



REVIEW ORDER

**Order in the Review Petition filed by the
Electricity Department,
Union Territory of Chandigarh
In respect of the Tariff Order for FY 2014-15 issued
on 11th April 2014**

(Petition no. 136/2014)

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories

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

09th July 2014

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List of Abbreviations

Abbreviation	Full Form
A&G	: Administration & General Expenses
Act	: The Electricity Act, 2003
ARR	: Aggregate Revenue Requirement
BBMB	: Bhakra Beas Management Board
CAGR	: Compound Annualized Growth rate
Capex	: Capital Expenditure
CC	: Current Consumption
CEA	: Central Electricity Authority
CERC	: Central Electricity Regulatory Commission
CGS	: Central Generating Station
COD	: Commercial Operation Date
Commission/JERC	: Joint Electricity Regulatory Commission for the state of Goa and Union Territories
CKt. Km	: Circuit Kilometer
DISCOM/CED	: Electricity Department of UT of Chandigarh
CPSU	: Central Public Sector Undertaking
D/C	: Double Circuit
DS	: Domestic Supply
EA 2003	: The Electricity Act, 2003
FC	: Fixed Charges
FPPCA	: Fuel & Power Purchase Cost Adjustment
FY	: Financial Year
GFA	: Gross Fixed Assets
HP	: Horse Power
HT	: High Tension
JERC	: Joint Electricity Regulatory Commission for the state of Goa and union territories
KVA	: Kilo Volt Ampere
KWh	: Kilo Watt Hour
LPS	: Late Payment Surcharge

Abbreviation	:	Full Form
LT	:	Low Tension
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NAPS	:	Narora Atomic Power Station
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets
NHPC	:	NHPC Limited
NPCIL	:	Nuclear Corporation of India Limited
NTPC	:	NTPC Limited
NTP/Tariff Policy	:	National Tariff Policy
NSPCL	:	NTPC-SAIL Power Corporation Limited
O/H	:	Over head
O&M	:	Operation & Maintenance
PGCIL	:	Power Grid Corporation of India Ltd.
PLF	:	Plant Load Factor
PX	:	Power Exchange
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
RAPP	:	Rajasthan Atomic Power Project
RE	:	Revised Estimates
REA	:	Regional Energy Accounting
RLDC	:	Regional Load Dispatch Centre
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SLDC	:	State Load Dispatch Centre
SBI CAPS	:	SBI Capital Market Limited
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
SJVNL	:	Satluj Jal Vidyut Nigam Limited
T&D	:	Transmission & Distribution
UI	:	Unscheduled Interchange
VAR	:	Volt Ampere Reactive
VC	:	Variable Charges

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

CORAM
S.K. Chaturvedi (Chairperson)
Petition No. 136/2014

In the matter of

Review Petition in respect of the Tariff Order dated 11th April 2014 passed by the Hon'ble JERC for the Electricity Department, Union Territory of Chandigarh

And in the matter of

Electricity Department, Union Territory of Chandigarh.

.....Petitioner

Date: 09th July 2014

ORDER

1. INTRODUCTION

1.1 JERC Formation

In exercise of the powers conferred by Section 83 of the Electricity Act, 2003 the Central Government constituted a two member (including Chairperson) Joint Electricity Regulatory Commission for all Union Territories except Delhi to be known as "Joint Electricity Regulatory Commission for Union Territories" with headquarters at Delhi as notified vide notification no. 23/52/2003 – R&R dated May 2' 2005. Later with the joining of the state of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" as notified on May 30' 2008. The Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Andaman & Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman & Diu, Lakshadweep and Puducherry) started functioning with effect from August 2008. Office of the Commission is presently located in a rented building in the district town of Gurgaon, Haryana.

1.2 Electricity Department of UT Administration of Chandigarh

The Electricity Department of UT Administration of Chandigarh herein called ED Chandigarh, a deemed licensee under section 14 of the Electricity Act 2003, is carrying on the business of transmission, distribution and retail supply of electricity in Chandigarh (UT). The Chandigarh Electricity Department (CED) has been allowed to function as an integrated distribution licensee of Union Territory of Chandigarh.

1.3 Filing of Petition

The Commission has issued Order for Determination of ARR for FY 2014-15, Review of FY 2013-14 and True-up of FY 2011-12 and FY 2012-13 and Tariff for FY 2014-15 on 11th April 2014 in petition no. 124/2014 filed by the Electricity Department, Union Territory of Chandigarh. Aggrieved by certain provisions of the Tariff Order, Electricity Department, Union Territory of Chandigarh filed a review petition on 03.06.2014.

1.4 Admission of Petition and Notice for Hearing

After initial scrutiny/analysis, the petition was admitted on 04th June 2014.

The hearing was conducted by the Commission on 24th June 2014 in Courtroom of JERC at the 2nd Floor, HSIIDC Office Complex, Vanijya Nikunj, Udyog Vihar, Phase-V, Gurgaon.

2. POWER TO REVIEW.

2.1 Commission's Power to Review

- a. The Commission's power to review its own orders flows from Section 94(1)(f) of the Electricity Act, 2003 and as the same is 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. The review application has to necessarily meet the requirements of Section 114 and Order 47 of the CPC.
- b. As per the said provisions, the specific grounds on which an order already passed can be reviewed are:
 - i. if there is mistake or error apparent on the face of the record, or
 - ii. on discovery of new and important material or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or
 - iii. if there exists other sufficient reasons.
- c. 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 on a mere 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 decision was erroneous on merits. But, simultaneously the material on record, which on proper consideration may justify the claim, cannot be ignored.
- d. Clerical or arithmetical mistake in judgment 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 application of any of the parties. The use of 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 of CPC does not countenance a re-argument on merits of fact or law, the Commission has the limited powers to correct any clerical or arithmetical mistake in judgment or order, or error arising therein from any accidental slip or omission.

3. SUMMARY OF OBJECTIONS RAISED BY THE PETITIONER AND COMMISSION'S VIEWS

The issues raised by the petitioner in respect of the Review of Commission's Tariff Order dated 11th April 2014 and on each of these issues, the respective observations and speaking orders of the Commission are as follows:

3.1 Issue: Inter-State Transmission Losses

Petitioner's Submission for Review:

The petitioner has submitted that the T&D losses for FY 2013-14 and FY 2014-15 as estimated by the CED is around 15.50% and 15.00% and the consideration of T&D losses by the Hon'ble Commission in its Tariff Order for CED for FY 2014-15 is as per the target pegged by the Abraham Committee i.e. 15% and 14% for FY 2013-14 and FY 2014-15 respectively. CED in its tariff petition for FY 2014-15 has submitted that the UT of Chandigarh has not been provided with an inter-state transmission point and hence incurs additional losses of around 3% due to absence of an inter-state transmission point within the boundaries of Chandigarh. It is further submitted that at present the metering is being done at 400 kV Nalagarh, 220 kV Mohali and 220 kV Dhulkot (BBMB) which has resulted in higher T&D losses for CED.

The petitioner further submitted that the Commission rejected the submission made by CED citing that the losses as approved by the Commission has been considered in view of the existing infrastructure, input and output point and Abraham Committee Report

CED in its submission has also stated that-

- Abraham Committee report is not applicable to UT Chandigarh as Abraham committee report focuses on the reduction of AT&C losses through R-APDRP and in UT Chandigarh, R-APDRP is yet to be implemented.
- It is easier for any utility with loss level of say 30-35% to bring down losses by 1-2% in a year, but it would be very difficult to bring down losses by 1-2% from 15-17% in a single financial year without huge capital investment. Such drastic loss reduction shall required huge capital investment.

