumer as per approved formula.

The approved power purchase cost adjustment (PPCA) formula is given below

$$\text{PPCA (Rs./KWH)} = \frac{QPP(RPP_2 - RPP_1)}{QPPx(1\text{-}L) - PSE}$$

Where:

QPP = Quantum of power purchase from different sources and fed to ED- DNH system (in MUs)

RPP_1 = Average rate of power purchase as approved by the Commission (in Rs./KWH)

RPP_2= Average rata of power purchase during the adjustment period (in Rs./KWH)

L= T &D loss as provided by the Commission or actual whichever is lower

PSE= Power sold to exempted categories.

The approved (PPCA) formula is subject to the following conditions.

(i) The basic nature of PPCA is 'adjustment' i.e. passing on the increase or decrease, of Fuel cost.

(ii) Any cost increase by the ED- DNH by way of penalty interest due to delayed payment etc., and due to operational inefficiency shall not be allowed.

(iii) PPCA charges shall be levied on all categories of consumers, except LIG (BPL) Category and agricultural consumers.

(iv) The data in support of PPCA claims shall be duly authenticated by an officer of the ED- DNH. authorised for the purpose.

(v) Variation of PPCA charge will be allowed only when it is five (5) paise and more per unit.

(vi) The PPCA charges shall be revised by the ED- DNH Quarterly from the date of implementation of the order.

(vii) The approved formula is subject to review as the Commission may deem fit.

7. Directives

DIRECTIVES:

7.1 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)

7.1.1 Preparation of Asset and Depreciation Registers

The Electricity Department is 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 deprecation 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.

7.1.2 Management Information System (MIS)

The ED-DNH is 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 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.

7.1.3 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.

7.1.4 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

7.1.5 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.

7.1.6 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.

7.1.7 Metering of Consumer Installations / Replacement of Non-Functional / Defective Meters.

It is observed that LIGH category of consumers are 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

7.1.8 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

7.1.9 Demand Side Management 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.

7.1.10 Interest on Security Deposits

The ED-DNH has stated that the security deposits held by the department at Rs 187.63 crore on 1st April 2010. The details furnished in their letter dated 24.07.2010 are given in the Table-7.1

Table-7.1

Security Deposits from Consumers

Deposits held	Amount (Rs Crores)
Cash Deposits of Contractors as Security	1.13
Deposits for work to be done	0.57
Sums due to contractors closed accounts	
Miscellaneous Deposits	16.32
Bank Guarantee	170.01
Total	188.04

The ED-DNH has 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 directs that the ED-DNH 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.

7.1.11 Power Factor Improvement Incentives

Presently for power factor, a penalty is being levied for causing poor power factor. As per Commission regulation on Supply Code, a licensee is to incentivise those consumers who help to improve the power factor. ED-DNH shall examine the issue and put up a proposal for providing incentive for those consumers who help improving power factor beyond 90% as per the Commission regulations. The above proposal shall be submitted by 31.12.2011.

8. Tariff Principles, Tariff Proposed by ED-DNH and Approved by the Commission

8.1 Introduction: Tariff Principles

8.1.1 In determining the annual revenue requirement of ED-DNH and the retail supply tariff for the year 2011-12, the Commission is guided by the provisions of the Electricity Act 2003 and the JERC (Terms and Conditions for Determination of Tariff) Regulations 2009. Section 61 of the Electricity Act lays down the broad principles, which should guide the determination of retail supply tariff. These principles are that the tariff should "progressively reflect cost of supply of electricity" and also "reduce cross subsidies" within a period to be specified by the Commission. The Act lays special emphasis on safeguarding of consumer's interest and also requires that the costs should be recovered in a reasonable manner.

The Act mandates that the tariff determination should be guided by factors, which *"encourage competition, efficiency, economical use of resources, good performance and optimum investment*".

In determining the tariff, the Commission is guided by the principles enshrined in Section 61 of the Electricity Act, 2003, the National Electricity Tariff Policy notified by the Government of India and the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

8.1.2 The NTP mandates that the Multi Year Tariff (MYT) framework be adopted for determination of tariff from 1st April 2006. However the Commission is not in a position to introduce MYT regime in the Union Territory of Dadra and Nagar Haveli mainly because of lack of requisite data in the required form for at least three consecutive years. The present MIS and regulatory reports of ED-DNH are totally inadequate for such an exercise. Under these circumstances, it would not be practicable to implement the MYT framework. The Commission will introduce MYT when the requisite data for minimum appropriate period is available.

8.1.3 Section 8.3 of National Tariff Policy lays down the following principles for tariff design:

1. *The State Governments can give subsidy to the extent they consider appropriate as per the provisions of the section 65 of the Act. Direct subsidy is a better way to support the poorer categories of the consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner.*

2. *"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.*

3. *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify the roadmap, within six months with a target that latest by the end of the year 2011-12 tariffs are within ± 20% of the average cost of supply. The road map would 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 2011-12, the tariff for the cross subsidized 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 subsidizing categories should not go beyond Rs.3.60 per unit.

4. *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. The tariff for agricultural use may be set at different levels for different parts of the state depending on the condition of the ground water table to prevent excessive depletion of ground water."*

8.1.4 The provisions of the Electricity Act, 2003, National Tariff Policy and the JERC Tariff Regulations require that there be a gradual movement towards reduction of cross subsidy. The Tariff Policy aims at bringing down cross subsidy to ± 20% of the average cost of supply by the year 2011-12.

Regulation 6 of JERC (Terms and Conditions for Determination of Tariff) Regulations specified –

Cross subsidy:

"(1) 'Cross subsidy for a consumer category' in the first phase (as defined in sub-regulation 2 below) means the difference between the average realization per unit from that category and the combined average cost of supply per unit expressed in percentage terms as a proportion of the combined average cost of supply. In the second phase (as defined in sub-regulation 2 below) means the difference between the average realization per unit from that category and the combined per unit cost of supply for that category expressed in percentage terms as a proportion of the combined cost of supply of that category.

(2) The Commission shall determine the tariff to progressively reflect the cost of supply of electricity and also reduce cross subsidies within a reasonable period. To this purpose, in the first phase the Commission shall determine tariff so that it progressively reflects combined average unit cost of supply in accordance with National Tariff Policy. In the second phase, the Commission shall consider moving towards the category-wise cost of supply as a basis for determination of tariff."

The above provision of the electricity tariff policy have been followed while fixing the tariff.

8.2 Tariff approved by the Commission

8.2.1 The following are considered while arriving at category wise tariffs approved. Net revenue requirement for the FY 2011-12 is Rs.1364.40 cr. As against the revenue of Rs. 1358.51 cr. Calculated from existing tariff, thereby creating a gap of Rs. Rs.5.89 cr.

8.2.2 The tariff rates category wise as proposed by ED-DNH are given in Table 8.1 and 8.2.

8.2.3 Based on the approval of aggregate revenue requirement (ARR), the approved tariff rates for supply of energy in respect of different categories of consumers are as per Table 8.3

8.2.4 The terms and conditions and tariff of various categories of consumers are given as per Tariff Schedule attached.

Table –8.1
The category wise tariff existing and proposed by ED-DNH

S. N	Category / Sub category	Energy charges	
		Existing Energy charges (Ps./kWh)	Proposed energy charges (P./kWh)
1.	**Domestic**		
	Slab 0-50 units	100	100
	51-200	160	160
	201-400	200	200
	401 & above	225	225
	Low income group (2x40 watts bulbs only)	-	-
2.	**Commercial**		
	0-100 units	205	250
	101 and above units	270	270
3.	**Industry (LT)** Upto 20 HP per month	240	255
	Above 20 HP	240	275
4.	**Agriculture & Poultry**		
	Connected load upto 10HP	055	55
	Connected load above 10HP and upto to 99 HP	085	85
5.	**Public lighting**	120	120
6.	**Temporary supply**		
(i)	Single phase / three phase supply	405	450
(ii) (a)	Motive power Religious & Social Functions	300	300
(b)	Other purposes	405	405
7.	**HT/EHT Category**		
(A)	Drawing Power through 11kV & 66kV systems and having CMD above 100 kVA.		
	Consumption range		
	First 50000 units	295	3.20
	50001-500000 units	310	345
	Above 500000 units	315	360
	Penal charges		
	For the proportionate units drawn beyond contract demand for the consumption of the month	800	800
(B)	HT Industrial (Ferro metal logical /Steel rolling power incentive		
	Consumption range		
	First-300 units / kVA	205	280
	301-500 units / kVA	305	315
	Above 500 units	355	355
8	**HT Temporary**	410	450

.

Table –8.2
Fixed Charges & Minimum Charges

		Fixed charges		Minimum charges	
S.N	**Category**	**Existing Rs/month or part thereof**	**Proposed Rs/month or part thereof**	**Existing Rs/month or part thereof**	**Proposed Rs/month or part thereof**
1.	Domestic				
	First 500W or part thereof		10	20	
	Every additional 500W or part thereof		10	15	
	LIG(per connection)	5/con.	5/con.	5/con.	5/con.
2.	Commercial				
	Single phase				
	First 500W or part thereof		30	25	
	For every additional 500W or part thereof		30	40	
	Three phase per HP or part thereof			40/	40
3.	Industrial (LT)				
(i)	Contracted load upto 20 HP	-	15/HP or part		15/HP or part
(ii)	Contracted load above 20 HP up to 99 HP	15/HP or part	20/ HP or part	25/ HP or part	20/ HP or part
4.	Agriculture & Poultry		10/ HP or part	5/ HP or part	5/ HP or part
5.	Public lighting	4/lamp	4/lamp	4/lamp	4/lamp
6.	Temporary supply (LT)				
(a)	Single phase / three phase supply			15/day	15/day
(i)	Not exceeding 6 days			10/day	10/day
(ii)	Exceeding of 6 days.			10/ day Min Rs. 120	10/ day Min Rs. 120
(b)	Motive power			40/ HP or part	40/ HP or part
7.	Industrial (HT)	Demand Charges Rs./KVA	Demand Charges Rs./KVA		
A	Motive power for billing demand upto contracted demand	60	100	60	100
	For billing demand in excess of contract demand	180	200	180	200
B	Steel furnace/rerolling for billing demand upto contracted demand	450	450	450	450
	For billing demand up to contracted demand	900	900	900	900
8.	HT – Temporary supply			250	
	Penalty for exceeding contract demand			300	

Table –8.3

Category wise tariff approved by the Commission for FY 2011-12

S.N	Category / sub category	Energy charges (Ps / KWH)	Fixed Charges / Demand charges (Rs/HP/Month) / (Rs./kVA/Month) Or part thereof / Or part thereof
1	**Domestic Category**		
	Slab 0 – 50 Units	160	
	51-200 units	225	
	201-400 units	300	
	401 and above	325	
	Low Income group (LIG)		Rs 24/ connection / Month
2	**Commercial Category**		
	1-100 units	225	
	101 and above units	325	
3	**Industrial (LT)**		
(a)	Up to 20 HP	250	
(b)	Above 20 HP	250	Rs 15/HP or part there of
4	**Agriculture & poultry**		
	Connected load up to 10 HP	250	
	Connected load above 10 HP to 99 HP	265	
5	**Public lighting**	**323**	
7	**High tension category**		
(A)	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA		
	Up to 50000 units	295	Rs 60/KVA or part thereof
	50001-500000 units	310	
	Above 500000 units	315	
	Penal charges for exceeding contracted demand	800	Rs 180/KVA or part there of
(B)	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive		

	First - 300 units/KVA	205	Rs 450/KVA or part thereof
	301-500 units/KVA	305	
	Above 500 units/KVA	355	
	Penalty charges for exceeding contract demand	800	Rs 900/KVA or part there of

COMMISSION'S ORDER

Having considered the petition No.32/2011 of Electricity Department, Dadra and Nagar Haveli for approval of Annual Revenue Requirement (ARR) and determination of retail tariffs for supply of energy, the Commission approves the Annual Revenue Requirement (ARR) and the Retail Tariff Schedule for ED-DNH, as given below:-

1.0 The break-up of the Annual Revenue Requirement approved for ED-DNH for the year 2011-12 is given below.

(Rs. crores)

Sl. No.	Details	Year 2011-12
1	Cost of power purchase	1342.19
2	Employee cost	3.25
3	R&M Cost	6.80
4	A&G expenses	0.14
5	Depreciation	2.11
6	Interest and finance charges	0
7	Interest on working capital	13.24
8	Provision for bad debts	0.07
9	Return on capital base	0
10	Total Revenue Requirement	1367.80
11	Less non Tariff income	3.40
12	Net revenue requirement	1364.40
13	Revenue from Existing tariff	1358.51

a. The approved retail supply tariff for supply of energy shall be in accordance with the Tariff Schedule appended as Appendix 1 to this Order..
b. The order shall come into force from 01.06.2011 & shall remain effective till 31.03.2012

sd/	**sd/**
(R K Sharma)	**(Dr. V K Garg)**
Member	**Chairman**

Place: Gurgaon
Date : 13th September, 2011

Appendix 1

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 will be at 11 KV and for more than 1500 KVA at 66 KV. The consumer who requires load more than 25000 KVA load, the supply Voltage shall be at 220 KV level.

4. 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 Hon'ble Commission shall be final and binding.

5. The department shall not permit installation of contracted load of 3 HP and above unless they are provided with the capacitors of adequate rating to comply with power factor conditions. The consumer has to provide appropriate capacitors for these installations presently running on without capacitors.

6. 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 misuse and energy consumption bills already rendered for the service shall be revised by applying the appropriate higher tariffs from the date of connection unless convincing reasons are produced thereof for adopting a different period. The imposition of this higher tariff shall not relieve the consumer from any penalties as per the law.

7. If the consumer fails to pay the energy bill presented to him within the stipulated period, the Department shall have the right to disconnect the supply as per provision of the Supply code.

8. Fixed charges and demand charges, wherever applicable, will be charged on prorata basis from the date of release of connection.
9. Demand charges and 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.
10. In case of exceeding the contract demand for other than technical reasons, or adding additional load by the high tension consumers and sanctioned load by the low tension consumers by adding additional load, the penalty charges shall be charged in the regular bills itself.
11. If the entire energy consumption has been recorded in the meter, the quantum of energy bearing the same ratio of the total energy recorded in the meter as excess load or the unauthorized additional / extension of load bears to the total connected load as detected at the time of checking shall be charged at penal rate as per the provisions of Electricity Supply Code Regulations, 2010 issued by the Commission. Payment of penal charges for usage in excess of contract demand / load for any billing period does not entitle the consumer to draw in excess of contract demand / load as a matter of right.
12. Unless specifically stated to the contrary, the figures of energy charges related to paise per unit (kWh) charge for energy consumed during the month.

13. Delayed payment charges shall be applicable to all category of consumers. Delayed payment charges of 2% per month (2% of the delayed Payment charges shall be charged on all arrears of the bill). In case of permanent disconnection, delayed payment charges will be charged only upto the month of permanent disconnection.

14. Power Purchase Cost Adjustment (PPCA) shall be applicable to all categories of consumers except LIG category – BPL and Agriculture & Poultry and will be

charged over and above the tariffs on the basis of PPCA formula specified, by the Hon'ble Commission.

15. The average cost of supply comes to Rs.3.23 /kwh. Keeping in view that National Tariff Policy aims at bringing down cross subsidy to ± 20% of the average cost of supply, the average tariff of various categories have to be within Rs.2.58/kwh to Rs. 3.86/kwh, except LIG category.

16. The minimum rate to be charged as per para 8.1.4 of National Tariff Policy as mentioned above for category of BPL consumers has to be 50% of the average cost of supply, accordingly minimum energy charge has to be fixed at Rs. 1.62Per /kwh(which has been rounded off to Rs. 1.60/kwh). LIG category is having a two point connection with a connected load of 2 x 40 (80 watts). With the above connected load, the monthly consumption works out to about 15 kwh based on which monthly fixed amount for LIG works out to Rs. 24/ P.M.

17. In the scenario when the demand is far exceeding supply whether served or not, the Commission feels that the minimum charges are no longer relevant and therefore minimum charges for all the categories have been done away with.

18. Regarding the objections of M/s Silvasa Industries Association on applicability of demand charges during closure period and the reply of ED, DNH, the Commission has observed as follows:-

The objection raised is pointed towards the tariff order of 2010-11, which is not a part of tariff petition 2011-12 and therefore not relevant with the present exercise.

The objectors should have sought review at the appropriate time to clear their doubts about the applicability of demand charges during the notified closure period.

The Commission feels that the Ferro-metallurgical/steel melting/steel rolling/power intensive industries to remain in separate category from other general industries. Therefore the Commission do not find it as a fit case for having a common tariff between HT (A) and HT (B) categories as of present.

The demand charges have already been reduced substantially in the last tariff order and presently also there is no reason for further reduction and there is no ground of any further reduction in demand charges on account of notified closure

19. The Commission observes that due to the implementation of National Tariff Policy regarding special support through cross subsidy to BPL category, increase in the rates of BPL category (LIG) is steep. Union Territory of DNH may provide subsidy if considered appropriate under the provisions of para 8.3 of National Tariff Policy.

20. Commercial connections category have been revisited and renamed as Non-Domestic Category.

21. As no data relating to water table has been provided, this aspect has not been taken into account while fixing the tariff for agriculture and poultry category.

22. The tariff of Domestic, LIG, Non-domestic, Industrial LT and Agriculture & Poultry categories has been revised on account of implementation of National Tariff Policy as mentioned in Para 15 above.

23. The Commission feels that public lighting category should not be a cross subsidized category and therefore its tariff revised.

The revenue from proposed tariffs in FY 2011-12 has been estimated by applying the proposed rates to the projected sales and consumers related data as per segregation provided in the ARR filing. The detailed tariff schedule is outlined below:

I. (A) DOMESTIC Category

Applicable to private houses, , hostels, hospitals run on Noncommercial lines, Charitable, Educational and Religious Institutions for light, Fans, Radios, domestic heating and other household appliances including water pumps up to 2 HP.

Energy Charges

Usage (Units/Month)	Tariff (Ps./Unit)
First 50	160
51 – 200	225
201 – 400	300
401 and above	325

(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. 24 per service connection per month**. For any unauthorized increase in the load beyond 2x40 watts ,penal charges at the rate of Rs. 24 per month per point will be levied and the installation will be liable for disconnection.

II. Non-Domestic Category

This includes all categories which are not covered by other tariff categories mentioned below:

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)	Tariff (Ps./Unit)
1-100 units	225
101 units and above	325

III. INDUSTRIAL - LT

Applicable to all Low Tension Industrial Motive Power Connections including water works/pumps up to 99 HP.

