

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

Quorum

Shri. M.K. Goel, Chairperson
Smt. Neerja Mathur, Member

Review Petition No. 237/2017

Date of Hearing: 27.07.2017

Date of Order: 13.09.2017

In the matter of:

Petition under Section 94 (1)(f) of the Electricity Act, 2003 seeking review of the Order dated 09.06.2017 of the Commission, Truing up the financials for the year 2015-16, conducting Annual Performance Review for 2016-17 and approving the Annual Revenue Requirements and Tariff for 2017-18.

And in the matter of:

DNH Power Distribution Corporation Ltd.

.... Review Petitioner

Present

For the Petitioner

1. Shri. C.A. Parmar, Chief Engineer, DNHPDCL
2. Shri. R.B. Choubal, Asstt. Engineer, DNHPDCL
3. Shri. Siddharth Mehta, Consultant , DNHPDCL
4. Shri. Gaurav Lohani, Consultant , DNHPDCL
5. Ms. Neha Garg, Advocate, DNHPDCL

For the Respondent

1. Ms. Sarita Sinha, Advocate, Federation of Industries Association, Silvassa

Others

1. Shri. Nitin Gupta, Consultant, JERC
2. Shri. Rajan Kumar Roy, Team Leader (PTC)

ORDER

This Review Petition is filed by the DNH Power Distribution Corporation Ltd. (hereinafter referred to as the "DNHPDCL" or the "Petitioner") seeking review of the Commission's Order dated 09.06.2017 on certain issues. The Commission has examined the Petition and a hearing in this matter was held on 27.07.2017. After hearing the parties, the Commission raised certain issues emanating from the Review Petition which were crucial to bring out the clarity and justification and to understand the gravity of the situation. To this extent an Interim Order was issued on 08.08.2017 for seeking response from the Petitioner. In compliance to this Interim Order, the Petitioner submitted the information on 21.08.2017. The same is taken on record. The written submission filed by one of the Respondents, M/s Association of Polyester Continuous Polymerisation Industry of D&NH,

Silvassa (APCPI) 08.08.2017 and the additional submissions on 01.09.2017 were also taken on record. The Commission also held several rounds of discussions with the Petitioner.

2. Before proceeding to analyse the issues and concerns of the DNHPDCL, it is imperative to understand the powers of the Commission to review its own Order and the scope of review.

The Commission's Power to Review:

The Commission's power to review its own Order flows from Section 94(1)(f) of the Electricity Act, 2003 ("the Act") which provides that:

... "The Appropriate Commission shall, for the purposes of any inquiry or proceedings under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908) in respect of the following matters, namely:-

.... (f) reviewing its decisions, directions and orders;"

These powers to review u/s 94(1)(f) of the Act are the same as conferred on a Civil Court by the Code of Civil Procedure (CPC). These have been spelt out in Section 114, read with Order 47, of the CPC.

- a) As per the said provisions, the specific grounds on which an Order already passed can be reviewed are:
 - a. if there are mistakes or errors apparent on the face of the record, or
 - b. on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or
 - c. if there exist other sufficient reasons.
- b) The power of review, legally speaking, is permissible where some mistake or error apparent on the face of record is found and the error apparent on record must be such an error which may strike one merely by looking at the record and would not require any long drawn process of reasoning. A review cannot be equated with the original hearing of a case. A review petition has a limited purpose and cannot be allowed to be an appeal in disguise and it cannot be exercised on the ground that the decision was erroneous on merits. But simultaneously, the materials on record, which on proper consideration may justify the claim, cannot be ignored.
- c) Clerical or arithmetical mistakes in Judgments or Orders, or errors arising therein from any accidental slip or omission may at any stage be corrected by the Commission under Section 152 of the CPC, either of its own motion or on the application of any of the parties. The use of the word "may" shows that no party has a right to have a clerical or arithmetical mistake corrected. The matter is left to the discretion of the Court. Such discretion is required to be exercised judiciously to make corrections necessary to meet the ends of justice. The word "accidental" qualifies the slip/ omission. Therefore, this provision cannot be invoked to correct an omission which is intentional, however erroneous. Because Section 152 does not countenance a re-argument on the merits of

facts or law, the Commission has the limited powers to correct any clerical or arithmetical mistakes in Judgments or Orders, or errors arising therein from any accidental slip or omission

Therefore the instant review application has to necessarily meet the requirements of Section 114 and Order 47 of the CPC to be eligible for review.