- As per the Annexure-A of the affidavit filed by CED vide memo no. 1578 dated 2.5.2014 before JERC in petition no. 76/2012 (suo moto), the net T&D loss for FY 2013-14 was calculated as 12.58% (by deducting interstate loss of 3% from 15.58%). It is practically very difficult to further reduce such T&D loss below 12.58% without huge capital investment and that too when 98% of the consumers in UT are at LT level, which has an adverse effect on the loss reduction.
- Hon'ble commission vide its suo moto petition no. 76/2012 is holding regular hearing on Loss Reduction Programme and CED has been providing all details of actual losses incurred by CED to the Hon'ble Commission against the same. The latest hearing for the same was held on 5.5.2014. It is further submitted that CED is very much serious about the directive issued by the Hon'ble commission and keen to reduce these T&D loss further. Further, after the implantation of R-APDRP schemes, these losses shall further be reduced. CED is making all efforts for reducing its T&D losses by undertaking various measures as mentioned in the reply submitted to commission in above cited petition i.e. HVDS, replacement of electromechanical meter to electronic meters, replacement of bare LT conductors with LT ABC in theft prone areas, procurement of star rated transformers and accordingly proposes to achieve a loss of 15.50% for FY 2013-14 and 15.00% for FY 2014-15. Further, the CED is engaged in the business of Transmission as well as the distribution of power. Hence, it is requested to the Commission to consider both the transmission and distribution loss factors while approving T&D loss levels for CED.
- Also, the Commission in its order stated that the losses may be evaluated at the time of true up exercise for FY 2013-14. However, the Commission has only talked about sharing of gains on account of over-achievement of losses and not of the sharing of losses on account of under-achievement of loss targets which in current scenario most likely to happen as the Commission has disallowed the additional 3% inter-state losses borne by the department.
- M/S PGCIL vide its email dated 22.5.2014 (copy attached) has submitted the Interstate losses on 220 kV Nalagarh- Manimajra line as 3.0% for FY 2013-14, which itself support the contents of the petition submitted by the CED for review of ARR for FY 2013-14.

Accordingly, the Petitioner requested the Commission to:

- a. Kindly review the intra-state transmission loss level as approved by the Commission as the Abraham Committee report is not applicable for the UT of Chandigarh and definitely needs to be reviewed.

- b. Kindly consider the fact that the CED is incurring additional inter-state transmission losses of around 3% due to absence of inter-state transmission point within the boundaries of CED which has resulted in the non-achievement of the T&D loss level targets by CED as the Commission has not considered the submission made by the UT of Chandigarh while approving the T&D loss level for CED for FY 2013-14 and FY 2014-15 in its Tariff Order for FY 2014-15.
- c. To consider the actual T&D loss level as achieved by CED for FY 2013- 14 and apart from sharing of gains; the sharing of losses should also be considered by the Commission due to non-achievement of targeted loss levels.
- d. To approve the loss reduction targets as per JERC order dated 5.5.2014 in petition no. 76/2012 (suo moto) for FY 2014-15 as 15.00% on the basis of 0.5% reduction per year till FY 2016-17, instead of 14% as approved in ARR and tariff order for FY 2014-15.

Commission's views:

At the outset the Commission holds that there is no apparent error on face of the record, or omissions. However, the Commission's decision on each point is as follows:

- A) The first issue being raised by the petitioner is **“Review the intra-state transmission loss level as approved by the Commission as the Abraham Committee report is not applicable for the UT of Chandigarh”**.

The Commission would like to highlight the provisions of Regulation 15(5) of the Tariff Regulations 2009, wherein it is stated that,

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

The Commission would like to emphasize that after repeated directions, **the petitioner has failed to provide energy audit report to the Commission**. Therefore, the Commission, based on the information being made available by the petitioner, has fixed the loss trajectory. While the petitioner claims that Abraham Committee recommendations are not applicable to the petitioner as it has not implemented RAPDRP, the Commission would like to clarify that the Abraham Committee recommendations are based on the fact that if the utilities make efforts and investments in a systematic and time bound manner (as per R-APDRP guidelines), the utilities can achieve the minimum reduction targets as specified. Alternatively, the main emphasis is on the

fact that systematic investments are required to be done to achieve loss reduction. **The Commission would like to emphasize on the fact that historically, the Commission has allowed the full CAPEX as proposed by the petitioner in all the orders issued.** This means that the even in the absence of R-APDRP scheme in Chandigarh, while the Commission has extended full support to the petitioner as far as CAPEX is concerned, the petitioner has failed to achieve the desired loss reduction trajectory. Further, in absence of R-APDRP Scheme, the petitioner has also not submitted any alternative measure for reduction of Transmission and Distribution Losses.

The Commission in its order has also mentioned that in absence of the energy audit report the recommendations of the Abraham Committee report have been considered as a benchmark and accordingly the loss trajectory was fixed.

Thus, taking into cognizance all the above mentioned points, the Commission is of the view that non-implementation of R-APDRP does not mandate the petitioner not to proceed with alternative loss reduction measures in its licensed territory, and accordingly non-implementation of R-APDRP is not a valid ground for review of Loss Reduction Trajectory and the issue is decided accordingly.

- B) The second issue being raised by the petitioner is **“CED is incurring additional inter-state transmission losses of around 3% due to absence of inter-state transmission point within the boundaries of CED which has resulted in the non-achievement of the T&D loss level targets by CED”.**

The Commission would like to emphasize that the Commission’s computation and analysis is in synchronization with considerations in previous tariff orders and the submissions made by the petitioner in clause 2.10 of the ARR and Tariff petition for FY 2014-15 and the metering points acknowledged by Northern Region Load Dispatch Centre. The Commission has taken into consideration energy availability for CED at the same interstate point as considered by NRLDC/ NRPC during preparation and finalization of Regional Energy Accounts (REA) for the northern region, for which CED is also a constituent. As this account is being verified by all the concerned parties, the Commission, on its own, cannot consider other interstate point as there will be no third party verification/certification of energy transactions between CED and other Discoms/Gencos.

Further, the Commission has already clarified in clause 5.4 of the present tariff order the following:

“Commission during the technical validation session held on 18th and 19th February 2014 directed the petitioner to provide a status note on issues related to interstate point for which the petitioner submitted the following:

Quote

“During the 30th Standing Committee meeting of CES held on dated 02.01.2013, in principal approval for establishment of 2X60 MVA, 200/66 kV Substation along with 200 kV D/C line from Barwala (Panchkula) was accorded. It was also decided during the meeting that the scheme may be fine tuned after discussion with Chandigarh. HVPNL and CTU. Further, it was decided that the M/s Power grid site office would carry out walk over survey from 400/220 kV Barwala (Panchkula) Substation to UT Chandigarh bounding from both proposed locations namely Hallomajra and Raipur Kalan. CED vide memo no. 6170 dated 18.12.2013 requested M/s PGCIL to carry out walk over survey as per the MOM issued by CEA vide letter no. 7/1/2013-SP&PA dated 5.12.2013 and also conveys that the land for 220 kV substation is available at 2 sites namely Hallomajra and Raipur Kalan. Further it is gathered that M/s PGCIL local site office has carried out walk over survey for both the sites and is learnt that report along with BOQ has been sent by the local office to regional HQ of Powergrid.”