(i) Energy Charges

Usage (Units/Month)	Tariff(Ps./Unit)
For all units	250

(ii) Fixed Charges

Contract (HP)	Tariff (Rs./HP/month) part thereof
Up to 20 HP	nil
For loads above 20 HP	Rs 15 per HP or part thereof

(iv) Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain power factor 0.9 as per the Commission 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.

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) Demand Charges

Demand (KVA)	Charges (Rs./KVA/month) part thereof
For billing demand up to contract demand	Rs. 60 per kVA of billing demand or part thereof
For billing demand in excess of contact demand	Rs. 180 per kVA of billing demand or part thereof

(ii) Energy Charges

Usage (Units/Month)	Tariff (Ps./Unit)
1 - 50,000 units	295
50001 – 500000 Units	310
500001 and above	315

(iii) Penalty Charges

Penalty charges @ 800 ps/unit

i. Penalty charges will be levied on those units which are drawn beyond the contract demand. These units will be worked out on pro-rata basis correlating the total consumption of the month with billing demand.

ii. If industries are over drawing power by more than 20% of the contract demand ,then their connections will be disconnected immediately.

(iv) Power Factor Charges

If the power factor of the consumer is less than 0.90 for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged as extra at the rate of 410 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.

(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) Demand Charges

Demand (kVA)	Charges (Rs./KVA/month) part thereof
For billing demand up to contract demand	Rs. 450 per KVA of billing demand part there of
For billing demand in excess of contact demand	Rs. 900 per KVA of billing demand or part there of

(ii) Energy Charges

Usage	Tariff (Ps./Unit)
First 300 units / kVA	205
Next 200 units / kVA	305
Above 500 units / kVA and above	355

(iii) Penalty Charges

Penalty charges @ 800 Ps/unit

ii. Penalty charges will be levied on those units which are drawn beyond the contract demand. These units will be worked out on pro – rata basis correlating the total consumption of the month with billing demand.

iii. If Industries are drawing power by more than 20% of the contract demand ,then their connections will be disconnected immediately.

(iv) Power Factor Charges

If the power factor of the consumer is less than 0.90 for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged as extra at the rate of 410 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.

(v) Billing Demand

Billing Demand will be the highest amongf the following

(a) 100 KVA
(b) 75% of the Contract Demand
(c) Actual Demand Established

V. AGRICULTURE AND POULTRY

Agriculture or poultry loads up to 99 HP connected load will be considered in this category.

(i) Energy Charges

Usage	Tariff (Ps./Unit)
For connected load ip to 10 HP	250
Beyond 10 HP and upto 99 HP connected load	265

VI. PUBLIC LIGHTING

Particulars	Rate
Energy Charges	323 ps./unit

NOTE:-

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

Meter Rent

Meter Type	Tariff
Single Phase Meter	Rs. 10 per month or part thereof
Three Phase Meter	Rs. 25 per month or part thereof
LT Meter with MD indicator	Rs. 200 per month or part thereof
Tri-vector Meter	Rs. 500 per month or part thereof

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.

(iii) Reconnection Charges

Connection Type	Tariff
Single Phase	Rs 50
Three Phase	Rs 100
HT	Rs 1000

(iv) Service Connection Charges

Connection Type	Tariff
Single Phase	Rs 250
Three Phase	Rs 1000
HT(First 500 KVA)	Rs 10000
HT(Beyond 500 KVA)	Rs 1000per 100 KVA or part thereof

(v) Extra Length Charge

Connection Type	Tariff
Single Phase	Rs 25/ meter
Three Phase	Rs 50/ meter
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	

(vi) 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.

(vii) Testing Fee for various Metering Equipments. FY 2011-12

S. No	Types of Metering Equipment	Fee Per Unit (in Rs.)
1	1 – Ø Single Phase	100
2	3 – Ø Single Phase	300
3	3 – Ø Single Phase Tri-vector Meter (0.5 Class) Industrial LT Consumer	500
4	3 – Ø Three Phase Tri-vector Meter (0.5 Class) 11 KV HT Consumer	500
5	Three Phase Tri-Vector Meter (0.2 Class) 66 KV 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

(viii) Fees (Non- refundable) for submission of Test Report of wiring Completion

S. No	Types of Connection	Fee Per T / R (in Rs.)
1	1 – Ø Single Phase Lighting / Domestic	10
2	3 – Ø Lighting / Domestic	25
3	1 – Ø Single Phase Lighting / Domestic	50
4	3 – Ø Three Phase Lighting / Domestic	100
5	Three Phase LT Industries	250
6	Single phase / Three phase Agriculture / Streetlight / Public Lighting & others.	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

List of organizations/persons who filed their objections on the petition.

Sl. No.	Name of the Objector
1.	Sh. NathuBhai G Patel, M.P. Lok Sabha, Dadra Nagar Haveli
2.	Bhartiya Janta Party, DNH Pradesh
3.	Sh. Chandrakant M Parikh, Representative LT Consumers, DNH
4.	Dadra & Nagar Haveli Industries Association
5.	Silvassa Steel Industries Association
6.	Silvassa Industries Association, Dadra and Nagar Haveli

Annexure-2

List of consumers / representatives of organizations who raised objections / suggestions during the public hearing

Sl.	Name of the Objector
1.	Shri Natubhai G Patel, Member of Parliament, Lok Sabha, Dadra and Nagar Haveli
2.	Shri Vikramsinh C. Parmar, President, Dadra & Nagar Haveli Territorial Congress (I) Committee.
3.	Sh. Shankarbhai D Vaghmere, President-cum-Chief Counselor, Dist. Panchayat, DNH
4.	Sh. D. J. Parmar, Bhartiya Janta Party DNH Pradesh
5.	Sh. Navin Patel
6.	Sh. Chandrakant M Parikh
7.	Sh. Sajjad Ansari, Silvassa
8.	Sh. Anil Bhai Patel
9.	Sh. Ravindra Patel
10.	Sh. Nimesh Bhusan
11.	Sh. Lalit Patel, Silvassa
12.	Sh. Ajay B Patel
13.	Sh. Anil Shukla
14.	Sarpanch Samar Varni Group Gram Panchayat
15.	Sarpanch Dapada Group Gram Panchayat
16.	Sarpanch Randha Group Gram Panchayat
17.	Sarpanch Mandoni Group Gram Panchayat
18.	Sarpanch Khanvell Group Gram Panchayat
19.	Sarpanch Amboli Group Gram Panchayat
20.	Sarpanch Sankholi Group Gram Panchayat
21.	Dadra & Nagar Haveli Industries Association
22.	Silvassa Steel Industries Association
23.	Silvassa Industries Association, Dadra and Nagar Haveli

Annexure-3

Name of Objector : 1) Bharatiya Janatha Party, Dadra Nagar Haveli 2) Natubhai G.Patel, M.P LokSabha.		
Sr. No.	**Objection Raised**	
	The ED-DNH has filed ARR for FY 2011-12 along with rejoinder dt 10.06.2011 where in there is an abnormal hike in power for domestic, commercial and LT consumers. i) The total Power requirement by 32300 No.s domestic consumers is 1.53% where in maximum no. are poor tribals. ii) The 6400 No.s commercial consumers consume only 0.59% of total power. Thus total poer requirement by domestic & commercial consumers put together comes to 2.213%. iii) The Dept. proposed tariff hike for domestic consumers from Rs 2.25/unit to Rs 3.50/unit, I.e. 55.56% hike & for commercial consumers the hike is from 2.70/unit to Rs 3.50/unit i.e. 29.63%. iv) As seen from ARR filed by ED-DNH, about 74.05% power is consumed by EHT. Consumers , 20% by HT consumers and 3.64% by LT consumers but Domestic and Commercial consumers consume only 2.213%.	The contentions of the objectives are true that the U.T of Dadra and Nagar Haveli, witnessed heavy industrialization of the territory due to various liberalized policies and extended tax benefits by the Govt. of India, provided employment to the people of this tribal dominated territory. However looking to the overall scenario of the power sector of UT of Dadra and Nagar Haveli, the power demand of the territory is exorbitantly increased during the last decade and about 500MW is pending for release. The UT of Dadra and Nagar Haveli is facing acute shortage of power and made several request to Ministry of Power to enhance the allocation of power to these territory. Of late the cost of power purchase has increased and as the Commission is aware, there is huge enhancement in transmission cost. Similarly there is enhancement in fuel cost. The department has already filed ARR petition and Tariff proposal for the year 2011-12 to the regulator keeping in view of the above facts. The Commission is requested to approve the same. The contention of the objector is not true. The ED-DNH has published the Public Notice in respect of rejoinder filed before Hon'ble Commission on 10th June, 2011 in the leading news papers like Sandesh (Gujarathi), Nav Bharat Times(Hindi) and Times of India(English) for vide publicity and also published on the Website of Administration www.dnh.nic.in. Now as directed by the JERC during Public Hearing on 28.06.2011, the public notice has been published in the leading news papers on 29.06.2011 to invite objections on or before 10th July, 2011. The contention of the objector with respect to profit is not true and denied. Regarding scam mentioned it is to inform that it ha nothing to do with ARR petition/rejoinder petition. However it is to bring to your notice that some fraudulent orders were made by some DGS & D vendors and the matter is under investigation by ACB – DNH police.

Name of Objector : Chandrakant M. Parekh Representative of LT consumers of Dadra & Nagar Haveli		
Sr. No.	**Objection Raised**	
1	In the ARR Proposed, the energy sales are shown as 4368.39 MU and our of which LT consumers are consuming only 158.6 MU which is hardly 3.64% of total power requirement.	The averment made in para 1 that the L.T Consumers are consuming 3.63% of the total power requirement of the Consumers of the territory is a matter of fact
2	In Petition under para 3.1.4 Distribution Losses, the Dept has stated that reduction of distribution losses may not be possible beyond a certain level due to technical limitation & due to growth in LT segment". The T & D losses are in the range of 7 to 8% in 2010-11.	The averment made in para 2 that the T & D losses of the DNH are in the range of 7% to 8% is a matter of fact. It is stated that the T&D losses during the year 2010-11 was 6.85% and the efforts are being made by the Electricity Department to further improve the same. As per Format No.4 given in the rejoinder it is clear that the energy received at DNH periphery is 4183.61 Mus and total Unit sold is 3897 Mus. Hence the T&D losses is around 6.85%.
3	The statement of Dept Viz "The T & D losses is at 8% due to LT consumers" – this is wrong. Lt Segment is hardly utilizing 3.64% of total power requirement & if T& D loss of 8% is caused to Dept due to LT consumers, this works to 250%. The submission of Department's incorrect & misleading. Energy audit should be carried out under experts guidance. The unit cost of power for LT consumers proposed is Rs 3.50/unit & for LT consumers it is ranging from Rs 2.95 Ps to 3.80/unit which is cheaper then LT consumers. The Dept has proposed increase in Tariff for LT consumers by 45.83% while for HT consumer it is only 20.53% increase which is nor in line of natural justice. As per Electricity Act & guidelines of JERC, the various categories of consumers should have +/- 20% of power tariff considering average purchase cost. Taking an average of Rs 3/unit & also following guidelines of JERC, the preferred tariff to LT consumers works out to Rs 2.40/unit.	The contentions of the objector are incorrect. The 94% of the total power consumption of the territory are being utilized by the H.T. Consumers, and 3.63% are utilized by L.T. Industries. The rest of the power are being used by Domestic, Commercial, Agricultural and public lighting etc.,

Rejoinder filed by Petitioner

Objection of M/s. Dadra & Nagar Haveli Industries Association.		
Sr. No.	**Objection**	**Reply**
1	The address of the Objector for the purposes of summons, notices and like purposes is that of its Advocates – Shridhar Prabhu Associates, # 209, II Floor, Swiss Complex, No.33, Race Course Road, Bangalore - 560 001	The averments made in Para 1 & 2 does not call for any reply.
2	The Objector begs to submit this reply statement of objector may be treated as part and parcel of statement of objections filed before this Hon'ble Commission. The events of the same are not repeated herein for the sake of brevity.	
3	Legal Infirmities	
4	The objector submits that when ever a petition is filed, the objector's file the statement of objections. A rejoinder to be then filed by petitioner is the reply of petitioner to the statement of objections filed by the objectors. However, in the present case the rejoinder is filed by the petitioner nor in reply to the objectors but in revising its own contentions	The averments made in para 4 is a matter of procedure. However, it is stated that the purpose of filing the rejoinder was to place on record the trued up accounts for the period 2010-11 and also to bring on record the additional expenditure incurred during the year 2010-11 for the procurement of power and the additional transmission charges claimed by the central utilities.
5 & 6	The petitioner while filing ARR petition before Hon'ble Commission submitted data in prescribed format with supporting documents, again file a rejoinder with revised data. The Commission could not have directed petitioner to revise the data.	5) The averments made does not call for any reply. 6) With regard to the averments made in para 6, it is stated that during the hearing of the Tariff petition for admission before the JERC on 5.4.2011 when it directed the petitioner to comply with the actual data for the financial year 2010-11 were available. It is thereafter that the petitioner filed the rejoinder by placing on record the truing up data of 2010-11.
7	The Hon'ble Commission is vested with powers of approving or rejecting the Tariff. The Commission cannot direct the petitioner to either increase or decrease Tariff. The objector disputes that the Commission ever suggested or directed objector to revise its Tariff Proposal.	The contention of the DNHA that the rejoinder ought not to be taken on record is wholly misconceived. The further averment that the JERC could not direct the petitioner to either decrease or increase the tariff much less the factual aspects and that the JERC should not take the same into consideration is wholly misconceived.

8	Objector submits that without pleadings & supporting data, the prayers cannot be amended.	The averment of the DNHIA that without pleadings and supporting data, the prayers cannot be amended is totally untenable. The petitioner has referred to the additional costs towards the purchase of power during 2010-11 and the additional transmission charges raised by the Central Utilities. The ED-DNH has already paid arrear bills of 2009-10 and 2010-11 of amount 37.81 crore raised during the current financial year 2011-12 by Pgcil/Nspcl Bhilai. Further it is to inform to the Commission that ED_DNH has received arrear bill of Rs 4 crore from PGCIL for which payment is yet to be made. The details of the bills is annexed herewith and marked as Annexure-I. It is likely that the bills for the balance would be received later. The revision is therefore proposed after making provision of this additional requirement to meet the expenses of the arrears bills.
9	The contentions made below on merits of submissions are without prejudice to rights of objectors.	The averments made in para 9 that the objector has a right is not discounted. However, it is stated that there is no question of impropriety
10 & 11	**Cost of Service** The basic need to revise tariff by rejoinder is that the Tariff should be brought nearer to +/- 20% of average cost of service/unit, and is in conformity with EA Act 2003 & National Tariff Policy.	The objector is contented in the above paragraphs that the petitioner cannot propose some untenable average cost of supply and seek revision of tariff is wholly untenable and contrary to records. It is submitted that unlike other states, ED-DNH has the unique and an identical load pattern i.e. 97% load of total power requirement of the territory consumed by the Industrial Consumers and the remaining categories i.e. Domestic, Commercial, Agricultural, Public Lighting all are contributed to 3% of overall consumption. Efforts are being made to reduce the cross subsidy level nearer to the limit prescribed as per the JERC regulations. It is an admitted fact that the industries have flourished and grew in DNH in view of several concessions extended by Government of India in the past as well as in the present. However, cross subsidy if any which is very little on the part of industries and are not only reasonable but justified keeping in view the socio-economic strata of the society ,i.e. more than 65% population is tribal. The petitioner has taken care of cost of supply to all the categories while filling the rejoinder. The contention to the contrary is totally denied.
12	The HT & EHT consumers are the highest contributors for cross subsidy. So first the cost of service in each category is to be evaluated, and gradually cross subsidy reduced.	

13	In previous tariff orders, cost of supply to each consumer category is not determined, but only Rs. 3.90/unit as the average cost is assumed which is without any basis	
14 to 21	The objector has referred to judgments in case of a) APTEL Appeal. 79 of 2005 Union of India & others vs AP Elec Reg Commission & others. b) Sail Ltd vs Punjab State Electricity Reg Commission. c) Union of India, Western Railways vs Gujarat Elec Regulatory Commission. d)Indian Tea Association & others vs Assam State Electricity Regulatory Commission & others. e) Udyog Nagar factory owners association vs BSEs Rajdhani Power Ltd. And has contended in the above paragraphs that petitioner cannot propose some unstable average cost of supply and seek revision of Tariff.	
22	The petitioner has filed the petition in Oct 2010, and due to non provision of necessary data, the petitioner could not get the validation done. Hence petitioner cannot take advantage of his fault and seek tariff order to be passed from retrospective effect.	The contention raised in the Para under reply is wholly denied. The petitioner submitted the tariff petition prior to 31st March, 2011 with the actual data considered up to the of Oct/Nov, 2010. The estimation was done for the balance period up to 31st March, 2011 while filing the ARR petition 2011-12. As per the JERC regulation for determination of tariff 13(2)(ii), "the estimated figures for the current financial year should be based on actual figures for the first 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 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
23	The Objector contends that no man can take advantage of his own wrong.	The contention regarding no man can take advantage of his own wrong would not apply to the facts of present case. The Central Utilities like PGCIL, NTPC etc have raised the bills for arrears retrospectively on the basis of orders issued by CERC

24 & 25	The objector argues that there is no provision in Act/regulations framed by Hon'ble Commission to determine/ fin Tariff retrospectively.	The contention of the objector that there is no provision for determining the tariff with retrospective effect is wholly misplaced. The petitioner filed the ARR petition for the financial year 2011-12 and has prayed for making the tariff effective from 1.4.2011 and the same could not be termed as retrospective. In view of the above, this Hon'ble Commission may be pleased to reject the objections and accept the Annual Revenue Requirement and Tariff Petition for the year 2011-12 and approve the category-wise tariff including the fixed/demand charges submitted by DNH to meet revenue requirement for FY 2011-12 and render justice.