3. Accordingly, the issues raised by the DNHPDCL and the Commission's views thereon are analysed as under:

(i). Surplus considered by the Commission in the Annual Revenue Requirement for the FY 2016-17

Petitioner's submission:

The Commission has considered a net surplus of Rs. 81.20 crores for the year 2016-17 based on the estimates of the revenue requirements for the FY 2016-17.

The details of actual accounts for the FY 2016-17 were not available at the time when the tariff hearings were conducted. Now the statements of accounts containing the actual costs and revenue for the FY 2016-17 are available and submitted herewith.

Further as a statement considering all the elements of the Annual Revenue Requirements as per the impugned order with only the Power Purchase Cost and the Revenue for the year 2016-17 on actual basis, is also submitted according to which, instead of a surplus of Rs. 81.20 crores assumed by the Commission, a deficit of Rs. 134.99 crores is arrived at for the year 2016-17 which would cast upon a substantial burden on its cash flows.

As more than 95% of the cost is towards the power purchase, inadequate cash flows would cause severe prejudice to its ability to maintain and operate as a distribution licensee.

Commission's analysis:

The Commission has conducted an Annual Performance Review (APR) for the FY 2016-17 and estimated a surplus of 81.20 crores based on the submissions of the Petitioner, the prudence check and other relevant related factors. Now DNHPDCL has submitted that the actual accounts for the FY 2016-17 are indicating a loss and hence the review of the APR of FY 2016-17 be undertaken by the Commission.

The Commission would like to inform that the APR exercise is undertaken to consider the variations in the projected sales and expenditure, if any, for justifiable reasons as the audited accounts are not readily available immediately after the end of the FY. This exercise is followed by the true up exercise where the Commission verifies and considers the actual audited figures and arrives at a resultant final trued up gap/surplus.

As per Regulation 8 of the JERC MYT Regulations 2014,

"8. Annual Review of Performance and True-up

(1) The Commission shall undertake a review along with the next Tariff Order of the expenses and revenue approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/actuals of sale of electricity, income and expenditure for the relevant year and

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

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

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

As the review exercise has already been done, the Commission shall undertake the next exercise, i.e. true up of estimates vis-à-vis the actual figures for the FY 2016-17 on filing of the true up Petition by the DNHPDCL. Therefore, based on Regulation 8(2) of the MYT Regulations 2014 as mentioned above, the DNHPDCL can file a true up Petition for consideration of the Commission.

Accordingly, the Commission is of the opinion that this issue does not warrant a review as it does not qualify under any of the criteria mentioned for the review, viz. if there are mistakes or errors apparent on the face of the record, or on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or if there exist other sufficient reasons.

(ii). Open Access charges of Rs. 150 crores considered by the Commission

Petitioner's submission:

The Commission has considered an amount of Rs. 150 crores towards income on account of open access charges for the year 2017-18.

On passing of the impugned Order, the open access has been discontinued by the consumers who were taking open access earlier. For the months of April and May, 2017 when some of the consumers had taken power through open access, to such extent, DNHPDCL would accrue about Rs. 20 crores of open access revenue. However, from the date of the impugned order, the consumers have not been taking power through open access, probably on account of the competitive tariff provided for by the Commission for DNHPDCL.

In the circumstances, the amount of Rs. 150 crores which is assumed as open access revenue would be unachievable and considering the present situation needs to be reversed. Otherwise, it would result in very severe cash flow problems to DNHPDCL.

Therefore the revision of the above surplus to recognise the deficit is imperative and urgent, so as to ensure adequate cash flows to the DNHPDCL. In the circumstances, it is requested that the surplus assumed by the Commission be revised as submitted.

Commission's analysis:

The Commission has gone through the submissions of the Petitioner. The Commission has made the projections for the FY 2017-18 based on the submissions of the DNHPDCL and other related relevant factors. The Commission has observed that the situation has changed after the issuance of the Tariff Order.

However, the Commission would like to highlight that once the Open Access consumer returns back to the system, besides reduction in the open access revenue, there will also be an increase in the net revenue requirements on account of increase in the power purchase, and an increase in the revenue from retail sales due to income from the energy charges not considered earlier. Thus, it will not be appropriate to consider the change in the gap/ (surplus) only on account of non receipt of open access charges.