Unquote

The Commission acknowledges the efforts being made by the petitioner for identification of various concern areas for high T&D losses and steps being taken for reduction of these losses. While it is acknowledged that creation of interstate point within the periphery of Chandigarh will reduce the losses currently being borne by the petitioner to bring the power to its periphery, the Commission is of view that the efforts currently being undertaken will take atleast another 2 years to finally materialize. Till such time the interstate point is actually functional within the periphery of the petitioner, the Commission shall continue its existing approach for determination of T&D losses wherein, the Commission, while approving T&D losses, considers the power availability at the licensee’s periphery as accounted by Northern Region Power Committee.

The T&D losses comprise of intra-state transmission and distribution losses. The Commission would like to reiterate that the approved losses were allowed considering the existing infrastructure, input and output point and Abraham Committee Report. Commission has considered the T&D losses of 15% as approved in tariff order dated 15th April 2013 and while approving the same the entire network of CED was covered. Further, the mentioned network belongs to the CED and is accordingly maintained. Accordingly, the Commission does not find any merit in the petitioner's current submission and hence has not considered any additional losses for the same.

In absence of energy audit as specified in regulation 15 of tariff regulations, 2009; the Commission for the purpose of review of ARR for FY 2013-14, retains the T&D loss level of 15% as approved in Tariff order dated 15th April 2013. However, the sharing of gain on account of over-achievement of target specified by the Commission will be dealt in the true-up of FY 2013-14 on the basis of actual T&D loss level and audited figures of Quantum of Power purchase and Sales for FY 2013-14. ”

The Commission would also like to add that the loss reduction trajectory has been fixed after duly considering the submissions of petitioner since the first tariff order which is summarized below:

Table 1: T&D losses submitted by the petitioner and approved by the Commission in the tariff orders issued till date

Tariff Order dated	Financial Year	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
16-Jul-2011	Proposed	17%			
	Approved	17%			
7-May-2012	Proposed	17%	17%		
	Approved	17%	16%		
15-May-2013	Proposed		18%+2%	17%+2%	
	Approved		16%	15%	
11-Apr-2014	Proposed			15.50%+3%	15%+3%
	Approved			15%	14%

It is evident from above that the Commission has considered the initial submission of the petitioner and approved the baseline losses for CED. It may be noted that both the proposed and approved figures are inclusive of so-called additional interstate losses in 1st and 2nd Tariff Petitions submitted by the petitioner, which the petitioner has tried to segregate 3rd petition onwards. Thus, in case the submission of the petitioner for bifurcation of losses has to be acceded to, the original losses approved by the Commission would also be revisited and trajectory accordingly redefined. Further, the petitioner has also detailed in the previous submissions that these lines are being operated and maintained by the petitioner only, thus any improvement / bad performance has to be considered in the loss calculations of the utility only.

Thus, in view of above, the Commission does not find any merit in petitioner's current submission to consider 3% losses as additional interstate losses as also detailed in the impugned order, and the issue is decided accordingly.

- C) The third issue being raised by the petitioner is **"To consider the actual T&D loss level as achieved by CED for FY 2013- 14 and apart from sharing of gains; the sharing of losses should also be considered by the Commission due to non-achievement of targeted loss levels"**.

The Commission would like to clarify that consideration of loss reduction trajectory and basis of fixing of T&D targets for various financial years has already been detailed in the tariff order duly considering all the factors. Thus, the Commission finds no merit in consideration of actual T&D losses at this stage and to burden the consumers with the inefficiencies of the utility, and the issue is decided accordingly.

- D) The fourth issue being raised by the petitioner is **"To approve the loss reduction targets as per JERC order dated 5.5.2014 in petition no. 76/2012 (suo moto) for FY 2014-15 as 15.00% on the basis of 0.5% reduction per year till FY 2016-17, instead of 14% as approved in ARR and tariff order for FY 2014-15"**.

The matter of fixation of losses is governed by the Tariff Regulations 2009, and has been decided after prudence check and due process in the Tariff order dated 11th April 2014 with reasons recorded in the order. Further, the Commission would like to clarify that in order dated 05.05.2014 in the suo-moto petition no. 76/2012, the Commission has only taken on record the submissions made by the petitioner against this petition and has directed the utility to make sincere and best efforts to further reduce the losses. Thus, the Commission finds no merit in the submission of the petitioner and the issue is decided accordingly.

3.2 Issue: BBMB Arrears

Petitioner's Submission for Review:

The petitioner has in its Tariff Petition for FY 2014-15 raised the issue of long pending payment of Rs. 123.55 Cr to BBMB towards the energy supplied to UT Chandigarh against its 3.5% share out of the share of composite Punjab for the period 2.5.1967 to 31.03.2006. CED further submitted that BBMB has been raising bills at the rate varying from 10 paisa/kWh to 34 paisa/kWh from May 1967 to May 2006 for the energy supplied to UT Chandigarh but CED had been releasing payment @ 5.63 paisa/kWh which is the cost of energy from Bhakra worked out in the year 1972. Hence, Rs 123.55 Cr is the difference of bill raised by BBMB and payment made by UT Chandigarh against energy supplied to UT Chandigarh and the matter is still under conciliation in BBMB.

The petitioner also submitted to the Commission that the partner status to Chandigarh was considered in various board meetings but the final decision has not been taken. The case of reconciliation is under process with the competent authority for which month wise details of liability of UT Chandigarh has been sought from the BBMB authorities. Accordingly, Rs 123.55 Crores (in part or full) shall be paid to BBMB after due reconciliation in due course of time.

The petitioner further submitted that the Commission has not considered the BBMB arrear in its Tariff Order for FY 2014-15 on account of purchase made between the years 1967 to 2006 stating that it had not considered any gap/surplus for the years prior to FY 2011-12. However, CED submits that the payment of the arrear is expected to be made in FY 2014-15 which will subsequently gets reflected in the Annual Accounts of CED for FY 2014-15 once prepared and requests the Commission to consider these expenses as legitimate and approve this additional financial burden to be borne by the Department once the actual for FY 2014-15 will be submitted to Commission for true-up purpose.

Hence, the Petitioner requested that:

- a. Electricity Department of UT Chandigarh has to borne the financial impact on its business due to releasing the arrear payment to BBMB, hence it is humbly requested to the Commission to consider the payment as legitimate expenditure and approve this additional financial burden to be borne by the Department once the actual for FY 2014-15 will be submitted to Commission for true-up purpose.

Commission's views:

The Commission is of view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **“Electricity Department of UT Chandigarh has to bear the financial impact on its business due to releasing the arrear payment to BBMB, hence it is humbly requested to the Commission to kindly consider the payment as legitimate expenditure and approve this additional financial burden to be borne by the Department once the actual for FY 2014-15 will be submitted to Commission for true-up purpose”**.

The Commission has already detailed its view in the tariff order itself which is reiterated below:

“The Commission is of view that it is apparent from the submissions of the petitioner that while the actual bills were timely raised by BBMB, certain portion of payment was withheld by the petitioner owing to administrative issues. However, since the bills were available with the department, had the petitioner prepared the accounts on commercial principles as directed by the Commission, the bills would have been accounted for long back. The Commission also observes from the submissions made by the petitioner that these arrears pertain to period of FY 1966-67 to FY 2005-06.

As the Commission has started functioning since August 2008 and as the first tariff order was issued for FY 2011-12 for the CED, the Commission is of view that it will not be appropriate to provision, consider or approve expenses for years prior to FY 2011-12 as the Commission has not considered any revenue gap/surplus for the years prior to FY 2011-12. The Commission would also like to add that as these arrears have accumulated over a period of approx. 40 years owing to particular stand/decision of the Chandigarh Administration, it will not be appropriate to burden present consumers for the liability that has started accumulating nearly 50 years back and thus directs the petitioner to request the Chandigarh Administration to pay this liability as it was the responsibility of Chandigarh Administration to settle any liability on account of purchase / supply/ sale of power during the period under consideration i.e. FY 1966-67 to FY 2005-06.”