Rejoinder filed by Petitioner

Objection of M/s. Dadra & Nagar Haveli Industries Association.		
Sr. No.	**Objection**	**Reply**
1	The objection statement, reply to the rejoinder & other submissions made by objector can be taken as part and parcel of this Surrejoinder.	The averments made in para 1 is a matter of record and do not call for any reply.
2	Petitioner has submitted copy of Lr dt 27-06-2011 addressed to Hon'ble Commission which is not on oath & not in prescribed format.	The averments made in para 2 regarding maintainability of the reply to the objections filed by the Petitioner dt. 27.6.2011 is wholly untenable. As per the JERC letter No.14/13/2011 –JERC dtd. 1st June, 2011 the suitable reply to the objections may be sent to objector and a copy to JERC Consultant (ASCI), Hyderabad and to the Commission. Accordingly, the copy of reply was sent to the objector with a copy to Consultant of JERC (ASCI), Hyderabad and to JERC. The question of maintainability on this issue does not arise.
3	The Petitioner stated that truing up exercise has been done for entire financial year but actual date is not furnished. The figures submitted are raw data which are to be verified and get audited. The Commission has to arrange for independent verification before passing on to consumers.	With regard to averments made in para 3 that mere projection of truing up data would not suffice in the absence of the same being audited is wholly untenable. The ED-DNH being a part of the Central Govt., its accounts are subjected to audit by Auditor and Comptroller General of India. In any event, the truing up is required to be done for the financial year as per the tariff order. The petition was filed on 9th March, 2011 with data up to OCT 2010 at actual and from Dec 2010 to March 2011 on proportionate / estimation basis. As per the directive of JERC, at the time of admission of petition on 5th April, 2011 when financial year 2010-11 was already over, the Rejoinder is filed with actual data for sale and purchase of power for FY 2010-11. Hence rejoinder considers the actual data as against proportionate / estimation based data and the same are realistic. The Petitioner has already appointed chartered accountant firm and are getting accounts audited which will be submitted to the Commission. In any event, it is open to the Commission to consider the availability of the expenditure before passing the ARR for the year 2011-12
4	The objector pleads to refer decision of Appellate Tribunal for Electricity (APTEL) in the case of SIEL Ltd & others vs Punjab State Electricity Regulatory Commission & others. i.e Commission has to thoroughly checkup all expenditures.	With regard to the averments made in submissions made in paras 4 to 8 that there is no dispute on the legal proposition laid down by the various case laws relied upon by the DNH. However, it is relevant to mention that the ED-DNH is a government deptt, and makes the expenditure through budgetary allocation of fund through Planning Commission of India. The

<table>
<tr><td>5</td><td>The objector refers to the case of M/S Bihar State Hydro-Electricity Power Corporation vs Bihar Electricity regulation Commission, where in the state Commission is justified is not approving ARR/Tariff for FY 2010-11 as the accounts are not submitted duly audited by statuary auditor/ CAG.</td><td rowspan="4">Expenditure made towards power purchase and Capital Expenditure has been monitored by the Administration as well as Planning commission throughout the year. With regard to the National Tariff Policy referred in para 8, it is submitted that the JERC has already verified the expenditure done by DNH during the year 2009-10 before issuing the last tariff order for the year 2010-11.
The DNH has referred to the case of Bihar state Hydro-Electric Power Corporation v/s BSRC (Appeal No. 167 dt 27.10.2010. The following para in the said order is relevant.
“..Appellant, instead of meeting the requirement of statutory audit as per the compliances Act 1956 and as per the Regulations of the State Commission, is time and again insisting on approval of the tariff base on the internal audit.
12. In view of above, we conclude that 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 Auditors/ CAG. Accordingly the appeal is dismissed as devoid of merits. However, we do not propose to impose any costs.
Thus the accounts are to be audited by Statutory Auditors/ CAG. In case of DNH, the Accounts are being audited by CAG and as such the contentions that the accounts are not audited in general is erroneous. Further, as per the directives of the JERC, ED_DNH has already appointed Charted Accountants firm and will submit the Audited accounts on the completion of the work.</td></tr>
<tr><td>6</td><td>As per Hon’ble Supreme Court Judgment in case WBERC vs CESS Ltd, the Commission while determining the Tariffs, has to reconcile & decide upon accepting the expenditure reflected in the accounts of company or not.</td></tr>
<tr><td>7</td><td>In APTEL Appeal 177 of 2009, in case of Kerala State SEB vs KS Electricity Regulatory Commission, the relevant observation is:
The Commission in our opinion is not bound by the Auditor’s report. There is an obligation on the Commission to examine the accounts of the company when in genuine and unchallenged. In the said view of matter admitting that there is no challenge to the genuineness of the accounts, we think on this score also the accounts of the company are not ipso facro binding on the Commission.</td></tr>
<tr><td>8</td><td>As per National Tariff Policy: “The SERC shall undertake independent assessment of baseline data for various parameters for every dist. Circle of the licensee & thus exercise should be completed later by March 2007.</td></tr>
</table>

9 & 10	**Reg paras 4,5,6** The petitioner accepted anomalies under cash based accounting system and prepared under accrual basis. The appointment of chartered accountant in the absence of truing up exercise, is a wasteful exercise in tariff determination.	With regard to paras 9 & 10 that the cash based accounting system is being followed is not disputed. The ED-DNH reiterates the submissions made in the preliminary submissions, with regard to the accounting system being followed by the Central Government and its agency. The Central Govt is taking steps to change the accounting system from cash to accrual system which is likely to take some time. The contention that the tariff petition should be dismissed since the accounts are being managed on cash basis is wholly untenable. It must be appreciated that during the transition stage such issues do crop up and are required to be dealt with judiciously as being done everywhere. As stated, ED-DNH has already appointed Charted Accountants firm and will submit the Audited accounts on completion of the work.
11	**Paras 8 & 9** The contents are accepted. The appointment of officer of Commission is not with in the knowledge of objectors and does not justify compliance of directives.	The contention of the DNHIA that in the absence of the compliance of the directives, the tariff petition may be dismissed is wholly untenable. As per para 6.15 of tariff order, JERC directed that " In foregoing Para the Commission has directed ED-DNH for many submissions. All these submissions shall be made through a single separate petition to be filled by 31.12.2010.". Accordingly, the ED-DNH has filed single separate petition before the JERC for the compliance of directives issued which was heard by the JERC on 10.03.2011. The JERC deputed the Technical Advisor to study and report it the work carried out by the ED-DNH to comply the directives. The Technical Advisor has already visited and given his report to the JERC. The ED-DNH has also filed an affidavit during the last hearing held by the JERC on 23.05.2011 in respect of action taken for compliance to the directives issued by Hon'ble Commission. The matter is listed for further hearing on 15th July,2011.

12	Para 11 : The utility is not submitting every year true up figures and also not complying with the directives issued by the Commission.	The contentions raised in para 12 is without substance. The truing up exercise has been done and the same is placed before this Hon'ble Commission which would scrutinize the same and pass appropriate orders. The contentions that, revision should not be done in the absence of compliance of directives is wholly unsustainable in view of the submissions made hereinabove.
13 & 14	As per JERC terms and conditions for determination of Tariff (Regulations 2009), the charges for Dist & retail supply of Electricity shall include a fixed charge & demand charges worked out separately by the Commission. The Commission has not separately prescribed methodology for fixing fixed charges & Petitioner arbitrarily proposed these charges.	13) The averments made in para 13 is a matter of record and do not call for any reply. 14,15,16) The contentions raised in paras 14 to 16, that the Petitioner has arbitrarily proposed the charges without any basis is wholly unsustainable. The methodology of recovery of fixed charges for generator is covered under the "CERC (Terms and Conditions of Tariff) Regulations,2009" and according to PPAs with various Generators. Accordingly, the DNH pay fixed charges irrespective of quantum of power drawals. As per the Rejoinder Format #4 for FY 2010-11 the average Purchase rate is consisting of Rs. 0.38 as fixed charges, Rs. 2.17 as Variable –i.e. Energy charge and Rs 0.28 as Other charges, while in revenue realization for FY 2010-11, Rs 0.220 as a fixed/demand charges and Rs. 3.00 as energy charges. Thus fixed charges proposed now are in order. The contentions regarding absence of the asset register and consequently the costs relatable to transmission of energy, demand on the system, the fixed charges cannot be fixed on some whimsical basis, is without any basis.
15	Till such time methodology is evolved, the method prescribed in Supply Act should be adopted. In the absence of asset registers, the assets existing are assigned with costs relating to Tr. Of energy, demand on the system & category of consumers, the fixed charged cannot be fixed on whimsical basis.	
16	The ratio of the cases relied upon by the objector is squarely applicable to the cases, which the petitioner has not disputed. Projections on Power Purchases (paras 15-17)	
17	The quantum of power purchase by petitioner is highly exaggerated & do Commission to apply realistic yardsticks.	The contentions raised in para 17 that the power purchase quantum is highly exaggerated is wholly misconceived. The petitioner projected 4026 Mus during the year 2010-11 and purchased 4184 Mus at DNH-PP, from which it seems that the projections of ED-DNH are not exaggerated. Similarly looking to the demand for the load growth and infrastructure availability, projections are being made for FY 2011-12.
18	Loading Depreciation & Capital Expenditure The submissions herein are accepted	The averments made in para 18 do not call for any reply
19	Criminal Investigation (22-23 paras) This matter needs to be scrutinized in detail. The petitioner has not	With regard to the averments made in para19 the same is not relevant for the present purpose and the submissions made by the DNHIA is an attempt to

	accounted the liabilities that arise on account of losses, debit notes, etc.	cause prejudice against the Petitioner. In any event, it is stated that the said matter is under investigation by the Anti Corruption Branch of DNH Police.
20	ATC losses, O&M expenses, Restrictions on voltage usage & Violation of regulations. The contentions are accepted.	The averments made in para 20 do not call for any reply
21	Non-Compliance As the petitioner has not complied with the directives, he has no legal right to enjoy the tariff determined by the Commission. Since right & duty go hand in hand the tariff cannot be determined without ascertaining whether petitioner has complied with the duties.	The averments made in para 21 regarding non compliance of the directives o the JERC, the petitioner reiterates the submissions made here in above.
22	Conclusions All contentions that are not admitted are denied. It is submitted that the records are not being produced even after detailed directives are being issued and if produced, the tariff gets reduced. Hence petition may be rejected	The conclusion drawn in para 22 that the petition should be rejected is wholly untenable. It is stated that the utility is under transition to regulatory regime and is duty bound to comply with the regulations of the JERC. In view of the above, this Hon'ble Commission may be pleased to reject the objections and accept the Annual Revenue Requirement and Tariff Petition for the year 2011-12 and approve the category wise tariff including the fixed/demand charges submitted by DNH to meet revenue requirement for FY 2011-12 and render justice.

Rejoinder filed by Petitioner

Objection against rejoinder of ARR No. 32 of 2011.		
	Name ofObjector :Dadra & Nagar Haveli Industries Association	
Sr. No.	**Objection Raised**	**Response**
1	The objection statement, reply to the rejoinder & other submissions made by objector can be taken as part and parcel of this Surrejoinder.	The averments made in para 1 is a matter of record and do not call for any reply.
2	Petitioner has submitted copy of Lr dt 27-06-2011 addressed to Hon'ble Commission which is not on oath & not in prescribed format.	The averments made in para 2 regarding maintainability of the reply to the objections filed by the Petitioner dt. 27.6.2011 is wholly untenable. As per the JERC letter No.14/13/2011 –JERC dtd. 1st June, 2011 the suitable reply to the objections may be sent to objector and a copy to JERC Consultant (ASCI), Hyderabad and to the Commission. Accordingly, the copy of reply was sent to the objector with a copy to Consultant of JERC (ASCI), Hyderabad and to JERC. The question of maintainability on this issue does not arise.
3	The Petitioner stated that truing up exercise has been done for entire financial year but actual date is not furnished. The figures submitted are raw data which are to be verified and get audited. The Commission has to arrange for independent verification before passing on to consumers.	With regard to averments made in para 3 that mere projection of truing up data would not suffice in the absence of the same being audited is wholly untenable. The ED-DNH being a part of the Central Govt., its accounts are subjected to audit by Auditor and Comptroller General of India. In any event, the truing up is required to be done for the financial year as per the tariff order. The petition was filed on 9th March, 2011 with data up to OCT 2010 at actual and from Dec 2010 to March 2011 on proportionate / estimation basis. As per the directive of JERC, at the time of admission of petition on 5th April, 2011 when financial year 2010-11 was already over, the Rejoinder is filed with actual data for sale and purchase of power for FY 2010-11. Hence rejoinder considers the actual data as against proportionate / estimation based data and the same are realistic. The Petitioner has already appointed chartered accountant firm and are getting accounts audited which will be submitted to the Commission. In any event, it is open to the Commission to consider the availability of the expenditure before passing the ARR for the year 2011-12
4	The objector pleads to refer decision of Appellate Tribunal for Electricity (APTEL) in the case of SIEL Ltd & others vs Punjab State Electricity Regulatory Commission & others. i.e Commission has to thoroughly checkup all expenditures.	With regard to the averments made in submissions made in paras 4 to 8 that there is no dispute on the legal proposition laid down by the various case laws relied upon by the DNH. However, it is relevant to mention that the ED-DNH is a government deptt, and makes the expenditure through budgetary allocation of fund through Planning Commission of India. The

5	The objector refers to the case of M/S Bihar State Hydro-Electricity Power Corporation vs Bihar Electricity regulation Commission, where in the state Commission is justified is not approving ARR/Tariff for FY 2010-11 as the accounts are not submitted duly audited by statuary auditor/ CAG.	Expenditure made towards power purchase and Capital Expenditure has been monitored by the Administration as well as Planning commission throughout the year. With regard to the National Tariff Policy referred in para 8, it is submitted that the JERC has already verified the expenditure done by DNH during the year 2009-10 before issuing the last tariff order for the year 2010-11. The DNH has referred to the case of Bihar state Hydro-Electric Power Corporation v/s BSRC (Appeal No. 167 dt 27.10.2010. The following para in the said order is relevant. "..Appellant, instead of meeting the requirement of statutory audit as per the compliances Act 1956 and as per the Regulations of the State Commission, is time and again insisting on approval of the tariff base on the internal audit. 12. In view of above, we conclude that 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 Auditors/ CAG. Accordingly the appeal is dismissed as devoid of merits. However, we do not propose to impose any costs. Thus the accounts are to be audited by Statutory Auditors/ CAG. In case of DNH, the Accounts are being audited by CAG and as such the contentions that the accounts are not audited in general is erroneous. Further, as per the directives of the JERC, ED_DNH has already appointed Charted Accountants firm and will submit the Audited accounts on the completion of the work.
6	As per Hon'ble Supreme Court Judgment in case WBERC vs CESS Ltd, the Commission while determining the Tariffs, has to reconcile & decide upon accepting the expenditure reflected in the accounts of company or not.	
7	In APTEL Appeal 177 of 2009, in case of Kerala State SEB vs KS Electricity Regulatory Commission, the relevant observation is: The Commission in our opinion is not bound by the Auditor's report. There is an obligation on the Commission to examine the accounts of the company when in genuine and unchallenged. In the said view of matter admitting that there is no challenge to the genuineness of the accounts, we think on this score also the accounts of the company are not ipso facro binding on the Commission.	
8	As per National Tariff Policy: "The SERC shall undertake independent assessment of baseline data for various parameters for every dist. Circle of the licensee & thus exercise should be completed later by March 2007.	

9 & 10	**Reg paras 4,5,6** The petitioner accepted anomalies under cash based accounting system and prepared under accrual basis. The appointment of chartered accountant in the absence of truing up exercise, is a wasteful exercise in tariff determination.	With regard to paras 9 & 10 that the cash based accounting system is being followed is not disputed. The ED-DNH reiterates the submissions made in the preliminary submissions, with regard to the accounting system being followed by the Central Government and its agency. The Central Govt is taking steps to change the accounting system from cash to accrual system which is likely to take some time. The contention that the tariff petition should be dismissed since the accounts are being managed on cash basis is wholly untenable. It must be appreciated that during the transition stage such issues do crop up and are required to be dealt with judiciously as being done everywhere. As stated, ED-DNH has already appointed Charted Accountants firm and will submit the Audited accounts on completion of the work.
11	**Paras 8 & 9** The contents are accepted. The appointment of officer of Commission is not with in the knowledge of objectors and does not justify compliance of directives.	The contention of the DNHIA that in the absence of the compliance of the directives, the tariff petition may be dismissed is wholly untenable. As per para 6.15 of tariff order, JERC directed that " In foregoing Para the Commission has directed ED-DNH for many submissions. All these submissions shall be made through a single separate petition to be filled by 31.12.2010.". Accordingly, the ED-DNH has filed single separate petition before the JERC for the compliance of directives issued which was heard by the JERC on 10.03.2011. The JERC deputed the Technical Advisor to study and report it the work carried out by the ED-DNH to comply the directives. The Technical Advisor has already visited and given his report to the JERC. The ED-DNH has also filed an affidavit during the last hearing held by the JERC on 23.05.2011 in respect of action taken for compliance to the directives issued by Hon'ble Commission. The matter is listed for further hearing on 15th July,2011.

12	Para 11 : The utility is not submitting every year true up figures and also not complying with the directives issued by the Commission.	The contentions raised in para 12 is without substance. The truing up exercise has been done and the same is placed before this Hon'ble Commission which would scrutinize the same and pass appropriate orders. The contentions that, revision should not be done in the absence of compliance of directives is wholly unsustainable in view of the submissions made hereinabove.
13 & 14	As per JERC terms and conditions for determination of Tariff (Regulations 2009), the charges for Dist & retail supply of Electricity shall include a fixed charge & demand charges worked out separately by the Commission. The Commission has not separately prescribed methodology for fixing fixed charges & Petitioner arbitrarily proposed these charges.	13) The averments made in para 13 is a matter of record and do not call for any reply. 14,15,16) The contentions raised in paras 14 to 16, that the Petitioner has arbitrarily proposed the charges without any basis is wholly unsustainable. The methodology of recovery of fixed charges for generator is covered under the "CERC (Terms and Conditions of Tariff) Regulations,2009" and according to PPAs with various Generators. Accordingly, the DNH pay fixed charges irrespective of quantum of power drawals. As per the Rejoinder Format #4 for FY 2010-11 the average Purchase rate is consisting of Rs. 0.38 as fixed charges, Rs. 2.17 as Variable –i.e. Energy charge and Rs 0.28 as Other charges, while in revenue realization for FY 2010-11, Rs 0.220 as a fixed/demand charges and Rs. 3.00 as energy charges. Thus fixed charges proposed now are in order. The contentions regarding absence of the asset register and consequently the costs relatable to transmission of energy, demand on the system, the fixed charges cannot be fixed on some whimsical basis, is without any basis.
15	Till such time methodology is evolved, the method prescribed in Supply Act should be adopted. In the absence of asset registers, the assets existing are assigned with costs relating to Tr. Of energy, demand on the system & category of consumers, the fixed charged cannot be fixed on whimsical basis.	
16	The ratio of the cases relied upon by the objector is squarely applicable to the cases, which the petitioner has not disputed. Projections on Power Purchases (paras 15-17)	
17	The quantum of power purchase by petitioner is highly exaggerated & do Commission to apply realistic yardsticks.	The contentions raised in para 17 that the power purchase quantum is highly exaggerated is wholly misconceived. The petitioner projected 4026 Mus during the year 2010-11 and purchased 4184 Mus at DNH-PP, from which it seems that the projections of ED-DNH are not exaggerated. Similarly looking to the demand for the load growth and infrastructure availability, projections are being made for FY 2011-12.
18	Loading Depreciation & Capital Expenditure The submissions herein are accepted	The averments made in para 18 do not call for any reply
19	Criminal Investigation (22-23 paras) This matter needs to be scrutinized in detail. The petitioner has not	With regard to the averments made in para19 the same is not relevant for the present purpose and the submissions made by the DNHIA is an attempt to

	accounted the liabilities that arise on account of losses, debit notes, etc.	cause prejudice against the Petitioner. In any event, it is stated that the said matter is under investigation by the Anti Corruption Branch of DNH Police.
20	ATC losses, O&M expenses, Restrictions on voltage usage & Violation of regulations. The contentions are accepted.	The averments made in para 20 do not call for any reply
21	Non-Compliance As the petitioner has not complied with the directives, he has no legal right to enjoy the tariff determined by the Commission. Since right & duty go hand in hand the tariff cannot be determined without ascertaining whether petitioner has complied with the duties.	The averments made in para 21 regarding non compliance of the directives o the JERC, the petitioner reiterates the submissions made here in above.
22	Conclusions All contentions that are not admitted are denied. It is submitted that the records are not being produced even after detailed directives are being issued and if produced, the tariff gets reduced. Hence petition may be rejected	The conclusion drawn in para 22 that the petition should be rejected is wholly untenable. It is stated that the utility is under transition to regulatory regime and is duty bound to comply with the regulations of the JERC. In view of the above, this Hon'ble Commission may be pleased to reject the objections and accept the Annual Revenue Requirement and Tariff Petition for the year 2011-12 and approve the category wise tariff including the fixed/demand charges submitted by DNH to meet revenue requirement for FY 2011-12 and render justice.

