

True up Petition on Tarrif Order of JERC for FY 2010-11

Submitted to
Joint Electricity Regulatory Commission

[February 2012]

ELECTRICITY DEPARTMENT OF DAMAN & DIU
Daman

BEFORE THE JOINT ELECTRICITY REGULATORY COMMISSION, GURGAON

Case No:

File No:

IN THE MATTER OF: Aggregate Revenue Requirement (ARR) Order for the
FY 2010-11 & Determination of Tariff for FY11 Dated
01.11.2010

AND

IN THE MATTER OF: Electricity Department of Daman & Diu (Hereinafter
referred to as "EDDD" or "The Petitioner")
Daman

TRUE-UP PETITION UNDER SECTION 94 (1) (f) OF THE ELECTRICITY ACT, READ WITH
REGULATION 8 OF THE JOINT ELECTRICITY REGULATORY COMMISSION for the State
of Goa and Union Territories(Terms and Conditions for Determination of Tariff)
Regulations, 2009 FOR REVIEW and TRUING UP OF THE ARR ORDER DATED 1st
NOVEMBER 10, 2010

MOST RESPECTFULLY SHOWETH

1. The Electricity Department of Daman & Diu ("EDDD") is a statutory body engaged in the electricity transmission and distribution in the Union Territory of Daman & Diu. Consequent to the enactment of the Electricity Act, 2003 (hereinafter referred to as the "Act"), the process of approval of proposed tariffs is vested with the State Commission. Based on the provisions of Section 62 of the Act, EDDD is filing the current petition, in order to meet its financial requirements.

1. By Order dated 1st November, 2010, the Hon'ble Commission has determined the Annual Revenue Requirement of EDDD for FY 2010-11 and has also determined the tariff applicable to EDDD in respect of its licensed activities, namely distribution of electricity for the FY 2010-11.

1. True-up for the year 2010-11

1.1 The following table summarizes the revenue requirement of Rs. 545.21 crores approved by the Commission for FY 2010-11 in the ARR Order against the Rs. 622.48 crores incurred by EDDD.

Table 1: Revenue Requirement for FY 2010-11

Annual Revenue Requirement	FY 10-11	FY 10-11	Deviation
Rs. Crs	Approved in Tariff Order	Actual	Actual-Approved
Power Purchase Cost	541.23	570.94	29.71
O&M Expense	9.29	8.61	-0.68
Depreciation	0.34	12.12	11.78
Interest Cost on Long-term Capital Loans	-	21.07	21.07
Interest on Working Capital Loans	5.39	5.67	0.28
Return on Equity	-	12.30	12.30
Provision for Bad Debt	0.18	0.49	0.31
Less:			
Non-Tariff Income	11.22	8.72	-2.50
Annual Revenue Requirement	545.21	622.48	77.27
Covered by			
Revenue @ Existing Tariff		518.36	
Revenue from Surplus Power Sale		46.43	
Revenue @ Existing Tariff	495.75*	564.79	69.04
Revenue (Gap)/Surplus	(49.46)	(57.69)	

* Includes revenue from surplus power sale

1.2 As can be seen from above, the key variations have been on account of power purchase, depreciation, interest on loans and return on equity.

1.3 Of the total costs approved by JERC in its ARR Order dated November 1, 2010 for FY 2010-11, there have been major changes in EDDD's power purchase depreciation, interest on loans and return on equity, which are explained in the following sections.

Energy Balance for FY 2010-11

1.4 The quantum of energy sales for the FY 2010-11 has been detailed in the Table 2. There has been increase in energy sales by 114.50 MUs for FY 2010-11 against the sales approved by the commission.

Table 2: Energy Sales for FY 2010-11

Sales(Mus)	FY 10-11	FY 10-11
	Approved in Tariff Order	Actual
Total Sales	1,540.50	1,655.00

1.5 EDDD has achieved a loss level of 10.27% in FY 2010-11as against the loss level of 11.00 % revised and approved in the ARR Order by the Commission.