The Commission would also like to add that the liability is not on account of any supplementary bill raised by the BBMB. In fact, appropriate bills were raised by BBMB periodically. The CED had decided to pay the bills partly, owing to decision of Administration, which has resulted in accumulation of liability over a period. The Commission would again like to reiterate that the

Commission has not computed the revenue surplus/gap of the years prior to the FY 2011-12 as the Commission cannot consider/approve the expenses for the years prior to FY 2011-12. The Commission has decided on the issue adequately in the tariff order and thus this issue does not merit a review. The issue is decided accordingly.

3.3 Issue: Interest on Working Capital

Petitioner's Submission for Review:

The petitioner has submitted that the interest on working capital claimed by it vide its Tariff Petition for FY 2014-15 is as per the prevailing JERC Tariff Regulations, 2009.

Regulation 29(3) states that Subject to prudence check the working capital for integrated utility shall be the sum of one month requirement for meeting

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

The petitioner further submitted that CED submitted a review petition no. 64 of 2012 to the Commission on review of the treatment on interest on working capital. The Commission vide its Order on Review Petition highlighted that the Consumers security deposit is the consumers fund available with the petitioner. The petitioner is not paying interest on security deposits to the consumers as required u/s 47(4) of the Act. Therefore, the Commission treating such security deposit amount as available fund with the petitioner to meet part of working capital required for FY 2011-12, has deducted the consumers security deposit amount from the working capital requirement of the petitioner.

CED in its submission highlighted that the interest on security deposit of Rs. 0.68 Cr and Rs. 1.22 Cr during FY 2011-12 and FY 2012-13 respectively has been paid by the department to the consumers. Therefore, the Hon'ble Commission is requested not to subtract the Consumer Security deposit from the working capital requirements for arriving at the interest on working capital as the Department has been paying the interest back to the consumers on the security deposit as collected from the consumers as per the prevailing JERC Tariff Regulations, 2009.

Therefore, the Petitioner submitted that:

- a. The Commission may allow the interest on working capital as submitted by CED since the prevailing JERC Tariff Regulation, 2009 does not provide for deduction of security deposit amount from the requirement of working capital, therefore, it is requested that the interest on working capital be re-computed by the Commission as a matter of principle.

Commission's views:

The Commission is of view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **"To allow the interest on working capital as submitted by CED since the prevailing JERC Tariff Regulation, 2009 does not provide for deduction of security deposit amount from the requirement of working capital; therefore, it is requested that the interest on working capital be re-computed by the Hon'ble Commission as a matter of principle"**.

The issue has been dealt adequately in para 5.12 of its order dated 11th April 2014. The Commission would like to emphasize on the fact that the Consumer security deposit is an amount available with the petitioner. The petitioner has the option to either prudently deposit this amount to earn interest to pay to consumer as per the provisions of applicable regulations or to use this amount to meet its working capital requirements. In the first case, as the amount has been deposited by the petitioner and is not available for working capital requirement, same is not deducted from the working capital requirement. However, no additional interest on consumer security deposit is admissible in this case.

In the second case, since the petitioner has been allowed "interest on consumer security deposit" as additional pass through in the ARR, it is assumed that the petitioner has not deposited this amount to earn any interest. This alternatively implies that this amount is available with the petitioner and can be used to meet the working capital requirements. In the order under review, as the Commission has allowed the interest on consumer security deposit as additional pass through in the ARR, the Commission has accordingly reduced the consumer security deposit available from the working capital requirement.

Further, it may also be noted that the Commission is following the same principle for computation of the working capital requirement as in its previous orders. Therefore, the approach of the Commission is consistent with the original orders for the year in contention.

The Commission thus finds no merit in petitioner's submission and the issue is decided accordingly.

3.4 Issue: Interest on Consumer Security Deposit

Petitioner's Submission for Review:

The petitioner submitted that the prevailing Regulation 25(4) of JERC Tariff Regulations, 2009; specifies,

"Interest charges on security deposits, if any, made by the consumers with a generating company/licensee, shall be equivalent to the bank rate or at the rate, if any, specified by the Commission whichever is higher."

The petitioner further submitted that interest on security deposit of around Rs. 0.68 Cr and Rs. 1.22 Cr during FY 2011-12 and FY 2012-13 respectively has been paid by the department to the consumers as per the prevailing JERC Tariff Regulations.

In continuation to the security amount estimated to be received during FY 2013-14 and FY 2014-15, the UT of Chandigarh estimated Rs. 5.26 Cr and Rs. 5.35 Cr as interest on security deposit to be paid to the consumers for FY 2013-14 and FY 2014-15 respectively.

It is submitted that the actual interest paid to the consumers for FY 2013-14 was not available/calculated at the time of filing the Tariff Petition for FY 2014-15 because as per Regulation 6.10 (8) of JERC Electricity Supply Code Regulations 2010, "the interest amount of previous financial year shall be adjusted in the energy bill issued in May/June of each financial year depending upon billing cycle" and hence the interest on security deposit for FY 2013-14 is under adjustment in the energy bills being issued in the month of May/June 2014.

Hence, it is submitted that the CED estimated the interest on security deposit for FY 2013-14 and FY 2014-15 as per the actual consumer security deposit received upto Sept/ Oct, 2013 which will be subject to true-up once the annual audited accounts for FY 2013-14 will be made available to the Commission.

Hence, the Petitioner submits that;

- a. The Commission may kindly consider the submission made by CED and allow the interest on security deposit for FY 2013-14 and FY 2014-15 as per the submission made by CED.

Commission's views:

The Commission is of view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **“To consider the submission made by CED and allow the interest on security deposit for FY 2013-14 and FY 2014-15 as per the submission made by CED”.**

The Commission has already detailed in the tariff order itself the following:

“However, the petitioner has not given any detailed justification for sudden increase in consumer security deposit in FY 2013-14 to Rs 61.92 Crores and Rs 62.97 Crores in FY 2014-15 as compared to Rs 29.21 Crores actually held by the petitioner in FY 2012-13. Therefore, in absence of any substantial ground for increased consumer deposit, the Commission provisionally approves the same increase in consumer deposit for purpose of determination of ARR for FY 2014-15 as approved for FY 2013-14 in the previous sections.

In view of the above, Commission considers the Interest on Security Deposit of Rs. 3.07 Crores as reasonable and approves the same for FY 2014-15.”

In absence of any detailed justification, the Commission has provisionally approved same increase in the consumer security deposit for the purpose of determination of ARR of FY 2014-15 as approved for FY 2013-14. However, the Commission likes to emphasize on the fact that Interest on Consumer Security Deposit will be reviewed during the Review of FY 2014-15/True-up of FY 2013-14 in the next tariff order if the claims are duly supported by the documentary evidence. Thus, the issue needs no review at present and the issue is decided accordingly.

3.5 Issue: Provision for Bad and Doubtful Debt

Petitioner's Submission for Review:

The petitioner has submitted that the prevailing Regulation 28 JERC Tariff Regulations, 2009; specifies:

“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”

CED in its submission submits that the Commission in its Tariff Order dated 15th April, 2013 considered the bad and doubtful debt as 1% of the revenue from sale of power for FY 2013-14 based on collection efficiency of 99%.