Objection of M/s. Silvassa Industries Association.		
Sr. No.	**Objection**	**Reply**
1	The Respondent is the Association Of Industries at Silvassa, having more than five hundred members. It is functioning since the year 1973. it's all members are electrical consumers. The Respondent is filing the present representations / objections to the petition filed by the Petitioner, Electricity Department, Union Territory of Dadra & Nagar Haveli for approval of the Annual Revenue Requirements and tariff proposal for the financial year 2011-12.	Information furnished is noted
2	It is submitted that the petitioner in terms of the order of this Hon'ble Commission 05.04.2011 has published a notice in the newspaper on 07.05.2011. It is submitted that though the press release was published on 07.05.2011 however no copy of the petition was made available immediately. It is only on 20.05.2011 the petition was found on the website of the petitioner. hence a very brief preliminary objections are being filed due to paucity of time and the objector / respondent crave leave of the Hon'ble Commission to file detailed & comprehensive objections before the publuc hearing, or as and when this Hon'ble Commission permits.	The hard copies of the Petition and the rejoinder to the petition filed are available on the website of the Administration and also the hard copies are available at departmental office at the cost of Rs.300/- per copy, however nobody has came to purchase the same.
3	The Union Territory of Dadra & Nagar Haveli is unique when compared to other states and Union Territories in India. The industrial consumers constitute a very substantial bulk of the total consumption of electricity in the region. The High Tension (HT) consumers consume around 93-94% of the total electricity supplied to consumers in the region and the Lower Tension (LT) industrial consumers consume around 3% of the electricity, thus constituting approximately 97% of the total consumption of electricity in the region.	Factual information noted.

4	**DISTRIBUTION LOSSESS :** The petitioner has claimed that there is significant reduction in distribution losses. It is submitted that the reason for reduction in distribution losses is attributable only to HT consumers connected at a higher voltage. However, year to year the petitioner has failed to pass on the benefit of reduction in losses to HT Consumer. The petitioner has claimed that distribution losses have been 7.8% in the past & the same has been retained till the last year. No new data has been submitted as yet in the current year. It is submitted that this Hon'ble Commission in the ARR of 2010-2011 has limited the distribution losses to 7.36% subject to the condition that the petitioner shall carry out an energy audit of their system through an accredited agency. However, no such data has been filed about the losses in the past & current year and the petitioner has claimed 7.26% distribution losses on the hypothesis.	The detailed loss evaluation work as a pilot project for 5 numbers of mixed load feeder have been awarded to ERDA; vadodara and now the report is received. The losses under LT category wherever found on higher side, all efforts will be made to bring down the same. The losses under the HT category are on reducing trend consequent upon putting up efforts and resources for improving the HT Network. It is to submit that the separate reply on action taken report has been filed before Hon'ble Commission.
5	**ENERGY REQUIREMENT & SOURCES OF POWER PURCHASE.** The petitioner has projected 4712 MU's as the energy required in table No. 3.4 , out of which the supply to the HT consumer is 4108 MU's. It is heartening to note from table 3.9 that the power purchase cost in the current year has substantially dipped due to lower cost of the central generating stations, hence the expenses of Rs. 1502.3 Crore is on the higher side. It is submitted that since the petitioner has not done any energy audit it has no comprehensive view of the energy requirement.The petitioner in the past has tended to refuse the load & connectivity to a large segment of HT consumers, hence it has no actual assessment of requirement. No worthwhile policy of long term power purchase from other sources has been followed by the petitioner. the pricing gap per MU between the Central generating stations and other sources is quite huge. since the petitioner purchases power from other sources at Rs. 5 per unit or the projercted UI charge at Rs. 5.62 per MU though the purchase price could be much lower, if long term arrangements are made. since there is no genuine & scientific survey of the requirement the cost from the other sources is likely to escalate which shall again be passed on to the Industry.	It may plese be noted that there is no dip in power purchase cost even in case of Central Sector (CS) power as quite many number of bills from CS generators are received and are either paid or under process of payment. Moreover, other new CS generating stations may enter in to commercial operation in the coming year wherein cost of power, mainly the Fixed Cost is likely to be more being new stations. Moreover certain petitions from CS Generators are also under decision by CERC and additional liability is anticipated for FYr. 2011-12. However for additional power requirements beyond past quota of CS power, the Power Purchase Agreements for additional allocation of power is considered which will cost less than other alternate sources, such as UI regime, deployed in the past.For further requirements beyond CS power, tenders already invited are under process of finalization.
6	**OPERATION & MAINTENANCE (O&M) EXPENSE :** The operation & maintenance expenses comprised of the employee expenses, repair & maintenace expenses & administrative & general expenses.	

	EMPLOYEE'S COST : It is submitted that in the last tariff order this Hon'ble Commission has observed that ED-DNH has not maintained seprate accounts for Electricity deaprtment. It was submitted by ED-DNH that they are controlled and funded by the Govt. of India & maintain their income & expenditure on cash basis. It is submitted that the electricity sector, the accounts are maintained on accrual basis. the employee cost as stated has risen from 4.43 crore in 2003-2004 to a staggering figure of Rs. 10.44 Crore in 2011-2012. It is submitted that this Hon'ble Commission approved an employee cost of Rs. 2.95 crore for the last tariff year and there is no justification by the petitioner to increase the same to Rs. 3.50 Crore. It is further submitted that the petitioner has not maintained the annual statement of accounts and no annual statement for the current year has been submitted as per the direction of This Hon'ble Commission hence the employee cost may kindly be capped to the year 2010-2011.	The employee cost shows increase because of implementation of 6th pay commission award. Accounts are prepared and getting auditted by the Govt. Audit being a general practice in the Govt. Depts. However, it is true that accounts duly audited by chartered Accounts Firm as required could not be completed/submitted in time. For this purpose, The chartered accountant firm have been appointed for preparation of account and audit.
	REPAIR & MAINTAINANCE EXPENSES: It is submitted that though this Hon'ble Commission observed that there is 36% increase in R&M expenses in the last year, however this Hon'ble Commission was pleased to allow R&M expenses at Rs. 4.11 Crore as projected since the sub-station maintenance is an outsource activity and the same were included in R&M expenses. In the Current year the petitioner has without any reason & details has claimed escalation by 65% over the last tariff year. In view of the non-submission of details of inflationary cost there is no justification in demand of Rs. 6.8 Cr. of R&M expenses in the current tariff year. In absence of data it is submitted that overall R&M expoenses on the whole of Rs. 10.44 Crore is unjustified and untenable.	It may be noted that the new Sub-stations could not be provided with the needed staff and therefore the Dept. has been compelled to outsourced the operation and maintenance of 220 KV and 66 KV Sub-stations. Also the Repair and Maintenance expenditure has been projected as per the current trend of cost of material and labour. The 66 KV and 220 KV Sub-station's equipments like Circuit breakers, Relays and CTs are required under replacement and repair. The HT line and LT line maintenance and material cost has been included and projected under this head . A new 220 KV Khadoli sub-station is charged since december,2010 and the cost of O&M of this sub-station is also included in this head. Accordingly it comes under O & M cost which is generally in order and within acceptance norms viz. % age of Assets as such.
7	**GROSS FIXED ASSETS & DEPRECIATION** That the petitioner has projected gross fixed assets at Rs. 524.8 Crore there by showing an increase of Rs. 40.14 Crore in the present year. It is submitted that in absence of asset register, depreciation register the audited account and the gross block of assets, the capital base can not be arrived at. In the previous tariff year this Hon'ble Commission observed as follows :	The Assets do exist in physical form since long and most of the assets are tangible assets and as such the depreciation is admissible for the same. However the problem is with specific audit and accounting procedure required under regulatory regime as against available data on record and accounts as per the Government dept. practices/procedures. The Dept. has recently appointed chartered accountant firm and data considered now will be accounted for during truing up exercise next year. As such not admitting legitimate amounts will prove to be counter-productive and may inflict severe strain of operations and quality of services by the Department. And hence the objection is not acceptable.

	" The entire capital expenditure has been funded by the Central Government through budgetary support without any external borrowing. The ED-DNH has not maintained any Asset Register and Depreciation Register. The Depratment has not prepared any Performa 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 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. Deprecation 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 : " Investment made prior to and upto 31st March immediately preceeding 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 Assest 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. On account of above the commission is unable to accept Gross Fixed Asset 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 & Conditions for Determination of tariff) Regulation, 2009 (10/2009)."	
	It is submitted that this Hon'ble Commission in absence of the register of fixed asset did not allow gross fixed assets as claimed by the petitioner in the last tariff year (Para 5.12 of Tariff 2010-2011). It is further submitted that this Hon'ble Commission may not allow the depreciation i.e. Rs. 20.134 Crore, interest charge of tune of 101.033 crore return on equity Rs. 62.456 Crore totaling Rs. 183.623 Crore. Since the reason and the logic due to which above was not allowed and the same is still subsisting hence it is submitted at 183.623 Crore be not allowed as the cost and the projected revenue gap be adjusted accordingly by bringing down to Rs. 23.557 Crore only.	
8	**FUELCOST:** It is submitted that the petitioner has demanded fuel cost, without showing that the petitioner generates even a Single MU of electricity. The petitioner is only a distribution license and the demand of fuel cost is absolutely unwarranted.	It is true that the petitioner is not a generator and has no generation of its own and accordingly it has not asked for any fuel cost/cost-increase on that account. A confusion appears to be caused perhaps due to central sector power fuel cost increases claims being payable in terms of respective PPAs.
9	That it is submitted that the petitioner has not provided data up to 2009-2010 (in format 4) & has only provided actuals up to November 2010. Since the department now has actual data for whole accounting year hence the surplus generated by department on existing tariff ought to have been shown in tariff petition. According to format No.4 (actual up to November 2010) the average purchase cost works out to be Rs. 2.83 per unit, while as per estimation for the whole accounting year average cost is worked out Rs. 2.85 per unit. If that is the case than, how average price can go to Rs.3.19 per unit. Format 4 (estimated for the year 2011-12) the purchase price from Dabhol-Ratnagiri and other sources have been estimated at the rate of Rs. 5 per unit. It is very high. When IEX rate is working out around Rs. 3.52 per unit, then how rate from other sources can be @ Rs. 5/- per unit . Now the agreement with Dabhol-Ratnagiri has been finalized therefore format 4 needs to be reworked out.	The rejoinder now already filed contains the data referred to in the query/objection. IEX power is not a firm power as it is a day Ahead market/source and not comparable with medium term power purchase agreement being far more reliable and committed power. Dabhol-Ratnagiri power being liquid/gas fuel based one, work out costlier whenever liquid/gas fuel prices go high. As such the suggestion is not feasible unless another sources of cheaper power is made available

	As per the information available to the respondent the agreed rate is Rs. 4/- per unit. After reducing depreciation, Interest and return on NFA / Equity and on reworking of the Dabhol-Ratnagiri and other sources @ Rs. 4/- per unit, the department will generate a surplus of more than forty crore at the current data presented the ARR which may further go up on presentation of actual data for the last accounting year. Therefore, there should be reduction of the existing tariff.	
10	That the Industry has been submitting that the DNH being Welfare Department of the Government cannot earn profits. As shown in the table submitted by the respondent, the Department has earned profit year to year except one year. The same now must be reflected in the tariff on average basis, given benefit to the consumers especially HT consumers who were penalised in one year when the department failed to earn profits.	The Dept. is neither a profit making organization nor disbursing any profit to its owners/investors as in case of private sector. It has to meet its expenses and maintain operations as a going concern to ensure meeting standards of performance and services. Any surplus get accounted for during the truing up exercise and accordingly getting passed on to the consumers.
11	That the HT consumers have been burdened with the cross subsidy . It is submitted that as per the national tariff policy by the year 2010-11 the cross subsidy should have been brought down to maximum 20 % at the average cost of supply . It is submitted that the department is duty bound to take out the cost of supply as per the category of consumers and the tariff order is to be based on actual cost of supply and not average cost of supply.	Regarding cross subsidy , it need be appreciated that the burden of cross subsidy is proposed to be sustantially reduced and not increased . To avoid tariff jerks, tariffs are attempted to be brought near the average cost of supply in the first phase and progressively other changes may be introduced in the second phase at appropriate time as may be required.
12	It is submitted that the express feeder should be allowed upto 2500 KVA rather than current 1500 KVA at 66KV. In case of 11KV consumers to desire to take the power upto 2500 KVA on 11KV system on separate dedicated feeder, a supervision charge is levied at the rate of 15%. Than, what is the need of any development charge which has been proposed at the rate of Rs.1000/- per KVA it should not be permissible.	The department has to bear the infrastructural cost for augmentation of 66/11 KV sub-stations capacity and related equipments to provide power supply to the desired consumers having separate dedicated feeder and to recover the said infrastructural cost the provision of development charges @ Rs 1000/- per KVA has been kept in the ARR petition is justified. Department is also carrying the fixed and variable cost of transmission infrastructure developed by CTU (PGCIL) in the national interest and development .
13	**DEFECTIVE OPEN ACCESS POLICY**	
	That it is submitted that the department is not giving continuous open access approval to the industry. It is submitted that open access should be available all the days.	Infrastructure required for the Load Despatch centre (LDC) and the processing of Open Access cases is presently not available and the same is in the process of being created. After the infrastructure is ready, the Open Access applications may be considered in terms of existing regulations.

14	That it is submitted that the National Tariff Policy outlines the objective of the policy and the general approach to the tariff in para 4.0 and 5.1, which are reproduced below for the ready reference of this Hon'ble Commission.	The Department, being under the regulatory control of the JERC, functions in accordance with the policies/programs as directed under the EA'03 and the policies framed thereunder in general. The above is evident from the fact that the tariffs are far more rational as compared to the tariffs of neighbouring area/states' Utilities.
	"4.0 OBJECTIVES OF THE POLICY	
	The objectives of this tariff policy are to :	
	(a) Ensure availability of electricity to consumers at reasonable and competitive rates;	
	(b) Ensure financial viability of the sector and attract investments;	
	© Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;	
	(d) Promote competition, efficiency in operations and improvement in quality of supply.	
	5.0 GENERAL APPROACH TO TARIFF	
	5.1 Introducing competition in differenct segments of the electricity industry is one of the key features of the Electricity Act, 2003. Competition will lead to significant benefits to consumers through reduction in capital costs and also efficiency of operations. It will also facilitate the price to be determined competitively. The Central Goverment has already issued detailed guidelines for tariff based bidding process for procurement of electricity by distribution licensees for medium or long term period vide gazette notification dated 19th January, 2005.	
	All future requirement of power should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a State controlled/owned company as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 50% of the existing capacity.	
	Even for the Public Sector projects, tariff of all new generation and transmission projects, should be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition.	

	5.2 The real benefits of competition would be available only with the emergence of appropriate market conditions. Shortages of power supply will need to be overcome. Multiple players will enhance the quality of service through competition. All efforts will need to be made to bring power industry to this situation as early as possible in the overall interests of consumers. Transmission and distribution, i.e. the wires business is internationally recognised as having he characteristics of a natural monopoly where there are inherent difficulties in goind beyond regulated returns on the basis of scrutiny of costs".	
	It is clear from the objectives and the general approach that the underlined objective behind fixation of tariff is to ensure availability of electricity to consumers at reasonable and competitive rates, and the requirement of Power should be procured competitively by distribution licensee. The present tariff petition is completely lacking in this aspect of the matter as it has asked for enhancement of the rate in procurement of power, despite overall reduction in power price.	
	In the premises set forth above it is prayed that the tariff be further decreased and the surplus earned by the department in the last 10 years may suitably by accounted for in this year bringing down the tariff.	