Further, since the sector dynamics keep on changing, the Commission does not find it appropriate to consider the prevailing situation as the basis of revisiting the complete Tariff Order again on this premise.

The Commission shall revisit the impact of the revised scenario at the time of the Annual Performance Review (APR) for the FY 2017-18 based on the revised estimates submitted by the DNHPDCL along with the ARR Petition for the FY 2018-19.

Accordingly, the Commission is of the opinion that this issue does not warrant a review as it does not qualify under any of the criteria mentioned for the review, viz. if there are mistakes or errors apparent on the face of the record, or on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or if there exist other sufficient reasons.

(iii). Computation of FPPCA Charges

Petitioner's submission:

The Commission has approved the per unit power purchase cost at Rs. 4.49 per unit for the FY 2017-18 considering the fact that HT consumers having connected load of 320 MW had opted for open access and therefore a large portion of the capacity of the DNHPDCL would be stranded with only capacity charges being paid. Therefore, the quantum of electricity considered for purchase was lesser due to the open access quantum.

However, post issuance of the Tariff Order for the FY 2017-18, all the consumers who had opted for open access have opted out of open access and now the DNHPDCL is supplying power to all the consumers. In this scenario the actual per unit power purchase cost of the DNHPDCL has again come below Rs. 4.00 per unit in view of the higher scheduling of electricity. As a result the FPPCA rate has become negative from the third quarter onwards. This will result in DNHPDCL reimbursing the amount accruing due to the negative FPPCA rate and will have a very adverse impact on the financial health of the utility. This would be despite the fact that the actual power purchase cost of DNHPDCL would be higher.

DNHPDCL is already incurring a net gap during the FY 2016-17 and the FY 2017-18 and if the DNHPDCL incurs the FPPCA liability on account of negative FPPCA rate then it will be very difficult for it to run its operations at the current tariff approved in the Tariff Order for the FY 2017-18.

The Commission has held in the impugned order:

"While the impact of arrears arising on account of these Orders is usually recovered through FPPCA, the Commission directs the Petitioner to adjust the payments of these arrears directly against the approved surplus of Rs 360.29 crore under

intimation to the Commission and not to consider the same in the FPPCA computations."

Further the surplus of Rs. 360.29 crores is not a correct determination for reasons mentioned above. The net gap at the end of FY 2017-18 will be Rs. 22.58 Crore. In the circumstances, it is requested that the recovery of arrears be allowed through the FPPCA. Further, it is also requested that the DNHPDCL be allowed to adjust the credit as well as the arrears received from the generators through the FPPCA mechanism."

Commission's analysis:

The Commission has gone through the submissions of the Petitioner. As per the JERC Terms and Conditions for Determination of Tariff (1st Amendment) Regulations 2009, R approved is

"The approved per unit cost of power purchase for the Financial Year to be considered in the FPPCA formula excluding the transmission charges of PGCIL, SLDC Charges, RLDC Charges and charges for reactive energy (paise per unit) would be calculated and mentioned in the Tariff Order for every utility."

The Commission has computed the power purchase cost requirements corresponding to the sales to the retail consumers based on the submissions of the Petitioner that almost 1/3rd of the sales in the UT will be open access sales (keeping in view the past trend). Therefore the approved per unit power purchase cost included the fixed cost for all the tied up generating stations, while the variable cost was included only for the quantum projected to be purchased based on merit order dispatch. Accordingly, the R approved was computed as Rs. 4.49 per unit for the FY 2017-18. The energy requirement of the DNHPDCL, however, has increased due to return of the open access consumers to the DNHPDCL. This has resulted in reduction of the average per unit power purchase cost as the DNHPDCL is incurring only the variable cost as additional cost for this increased purchase. Therefore with no open access sales (as in the prevailing situation now), R approved would have been computed at Rs 3.86 per unit only.

The Commission would like to highlight that the intent of levy of the FPPCA is to provide relief to the Utility to recover the variations in the fuel charges and/or power purchase cost over and above the approved charges on quarterly basis to avoid carrying cost burden to the Consumers, else the power purchase cost is an uncontrollable factor and subject to true up vis-a-vis the audited accounts of the Utility.