Clause 6.16 of the ARR and Tariff Order dated 15th April'13, states as under:

“Commission observed the submissions made by the petitioner on collection efficiency proposed for FY 2013-14 as 99%.....”

“Commission has considered provision for bad & doubtful debt FY 2012-13 at 0.50% of total receivable i.e. Rs 3.58 Crores of receivables for FY 2013-14 and the same is included in the total ARR.”

Hence, the Petitioner submitted that;

- a. The Commission may kindly allow bad and doubtful debt considering the collection efficiency of 99% during the year FY 2013-14 and allow on the same line as approved during ARR and Tariff Order dated 15th April, 2013 for FY 2013-14. Also, the Commission has considered the provision for bad and doubtful debt for FY 2014-15 at 0.50% of the total receivables for FY 2014-15. Hence, CED requests the Commission to consider that the bad and doubtful debt at 1% considering the collection efficiency of 99% for FY 2013-14 and FY 2014-15 respectively, which will be subject to true up once the audited accounts for FY 2013-14 and FY 2014-15 will be made available to the Commission.

Commission's views:

The Commission is of view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **“To kindly consider that the bad and doubtful debt at 1% considering the collection efficiency of 99% for FY 2013-14 and FY 2014-15 respectively, which will be subject to true up once the audited accounts for FY 2013-14 and FY 2014-15 will be made available to the Commission”**.

The Commission has already detailed in the tariff order itself the following:

“Commission observed that the petitioner has not submitted any past audited details of bad & doubtful debts and the reasons & justification criteria for classifying the same as ‘bad & doubtful’ in the past nor they have mentioned the same for ARR of FY 2014-15. As specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

“28. Bad and Doubtful Debts

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

Format -18

<i>Sr. No.</i>	<i>Particulars</i>	<i>Amount (Rs. in Crores)</i>
<i>1.</i>	<i>2.</i>	<i>3.</i>
<i>1.</i>	<i>Amount of receivable bad and doubtful debts (audited)</i>	
<i>2.</i>	<i><u>Provision made for debts in ARR</u></i>	

Commission has considered provision for bad & doubtful debt FY 2012-13 at 0.50% of total receivable i.e. Rs 3.34 Crores of receivables for FY 2014-15 and the same is included in the total ARR.”

The Commission would like to emphasise on the fact that the regulations provide a provision of maximum 1% of receivables as bad debt. This means that the bad and doubtful debts can be considered by the Commission in the range of 0-1% depending on the prudence check and the audited accounts of the petitioner. Further, in the present case the petitioner has not submitted any audited accounts for the previous years to support the claim of 1% bad and doubtful debts. The Commission however has taken a liberal view and considered 0.5% as bad debts as has been considered in all other orders of this Commission for the year FY 2014-15. The Commission would also like to highlight the judgment rendered by Hon’ble Appellate tribunal for Electricity (APTEL) in Appeal No. 35 of 2012 wherein the APTEL held:

“In our opinion “the receivables” indicated in the Regulation 28 are the total receivables at the current tariff rate and not the arrears outstanding. The information sought as per format 18 of the Regulations relating to audited amount of receivables bad and doubtful debts will not infer that the allowance of bad debts has to be limited to 1% of the arrears outstanding.

*However, the State Commission has the discretion to allow bad debts upto 1% of the receivables after the licensee gets the receivables audited. **It is not binding on the Joint Commission to allow 1% of the receivables a bad debts.** The licensee has also not indicated if the audited accounts for the previous year were submitted to the Joint Commission.*

In view of above, we do not want to interfere with the order of the Joint Commission in regard to bad debts. However, the Joint Commission may reconsider the provision for bad debts after the audited accounts are submitted by the Appellant in the Truing up” (Emphasis added)

Thus, the Commission finds it appropriate to consider the nominal provision of 0.5% only which will be subsequently reconsidered as per actuals at the true up stage on the basis of audited accounts submitted by the petitioner. Thus, the issue needs no review. The issue is decided accordingly.

3.6 Issue: Carrying Cost on accumulated Revenue Gap

Petitioner’s Submission for Review:

The petitioner has requested the Commission not to disallow carrying cost as the accumulated revenue gap of the department as per the Proforma Accounts audited by CAG is around Rs. 149.50 Cr and Rs. 74.79 CR for FY 2011-12 and FY 2012-13 respectively, and the disallowance of carrying cost will only enhance the financial burden of the department and will also weaken its financial health.

It is further submitted that the process of appointment of consultant for preparation of Annual Statement of Accounts on commercial accounting principles and Asset & Depreciation Register was initiated long back but delayed due to non-participation of bidders in the tendering. Further on the basis of inputs provided by various firms like M/S Deloitte Touche Tohmatsu India Pvt Ltd, M/S Feedback Infra and M/S S.K. Bhasin & Associates, the DNIT was again amended, got approved from competent authority and refloated. Again, on the request of the interested firms like M/S Deloitte Touche Tohmatsu India Pvt Ltd, M/S Feedback Infra, the last date of bidding has again been extended in order to ensure wider and healthy competition.

It is further submitted that APTEL in its Order in Appeal no. 177/09 dated 15th February, 2011 held; Clause 43(1), "Carrying cost is a legitimate expense. Therefore, recovery of such carrying cost is legitimate expenditure of the distribution companies. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the gap in cash flow arranged by the Distribution Company from lenders/promoters/accruals is to be paid by way of carrying cost. In this case, the Appellant, in fact, had prayed for allowing the legitimate expenditure including carrying cost. Therefore, the Appellant is entitled to carrying cost"

Therefore, CED requested the Commission to allow the carrying cost on the revenue gap of FY 2011-12 and FY 2012-13 as that expense being a legitimate expense. CED further submits that-

- CED is putting its sincere efforts for the preparation of accounts on commercial accounting principles and Asset & Depreciation Register.
- The Technical bid of the tender for appointment of consultant for preparation of accounts on commercial accounting principle and Fixed Asset Register has been opened and is under progress.
- CED shall submit the accounts on commercial accounting principle and Fixed Asset Register to Hon'ble commission immediately after the approval of such accounts by the competent authority.

Hence, the Petitioner submitted that;

- a. The Commission may consider the submission made by CED and the APTEL judgment on allowance of carrying cost over the revenue gap of FY 2011-12 and FY 2012-13.

Commission's views:

The Commission is of the view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **"To consider the submission made by CED and the APTEL judgment on allowance of carrying cost over the revenue gap of FY 2011-12 and FY 2012-13"**.

The Commission would like to emphasize on the fact that it has already detailed in the order as follows:

"As the Commission has not considered any true-up for FY 2011-12 and FY 2012-13 as submitted by the petitioner owing to reasons detailed earlier, the Commission has not considered any consequential revenue gap on this account.

As per Provision 4 of Regulation 8 for 'Review and Truing Up' of JERC Tariff Regulations, 2009, *"While approving such expenses/revenues to be adjusted in the future years as arising out of the Review and / or Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenues. Carrying costs shall be limited to the interest rate approved for working capital borrowings."*

The Commission is of the view that the petitioner until now has not submitted the audited accounts based on commercial accounting principles for regulated business of electricity as per the regulatory requirement. Further, they haven't prepared Fixed Asset & Depreciation Register and the Commission is of the view that the expenditure as claimed under the various heads (RoE, Depreciation, Interest & Finance Charges and GFA) are on assumption basis.