<table>
<tr><th colspan="3">Objection of M/s. Silvassa Steel Industries Association.</th></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Sr. No.</td><td>Objection</td><td>Reply</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>1</td><td>We Silvassa Steel Industries Association (SSIA), represent the Industrial consumers of HT Industrial (B) (Furnace, Rolling and Power Intensive). Being a representative body of these industrial units, we are filing the following objections / suggestion to the ARR for FY 2011-12 so that necessary rectification is carried out at this threshold stage and these consumers are saved from the arbitrary and unjustified burden proposed for 2011-12 both relating to the fixed demand charges and energy charges. It is submitted that ex-facie the fixed demand charges of Rs. 450/- on HT Industrial (B) category, when clubbed with increase in the existing energy charges from Rs. 2.05, Rs. 3.05, Rs. 3.55 to Rs. 2.80, Rs. 3.15, Rs. 3.55 [HT Industrial (B)] it results into disproportionately and almost unbearable burden, which would make the survival of these units impossible.</td><td>It may be noted that the revised charges are not disproportionate and unbearable as they are lower as compared to the such charges in the neighboring area Utilities. Comparison is as under
<table>
<tr><th>Sr No</th><th>Item of Tariff</th><th>ED; DNH ARR</th><th></th><th>DGVCL</th><th>MSDCL</th><th>Remarks</th></tr>
<tr><td>1</td><td>First 300 Units/KVA</td><td>205</td><td>280</td><td>290 to 420 Plus 62 Ps FCA</td><td>450 to 527 Plus FCA</td><td></td></tr>
<tr><td>2</td><td>Next 200 Units/KVA</td><td>305</td><td>315</td><td></td><td></td><td></td></tr>
<tr><td>3</td><td>Above 500 KVA Units/KVA and Above</td><td>355</td><td>355</td><td></td><td></td><td></td></tr>
</table>
As may be seen, even after proposed increase, the energy charges are much lower as compared to other Utilities. Regarding the Fixed demand charges, it may be noted that the same are implemented from 1st Nov'10 as determined by the Hon. Commission in the last tariff and no increase is proposed under present proposal.</td></tr>
<tr><td>2</td><td>It is submitted that the figures reflected in the ARR when rationally considered in the light of the ground realities as also on applicable provisions of the Electricity Act,2003, the Tariff Policy and the National Electricity Policy, no increase whatsoever in the above category would at all be called for.</td><td>Since the cost of power viz. Fixed cost and Fuel/Variable cost has increased substantially over the period, tariff revision has become necessary to meet and balance the expenditure with the revenue requirement. The growth rate viz. 11 % is considered loo</td></tr>
</table>

3	To begin with, the Association submits that the forecast regarding estimated energy sales for FY 2011-12 is shown as 4108 Mus for HT/EHT industries (out of total of 4370 Mus). The said forecast is based on the assumed growth rate of 11 %. It is submitted that this assumption of 11% in HT -B category is unrealistic; firstly, for the reason that the government has announced a complete ban on setting up of any new induction furnace unit. Also on Table No. 3.3B page No.8 of ARR FY 2011-12. it is shown that the no. of consumer of HT-B category up to October 2010 are 34 No. and revised No. FY 2010-11 shows 31 No. and percentage rise shown is negative i.e. -18.37 and -17.14. Therefore, no growth can at all be envisaged in this category, the demand would continue to be same or less than that of year 2010-2011,This critical in put as to sales projection being erroneous various other calculation percolating therefore are equality erroneous and wrong.	Since the cost of power viz. Fixed cost and Fuel/Variable cost has increased substantially over the period, tariff revision has become necessary to meet and balance the expenditure with the revenue requirement. The growth rate viz. 11 % is considered looking to the past as well as present trend and de-bottlenecking the network constraint by its augmentation. Augmentation of network has made it possible to cater additional power for the Department to release pending load and registered demand. The estimated figures of HT-B category connections were 42 (31B+11C) and as per the actual data filed under the rejoinder, it is 39 connections as against 38 in 2009-10. Accordingly considering 40 connections for 2011-12 is quite justified. Regarding the energy consumption, as against 301 MUs as per the actual data for 2010-11, 309 MUs (i.e. ~3 % increase) as estimated for 2011-12 is in order.
4	As per the table No. 4.7 comparison of existing tariff with proposed tariff page 36 of ARR FY 2011-12. The HT-B Category are paying in existing tariff 2010-11 average electricity rate per unit of Rs. 5.84 in comparison to overall average of Rs. 3.42 i.e. 70% above overall average. According to Electricity Act-2003 the difference among different categories should not be more than +/- 20% , therefore energy charges for HT-B category should be reduced in ARR 2011-12.	As against indicated difference of 70% under the earlier/prevailing tariff, the proposed tariff results in reducing the difference to 52 percent (Realization Rs. 5.95/unit for the category for Rs.3.90 as pooled average cost) which is a substantial improvement in the direction of progressive reduction in the direction of achieving the same up to +/- 20 % as directed under the Act/Policy

5	Instead of decreasing the tariff for HT-B category the electricity department Dadra & Nagar Haveli through ARR 2011-12 have proposed Rs. 6.43 average rate per unit in Table No. 4.6 page No. 35 which is 65% above the overall average Rs. 3.89. This is again the violation of the Electricity Act 2003. In which the difference among different categories should not be more than +/- 20%.	The contention made in this para is to be rejected and not acceptable as the given figures (viz. Rs. 6.42/unit and Rs. 3.89) are of the Petition, which are revised to Rs. 5.95/unit and Rs. 3.90 under the rejoinder filed subsequently. Thus the trend is in the right direction to achieve the difference within +/- 20 % as per the Act/policy which may be appreciated.
6	This extremely high average rate per unit of Rs. 6.43 proposed for HT-B category is mainly due to extremely high minimum demand charges of RS. 450 per KVA.	It may be noted that there is no proposal to increase the minimum demand charges as determined by the Hon commission under the last tariff Order.
7	In the JERC order on ARR & Tariff petition for ED-DNH FY 2010-2011 the commission is silent in the issue of minimum charges applicable to HT-B Category i.e. HT Industrial (Ferro Metallurgical / Steel / Melting / Steel Rolling / Power Intensive) for unit closure in this category	As per the electricity industry practice in vogue in other utilities, a contractual period of one /two year is applicable and there after the contract demand can be reduced to avoid payment of minimum contract demand charges. The minimum charges i.e. the fixed cost obligations are equally there in case of utilities including DNH for the bulk power purchase agreements (BPPA) signed with the Generators and the CTU(BPTA) and these charges are obviously getting passed on the consumers. It would therefore be not possible to give up fixed costs without specific provision/measures.
	a) For at least one weak or more during the month (b) for a period of one month or more.	
	b) The electricity department petition for approval of annual revenue requirement &Tariff proposal for FY 2010-11 has proposed following minimum charges applicable for HT Category (b) & (c) type industries in page No. 44(ARR 2010-11)..	
	NOTE :- © The consumer shall have to give a notice in writing three days in advance in case he proposes to close his unit at least for a period of one week or more during the month and in such case, the minimum charges of the demand charges	

	shall be chargeable to the consumer on prorate basis.	
	d) The consumer shall have to give a notice in writing seven days in advance in case he proposes to close his unit at least for a period of one month or more and in such case, the minimum charges @ Rs.120 / KVA shall be chargeable to the consumer. Also the electricity department was charging Rs. 60 per KVA for unit closure for at least one month and more in the previous applicable Electricity Tariff for HT category B&C. (The Electric Tariff No. 7-8(8)/ELE/2004/3833 dtd. 26.10.2004). Bills of various industries in HT category B being charged RS. 60 per KVA by ED-DNH is attached for you perusals. Due to financial difficulties and adverse market conditions some of our members unit were closed from 6 to 8 months and were also closed for whole month of November - 2010.	
	Among them one unit M/s. United Engineering Works was closed for whole of the month Nov.-2010. The Electricity Department interpreting new Electricity Tariff 2010-11 applicable from 1 Nov.-2010 charged minimum charges of Rs. 450 per KVA and gave the unit electricity bill of Rs. 489600/-. The bill is annexed for your perusal as annexure 3. Some other unit like Hanuman Tube Masat, Silvassa, and Shree Siddhi Industries khadoli, have beem similarly charged in month of November and December 2010, Shri. Siddhi Ispat Khadoli, Silvassa had	

	been continuously charged Rs. 450 per KVA minimum charge even though it is closed since November 2010. All above industry bills s are attached in annexure. The Electricity department in gross violation has charged minimum demand of RS. 450 to the unit who were closed for more than one month by wrongly interpreting new electricity tariff passed by JERC and applicable from Nov.-2010.	
8	The electricity department in ARR FY 2011-12 have not proposed the above closure facility to HT-B category. Therefore we request JERC to discontinue with two HT categories and make only one HT category for all HT consumers and fix a single tariff for all HT consumers. Still if JERC wants categorization among HT consumers then we request for drastic reduction of minimum charges of Rs. 450 per KVA and grant of closure facilities as suggested by ED-DNH in ARR 2010-11. We have asked ED- DNH for some data related to ARR 2011-12 therefore wee request JERC to grant us additional time for filing other objection and suggestion.	The reply is covered under the para above

Objection of M/s. Dadra & Nagar Haveli Industries Association.

Sr. No.	**Objection**	**Reply**
1	The address of the Objector for the purposes of summons, notices and like purposes is that of its Advocates – Shridhar Prabhu Associates, # 209, II Floor, Swiss Complex, No.33,	The averments made are matters of record and does not call for any reply.

	Race Course Road, Bangalore - 560 001	
2	The Objector is an association registered under the provisions of the Societies Registration Act, 1860. The Objector, even since its constitution has been in the forefront of espousal of the cause of the industries in the region. The Objector as part of its endeavours to represent the interests of its constituent members and in the overall interest of the wellbeing of the electricity sector of the region pleads to file these objections to the Petition	The averments made are matters of record and does not call for any reply.
	Re: PRELIMINARY – MAINTAINABILITY	
	Re: Truing Up	
3	It is submitted that the tariff filing of the last year was entirely based on the estimates, without availability of the actuals. In this backdrop, it is utmost crucial that truing up exercise must be undertaken by this Hon'ble Commission. In support of this contention, the Objector pleads to rely upon the decision of the Hon'ble APTEL in the case of Appeal No.126 of 2005 dated 21st April, 2006 wherein it is ruled as under : **"Several other points have also been raised by the appellants in support of the**	The tariff order for the year 2010-11 was passed by Hon'ble Commission in october 2010. The petition for the year 2011-12 was to be filed by end of Nov'10. The petition for the year 2011-12 was filed after seeking the condonation of delay on 9th March'11. Thus all the data of 2010-11 are partially Actual data up to Oct'11 and for the remaining period viz. Nov'10 to March '11 is assessment based on estimated data. However, under the subsequent Rejoinder filed, truing up exercise has already been done for complete financial year and actual data furnished. The rejoinder is also uploaded on the website i.e. www.dnh.nic.in.

	contention that the Board collected more revenue than what it was entitled to collect and in case truing up exercise was undertaken by the Commission, this fact would have been established and corrective action could have been taken by the Commission.	
	It is well known that tariff determination is undertaken by a Commission for the future and is grounded on estimates and projections. By the time there is need to work out the tariff for the subsequent spell of time, actual revenue generated on the basis of tariff fixed by the Commission would be known. Even audited accounts for the earlier period would also be available. On the basis of the actual data or near actual data truing up exercise must be undertaken by the Commission.	
	In the circumstances, therefore, we direct the ASERC to undertake the truing up exercise and examine the submissions and contentions of the appellants with reference to our earlier order dated March 14, 2006, rendered in Appeal No. 3 of 2005 and in accordance with law. The Commission shall afford an opportunity of hearing to the affected parties before arriving at the determination in the truing up exercise. The truing up exercise shall be undertaken by the Commission expeditiously and shall be concluded within a period of three months. The Commission, on completion of the truing up exercise, shall act in accordance with law for giving effect to the same.”	
	Re: Accounts - Cash Basis vs. Accrual Basis	

4	At para 1.1 of the impugned application, the Petitioner has stated that the DNH is administered by Government of India and the maintenance of the accounts or Income and expenditure statement is on “cash” basis unlike other utilities/ licensees where it is being maintained on “accrual” basis. The accounts are being maintained on cash basis and are submitted to Finance Department of Administration of DNH on a monthly basis.” The cash basis accounting does not give the most accurate picture of the financial state of the business of the Petitioner. The method of accounting on cash basis cannot be the basis for future projection also. Hence, the Petitioner may be directed to present the petition along with accounts prepared under accrual basis	The Electricity Deptt. being a part of the DNH administration as against the company registered under the Company’s Act as in case of other Utilities in general. The required changes will be introduced as and when necessary.
5	As a matter of fact the Hon’ble Commission itself directed the petitioner to prepare and maintain its accounts on commercially accepted principles and get them audited (para 6.1 of the order passed in Petition No. 14/2010). Since preparation of accounts on cash basis is not a commercially accepted principle of accounting and the accounts of the Petitioner are not audited, the accounts submitted by the Petitioner cannot be relied upon by the Hon’ble Commission, for determining ARR	The Chartered Accountant has been appointed by the petitioner and the work of preparation of accounts on commercially accepted principle has already commenced.
6	Further, it is submitted that since there is no carry forward possible under the Cash Based Accounting System, truing up exercise cannot be undertaken meaningfully and in the absence truing up, fresh tariff cannot be determined as ruled by the Hon’ble APTEL, supra	Truing exercise is already done which is evident from the rejoinder which shows no major difference w.r.to estimated data. The rejoinder has been up loaded with all turning up data on the website www.dnh.nic.in.

7	It is submitted that an accrual system of accounting requires accounts on receivable, accounts payable, inventory, prepaid expenses, and deferred revenue. All this is alien to the scheme of cash based accounting, being followed by the Petitioner	Whereas the need for the change in accounting system is not disputed, it may be noted that in this business parameters like inventory etc. are less relevant as electricity can not be stored
	Re: **Audit of the Accounts**	
8	1. It is submitted that Hon'ble Commission in the Tariff Order, 2010 has ruled thus:	As has been repeatedly stated, all accounts/ records are maintained but only problem is different accounting system which is being revised as directed by the Commission and by procuring services of appropriate professional agency after due diligence/process.
	"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. Deprecation 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.	With regard to the reference to order passed by the Hon'bleCommission, detailed submissions would be made at the time of hearing. Further the reply to para 5 hereinabove is reiterated.

	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.	
	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.	

9	As per the records made available to the Objector, this important directive does not stand complied. Therefore, based on the very same directions laid down by the Hon'ble Commission, until the accounts are arranged to be audited, the Hon'ble Commission need not look into the tariff filings	As per the updated status, the matter is already reported and heard by the Commission on 10-03-11 and as per the order, the commission has decided that Sh. K.G. Yadav Chief Engineer (retd.), advisor to the Commission, is assigned to study the matter, including status of implementation of directives, verification of records in support, wherever required, programme of implementation etc. He shall file his report with the Commission by 30th April 2011 with a copy of the report to ED DNH. As a further update in the matter, it may be noted that the matter is listed for further hearing on 15th July'11.
10	Some other aspects on preliminary maintainability are discussed in the second part of the objections in the foregoing paragraphs	Noted
	Re: **Frequency of Tariff Change**	
11	It is submitted that section 62 (4) of the Act 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	Order for FYr 2010-11 was for a period of only 5 months considering effective date as 01-11-10 whereas the current petition is filed for FYr. 2011-12 and truing up of data for 2010-11. Thus there is no multiple revisions of tariff in one/same financial year.
12	While it is true that last tariff order was passed on 01st November, 2010, which is the previous financial year, it is submitted that in less than six months from the order passed, the Petitioner has again approached this Hon'ble Commission for another round of revision. The spirit and essence of the provision of Act cited supra is that unless there are extremely extraordinary circumstances such as fuel surcharge formula etc., surcharge cannot be revised	The petition is for tariff revision and not the surcharge revision It may also be noted that looking to the regulatory process and the time frame of activities, the effective date of revised tariffs will show nearly one year period from earlier effective date.
13	From the present filings made, no such extraordinary circumstances are evident much less the fuel surcharge variation. Hence, the tariff change, if any, would be against the principles enshrined in the Electricity Act, 2003	Please see the reply as above. As per the JERC Regulations for the Terms and conditions for determination of tariff; chapter –III related to application (Para 12 filing; (1)) the tariff application is to be filed by 30 th November each year which is complied with some delay,and the delay has already been condoned by the Hon'ble Commission.
	Re: **Fixed Charges – Violation**	

	of APTEL Orders	
14	Before dealing with other Objections on merits, it is utmost important to submit that the Petitioner's Application proposing to phenomenally increase the fixed charges is in serious violation of the following orders of the Hon'ble Appellate Tribunal for Electricity (APTEL):	It is not clear how the references cited are linked with the ARR tariff proposals and the Fixed charges. However it is submitted that recovery of Fixed charges is a must for any distribution Utility particularly considering PPA obligation with the generating companies with two part tariffs as introduced under the Availability based tariff (ABT) by the CERC. These charges are also being recovered by other utilities in neighbouring States and even after considering the proposed increase in a few categories, the same remain lower with respect to other Utilities in general.
	a) Appeal No. 3 of 2005: Indian Tea Association & others Versus Assam State Electricity Regulatory Commission & Others Respondents - Order dated 14th March, 2006 wherein it is held thus:	
	"In order to decide the issue, aforesaid examination a) In a rational tariff structure of two-part tariff, 'Fixed Charges' are levied to consumers to recover fixed liabilities incurred by the utilities. Ideally this should be done in proportion to the demand placed by a consumer on the System, as reflected by "connected load" which provides information about the load-profile of the consumer and maximum demand to arrive at the estimates of its consumption. This helps utility design supply system to match the needs of a consumer and is, therefore, just and fair mechanism for recovering fixed liabilities of the utility. Linking Demands with the 'Connected Load' therefore is not unreasonable.	
	b) Demand Charges linked to 'Connected Load' for recovery of 'fixed charges' and minimum guaranteed Demand are normally one of the adopted approaches followed by a number of state utilities in the country with slight variation based on their local conditions and circumstances.	

	c) Comparative Tariff of Tea, Coffee & Rubber consumers for the years 2003-04, 2004-05 and 2005-06 indicate that while % increase in tariff (Fixed+ Energy) of 2004-05 over 2003-04 was 6.67%, it declined to an increase of 2.6% in 2005-06 over 2003-04. Also TOD tariff has been introduced in three tier from 2005-06.	
	Based on the above, we are of the view that no case is made out against the principle of linkage of 'Contract demand' to 'Connected Load' and leverage of minimum demand charges to recover 'Fixed Charges', therefore, we order accordingly."	
	b) This principle was again reiterated in the case of **Udyog Nagar Factory Owners Association Versus BSES Rajdhani Power Limited & Others (Appeal No.131 of 2005 dated 31st March, 2006** in the following words:	
	"Though the Commission has devoted full paragraph for discussing the cost analysis of the fixed charges in respect of domestic consumer, not even a word has been mentioned in respect of the industrial HT consumers.	
	The Commission while justifying the levy of fixed charges has mentioned in para 5.6.6 of the order that 'the best method of levying fixed charges for domestic consumer is on the basis of the sanctioned load, as other options do not representatively reflect the cost of providing the capacity requirements of the consumer.' The opinion of the Commission is not grounded on any basis or details of the cost incurred in supplying the electricity which is wholly unjustified, unlawful and	

	illegal.	
	(g) The Commission while determining the fixed charges/ demand charges for industrial consumer up to 100 kW as Rs. 50/- per kWH per month and Rs. 150/- per kVA per month for the consumer having the load more than 100 kW, has ignored the following facts:	
	(i) In the case of HT consumer, the major contribution towards the cost of installation is being made by the consumer and no cost is being incurred by the respondent utility, BSES Rajdhani Power Ltd., towards (a) the cost of the transformer (b) repairing and maintenance of the transformer (c) investment on G.O. Switches, LT ACB in capital, repair and maintenance cost of other equipment required for LT distribution and (d) room land; and	
	(ii) In respect of the connection less than 100 kW the infrastructure is being maintained by the utility.	
	Therefore, the actual fixed cost qua the HT consumer (more than 100 kW) is far less than that of the LT consumer (Less than 100 kW). As a sequitur in terms of the cost analysis, the HT 6 consumers ought to be charged less qua the fixed cost, if any, in comparison to the LT consumer.	