Therefore, in absence of the actual fuel and power purchase cost variation in the approved sources, it is not prudent to pass through the artificial benefit of approx. Rs. 0.63 (4.49-3.86) to the consumers (the benefit which has arisen due to complete change in the premise on which the tariff was designed i.e. almost 33% sales in UT would be through open access route).

This is more so due to the fact that the impact of FPPCA arising on account of arrear bills already paid by the DNHPDCL, is not to be passed on the consumers by the DNHPDCL.

Accordingly, the Commission puts a stay on the levy/refund of the FPPCA by the DNHPDCL till further orders.

(iv). Power Factor Incentive @ 1% on demand charges and energy charges

Petitioner's submission:

As per the Order, in case the monthly average power factor of the HT consumer is more than 95% (0.95 lagging), a power factor incentive @ 1% on demand and energy charge shall be given for each increase of 0.01 in power factor above 0.95 (lagging).

Payment of power factor incentive @ 1% to the HT consumers puts additional burden on the DNHPDCL, which was approximately Rs. 54.13 Crores during the FY 2015-16, when the power factor incentive rate was 1%. This puts additional burden on the finances of the DNHPDCL which is already precarious and would result in severe prejudice to DNHPDCL.

It is therefore requested that the power factor incentive be reduced @ 0.5%, which is a regulatory practice and is also applicable in other States including the neighbouring State of Gujarat. A copy of the relevant schedule of charges applicable in Gujarat is submitted for consideration.

Commission's analysis:

The Commission has gone through the submissions of the Petitioner. The Commission has observed that the Petitioner has not raised this issue in the original Petition and hence it cannot be covered under the scope of review.

Accordingly, the Commission is of the opinion that this issue does not warrant a review as it does not qualify under any of the criteria mentioned for the review, viz. if there are mistakes or errors apparent on the face of the record, or on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or if there exist other sufficient reasons.

(v). Billing of demand charges of HT consumers at 75% of contracted demand

Petitioner's submission:

As per the Order, *"The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher."*

It is submitted that the level of 75% ought to be increased to about 85%, which would be more representative of the cost that would be incurred by the DNHPDCL. It would also result in the consumers maintaining a more scientific contract demand with the DNHPDCL which would enable DNHPDCL to plan its power purchases in a more economic manner. As in the case of power factor incentive, the demand charges in the neighbouring State of Gujarat are also at 85%. A copy of the relevant extracts of the Schedule of charges in Gujarat is submitted for consideration.

Commission's analysis:

The Commission has gone through the submissions of the Petitioner. The Commission has observed that the Petitioner has not raised this issue in the original Petition and hence it cannot be covered under the scope of review.

Accordingly, the Commission is of the opinion that this issue does not warrant a review as it does not qualify under any of the criteria mentioned for the review, viz. if there are mistakes or errors apparent on the face of the record, or on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or if there exist other sufficient reasons.

(vi). Change in nomenclature of the new slabs introduced in the HT category

Petitioner's submission:

The Commission has approved the tariff for HT category with introduction of new voltage wise slabs as follows:

- 1) 11 kV – with connected load upto 1 MW
- 2) 11 kV – with connected load 1 MW and above
- 3) 66 kV
- 4) 220 kV

It is submitted that in all the agreements signed by the DNHPDCL with the HT consumers the connected load has been given in MVA instead of MW. This may result in our auditors raising objections as the billing slab of some consumers might change when their connected load is converted from MVA to MW. Also the demand charges given in the Tariff Order are in per kVA basis. It is therefore requested that the nomenclature of the voltage wise slabs be revised as follows:

- 1) 11 kV – with connected load upto 1 MVA
- 2) 11 kV – with connected load 1 MVA and above
- 3) 66 kV
- 4) 220 kV.

Commission's analysis:

The Commission has gone through the submissions of the Petitioner. The Commission accepts the submission of the Petitioner and the change in nomenclature of the HT slabs as follows:

- 1) 11 kV – with connected load upto 1 MVA
- 2) 11 kV – with connected load 1 MVA and above
- 3) 66 kV
- 4) 220 kV.

Accordingly, the word MW appearing with 11kV voltage slab in the HT category is replaced with MVA at Pages 107 and 108 in Para 6.3 A and 6.3 B respectively.