The Commission has already stated in Chapter 4 that it has been repeatedly directed the petitioner to prepare accounts on commercial principles since issuance of 1st Tariff Order on 16th July 2011. While, the Commission acknowledges that the efforts have now been initiated by the petitioner for preparation of accounts on commercial principles, a considerable time has been lost due to delay in start of actions in this context by the petitioner.

However, in case the petitioner had adhered to timelines as per the directions issued in various orders, the audited accounts (prepared on commercial principles) would have been available by now for the True up. The Commission is of view that the delay, which is on account of petitioner, cannot be burdened on the consumers and therefore no carrying cost will be allowed for gap for FY 2011-12 and FY 2012-13 (if any, after true-up is undertaken once the audited accounts on commercial principles are available)."

The Commission is clear in the approach that utility cannot be benefitted even after repeated non-compliance of the directives of the Commission every year. Had the utility complied with the directions of the Commission, the revenue gap would have been acknowledged long back and appropriate carrying cost would have been allowed by the Commission at that time only. Since the Commission couldn't undertake the true-up exercise for the reasons detailed in the current and previous years tariff orders attributable to petitioner alone, the Commission takes into cognizance of the guidelines issued in Para 8.1.7 of National Tariff Policy which states that:

“..... It is desirable that requisite tariff changes come into effect from the date of commencement of each financial year and any gap on account of delay in filing should be on account of licensee.”

Further, APTEL in Judgment in OP No.1 of 2011 at Para 36(b) has stated the following:

“Without a tariff petition being filed by a licensee, the Appropriate Commission may find it quite difficult to collect and collate the necessary data and to fix the tariff. It is in this context, the tariff policy says that if there is a gap on account of delay in filing, the licensee should be made to bear the same. This provision has been made to discourage the licensee from delaying its tariff petition and for compelling the appropriate commission to go into suo-moto determination of tariff for the next financial year.”

In view of above, the Commission has decided not to approve the carrying cost at the time of true-up owing to delay on account of petitioner due to repeated non-compliance of the directives of the Commission. Thus, the Commission finds no merit in the submissions made by the petitioner and the issue is decided accordingly.

3.7 Issue: GFA and Depreciation

Petitioner’s Submission for Review:

CED in its submission submits that it is making every effort to comply with the Commission’s direction on preparing the Fixed Asset Register. It is further submitted that as CED is operating as a department within the Govt of India, the system of account keeping is on cash receipt and expense basis i.e. proforma accounts and thus accounting practices on commercial accounting principle are not in place.

Further, CED is not restructured/ corporatized as yet and with lesser manpower, CED is exercising herculean task in preparation of proforma accounts. In view of above, being Double accounting system a gigantic task, CED is putting its best efforts to meet the regulatory requirement.

However, CED has initiated steps for proper maintenance of records and preparation of asset register. CED has floated a tender (OP-4/27/2013-14) for appointment of consultant for preparation of Assets & Depreciation Register. The Technical bid of the tender for appointment of consultant for preparation of accounts on commercial accounting principle and Fixed Asset Register has been opened and is under progress.

The petitioner further submitted that the Commission in its Tariff Order for FY 2014-15 has not considered the submission made by the department. CED requests the Commission to consider the submission made by the department based on the Proforma Accounts for FY 2011-12 and FY 2012-13 as the disallowance of GFA on provisional basis will create a huge revenue gap once the actual audited accounts will be submitted to the Commission for true-up purpose. Also, the non-allowance is bound to affect the financial health of the department.

Hence, the Petitioner submitted that;

- a. The Commission may allow GFA and subsequently depreciation based on the submission made by CED as per the Proforma Accounts for FY 2011-12 and FY 2012-13 audited by Comptroller & Auditor General of India (CAG) and reflects the correct position of assets accumulated till date.
- b. The commission is requested that CED is operating as a department within the Govt of India and is not yet restructured/ corporatized, the time line for 30th Sept 2014 be extended and more time may be allowed for the CED for the submission of accounts on commercial accounting principle and Fixed Asset Register, to the commissaries.

Commission's views:

The Commission is of the view that there is no apparent error on face of the record.

- A) The first issue being raised by the petitioner is **“To allow GFA and subsequently depreciation based on the submission made by CED as per the Proforma Accounts for FY 2011-12 and FY 2012-13 audited by Comptroller & Auditor General of India (CAG) which reflect the correct position of assets accumulated till date”**.

The Commission would like to draw attention of petitioner towards the tariff order wherein the Commission has already clarified the following:

“The petitioner has stated that in the absence of fixed asset registers (FAR), the asset wise details are not available and the details are being integrated and will be furnished in future

filings. Commission is of the view that in absence of fixed asset registers, the opening value of fixed asset register is on assumption basis.

As per Regulation 26 of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 depreciation shall be computed on historical cost of the assets including additions during the year.

In the instant case, the Petitioner is unable to arrive at the value of historical fixed assets. Commission had directed in its previous tariff order for FY 2012-13 dated May 07' 2012 to conduct the physical inventory of assets and construct asset /depreciation registers and file the same along with next tariff petition but the same has not been submitted till date by the petitioner. *The Petitioner has projected the capital expenditure of Rs. 39.60 Crores for the FY 2014-15. As discussed in earlier para, it is provisionally considered to capitalize Rs 39.60 Crores during the FY 2014-15.*

Regulation 26 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The effective rate of depreciation for distribution assets is 5.28% vide Appendix-III (Depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009. The depreciation for the FY 2014-15 has been worked out at Rs. 3.00 Crores. Further Commission is of the view that

“Depreciation is a charge for use of assets deployed in rendering the service for which Tariff is being determined. Say total assets are 100 Crores, obsolete unusable assets are of Rs. 20 Crores plus assets written off plus assets not written off or not declared obsolete but not usable lying in store. The asset that will qualify for depreciation is only the net value which is being used to provide service to the consumer. This value will also be further adjusted for depreciation already claimed”

Commission considers the depreciation of Rs. 4.11 Crores as reasonable considering Rs. 58 Crores as the opening value of assets at the beginning of the year considered in the Review of FY 2012-13”

The Commission would like to highlight that it has already detailed its rationale for non-consideration of complete GFA in the current as well as previous tariff orders. Further, the Commission will approve the actual depreciation once the duly verified FAR is being made available to the Commission as directed in current and previous tariff orders. Thus, this issue does not require review.

The Commission thus finds no merit in petitioner's submission and the issue is decided accordingly.

- B) The second issue being raised by the petitioner is **“As CED is operating as a department within the Govt of India and is not yet restructured/ corporatized, the time line for 30th Sept 2014 be extended and more time may be allowed for the CED for the submission of accounts on commercial accounting principle and Fixed Asset Register, to the commissaries”**.

The Commission would like to emphasize on the fact that the petitioner had ample time since the issuance of direction in the order dated May 07 2012. However, even after more than 2 years since the directive has been issued, the petitioner is requesting further extension of time, which cannot be acceded to in any circumstance as sufficient time has already been given to the petitioner in this regard.

Thus, the Commission finds no merit in petitioner's submission and the issue is decided accordingly.

3.8 Issue: Release of connection at 11 kV

Petitioner's Submission for Review:

The petitioner has submitted that the above cited provisions in approved tariff order for FY 2014-15 are in contradiction with the following of the JERC (Electricity Supply Code) First Amendment Regulations, 2013 :-

- (i) In Regulation 3.3 (5) of the JERC (Electricity Supply Code) First Amendment Regulations, 2013 it is mentioned that in case connected/ contracted load of any connection of any category is projected to be 100 kW or more, a separate transformer of adequate capacity shall be installed at consumer's cost.