	(h) Section 62(3) of the Electricity Act, 2003 provides that 'The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.'	
	(i) The charges as per Section 45 (3) include a fixed charge; therefore, the fixed charge should be determined in accordance with the said provision. Unfortunately, the fixed charges/demand charges have not been fixed on the basis of load factor, power factor, voltage etc., but on the consideration, which are not permissible under the Act;	
	(j) Besides the fixed charges, the Commission has also laid down the energy charges as Rs. 4.30p. per kVAh in respect of load more than 100 kW on HT, whereas the energy charges for load less than 100 kW has been fixed as Rs. 4.35. The energy charges should be based on the cost of supply and the cross subsidy is required to be eliminated;"	

	c) Further, in the case of **BBN Industries Association Baddi, Himachal Pradesh [Appeal No. 175 of 2005 Dated the August 21, 2006]** it was held thus**:**	
	"23. The rationale and relevance of fixed charges is a well established and accepted principle in the Electricity sector. Fixed charges are to be recovered as a part of the fixed cost of the utility through fixed charges, so that at least a part of the fixed cost is recovered, even if there is no consumption by the consumer. It is to be recognized that when a consumer is connected to the system, the utility has to provide and keep in readiness certain capacity of the system to serve the consumer. Skilled workforce and supervisory staff is kept on the job for monitoring the system, attending to emergencies, restoring the supply in the event of an outage, routine and periodic maintenance, meter reading, billing, bill delivery, defraying all administrative and incidental expenses indirectly connected with the consumption of energy.	With regard to the case laws referred to , detailed submissions would be made at the time of public hearing.
	24. It seems to us that the fixed charges levied on the consumer should reflect the cost of capacity requirement of the consumer, after considering the fixed cost of such system and diversity of load on the system. This logical approach would necessarily result in varying demand charges for different category of consumers and,	

	therefore, there is no question of discrimination against the appellants. In view of this position we decide that our interference is not called for in this respect with the impugned tariff order.	
	25. We now turn to the basis of calculation of maximum demand. Maximum demand of a consumer in any billing period will depend on its simultaneous requirement of power. Depending on loading, season, weather conditions, variation in output etc, load varies. No load can remain constant throughout the billing period and load variations are imminent, howsoever perfect load estimation by the consumer may be. Due to such practical considerations and technical position, generally maximum demand is considered higher of the actual Maximum Demand and certain percentage (less than 100) of the Contract Demand.	
	26. In view of the above we conclude that the Commission ought to reconsider this aspect of the maximum demand calculation according to law. We decide this issue in favour of the appellant to the extent mentioned above and remand it to the Commission for reconsideration."	
	The Objector submits that none of the principles and tests laid down for seeking increase in the fixed charges has been complied with by the Petitioner. Hence, there is no case made out for the increase in the fixed charges.	
	Re: **PROJECTIONS ON POWER PURCHASE QUANTUM**	

15	1. It is important to submit that as per the filing of last year, the energy available with the Petitioner at its end, after deducting the losses was 3280 MU during the year 2008-09 ad 3740.85 MU during 2009-10, but actually availed during the year 2009-10 was 3594 MU (Ref: Tariff Order, 2010).	It is a matter of record.
16	This goes to show that projections by the Petitioner are unrealistic and this Hon'ble Commission has to accept them after due examination. Hence, the energy estimates of 4026 MU for the year 2010-11 and projected purchase of 4712 MU is highly unrealistic and Petitioner is put to strict proof of the same	The contention is incorrect and unacceptable as the projections are made based on standard proven methods in an objective way considering present and future scenario. It may be noted that there was a transmission network constraint limiting the usage of power and subsequently now the constraint is removed by strengthening of network as well as adding Sub-stations. With the additional power availability now as also the consumers/load in waiting, it is fairly reasonable to realise anticipated consumption.
17	This is further substantiated by the Petitioner's own admissions made in page No.7 of the tariff filings, wherein it has admitted that the Petitioner does not foresee substantial growth in the number of consumers and the contracted demand of the HT Industry consumers during FY 2011-12	The load forecast is also related to indigenous and international trade/commerce ambience and necessary revisions based on real time data at different point of time are required to be incorporated. As can be seen from the historical data, load growth rates are varying every year.
	Re**: LOADING OF DEPRECIATION, CAPITAL EXPENDITURE ETC.,**	
18	As submitted supra, the Petitioner maintains cash based accounting system, wherein month to month accounts are maintained and carry forward for next fiscal year is impermissible. One of the banes of this system is the loading of entire expenditure in respect of facilities, whose benefits would accrue over several years are loaded on during the year when	As already stated, the Chartered Accountants are already appointed for the purpose and the issue is already before JERC. Since no generating stations are there/coming up under the Dept., major impact of CAPEX is absent. The contention is general in nature and for such a small utility under transition to new accounting system, the matter will be taken care of during truing up exercise.

	the sums are proposed to expended. This phenomenon is manifest with the below mentioned proposal.	
19	In ARR the depreciation of Rs.20.134 Cr., capital expenditure including interest and interest on working capital i.e., Gross Fixed Assets (GFA) Rs.76.248 Crores, and interest on the (GFA) Rs.9.34 Crores and interest on working capital 15.444 Cr. is loaded on the consumer. The interest portion on consumer can be loaded but fixed asset and interest thereon cannot be recovered in the same year as its benefit will be for more than one year	The working of accumulated depreciation is done as per the format of regulation vide Format No. 6 attached with the petition.
20	Similarly, a plain perusal of page 22 table 3.7 (@ serial No. 2) would reveal that accumulated depreciation as shown therein pertain to one year only and Accumulated interest will be much higher. For instance, accumulated depreciation for the year 2011-12 should be the aggregate of Rs. 20.13 Cr. + 19.06 Cr. + 18.99 Cr. and the figures of previous years. As a result fixed asset will be reduced from Rs. 390.35 Cr. This has to be factored by this Hon'ble Commission, while finalising the tariff	This is being checked up and replied separately.
21	It is submitted that the Petitioner has proposed to reckon the depreciation rates as the Central Electricity Regulatory Commission (CERC), particularly when the filings are governed by the Regulations framed by this Hon'ble Commission	This is being checked up and replied separately.

22	More importantly, it is submitted that the Crime Branch of the Dadra and Nagar Haveli Police Department are investigating a major purchase of fix Asset worth Rs. 300 Cr (Rupees Tree Hundred Crore). Hence, until the investigation concludes, it is most respectfully prayed that the 300 Crore worth fix asset should not be considered by this Hon'ble Commission for charging depreciation as prayed for in the Petition	The contention is not acceptable , the appelant be asked to give supporting documents. However, the Anti Corruption Branch of DNH Police investigating the fraudulent orders made by some of the DGS&D vendors, it is reiterated that we have not counted any material which has been alleged by the respondent/objector.
23	Therefore, this proposal of the Petitioner may be kindly rejected in the interest of justice	The question of rejection does not arise looking to the principles of materiality of the issues under question.
	Re: TRANSMISSION AND DISTRIBUTION (T&D) LOSSES	
24	It was clearly noted in the Tariff Order, 2010 that the transmission and distribution (T&D) losses of DNH system were 6.41% during the year 2008-09 and 7.36% during the year 2009-10 and the technical and commercial losses are not segregated	We have segregated T&D losses and AT & C losses however, yet not segregated Transmission losses and Distribution losses. The losses are the actual losses.
25	Even in the present filings the Petitioner has not segregate the Aggregate Technical and Commercial (ATC) losses but has submitted that the losses have been retained at the same levels as that of 2008-09 and 2009-10. However, strangely, the loss figures have been projected at 7.26%.	The work of assessment of technical and commercial losses awarded to ERDA as a pilot project for five mixed load feeders / Town feeders and based on the report of ERDA, the higher losses area has been identified and further action will be taken for reduction of the losses. The losses appear to be slightly higher due to catering more power with the same network. Now with the recent augmentation of network and other measures the same is expected to get reduced in terms of % age. Moreover, the losses are also lower than other comparable utilities and not considered as a strange loss figure as contended by the respondents.
26	It is submitted that losses should be at least 1% lower than the last years permitted levels. Hence, it is prayed that this Hon'ble Commission may be pleased to consider losses at 5.41% for the purposes of tariff determination, which is commensurate with the loss figures of other similarly situated distribution companies. Also, this Hon'ble Commission may be pleased direct the Respondent to segregate the	As already stated, the loss assessment and segregation is already being done. Considering an arbitrary loss figure for tariff determination is not justified. While deciding on loss reduction by additional investments, cost of Interest and depreciation is also to be seen and compared with benefits of targeted loss reduction.

	ATC Losses.	
	Re: OPERATION AND MAINTENANCE COST – UNPRECEDENTED INCREASE	
27	The Petitioner has proposed unprecedented increase in the Operation and Maintenance Charges (O&M), so much so that total increase proposed during 2011-12 is more than 87% of the O&M Charges for 2009-10. It is pertinent to point out that increase in the O&M Cost is said to be due to increase in the additional number of new consumers. However, it is Petitioner's own admission that it foresees no increase in the number of consumers	The sixth pay commission evisaged increased in the salary and due to infrastructural increase the cost of out sourcing of the sub-stations O&M is also increased.
	Re: RESTRICTIONS ON OPEN ACCESS	
28	It is submitted that Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Open Access in Transmission and Distribution) Regulations, 2009 have come into force from 15th February, 2010	It is a matter of record.
29	However, the consumers are facing untold hardship for availing the Open Access. There is a greater need to lay down the operational framework to ensure that Open Access is allowed to be availed by all users	It may be noted that as soon as the infrastructure needed for Load Despatch Centre is in place and operational exposure/training induction of specialized staff as required is inducted, Open Access Schemes will be implemented.
30	Open Access is the most salutary objective enshrined in the Electricity Act, 2003. But the same is not being implemented in the UT of Dadra and Nagar Haveli	The Department is in the process of implementing the same as may be seen from the information/reply as above.
31	It is therefore, most respectfully prayed that the Open Access may be permitted to be availed by the Objectors and other consumers, in the interest of justice	The reply already covered under para 29 and 30.

	Re: RESTRICTIONS ON VOLTAGE USAGE	
32	It is submitted that the Tariff Order, 2010 provides that supply to consumers having contracted load between 100 kVA to 1500 kVA to be generally at 11 kV and for more than 1500 kVA at 66 kV. The consumers who require loads more than 25000 kVA, the voltage of supply shall be at 220 kV level, as per the Tariff Schedule	We have proposed in ARR petition to increase limit from 1500 KVA to 2500 KVA on 11 KV voltage level . The consumers who required load above 25000 KVA , the supply voltage shall be of 220 KV level, however if system permits the the department may follow the provision of Supply Code regulation (Clause 2.2).
33	This is a practice prevailing in Petitioner's area of supply and these restrictions are not in vogue in other neighbouring States	Different Utilities have different parameters looking to their network, geographical situation load density past practices etc. Changes, if necessary and justified based on cost benefit analysis, may be introduced through regulatory process at appropriate time.
34	Moreover, it is a technically proven fact that even with the usage of ordinary Rabbit Conductors, supply up to 7 MVA can be arranged. In case of Koyote Conductors, the supply can be easily arranged up to 10 MVA. This being the case, there is no technical impediment to the Petitioner to restrict the supply and coerce the consumers to avail supply at voltages above 11 kV.	The utility practices are formed based on average and/or safe conditions and not considering special/specific/exceptional conditions. Moreover conduction capacity is also a function of ambient conditions, Voltage regulation/variations permissible etc. and therefore can not be adopted considering any particular conductor like Koyote. In any case. the issue may be delinked from present petition.
35	Therefore, it is prayed that the said restrictions may be kindly removed in the interest of justice	Reply already covered in the above para No. 32, 33 and 34.
	Re: VIOLATION OF REGULATIONS	

36	The Petitioner has inter alia not complied with the following Regulations of the Joint Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2009 (hereinafter called as the **"Regulations**"): 3 (1), 6 (2), 11 (2), 12 (4), 13 (2), 13 (viii), 15, etc. The contravention of the Regulations and maintainability is elaborated in the following paragraphs	There is no violation of MYT directions in general and considering neighbouring states Utilities where the regulatory commissions functions since more than a decade, MYT implementation has just started, expectations of the respondents are not rational.
	a) Since the petition is only for the 2011-12 period and the petitioner did not file petition for Multi Year Tariff, the application is opposed to Regulation 3(1)(f) of Regulations.	Following provision of the Tariff Regulation Para 11.0 may be seen in this regard. 1) The Commission may adopt multi-year tariff principles for matters relating to calculation of revenue requirements and tariff determination of the generating companies and the licensees including the extent of investments, reduction of loss levels, other efficiency gains, revision in charges, changes in tariff structure, and such other matters as the Commission may by a general or special order direct. (2) The Commission may, as and when it considers appropriate, issue guidelines for filing of Revenue Requirement and Tariff Proposals for a period of more than a single financial year and unless waived by the Commission, the generating company and the licensee shall follow such guidelines issued by the Commission..." Accordingly the attempts will be made to follow the guide lines in future at appropriate time.

	b) Regulations 3 (1) (i) are not complied with as the principles of enumerate in the National Tariff Policy have been violated. Notwithstanding the fact that the entire tariff filings made on the basis of the unaudited accounts which goes to the root of the matter and invalidates the present filings, it is submitted that the Petitioner has not provided the Base Line Data as required under the National Tariff Policy for independent validation. On this ground also, the Petition is liable to be dismissed.	As repeatedly stated, the Chartered Accountants are already appointed for the purpose and the issue is already before JERC. The contention is general in nature and this utility under transition to regulatory regime, the matter will be taken care of. Specific data, as may be required by the respondent, may be provided. The contention for rejection of the petition is wholly untenable and misconcieved.
	c) The Regulation 6 (2) is violated as the Cross Subsidy being determined in unauthorised proceedings is exorbitantly high for the industrial and commercial consumers and the same does not reflect the +20 of the Average Cost of Supply for the said category of consumers.	The contention is factually incorrect as there is no proposal to determine/add any cross subsidy in general and on the contrary attempts are made to reduce the same from the existing level as required under the law/regulations.
	d) The petition is not based on the audited accounts of the Petitioner. The Petitioner did not submit the audited accounts of the petitioner for the year 2009-10 also. Under Regulation 13(2) of the Regulations, in the absence of previous years audited accounts i.e. for the year 2009-10, the audited accounts for the immediately preceding year i.e. for the year 2008-09 should have been filed. Hence, the petition under objection itself is not in accordance with the provisions of Regulations, and is not maintainable. The figures submitted by the petitioner in support of its claim cannot be relied upon by the Hon'ble Commission.	d) and e) As already stated, the Chartered Accountants has been appointed for the purpose and the issue is already before JERC.
	e) The entire Regulation 13 is violated as audited data is not provided and it is not even validated, as elaborated in the further averments	

37	It is submitted that Honourable Supreme Court of India in the case of ***PTC INDIA LIMITED VS. CERC [2010 ELR (SC) 0269]*** as follows:	With regard to the case law, detailed submissions would be made at the time of hearing.
	"Further, it is important to bear in mind that making of a regulation under Section 178 became necessary because a regulation made under Section 178 has the effect of interfering and overriding the existing contractual relationship between the regulated entities. A regulation under Section 178 is in the nature of a subordinate Legislation.	
	XXX	
	XXX	
	59. Summary of Our Findings:	
	(i) In the hierarchy of regulatory powers and functions under the 2003 Act, Section 178, which deals with making of regulations by the Central Commission, under the authority of subordinate legislation, is wider than Section 79(1) of the 2003 Act, which 83 enumerates the regulatory functions of the Central Commission, in specified areas, to be discharged by Orders (decisions). (ii) A regulation under Section 178, as a part of regulatory framework, intervenes and even overrides the existing contracts between the regulated entities inasmuch as it casts a statutory obligation on the regulated entities to align their existing and future contracts with the said regulations.	
	(iii) A regulation under Section 178 is made under the authority of delegated legislation and consequently its validity can be tested only in judicial review proceedings before the courts and not by way of appeal before the Appellate Tribunal for Electricity under Section 111 of the said Act."	

38	It is emphatically clear from the ruling of the Constitutional Bench of the Hon'ble Supreme Court of India that any petition, plea culminating in an order or a contract is a nullity if the same contravenes any Regulation. Thus, the petition being filed in gross violation of subordinate legislation is unsustainable and bad in law	The contention namely the petition being filed in gross violation of subordinate regulation is factually incorrect and untenable. The comparison of any other order for a specific issue/matter with a tariff petition filed as required/directed under the Act is also not correct.
39	The objector submits that since the petitioner is a government department, it is a deemed licencee under the third proviso to Section 14 of the Electricity Act, 2003 (the "**Act"). **Under the proviso to Section 16 of the Act, this Hon'ble Commission was mandatorily required to specify any general or specific conditions of licence applicable to the licensees referred first to fifth provisos to Section 14 of the Act after the expiry of one year from the commencement of the Act. The Petitioner never approached the Hon'ble Commission to frme such conditions applicable to it and this Hon'ble Commission also has not specified any general or specific conditions in compliance of the proviso to Section 16 of the Act. Hence, the Petitioner cannot legally do the distribution and retail supply of electricity any more. Hence question of consideration of the impugned application does not arise at all, till this Hon'ble Commission also has not specified any general or specific conditions in compliance of the proviso to Section 16 of the Act	The said section of the Act is reproduced here-below and we do not find the contention of the respondents tenable."Section 16. (Condition of licence):The Appropriate Commission may specify any general or specificconditions which shall apply either to a licensee or class of licensees and suchconditions shall be deemed to be conditions of such licence:Provided that the Appropriate Commission shall, within one year fromthe appointed date, specify any general or specific conditions of licenceapplicable to the licensees referred to in the first, second, third, fourth andfifth provisos to section 14 after the expiry of one year from thecommencement of this Act."Section 14 of the Act is related to grant of license and not to Tariff petition hence not relevant.