Also at Page 120 of the Tariff Order, in Chapter 8, "Tariff Schedule" Sl. No. 4(1) and 4(2), of the HT/EHT category shall be read as follows:

8.1 Tariff Schedule

Sl. No.	CATEGORY	FIXED CHARGES PER CONNECTED LOAD OR PART THEREOF PER MONTH	ENERGY CHARGES (Rs./kWh)
4.	HT/EHT		
i	11 kV supply – with connected load upto 1 MVA	Up to Contract Demand - Rs.300/kVA/month or part thereof In Excess of Contract Demand – Rs.600/kVA/month or part thereof	3.25
ii	11 kV supply – with connected load 1 MVA and above	Up to Contract Demand - Rs.350/kVA/month or part thereof In Excess of Contract Demand – Rs.700/kVA/month or part thereof	3.15
iii	66 kV supply	Up to Contract Demand - Rs.400/kVA/month or part thereof In Excess of Contract Demand – Rs.800/kVA/month or part thereof	3.10
iv	220 kV supply	Up to Contract Demand - Rs.450/kVA/month or part thereof In Excess of Contract Demand – Rs.900/kVA/month or part thereof	3.05
<p>1. Penalty Charges: Twice the applicable charges.</p> <p>a) 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 co-relating the total consumption of the month with billing demand.</p> <p>b) If Industries are overdrawing power by more than 20% of the Contract Demand, their electricity connection will be disconnected immediately.</p> <p>2. Power Factor Charges</p> <p>a) The monthly average power factor of the supply shall be maintained by the consumer not less than 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 0.01 in power factor up to 0.7 (lagging).</p> <p>b) In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 1.00% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).</p> <p>c) If the average power factor falls below 0.70 (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.</p> <p>d) The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95</p> <p>3. Billing Demand</p> <p>Billing demand will be the highest among the following:</p> <p>a) 100 kVA</p> <p>b) 75% of the Contract demand</p> <p>c) Actual Demand Established</p>			

(vii). Restore the energy charges of the HT category as approved in the previous Tariff Order dated 07th April, 2016

Petitioner's submission:

It is requested to restore the energy charges of the HT category as approved by the Commission in the previous Tariff Order dated 07th April, 2016.

Commission's analysis:

The Commission has gone through the submissions of the DNHPDCL. The Commission would like to highlight that the tariff is fixed based on the detailed analysis of the income and expenditure, the resultant surplus/gap arrived at and including other prevailing relevant factors. The rationale for the Tariff Principles and design as well as various charges has been amply explained and justified in the Tariff Order itself.

Accordingly, the Commission is of the opinion that this issue does not warrant a review as it does not qualify under any of the criteria mentioned for the review, viz. if there are mistakes or errors apparent on the face of the record, or on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or if there exist other sufficient reasons.

(viii). Corrections in the Table allocating Wheeling and Retail Supply ARR

The Commission has observed that while allocating the ARR between the Wheeling and Retail Supply in the Tariff Order, an inadvertent error has crept in while allocating the A&G and R&M expenses, which is now corrected. Accordingly Table 7.1 on Page 115 of the Tariff Order being, "Allocation of ARR between Wheeling and Retail Supply as approved by the Commission" is to be replaced as follows:

Table 7.1: Allocation of ARR between Wheeling and Retail Supply as approved by the Commission

Sr. No.	Particulars	(Rs crore)		FY 2017-18		
		Allocation (%)		Wheeling	Supply	Total
		Wheeling	Supply	Wheeling	Supply	Total
1	Cost of power purchase for full year	0%	100%	-	2,067.96	2,067.96
2	Provision for RPO Compliance	0%	100%	-	34.47	34.47
3	Employee costs	70%	30%	7.59	3.25	10.84
4	Administration and General Expenses	50%	50%	2.55	2.55	5.10
5	Repair and Maintenance Expenses	90%	10%	7.84	0.87	8.71
6	Depreciation	90%	10%	25.24	2.80	28.04
7	Interest and Finance charges	90%	10%	14.56	1.62	16.18
8	Interest on Security Deposit & Interest on Working Capital	22%	78%	2.24	7.93	10.17
9	Return on NFA /Equity	90%	10%	18.17	2.02	20.19
10	Income Tax	90%	10%	9.35	1.04	10.39

11	Total Revenue Requirement			87.54	2,124.51	2,212.04
12	Less: Non-Tariff Income	0%	100%	-	82.27	82.27
13	Less: Revenue from Surplus Power Sale/UI/Exchange	0%	100%	-	-	-
14	Net Revenue Requirement			87.54	2,042.24	2,129.77