- (ii) In Regulation 3.6 (B) (9) of the JERC (Electricity Supply Code) First Amendment Regulations 2013, wherein it is provided that in case of multi consumer complexes, such as group housing societies and commercial complexes, the new connection sought, shall preferably be provided with single meter on LT if load is below 100 kW and on HT if load is 100 kW or more.

Hence, the Petitioner submitted that;

- a. The Commission may kindly amend the tariff schedule mentioned in the tariff order for FY 2014-15 as per the JERC (Electricity Supply Code) First Amendment Regulation 2013 so that there is no ambiguity regarding release on connection on 11 kV in any consumer category.

Commission's views:

- A) The issue being raised by the petitioner is **“To amend the tariff schedule mentioned in the tariff order for FY 2014-15 as per the JERC (Electricity Supply Code) First Amendment Regulation 2013 so that there is no ambiguity regarding release on connection on 11 kV in any consumer category”**.

The Commission would like to draw attention of the petitioner towards the following provisions of the JERC (Electricity Supply Code) Regulations, 2010:

“2.2 Voltage of Supply to Consumers

*The supply voltage for different contract demand or contract load shall be as **specified in the Tariff order**. Provided that, depending on system availability or condition, the licensee, at its discretion, may supply a consumer at a voltage other than one specified above recording justification for such deviation with prior intimation to the consumer and to the Commission.”(Emphasis added)*

The Commission would like to emphasize on the fact that as per the provisions of the supply code, the voltage for different contract demand or contract load has to be specified in the Tariff Orders and should be accordingly considered by the licensee.

Thus, in view of the amendments in the supply code, the Commission hereby orders the following amendments in the approved tariff schedule:

DOMESTIC SUPPLY (DS)

CHARACTER OF SERVICE

Existing Provision

AC, 50 cycles, Single phase 230 volts or three phase 400 volts or 11 Kilo volts.

For loads, upto 5 KW supply shall be given on single-phase 230 volts and above 5 KW up to 60 KW supply shall be given on three phase 400 volts. For loads above 60 KW, supply shall be given on 11 KV and a separate transformer of adequate capacity shall be installed at consumers cost as per Electricity Supply Code Regulations notified by JERC. In case of consumers where the metering is being done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation/ losses. This arrangement shall be continued for a maximum of one year within which metering shall be shifted to HT (11KV) side of the transformers.

Amended Provision

AC, 50 cycles, Single phase 230 volts or three phase 400 volts or 11 Kilo volts.

For loads upto 5 KW supply shall be given on single phase 230 volts and above 5 KW upto 100 KW supply shall be given on three phase 400 volts. For loads above 100 KW, supply shall be given on 11 KV and a separate transformer of adequate capacity shall be installed at consumers cost as per Electricity Supply Code Regulations notified by JERC. In case of consumers where the metering is being done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation/ losses. This arrangement shall be continued for a maximum of one year within which metering shall be shifted to HT (11KV) side of the transformers.

COMMERCIAL / NON RESIDENTIAL SUPPLY (NRS)

CHARACTER OF SERVICE

Existing Provision

AC, 50 cycles, single phase at 230 Volts or 3 Phase at 400 Volts or 11 Kilo volts

For loads up to 5 KW, supply shall be given on single phase 230 volts and above 5 KW up to 30 KW, supply shall be given on 3 phase 400 volts. For loads above 30KW, supply shall be given on 11 KV in case of multi consumer complex including commercial complex and in other cases for load above 60 KW the supply shall be on 11 KV. In case of consumers where metering is done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation losses.

Amended Provision

AC, 50 cycles, single phase at 230 Volts or 3 Phase at 400 Volts or 11 Kilo volts

For loads up to 5 KW, supply shall be given on single phase 230 volts and above 5 KW up to 100 KW, supply shall be given on 3 phase 400 volts. For loads 100 kW or above, supply shall be given on HT. In case of consumers where metering is done on low voltage side of the transformer instead of high voltage side, the consumption should be computed by adding 3% extra on account of transformation losses. This arrangement shall be continued for a maximum of one year within which metering shall be shifted to HT (11KV) side of the transformers.

MEDIUM INDUSTRIAL POWER SUPPLY (MS)

CHARACTER OF SERVICE

Existing Provision

AC, 50 cycles, 3 phase, 400 volts, or at 11 kV for load above 60 KW.

Amended Provision

AC, 50 cycles, 3 phase, 400 volts.

BULK SUPPLY (BS)

CHARACTER OF SERVICE

Existing Provision

AC, 50 cycles, three phase, 400 volts or 11 kV or higher voltage at the option of the department. Loads exceeding 60 kW shall be released on HT only.

Amended Provision

AC, 50 cycles, three phase, 400 volts or 11 kV or higher voltage at the option of the department. Loads 100 kW or above shall be released on HT/EHT only.

The issue is decided accordingly.

3.9 Issue: Power Purchase Cost (Charging of FPPCA)

Petitioner's Submission for Review:

CED in its submission submits that as per the Table 5.20.1 of Approved ARR for FY 2014-15 regarding aggregate revenue requirement for review for FY 2013-14 – Petitioner Vs Approved, the commission has approved Rs 558.81 Cr against CED submission of Rs 602.33 Cr towards cost of power purchase for full year. However, the actual cost of power purchased during all the quarters of FY 2013-14, has come out as Rs 605 Cr as per GFR, which already in excess to the approved power purchase cost of Rs 558.81 Cr by Rs 43.52 Cr. Hence, such power purchase cost approved by Hon'ble JERC is based on estimations, may not only reflects wrong picture of surplus cumulative revenue amount available with the CED (Rs 74.89 Cr) as well as inaccurate Average cost of supply but may also lead to insufficient budgetary provisions from Govt of India.

Further, commission has approved Rs 558.81 Cr as power purchase cost for FY 2103-14 against the CED submission of Rs 581.06 Cr, by leaving a gap of Rs 22.25 Cr . It is pertinent to mention here that cost of Rs 15.28 Cr on account of power purchase from power exchange (IEX/PXIL) has not been considered by the commission in approved power purchase cost, for which complete details of power purchase/sale through power exchanges were also submitted to commission during technical validation session held on 18th Feb 2014.

Moreover, the UI(buy) for FY 2013-14 has been approved as Rs 10.05 Cr against the CED submission of Rs 13.84 Cr, thus leaving a gap of Rs 3.79 Cr. The commission while according the approval of the above said amount, has not considered the UI(buy) of the remaining 4 month (Dec 13- Mar 14).

Hence, the Petitioner submits that in view of the above submission:-

- (i) The Commission may allow the charging of FPPCA on account of non-allowance of full expenditure incurred by CED for power purchase from Power Exchange and UI for FY 2013-14.
- (ii) The Commission may allow the charging of FPPCA in FY 2014-15 as actual cost of power purchase of CED for FY 2013-14 as per GFR is Rs 605 Cr against the Rs 558.81 Cr approved by JERC in view of the position explained in following table and further, for FY 2014-15, the commission has allowed Rs 537.87 Cr against CED submission of Rs 600.99 Cr as a power purchase cost.

- (iii) The Commission may also modify the average cost of supply for FY 2013-14 from Rs 4.61 /unit to Rs 5.33 /unit, keeping in view the actual cost of power purchase of Rs 605 Cr as per GFR during FY 2013-14, in view of the position explained in following table.