40	It is a matter of fact that the Hon'ble Central Electricity Regulatory Commission (CERC) has ruled that UI mechanism should not be used as a source of power by any licensee and it would not allow any payment made under UI mechanism as pass through if the expenditure incurred is after August 2009. Hence, Rs. 45.00 crores sought as expenditure under UI Mechanism as seen in Table 3.9 should not be allowed as pass through tariff	Whereas the CERC regulation is respected kept in view while operating the system, catering power supply to the best possible extent is a priority function of the distribution Utility. Here the case is different as there is no generating station/Genco in the area and hence no other source of power as in case of other Utilities in the neighbouring area who may use UI regime power to achieve economy by backing down their own IPP generation. It may also be seen that the % percentage wise it work out to be negligible **(~ 1%).** In any case actions are already taken to tie up more firmed up power sources as may be seen from the petition data/Tables
41	It is submitted that as per Para 3.5 of the petition, the petitioner did not have any fixed asset register, the same was built up based on available information. It is also not clear whether the value of each fixed asset was taken in the current market value, or the replacement value or at the historical cost, while the petitioner build up the gross fixed assets register. Since, the petitioner did not disclose any information it used to build up the gross fixed assets register, the gross fixed assets of the petitioner should be thoroughly scrutinised by the Hon'ble Commission	As already stated, the Chartered Accountants are appointed for the purpose and the issue is already before JERC. The contention is general in nature and this utility under transition to regulatory regime, the matter is being taken care of. Moreover, looking to the % age of amount involved with respect to ARR, the impact is negligible and can very well be taken care of during next truing up exercise.
42	According to paragraph 3.6 of the petition, depreciation has to be calculated on the basis of CERC Regulations. However, Regulation 26(1) of the Regulations, depreciation for distribution and other assets not covered by CERC Regulations should be as per Government of India Norms of 1994 as may be revised from time to time, by the Hon'ble Commission. Since, the Government of India Norms of 1994 prescribed lower depreciation from that of CERC	Depreciation is considered as per the CERC/JERC norms and without citing specific item/deviation referring to GoI 1994 norms overlooking later dated CERC norms is not justified. Moreover the ED;DNH is an integrated Utility carrying out Transmission & Distribution business and not only a distribution business hence the depreciation rates considered are in order.

	Regulations, the depreciation on the distribution assets of the petitioner ought to have been arrived by applying Government of India Norms of 1994	
43	Under Regulation 24 of Regulations the Rate of Return (**RoR**) should be computed on the paid up equity capital determined in accordance with Regulation 23 of the Regulations. Under Regulation 23 of the said regulations, debt equity ratio should be 70:30, where equity employed is more than 30%, the amount of equity for the purpose of tariff should be limited to 30% and balance should be considered as loan	The factual information on RoE is noted
44	Under proviso to Regulation 23 of Regulations, in case of integrated utility, it should be entitled to return on its capital base as per Schedule VI to the now repealed Electricity (Supply) Act, 1948. Since the Petitioner is an integrated utility, the said provision applies to the petitioner. In paragraph 10 of the petition, it is averred that the basis and details of opening equity component have been already discussed in Section 3.7.1. But, no such section is available in the petition	It seems that you are referring to the earlier petition where the section 3.7.1 was there. However in the present petition there is no such para 3.7.1 or even there also no para No. 10 and it may be 3.10.
45	Since the petitioner is an integrated Utility, the petitioner is entitled for the return on capital base as per Schedule VI of the Electricity (Supply) Act, 1948, as provided under the proviso to Regulation 23 of the Regulations read with Regulation 24(1) of the Regulations. Under Section 10 of Schedule VI of the Electricity (Supply) Act, 1948, in relation to that part of the capital base for that year of account which was equivalent to the capital base as	The references of RoR based on repealed ES Act'1948, is on total capital base as funded by the Government. RoR on Capital base as per the ESAct'48 will be equivalent to RoE = 70/30XRoR. Since the corporatization is not done yet in case of the Petitioners, RoE is computed on rational comparable basis. After the audit report by the Chartered Accountants as directed, minor adjustments as may be required would be taken care of during next truing up exercise.

	on 31st day of March 1965, RoR should be 7% per annum; in relation to the remaining capital base for that year; RBI Rate ruling at the beginning of that year plus 2% for investment made up to 15-10-1991 and Reserve Bank of India (**RBI**) Rate ruling at the beginning of that year plus 5% for investments made thereafter, should be the RoR.	
	Since, the present RBI rate is 6%, the highest rate of return allowed is 11% for investments made after 15-10-1991. Even by assuming that the capital employed and the capital base claimed by the Petitioner is assumed to be true, the Return on Equity calculated in Table 3.15 of the Petition at 16% is arbitrary, illegal and opposed to the Regulations. Since the VI Schedule of the Electricity (Supply) Act, 1948 prescribes bifurcation of assets for calculating the differential rate of return, in the absence of such particulars, the Rate of Return (RoR) favourable to the consumers shall have to be considered. Even for considering the capital base, Debt Equity Ratio of 70:30 is to be considered. Since the entire capital employed from the Government Grants, only 30% of the Government Grants is to be considered. In fact, at Paragraph 3.8.1 of the Petition, the Petitioner has stated that the entire capital employed till date has been funded through Equity infusion by the Union of India, through budgetary support, without any external borrowing.	

	The balance 70% should be treated as Debt and under Regulation 75 (3), the Interest Rate on the amount of Equity above 30% treated as loan shall be weighted average rate of interest on loan capital of the Petitioner. Since the Petitioner has no loan capital in its books, the question of weighted average rate of interest does not arise at all. Hence, the present RBI rate i.e., 6% per annum may be allowed, as notional interest on 70% of Equity deemed as Loan for the purpose of calculating rate of return, as above	
46	As per Regulation 29.3, the working capital and interest rate of working capital for integrated utility should be the sum of one month's requirement for meeting power purchase cost, employee cost, administration and general expenses, repair and maintenance expense and sum of two months requirements for meeting fuel cost	Noted
47	Under Table 3.9 of the Petition, the total power purchase expenses for FY11-12 has been shown as Rs.1502.33 Crores which includes Rs.153.6 Crores as UI Charges. Subject to serious objections regarding inclusion of UI Charges in the power purchase cost of Rs. 45 Crores, the one month's power purchase cost would be Rs.125.192 Crores and not Rs.125.206 Crores, as claimed in Table 3.17 of the Petition.	You have referred to perhaps old petition where the quoted UI charges viz. Rs.153.6 Crores were mentioned. In the present petition, the UI charges are only 45 crores. The difference between Rs. 125.192 and 125.206 being of the order of 0.011 % only, there is no material impact on ARR proposal.
48	It is submitted that there is a major discrepancy in the Petition in so far as the Cost of Power Purchase is shown as Rs.1502.47 Crores in Table No.3.19 (page 27) whereas at Table 3.9 (page 16) the same is depicted as Rs. 1502.3 Crores. This anomaly goes to the root of maintainability of the Tariff	The arithmetic difference of the order of being of the order of 0.01 % only, based on principle of materiality, it does not warrant any action and it is no anomaly. Such differences are normal mainly due to rounding off errors in case of such computations.

	petition and on this ground alone the same may be rejected	
	Re: DISCREPANCY IN INTEREST CALCULATIONS	
49	It is submitted that at Page 23 Table 3.16 serial No. 4 interest computed at the rate of @ 12.25% is shown as Rs. 9.340 Cr. and on working Capital (Table 3.17) is shown as 15.444 Cr, which totals up to 24.784 Cr. Whereas, in table No. 3.19 Annual Revenue Requirement, the interest Charged are shown as Rs. 101.033 Cr	The Format 27 and table 3.19shows with the interest capitalised for ensuing year 85.588 (Table 3.16) and interest on working capital for ensuing year as per table 3.17 is Rs. 15.444 Cr. Sum total of both the component Rs. 101.033 Cr. Shown in ARR format 27 & Table 3.19.
50	This is a grave mistake in the filings, which needs to be suitably considered and the Filings are defective on this count too and is liable to be rejected	
	Re: **DIRECTIVES OF THE COMMISSION**	
51	This Hon'ble Commission in its order in O.P. No.11 of 2010 (*suo-moto*) directed In the matter of Establishment of Consumer Grievance Redressal Forum (CGRF) And in the matter of Compliance of order dated 09th October, 2009 of the Hon'ble Appellate for Electricity has ordered as follows	The CGRF has already been in place after the order as referred to in the para and the same is functional, however the constitution of CGRF with full time chairman and member is in process.
	"They have already constituted a temporary CGRF. A serving Superintending Engineer has been appointed as Member. While explaining the difficulties faced in locating suitable persons, respondents explained that a Chairman for CGRF has been identified, his consent obtained and now there is no hurdle in his appointment.	

	Respondent has requested for grant of reasonable time for final constitution of CGRF. While Commission appreciates the efforts made by the respondent, there is no provision of formation of a temporary CGRF in the regulations and that the constitution of the Forum shall be strictly in accordance with the provisions of the relevant regulations of the Commission."	
52	The Petitioner has further failed to show the compliance of other directives of the Hon'ble Commission issued from time to time. Therefore, the Petitioner is not eligible to claim at tariff increase without first complying with the directives of the Hon'ble Commission	The contention of the respondents is factually not correct. A separate petition No. 27/2011 in regard to the directives has been filed and being pursued. As per the latest information on the JERC WEBSITE, the next date of hearing is 15th July'11. All efforts are made to comply the directives.
53	Further, the General Conditions in the Tariff Schedule (at Page 42) of the Petition cannot be allowed to be incorporated for the following reasons	
	a) This Hon'ble Commission has framed the Regulations practically on every aspect governing the supply and functioning of the Petitioner. There is a definite possibility of conflict between the General Conditions and the regulations giving rise to ambiguities, and interpretational complexities.	a) The statement is too general to act upon and specific item of conflicts, if at all any, need be indicated with references/reasons.
	b) The Petitioner cannot bring out these aspects in the ARR Approval proceedings. The aspects concerning the recovery of electricity charges, intervals for billing of electricity charges, disconnection of supply of electricity for non-payment thereof, restoration of supply of electricity, tampering, distress or damage to electrical plant, electric lines or meter, entry of distribution licensee or any person acting on his behalf for disconnecting supply and removing the meter, entry for	b) The provisions are only proposals and request for consideration for desired improvement and objectivity in performance. The code as referred to in the para, can very well further improve up on the same with contribution of all stake holders when the same is taken up in future.

	replacing, altering or maintaining electric lines or electrical plant or meter etc., have to be part of the Electricity Code to be drafted under section 50	
	of the Electricity Act, 2003. The Petitioner has no powers to stipulate the same under the tariff filings.	
	c) The interest charges levied at 2% per annum is highly onerous, especially when the present interest regime of base rate (SBI =9.5% per annum) and when the CGRF is not constituted.	This is not interest charge, this being a delay payment charges. It appears that this issue is not relevant with CGRF.
	The losses of Power Grid Corporation of India (PGCIL) as depicted by the Petitioner are disputed by the Objector herein. In the WRLDC Website: http://www.wrldc.com/OpenAccess/WR-ST-RATES-LOSSES.xls shows that for supply to Petitioner the losses are not reckoned at all by PGCIL. While the Objector places reliance on this source, the Petitioner does not cite any reference as to its source	d) Based on the actual losses for the year.(......%) 5.5 % considered for 2011-12 is quite in order. The referred to in para 53 is reproduced here below for ready reference It may be seen and noted from the data that the loss %ages mentioned in the last column are losses of the constituents and not of the western region as the regional losses will remain common for western region. The (-) for DD and DNH shows that the loss figures are not available. The Grid losses considered as per average monthly figure of pooled losses of Western Region.
	Re: OBJECTIONS REGARDING FIGURES SUBMITTED	
54	At Format 1 the figures for FY - 2011-12 have not produced	**OBJECTIONS REGARDING FIGURES SUBMITTED:** Format 1 is for previous year i.e. 2010-11 & not for FY2011-12
55	In Format -2 under Serial No. 5 &7, Energy billed to metered consumers within the licensed area of the Petitioner is stated as 4368.39 MU and under Serial No. 6 Energy billed to un-metered consumers within the licensed area of the Petitioner is shown as 0. However, in Format -3, Energy sales to metered	No consumer is unmetered except 2981 numbers of BPL/LIG consumers, also meter installation work is in progress. Agri. consumers are also metered. Thus there is no such discrepancy at all.

<table>
<tr><td></td><td>category within the State/UT are shown as 4365 MU and there is a difference of 3 MU. This 3 MU is accounted as Energy sales to Agriculture consumers in Format -3. This is not included in Format -2. This discrepancy has to be looked into by the Hon'ble Commission</td><td></td></tr>
<tr><td>56</td><td>Discrepancy in figures of Format No. 9 and Table 3.16 for the Current year (RE)</td><td rowspan="2">It is checked and found that a minor inadvertent error is there perhaps during typing/data entry. The error and corrections are as under Item Existing data corrected data 1 –WIP 17.313 17.2682
Since final total figure is correct, no other change is required.</td></tr>
<tr><td></td><td><table><tr><td>Sr. No.</td><td>Interest Capitalized</td></tr><tr><td>1</td><td>2</td></tr><tr><td>1</td><td>WIP</td></tr><tr><td>2</td><td>GFA at the end of the yea</td></tr><tr><td>3</td><td>GFA+WIP at the end of y</td></tr><tr><td>4</td><td>Figures of</td></tr></table></td></tr>
<tr><td>57</td><td>At Format No. 13, depreciation for FY 2011-12 has been shown as Rs. 19.06 crores. But in Table 3.14 and in Format No. 12, depreciation for FY 2011-12, the same is shown as Rs. 20.134 crores</td><td>Deprecation table 3.14 shows figures/data for FY 2011-12 & in format 12 it is given for 3 years 2009-10, 2010-11, 2011-12 as Rs.18.99,19.06 & 20.134 cores respectively. The figure viz. Rs.19.06 Crores is for the beginning of the year 2011-12 whereas figure of Rs. 20.134 crores is for end of the FYr 2011-12</td></tr>
<tr><td>58</td><td>At Table 3.18, Bank Guarantee to the extent of Rs. 170.01 crores has been shown as a part of Security Deposit from Consumers, which is not correct, in view of the fact that no real cash is generated out of it</td><td>Contention is correct that the BG amount is not the cash but it offers the security and can be converted to cash in certain eventuality it is meant for.</td></tr>
<tr><td>59</td><td>At Format 13, the Petitioner has stated that it was entitled a sum of Rs. 52.99 crores as Advance Against Depreciation. However, the petitioner has not claimed any AAD and it did rightly so, in view of first and second proviso to Regulation 26(2) of the regulations</td><td>Observation is noted</td></tr>
<tr><td>60</td><td>At format 11, the petitioner has claimed that a sum of Rs. 41.56 crores was being restructured out of the Loan amounting to Rs. 339.262 crores. The effect of the said restructuring and earlier restructuring are not reflected in the impugned application of the Petitioner</td><td>The observation is noted</td></tr>
</table>

61	The Petitioner has not complied with most of the significant directives issued by the Hon'ble Commission in the previous Order passed in Petition No. 14 of 2010 filed by the Petitioner	As already stated earlier, the contention of the respondents is factually incorrect. A separate petition No. 27/2011 in regard to the directives has been filed and being pursued. As per the latest information on the JERC WEBSITE, the next date of hearing is 15th July'11. All efforts are made to comply the directives.
62	The accounts submitted by the Petitioner for FY 10 are not audited one and no report of the Auditor or notes forming the part of the Accounts were submitted before the Hon'ble Commission. Hence, the accounts submitted by the Petitioner cannot be relied upon	Now the Chartered Accountants are appointed and the report of the Auditor when received will be submitted to the commission.
	Re: AGAINST PROPOSED TARIFF HIKE	
63	The objector submits that the steep tariff hike proposed to LT Industrial consumers and HT Industrial consumers are arbitrary and will cause tariff shock to the consumers. There will not be any deficit in the revenue to be generated much less the anticipated Rs. 207.021 crores, if the principles adopted by the Hon'ble Commission in the Tariff Order passed in Petition No. 14/2010 is applied in this case also, which does not require any sort of tariff hike. The Objector urges the Hon'ble Commission to adopt the same principles which were adopted in Petition No. 14/2010, if the Hon'ble Commission decides not to dismiss the impugned application on maintainability or on the basis of other objections raised by the Objector	**AGAINST PROPOSED TARIFF HIKE :** The tariff revision is proposed in compliance to the directives from the regulators to bring down the Tariffs near to the pooled cost of supply and even then the LT Industries not to pay more than cost of supply.
64	The Petitioner has unilaterally assumed the role of this Hon'ble Commission in so far as it has determined the Tariff for its consumers, which powers are vested with this Hon'ble Commission. The Petitioner determined the tariff by notification dated 30th January, 2008 and thereafter on 19th February, 2008 claiming to be	The references are very old and this issue is not relevant to this proposal after the earlier/first tariff order getting decided and implemented. It also to be noted that in fact the JERC commenced functioning in Aug 2008 and not earlier as has been substantiated citing website data reference copied under the following para.

	exercising powers under section 61 of the Electricity Act, 2003	
	Re: **ON MAINTAINABILITY**	
65	This Hon'ble Commission came to be constituted on 02nd May, 2005, as claimed by the Petitioner itself in paragraph 1.2 of the Petition. The tariff determined under the above said notifications increased under the illegal notification should be first ordered to be rescinded and all collections made under the notification should be ordered to be refunded, as a precondition for considering the Petition, even on maintainability	The contention is based on the statement which is incorrect which is evident from the information on the JERC WEBSITE reproduced/copied below. "............The Joint Electricity Regulatory Commission for the state of Goa and Union Territories started to function with effect from August 2008 with the objectives and purposes for which the Commission has been established. Presently the Commission is framing various regulations as mandated in the Electricity Act 2003 to facilitate its functioning......"
66	It is important in the wake of the fact that two orders of the Petitioner and one order of this Hon'ble Commission would be operating in the same domain, which would lead to gross illegality	The matter is based on wrong premises regarding date of functioning of the JERC as may be seen from the reference cited above.
67	The Objector has raised this issue in the objection against tariff proposal of the Petitioner for the year 2010-11. To this objection, the Hon'ble Commission commented that "Not relevant to ARR under consideration" It is respectfully submitted that this decision of the Hon'ble Commission is erroneous and requires re-consideration, in view of the fact that the Petitioner, by issuing the tariff bypassing the Hon'ble Commission and had in fact usurped the powers of the Hon'ble Commission. Hence, the objector prays to relook the said issue de-novo	The contention is not correct and not relevant in view of facts cited above. For reconsideration also a separate procedure was required to be followed within stipulated time period which long back over.