1.6 EDDD's actual power purchase for FY 2010-11 is Rs 2103.34 MUs, as against Commission approved power purchase of Rs 2056.00 MUs as shown in Table 3.

Table 3: Power Purchase for FY 2010-11

Source (MUs)	FY 10-11	FY 10-11
	Approved in Tariff Order	Actual
NTPC Stations	1,232.00	1,244.35
NSPCL-Bhilai	762.00	774.59
NPCIL		
KAPPS	7.00	18.02

Source (MUs)	FY 10-11	FY 10-11
	Approved in Tariff Order	Actual
TAPP 3&4	55.00	66.38
Total	2,056.00	2,103.34*

* Includes the energy purchased through UI of 23.56 MUs

- 1.7 Based on the actual sales, and power purchases, the energy balance for FY 2010-11 has been summarized in the Table 4.

Table 4: Energy Balance for FY 2010-11

Energy Balance	FY 10-11	FY 10-11
	Approved in Tariff Order	Actual
Sales	1,540.50	1,655.00
Add: Losses	190.40	189.45
T&D Losses	11.00%	10.27%
Energy Required at Periphery	1,730.90	1,844.45
Pool Losses	117.00	119.89
Energy Available	2,056.00	2,103.34
Surplus/ (Deficit) Power	208.10	139.00

Power Purchase Cost

- 1.8 EDDD's actual power purchase cost for FY 2010-11 is Rs 570.94 Crores, as against Commission approved power purchase cost of Rs 541.23 Crores as shown in Table 5.

Table 5: Power Purchase Cost for FY 2010-11

Source (Rs. Crore)	FY 10-11	FY 10-11
	Approved in Tariff Order	Actual
NTPC Stations	270.28	277.37
NSPCL-Bhilai	219.46	230.18
NPCIL		
KAPPS	1.52	2.87
TAPP 3&4	15.02	19.40
Subtotal		
<u>Power purchase from Other Sources</u>		
UI	0.00	8.86
Transmission Charges		
PGCIL	34.95	32.01
POSCO	0.00	0.24
Total	541.23	570.94

Interest Cost

- 1.9 EDDD's normative interest costs estimated for FY 2010-11 is Rs 21.07 Crores. The normative debt has been computed by applying the debt equity ratio of 70:30 on the opening GFA on 1st April, 2010 as given in the JERC (Terms and Conditions for determination of Tariff Regulations), 2009. The interest cost has been arrived at by applying SBI PLR on the normative debt thus computed.

Depreciation

- 1.10 The EDDD has computed the depreciation at Rs. 12.12 crore as against the depreciation of Rs. 0.34 crore approved by the Commission in its tariff order for FY 2010-11. The depreciation has been computed by applying the depreciation rates as given in the Depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009 on the opening GFA and the subsequent additions to it in FY 2010-

11 as given in the provisional audited annual accounts of Administration of Daman & Diu.

Return on Equity

1.11 EDDD's normative Return on Equity for FY 2010-11 has been Rs. 12.30 Crores. The normative equity has been computed by applying the debt equity ratio of 70:30 on the opening GFA on 1st April, 2010 as given in the JERC (Terms and Conditions for determination of Tariff Regulations), 2009. The Return on Equity has been computed by applying the rate of 16% on the normative debt as per the regulation 24 of the Tariff Regulations.

Revenue form Sale of Power

1.12 Based on the audited accounts for FY 2010-11, the revenue generated from the sale of power within the state and outside the state is presented in the table below.

Table 3: Revenue from Sale of Power

Revenue from sale of Power (Rs Cr)	FY 2010-11	FY 2010-11
	Approved	Actuals
Revenue @ Existing Tariff		518.36
Revenue from Surplus Power Sale		46.43
Total Revenue	495.75	564.79

Prayer

1.13 Thus, as summarized Table 1, EDDD submits to the Commission to allow truing-up for FY 2010-11. EDDD requests the Hon'ble Commission:

- To admit this petition.
- To true up the expenditure for FY 2010-11 based on the actual performance of EDDD.