S.No.	Particulars	As approved in FY 2013-14 Order dated 15th April'13	As approved in FY 2014-15 Order for FY 2013-14 dated 11th April'14	As per present CED submission for FY 2013-14
A	B	C	D	E
1	Power Purchase Cost (Rs. Cr)	605.34	558.81	605.00
2	Power Purchase Quantum (MU's)	1872.27	1678.72	1723.00
3	Per unit PP Cost (Rs. Unit)	3.23	3.33	3.51
4	Total ARR Approved (Rs. Cr)	696.75	633.00	756.68
5	Sales (MU's)	1538.08	1373.14	1419.27
6	Average Cost of Supply (Rs./Unit)	4.53	4.61	5.33

Note:- The figures at E column are tentative unaudited.

Commission's views:

The Commission is of the view that there is no apparent error on face of the record.

- A) The first issue being raised by the petitioner is **“To allow charging of FPPCA on account of non-allowance of full expenditure incurred by CED for power purchase from Power Exchange and UI for FY 2013-14”**.

The Commission would like to highlight the fact that the Commission has already considered the actual power purchase expenses up to November 2013 which have been jointly reconciled with the representatives of the petitioner during the technical validation session. Variations have been noticed in the original submission of the petitioner on account of double/wrong accounting along with treatment of bills on accrual basis instead of actual basis which was pointed out and rectified during the technical validation session. Regarding the UI, the quantum and cost upto November 2013 has been verified from the weekly UI details issued by NRPC. The Commission would like to further add that variations in power purchase cost are already allowed as per the applicable provisions of FPPCA regulations. The actual power purchase cost for FY 2013-14 will be trued up in the subsequent orders (subject to availability of audited accounts prepared on the principles of Commercial Accounting).

The Commission thus finds no merit in petitioner's submission and the issue is decided accordingly.

- B) The second issue being raised by the petitioner is **“To allow the charging of FPPCA in FY 2014-15 as actual cost of power purchase of CED for FY 2013-14 as per GFR is Rs 605 Cr against the Rs 558.81 Cr approved by Hon’ble JERC in view of the position explained in following table and further, for FY 2014-15, the commission has allowed Rs 537.87 Cr against CED submission of Rs 600.99 Cr as a power purchase cost”**.

The Commission would like to emphasize that the actual cost of the power purchase now submitted by the petitioner is subsequent to the filing of petition and issuance of tariff order by the Commission. As per the provisions of Tariff Regulations, the Commission has considered the estimates of the power purchase which is trued up in the next tariff order. In fact, the Commission would like to highlight Regulation 18 of the Terms and Conditions of Tariff regulations, 2009 which reads as under:

“18. Variation in Power Purchase Cost

Any power purchased by the licensee over and above the requirement of power approved by the Commission shall be considered by the Commission and if the variations are for reasons beyond the reasonable control of the licensee, the resultant additional cost due to purchase of such power shall be adjusted in next years’ ARR.

Thus, the Commission would like to highlight that FPPCA recovery should be strictly as per the provisions of Terms and Conditions of Tariff (1st Amendment) Regulations 2009 wherein it is clearly specified that:

“The actual cost of power purchase during the quarter will include the total cost of power purchased during the quarter through approve sources of power including central generating stations, other approved stations and power purchased through power exchanges limited to the rate given in the Tariff Order for the licensees. UI overdrawl charges shall be limited to the actual UI rate or UI rate corresponding to 49.7 Hz, whichever is lower. The total cost of the power purchase in this formula does not include the transmission charges of PGCIL, SLDC/RLDC Charges and reactive energy charges. The variation in these charges shall be taken care in the true-up.”

Therefore, it is evident from above that any variation in the power purchase cost will be taken care at the true-up stage. Thus, the issue needs no review.

The Commission thus finds no merit in petitioner’s submission and the issue is decided accordingly.

- C) The third issue being raised by the petitioner is **“To modify the average cost of supply for FY 2013-14 from Rs 4.61 /unit to Rs 5.33 /unit, keeping in view the actual cost of power purchase of Rs 605 Cr as per GFR during FY 2013-14”**.

The Commission would like highlight the fact that the Commission has already considered the actual power purchase expenses up to November 2013 which have been jointly reconciled with the representatives of the petitioner during the technical validation session. Further, it has already been detailed in the tariff order that the cost of power purchase has been considered on approved transmission and distribution losses and accordingly computed the Average Cost of Supply for FY 2013-14. Whereas, the petitioner is now submitting the revised average cost of supply on the actual power purchase which cannot be considered in the review as per the reasons already mentioned in point (b) above.

However, as per provision of the Regulations, any variation in the power purchase cost will be taken care during the true-up stage after prudence check. Thus, the issue needs no review and the Commission finds no merit in petitioner’s submission and the issue is decided accordingly.

3.10 Issue: Delayed Payment Surcharge in case of permanently disconnected consumers

Petitioner’s Submission for Review:

CED in its submission submits that such provisions as approved by the commission will result in:-

- Defaulters may not deposit their pending dues with CED in time and may follow lethargic approach for reconnection of their electricity connection.
- Such insincere approach of defaulters may not ensure financial prudence and more number of defaulters will not pay their pending dues.

Hence, the Petitioner submits that-

- (a) The Commission may allow CED to charge 10% per annum as delayed payment surcharge to permanently disconnected consumers.

Commission’s views:

The Commission is of the view that there is no apparent error on face of the record.

- A) The issue being raised by the petitioner is **“To allow CED to charge 10% per annum as delayed payment surcharge to permanently disconnected consumers”**.

The Commission would like to highlight the fact that the above mentioned provision is in concurrence with the provisions of the supply code along with the amendments. Thus, the Commission finds no merit in reviewing of this provision. However, the petitioner may come up with the separate proposal for amendment of relevant provisions of the supply code in this context along with detailed justification for the rationale for proposed amendment. The petitioner should also support this proposal with financial impact on the petitioner duly supplemented by the actual number of permanent disconnections and recovery amount due form these connections.

Thus, the Commission does not accept the submission of petitioner and decides the issue accordingly.

4. CONCLUSION OF COMMISSION’S ORDER

Having considered the Petition no. 136/2014 of Electricity Department of UT Chandigarh for Review in respect of the Tariff Order dated 11th April 2014 passed by the Hon’ble JERC, Commission approves the following.

- a) Issue: Inter-State Transmission Losses
 - **No Review Required**

- b) Issue: BBMB Arrears
 - **No Review Required**

- c) Issue: Interest on Working Capital
 - **No Review Required**

- d) Issue: Interest on Consumer Security Deposit
 - **No Review Required**

- e) Issue: Provision for Bad and Doubtful Debt
 - **No Review Required**

- f) Issue: Carrying Cost on accumulated Revenue Gap
- **No Review Required**
- g) Issue: GFA and Depreciation
- **No Review Required**
- h) Issue: Release of connection at 11 kV
- **Amendments done in the provisions of the Tariff Schedule**
- i) Issue: Power Purchase Cost (Charging of FPPCA)
- **No Review Required**
- j) Issue: Delayed Payment Surcharge in case of permanently disconnected consumers
- **No Review Required**

This order shall be read in conjunction with approved tariff order for FY 2014-15 dated 11th April 2014.

The petitioner, within one week of issuance of this order, is directed to publish the amended provisions of tariff schedule in the leading newspapers for information of general public and make the copies of amended tariff schedule available in all the concerned circle/division/sub-division offices.

Copy of this order be sent to petitioner, CEA and Administration of UT of Chandigarh. It shall be placed on the website of the Commission.

Dated 09th July 2014

Sd/-
(S.K. Chaturvedi)
Chairman

Certified Copy

(Keerti Tewari)
Secretary