68	Admittedly, the Petitioner is a Department of the Union Dadra & Nagar Haveli. The said department is now represented by its Superintending Engineer (Power) as evident from the affidavit filed in support of the Petition. Since the Union Dadra & Nagar Haveli is Union Territory, its entire business is to be conducted by the Government of India through President of India. This petition under objection is an executive action by the Union Territory of Dadra and Nagar Haveli. As per Article 77 read with Article 53 of the Constitution of India, all executive actions of the Government of India should be expressed to be taken in the name of the President of India. Strangely, this executive action i.e., presenting this petition before this Hon'ble Commission has not been in the name of President of India. Therefore, the Petition is liable to be dismissed *in limine*	The Superintending Engineer of Electricity Department under the Administration of Dadra Nagar & Haveli is authorized by Administration Vide order No. 376 of 20th July 2009 and has made affidavit to this effect. Accordingly the issue is not relevant and is devoid of merit.
69	It is submitted that the petitioner ought to present the petition in the name of Union of India, as required under Article 300 of the Constitution of India, if the present petition is treated as a proceeding rather than an executive action. On this count also the petition is liable to be dismissed *in limine*	The matter already clarified in detail vide foregoing para.
70	The entire petition under objection or the affidavit in support of the same has not claimed that the Superintending Engineer who has filed the petition had the required authority of the President of India or Union of India to file the same. It is submitted that the Superintending Engineer who has filed the petition claimed that he had the required authorisation under Government Order No. 376 dated 20th July,	The petitioner has already furnished the affidavit for being authorized person for the purpose and hence the question of validity/maintainability of the petition filed is not relevant on this account.

	2009, without submitting the same before this Hon'ble Commission. It is submitted that the said authorisation is not in accordance with the Rules of Business framed under Article 77 of the Constitution of India and the said alleged authorisation is illegal	
71	The Hon'ble Supreme Court of India in the case of ***M/S M.R.F. LTD AND MANOHAR PARRIKAR AND OTHERS*** [**2010 (5) UJ SC 0537**] has declared that any executive action taken in contravention of the business rules is a nullity and *void ab initio*	The cited information is noted.
72	The date of the alleged authorisation letter is July, 2009, precisely two years before the filing of this Petition. At that time, the figures and data pertaining to 2010-11 and 2011-12 could not have been known to the Government and in the light of the new facts and developments that occurred pursuant to the said alleged authorisation, the present filing suffers from serious infirmities. For instance, in the Paragraph 3.1.5 of the Petition titled Energy Requirement & Sources of Power Purchase it is submitted as follows	Affidavit is for authorization and not necessarily for the data which is referred to from the records. The contention is irrelevant and absurd.
	"The energy requirement of DNH is mainly met from the allocation of power of Central Generating Stations. However, for meeting the remaining gap, it has to purchase power from other sources/ open market/ power exchanges, etc ***. which contributed to around 22 % of the total power purchase for FY 2008-09 and around 7.6% of the total power purchase for FY 2009-10 and is estimated to be approximately 2.6% of the total energy requirement for FY 2011-12"***	

73	It is submitted that the Government of India could not have approved the figures for the period commencing after 20-7-2009 and also the tariff proposals of the petitioner on 20-7-2009, when the alleged authorisation was granted to file the petition under objection. Hence, the petition under challenge is without authorisation and hence is not valid	The reply is covered in replies to the foregoing para.
	Re: DELAY AND LATCHES:	
74	The petition is also not maintainable due to delay in filing the same. It is submitted that under Regulation 12(1) of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, the petitioner ought to have filed the Tariff application on or before 30th November of each year with the Hon'ble Commission. However, the present petition was filed in the month of April 2010, without any application for condonation of delay explaining the reasons for the delay in filing the petition	The para is based on the wrong premises and hence the contention not relevant. Firstly the Petition was filed on 9th March'11 and not in April. Secondly the condonation has already been granted by the Hon. Commission for the delay.
	Re: ADDITIONAL GROUNDS – OPPORTUNITY OF HEARING	
75	The Objector pleads to place the above submissions on record on a preliminary basis. The Objector craves the leave of the Hon'ble Commission to place additional details and file additional Statement of Objections, at the time of hearing	**75), 76) and 77) ADDITIONAL GROUNDS – The opportunity of thearing has been afforded in the public hearing . The petitioner reiterates the prayer made in the Petition and the subsequent rejoinder and craves leave of the Hon'ble Commission to grand the reliefs prayed for by the petitioner.**
76	This Hon'ble Commission may be pleased to provide the Objector with an opportunity of hearing during the public hearing, in the interest of justice and equity	
77	**PRAYER** WHEREFORE, the Objector prays that the impugned petition filed by the Petitioner for the approval of Annual Revenue	

	Requirement and Tariff proposal may be dismissed, in the interest of justice and in public interest.	

Rejoinder to reply of ED-DNH

Name of Objector : Silvassa Industries Association Dadra & Nagar Haveli.		
Sr. No.	**Objection**	**Reply**
1	Compliance of directives given by Hon'ble Commission in preceding year & effect of non-compliance. The Hon'ble Commission has given certain directives to be compiled by the Dept & Petitioner has not made any efforts to comply with the directives. The failure on the part of Department needs better scrutiny but also calls for punitive action.	I state that SIA has filed response in the form of submissions to the rejoinder filed on 10.06.2011 and has classified under 11 topics. The para 1 deals with the alleged non compliance of the directives of the JERC and consequent rejection of the tariff proposal. The contentions raised therein are without any basis and are untenable. It is incorrect for the SIA to contend that DNH has not made any efforts to comply with the directives issued by the JERC in the last tariff order. As per para 6.15 of tariff order, JERC directed that "In foregoing Para the Commission has directed ED-DNH for many submissions. All these submissions shall be made through a single petition to be filed by 31.12.2010.". Accordingly, the ED-DNH has filed single separate petition before he JERC for the compliance of directives issued which was heard by the JERC on 10.03.2011. The JERC has disputed the Technical advisor to study and report to the Commission on the work carried out by the ED-DNH to comply the directives. The Technical Advisor has already visited this territory and given his report to the Hon'ble Commission. The ED-DNH has also filed an affidavit during the last hearing held by the JERC on 23.05.2011 in respect of action taken for compliance to the directives issued by the Hon'ble Commission. This matter is listed for further hearing on 15th July,2011. The Compliance which will be submitted before Hon'ble JERC , a copy of the same will be given to objector before the date of Public Hearing.

2	GFA, depreciation ,Interest Charge & return on Equity The contention of objector is i) The department has not maintained the asset registers and depreciation registers. ii) There are no audited accounts for the regulated business of electricity. iii) The Dept. itself has stated that the GFA have been built up based on available information as on 31.03.2008. iv) There is a discrepancy created by the contention of ED-DNH that data on GFA till 2006-07 has been taken from SBI – Caps have mentioned that analysis is made primarily on the ED-DNH,OIDC & PGCIL. Hence Commission cannot accept GFA without purpose of arriving at the capital base.	GFA etc. The contentions of SIA that in the absence of the asset register, the JERC did not allow the gross fixed assets as claimed by it and therefore the same should not be allowed during the current year. The said contention is untenable. It is true that the petitioner has projected gross fixed asset of Rs 484.66 crore at the end of FY 2010-11 and for FY 2011-12 there is increase of Rs 40.14 crore and projected closing balance of the fixed asst Rs 524.80 crore in the present petition. The ED-DNH has projected these for capitalization of on going projects of 220 and 66 KV sub-stations to be completed during the current financial year. The ED-DNH has also appointed Chartered Accountant firm for preparation of Asset register, depreciation register and Performa Account as per the commercially accepted principles as directed by JERC. On completing the above work, the JERC will be appraised accordingly. Thus the submission of SIA that Rs 183.623 crores be not allowed as the cost and the projected revenue gap be adjusted accordingly to Rs 23.557 crores deserves to be rejected.
3	Surplus of Previous Year The Hon'ble Commission in Para 6.13 of its previous order has created a surplus on Net Revenue requirement i.e. Rs 36 Crores due to rationalization of HT/EHT category Tariff. So Commission has to take care to see that Surplus amount is retained by ED-DNH for adjustments to avoid any tariff shock in future.	Surplus of the previous Year 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. Further the JERC did not allow Rs 61 crore which would have entitled ED-DNH additional revenue as claimed in our earlier ARR. However the efforts are being taken to convert into a Corporation for which the proposal has already been submitted by the DNH to MHA.

4	Cost of Power Purchase It is submitted that the cost estimates for power purchase from NPCIL ,Dabhol & Ratnagiri, other sources & UI charges are very high. i)In table 4 Power Purchase Cost estimate for 2010-11 at Sl No 5, the Purchase cost from NPCIL (TAPS) is shown as: Net Purchase 146.48 MU Cost: Rs 58.40 Crores which comes to Rs 3.98/unit. In actual data submitted with rejoinder the same is 233.87 MU net purchase, Cost Rs 63.544 Crores and rate is 2.72/unit. So there is ambiguity. However projection for 2011-12 should be higher. ii) Power Purchase from Dabol – Ratnagiri. An amount of Rs. 149 crores is shown for purchase of 281.61 MU making avg price of Rs 5.29/ unit. However, the PPA is finalized for Rs 4/unit. So the amount reduces to 112 crores. iii) Purchase of 368.55 MU is proposed from other sources at a cost of Rs 195 crores, & average rate works out to Rs 5.29/ unit. The objector feels that the rate is Rs. 4/unit and so cost should be Rs. 147 crores. iv)ED has furnished in rejoinder for UI Purchase as 107 Mus for RS. 2.544 crores with average price working to Rs. 2.38/unit. But in 2011-12 projection, UI is shown as Rs. 45 croresfor purchase of 51 MU.	Cost of Power Purchase The contention of the SIA that the estimation on account of cost of power purchase should be only Rs 12 crores and not Rs 45 crores as claimed by the DNH is wholly untenable. During the year 2010-11 (up to November,2010) the ED-DNH has received only 97 Mus from NPCIL (TAPS) and based on that the estimation was done for the whole year 2010-11. The projected cost for Ratnagiri – Dabhol and other sources was at the rate of Rs 5 per unit as the payment to be made by the beneficiary as per the scheduled units at Ex – Bus periphery. The cost projected based on the additional allocation of Ratnagiri gas power plant which is gas based (RLNG) power station and it is revealed from the past experience that the gas prices are based on the crude price indexing and does not remain stable over the period of year. The power purchase from other sources i.e. from bilateral arrangement or short term open access or un-requisitioned surplus power from NTPC etc ., normally available from Kawas and Gandhar gas based power stations of NTPC and the prices of which also do not remain stable. The UT Dadra and Nagar Haveli has invited bids for procurement of 200MW power on long term basis which is under process and department has already filed a petition before JERC for opening of financial bid of single qualified bidder. The ED-DNH has no generation of its own like other states and fully dependent on the allocation of Central Sector power at present. The daily scheduled availability of power varies as per the daily availability of power generation and outage or closing of any generating unit of Central Sector station may lead this UT into a precarious condition to provide continuous power to the industries which may lead to UI charges. During the year 2010-11 ED-DNH has purchased 4184 Mus and the power purchase expenditure is 1168.99 Crore.
5	Energy Requirement & Sources of Power Purchase. The Petitioner has projected 4712 MU as the energy requirement as per Table 3.4 of Petition out of which HT Supply requirement is 4108 MU. As per table 3.9 of Petition, the Power Purchase Cost of Rs. 1502.30 crores for FY 2011-12 is on a higher side. The Petitioner has	Energy Requirements & source of power. The contention of the SIA that there was no scientific survey of the requirement, the cost will escalate resulting in the passing on to the industry is wholly untenable. The 4712 Mus forecasted considering the new/additional power release of 60-80 MW during the year by the ED-DNH as the department has already a registered pending demand of power more than 500 MW and to meet the additional demand in the absence of adequate power allocation from Central Sector Power Generating stations, the ED-DNH needs to look and be dependent on the other available sources of power till the arrangement of long term power

	not done any energy audit & there is no correct assessment of Energy Requirement. Further UI charge of Rs 5.62/ unit is very high, as long term Power Purchase arrangements are not made.	procurement take place.
6	Transmission and Distribution Losses. The Petitioner is claiming that there is a reduction of T & D Losses and attributable to HT Consumers, benefit of reduction is not passed on to HT Consumer. The Commission in its Tariff order for 2010-11 has limited T & D Loss to 7.36% & EDDNH should carry out energy audit on their system through an accredited agency. But as seen from actual state, EDDNH purchased 4273.62 MU in 2010-11 and energy sales is 3897 MU, & losses are 8.8% bot not 7.28% as given by EDDNH.	Transmission and Distribution Losses The contention of the SIA on the above aspect that data has not been filed about the losses and that in the absence of the energy audit done, the claim should not be considered. It is submitted that unlike other states, DNH has unique and an identical load pattern i.e. 97% load of total power requirement of the territory consumed by the Industrial Consumers and the remaining by all the other categories i.e. Domestic, Commercial, Agricultural, Public lighting and they have contributed to 3% of overall consumption. The contention of SIA is true considering Ex-periphery data. However the T&D losses projected to7.26% i.e. Energy received at DNH PP will be 4712 Mus and Energy sold will be 4370 Mus. During the year 2010-11, DNH has procured 4184 Mus at DNH periphery and sold 3897 Mus and the T&D loss is 287 Mus i.e. 6.86% and in table no.3.4 of rejoinder there is computation error and losses are shown 376 Mus instead of 287 Mus and 7.28% instead of 6.86%. However, the quantum of power purchased and sold mentioned in the format 4 and format 28 remains unaltered. Further, DNH has carried out energy audit as pilot project through ERDA, Vadodara and the report has been received. The losses under LT category wherever found on higher side, all efforts will be made to bring down the same. The losses under HT category are on reducing trend consequent up on putting up efforts and resources for improving the HT network. It is submitted that the separate reply on action taken report has been filed before JERC.

7	Operation and Maintenance O & M Expenses. i) Employee Cost : The Hon'ble Commission has observed that ED-DNH has not maintained separate accounts for Electricity Dept. The O & M expenses hence increased from 4.43 crores in 2003-04 to Rs 10.44 crores in 2011-12. The employee cost approved for last year is Rs 2.95 crores & it is increased to Rs 3.50 crores in 2011-12 and there is no justification. ii) Repair and Maintenance Expenses. The commission has approved R & M expenses at Rs 4.11 crores for 2010-11 and ED-DNH has projected the same to Rs 6.80 crores in 2011-12 i.e. an increase of 65% over 2010-11. This is not justified.	Operation and Maintenance Expenses The contention of the SIA that in the absence of the data, R & M expenses of Rs 10.44 crores is unjustified is wholly untenable. The employee cost during the year 2010-11 is Rs 2.95 crore and the same is projected due to increase in increments and DA allowances etc. as per the Sixth Pay Commission. The accounts are prepared and are audited by the Govt. Audit which is a normal practice in the Govt. Depts. However, it is true that accounts duly audited by chartered accountants firm as required could not be completed/submitted in time. However, DNH has appointed a firm of Chartered Accountant and the audited documents will be submitted to the JERC on its completion. It may be noted that the new sub-stations could be provided with the needed staff for its operation and maintenance and the department has been compelled to outsource the operation and maintenance of 220KV and 66KV sub-stations. Further the R & M expenditure has been projected as per the current trend of cost of material and labour. The 66 KV and 220 KV sub-stations equipments like Circuit Breakers, Relays and CTS etc are also required under replacement and repairs. The maintenance cost of HT and LT lines also included in this head. The DNH has commissioned new 220/66 KV Sub-station at Khadoli and operation and maintenance work of the sub-station is being out sourced. The ED-DNH has projected R&M expenses of Rs 6.8 crore due to increase in O&M cost of 220KV and 66 KV sub-stations

8	Cost and Supply of Power – (i.e.) Actual Cost (vs) Average Cost. In the absence of a clear cut date, the Dept. has failed to give Cost & Supply to all the categories of consumers. The HT consumers are burdened with cross subsidy. The cross subsidy should be brought to +/- 20% of average cost of supply as per National Tariff Policy.	Cost of Supply of Power vs Average Cost. The contention of the SIA that the DNH is duty bound to ensure that the Tariff order be based on actual cost and not average cost of supply may not be appropriate at the present stage. Unlike other states, DNH has the unique and an identical load pattern i.e. 97% load of total power requirement of the territory consumed by the Industrial Consumers and the remaining all the categories i.e. Domestic, Commercial, Agricultural, Public Lighting all are contributed to 3% of overall consumption. Efforts are being made to reduce the cross subsidy level nearer to the limit prescribed as per the JERC regulations. It is an admitted position that the industries have flourished and are prosperous in view of several concessions extended by Government of India in the past as well as in the present. However, cross subsidy if any which is very little on the part of industries and are not only reasonable but justified keeping in view of the socio-economic strata of the society, i.e. more than 65% population is tribal.
9	Defective Open Access Policy. The Dept. is not in favour of giving open access approved to the industry even though it is mandatory under section 42 of Electricity Act. The Dept. has to come up with concrete proposals specifying the different charges viz interstate Tr. Charges, intrastate Tr. Charges, wheeling charges, cross subsidy, surcharge etc. & seek Hon'ble Commission's approval on a case to case basis.	Defective Open Access Policy The contention of the SIA regarding the above is not a part of the Tariff Proposal and cannot be permitted to urge the same in the public hearing. In any event, it is submitted that the infrastructure required for the Load Despatch Centre (LDC) and the processing of Open Access cases is presently not available and the same is in the process of being created. After the infrastructure is ready, the open access applications may be considered in terms of existing regulations issued by JERC.
10	Bad Debts: In the Tariff Order for FY 2010-11, the Hon'ble Commission specifically directed Electricity Dept. to submit action plan to recover arrears of Rs 6.32 crores but the ED has projected it to Rs 8.44 crores during 2011-12 & is to be disallowed	Bad Debts The submission of the SIA on this aspect is wholly untenable. As per Regulation 28 of the JERC Regulation for Determination of Tariff, 2009 in respect of Bad and Doubtful Debts, provides that "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". Thus considering the revenue receivables of Rs 1701 crores in the

		ARR petition, 1% of the same would be around Rs 17.01 crore. However, DNH has projected only Rs 8.4 crore i.e. about 0.5% of the revenue receivables which ought to be allowed by the Hon'ble JERC.
11	Express Feeder : The objector contends that the express feeder should be allowed up to 4000 KVA rather than the current 1500 KVA or 66 KV. In case of 11KV consumers who wish to take power up to 2500 KVA on 11 KV system on a separate dedicated feeder, a supervision charge has to be levied ar the rate of 15%. The HT industries may be permitted to utilize up to 50MW on 66KV system The tariff hike is not furnished & tariff needs to be reduced.	Express Feeder With regard to the above, the DNH has to bear the infrastructure cost for augmentation of 66/11 KV sub-stations capacity and related equipments to provide power supply to the desired consumers having separate dedicated feeder and to cover the said infrastructure cost, the provision of development charges kas been kept in the ARR petition which is wholly justified. The Department is also carrying the fixed and variable cost of transmission infrastructure developed by CTU(PGCIL) in the national interest and development. In view of the above, this Hon'ble Commission may be pleased to reject the objections and accept the Annual Revenue Requirement and Tariff Petition for the year 2011-12 and approve the category wise tariff including the fixed/demand charges submitted by DNH to meet revenue requirement for FY 2011-12 and render justice.