Consequently, Table 7.3 at Page 116 of the Tariff Order being "Wheeling Charges approved by the Commission for the FY 2017-18" are to be replaced as follows:

Table 7.3: Wheeling Charges approved by the Commission for the FY 2017-18

Sr. No.	Particulars	Unit of Measurement	Formulae	Amount
1	Wheeling Cost	Rs Crores	A	87.54
2	Wheeling Cost for HT/EHT network	Rs Crores	$B=A*89.11\%$	78.01
3	Input required for sales at 11 kV & above	MU	C	3,948.23
4	Wheeling charges for HT/EHT network usage	Rs/kWh	$D=B/C*10$	0.20

Accordingly, the Commission approves wheeling charge for HT/EHT category at Rs 0.20/kWh.

Further, Table 7.6 at Page 117 of the Tariff Order being "Cross-Subsidy Surcharge approved by the Commission for the FY 2017-18" is to be replaced as follows:

Table 7.6: Cross-Subsidy Surcharge approved by the Commission for the FY 2017-18

	Cross Subsidy Surcharge	Unit of Measurement	HT & EHT Industry
T	(Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation)	Rs. per kwh	4.32
C	(Per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligations)	Rs. per kwh	4.63
D	(Aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level)	Rs. per kwh	0.20
L	(Aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level)	%	3.22
R	(per unit cost of carrying regulatory assets)	Rs. per kwh	0
	Surcharge	Rs. per kwh	0.00

Accordingly, the Commission approves Nil cross subsidy surcharge for the FY 2017-18.

4. In view of the forgoing, the Commission is of the view that the issues raised by the DNHPDCL do not fall under the purview of review, except issue no. (iii) where the Commission has stayed the levy/refund of the FPPCA charges till further orders and, issue no. (vi), where the nomenclature of MW is changed to MVA taking cognizance of the problems faced by the Petitioner. The Commission also corrected an inadvertent error in calculation of the Wheeling charges and cross subsidy surcharge, which is dealt with as issue

no. (viii). The other issues which have been raised, have arisen due to change in the situation and market dynamics subsequent to the issuance of the Tariff Order and hence are not covered under the scope of review.

5. Before concluding the Order, the Commission would like to emphasise that the electricity sector is very challenging with dynamic market conditions. The aim of the Commission is to balance the interest of all the stakeholders within the purview of the Electricity Act, 2003. One of the important factors considered by the Commission while arriving at the tariff for the FY 2017-18 has been the accumulated surplus position of the DNHPDCL of about Rs.383 crores as on 31.03.2016 which has also been verified from the accounts of the DNHPDCL.

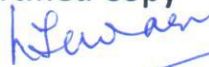
The Commission is of the view that power purchase and sales are the uncontrollable factors and are subject to true up as per the MYT Regulations. The latest state of affairs of the accounts for the FY 2016-17 as submitted by the Petitioner after the issuance of the Tariff Order indicates a loss of about Rs. 74 crores in the accounts of the Petitioner for the FY 2016-17, which shall be true up along with appropriate carrying cost. The payment of arrears of power purchase bills is also subject to true up. The built in tariff deficit of about Rs. 186 crores for the FY 2017-18 shall be reviewed at the time of ARR for the FY 2018-19 and adjusted/settled as per the situation prevailing. Hence the Commission is of the view that the Petitioner would be able to sustain and meet its liabilities from the accumulated surplus and the revenue from existing tariff, more so when the FPPCA refund/charge would not be there.

The Petition stands disposed off accordingly.

Sd/-
(NEERJA MATHUR)
MEMBER

Sd/-
(M.K. GOEL)
CHAIRPERSON

Certified Copy



(Keerti Tewari)
Secretary

कीर्ति तिवारी/Keerti Tewari
सचिव/Secretary
संयुक्त विद्युत विनियामक आयोग
Joint Electricity Regulatory Commission
गोवा राज्य और संघ राज्य क्षेत्र
For the State of Goa & Union Territories
वाणिज्य निकेतन, दूसरी मंजिल, उद्योग नगर, फेज-5
Vaniya Niketan, 2nd Floor, Udyog Nagar, Phase-V
पुणे/पुणे-411 004