



# **TARIFF ORDER**

True- up for FY 2020-21& FY 2021-22

Petition No. 164/2026

For

Lakshadweep Electricity Department  
Administration of Lakshadweep

18<sup>th</sup> May 2026

## **JOINT ELECTRICITY REGULATORY COMMISSION**

For the State of Goa and Union Territories,

3<sup>rd</sup> and 4<sup>th</sup> Floor, Plot No. 55-56, Sector -18, Udyog Vihar - Phase IV

Gurugram, (122015) Haryana

Telephone : +91(124) 4684705, Telefax: +91(124) 4684706

Website: [www.jercuts.gov.in](http://www.jercuts.gov.in)

E-mail: [secy.jercuts@gov.in](mailto:secy.jercuts@gov.in)

*This page has been left blank intentionally.*

# Contents

<b>Chapter 1: Introduction</b>	<b>13</b>
1.1 About Joint Electricity Regulatory Commission (JERC)	13
1.2 About Lakshadweep Islands	13
1.3 About Lakshadweep Electricity Department (LED)	13
1.4 Multi Year Tariff Regulations, 2018	14
1.5 Filing and Admission of the Present Petition	14
1.6 Interaction with the Petitioner	15
1.7 Notice for Public Hearing	15
1.8 Public Hearing and Technical Validation Session (TVS)	15
<b>2 Chapter 2: Summary of Suggestions/ Objections received, Response from the Petitioner and the Commission's View</b>	<b>17</b>
2.1 Regulatory Process	17
2.2 Suggestions/ Comments of the Stakeholders, Petitioner's Response and Commission's Views	17
2.2.1 Renewable Energy Integration	17
2.2.2 Reliance on Diesel Generation	18
2.2.3 High Fuel consumption	18
2.2.4 Tariff increase	19
2.2.5 General queries	19
<b>3 Chapter 3: True-up of the FY 2020-21</b>	<b>21</b>
3.1 Background	21
3.2 Approach for True-up for FY 2020-21	22
3.3 Number of Consumers	22
3.4 Connected Load	24
3.5 Energy Sales	25
3.6 Intra-State Transmission and Distribution (T&D) loss	26
3.7 Energy Balance	27
3.8 Power Purchase Quantum & Fuel Cost	28
3.9 Renewable Purchase Obligation (RPO)	30
3.10 Operation & Maintenance Expenses	31
3.10.1 Employee Expenses	32
3.10.2 Administrative and General (A&G) Expenses	33
3.10.3 Repair and Maintenance (R&M) Expenses	34
Total Operation and Maintenance Expenses (O&M)	35
3.11 Capitalisation	36
3.12 Capital Structure	37
3.13 GFA & Depreciation	37
3.14 Interest and Finance Charges	40
3.15 Return on Equity (RoE)	42
3.16 Interest on Security Deposits (IoSD)	43
3.17 Interest on Working Capital	44

3.18	Income Tax	46
3.19	Provision for Bad & Doubtful Debts	46
3.20	Non-Tariff Income	46
3.21	Incentive/Disincentive towards over/under-achievement of norms.	47
3.22	Sharing of Gain/(Loss) on account of Operation & Maintenance (O&M) Expenses.	48
3.23	Aggregate Revenue Requirement (ARR)	49
3.24	Revenue at existing Retail Tariff	50
3.25	Standalone Revenue Gap/Surplus	51
<b>4</b>	<b>Chapter 4: True-up of the FY 2021-22</b>	<b>52</b>
4.1	Background	52
4.2	Approach for True-up for FY 2021-22	53
4.3	Number of Consumers	53
4.4	Connected Load	55
4.5	Energy Sales	56
4.6	Intra-State Transmission and Distribution (T&D) loss	57
4.7	Energy Balance	58
4.8	Power Purchase Quantum & Fuel Cost	59
4.9	Renewable Purchase Obligation (RPO)	61
4.10	Operation & Maintenance Expenses	62
4.10.1	Employee Expenses	63
4.10.2	Administrative and General (A&G) Expenses	64
4.10.3	Repair and Maintenance (R&M) Expenses	65
	Total Operation and Maintenance Expenses (O&M)	66
4.11	Capitalisation	67
4.12	Capital Structure	67
4.13	GFA & Depreciation	68
4.14	Interest and Finance Charges	71
4.15	Return on Equity (RoE)	73
4.16	Interest on Security Deposits (IoSD)	74
4.17	Interest on Working Capital	75
4.18	Income Tax	77
4.19	Provision for Bad & Doubtful Debts	77
4.20	Non-Tariff Income	77
4.21	Incentive/Disincentive towards over/under-achievement of norms.	78
4.22	Sharing of Gain/(Loss) on account of Operation & Maintenance (O&M) Expenses.	79
4.23	Aggregate Revenue Requirement (ARR)	80
4.24	Revenue at existing Retail Tariff	81
4.25	Standalone Revenue Gap/Surplus	82
<b>5</b>	<b>Chapter 5: Directives</b>	<b>83</b>
	Directives continued in this Order	83
1.1	Filing of Review and True up of previous years	83
1.2	Capital Expenditure	84

---

1.3 Improvement of specific fuel consumption	84
1.4 State Load Despatch Centre	85
1.5 Slab wise details	86
1.6 Details of upcoming power plants	86
1.7 Reliability Indices proposal for the control period	87
1.8 Explore alternate sources of energy generation	87
New Directives in this Order	88
1.1 T&D	88
1.2 Prior Period Capitalisation	88
<b>Annexures</b>	<b>89</b>
Annexure 1: List of Stakeholders who attended the public hearing on 10 <sup>th</sup> March 2026 and 12 <sup>th</sup> March 2026	89

# List of Tables

Table 1: Standalone Revenue Gap/ Surplus approved by the Commission for FY 2020-21 (Rs. Crores).....	12
Table 2: Standalone Revenue Gap/ Surplus approved by the Commission for FY 2021-22 (Rs. Crores).....	12
Table 3: List of interactions with the Petitioner.....	15
Table 4: No. of Consumers (no's) Submitted by the Petitioner for FY 2020-21.....	22
Table 5: No. of Consumers (no's) Trued- up by the Commission for FY 2020-21.....	23
Table 6: Connected Load (kVA) submitted by the Petitioner for FY 2020-21.....	24
Table 7: Connected Load (kVA) Trued- up by the Commission for FY 2020-21.....	25
Table 8: Sales (MUs) submitted by the Petitioner for FY 2020-21.....	25
Table 9: Energy Sales (MUs) Trued- up by the Commission for FY 2020-21.....	26
Table 10: Intra-State Transmission and Distribution (T&D) losses for FY 2020-21.....	26
Table 11: Proposed and approved Intra-State transmission and distribution loss (%) for FY 2020-21.....	27
Table 12: Energy Balance (MUs) submitted by Petitioner for FY 2020-21.....	27
Table 13: Energy Balance (MUs) approved by the Commission for FY 2020-21.....	27
Table 14: Fuel Cost & Power Purchase cost for the FY 2020-21 (Rs. Crores) as submitted by the Petitioner.....	28
Table 15: Per unit cost of fuel (HSD & Lube oil) for FY 2020-21.....	29
Table 16: Power Purchase cost, Quantum and variable cost approved by the Commission for FY 2020-21.....	29
Table 17: RPO Compliance Trued-up by the Commission for FY 2020-21.....	30
Table 18: Employee Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	32
Table 19: Computation of CPI Inflation (%).....	33
Table 20: Employee Growth Rate (Gn) for FY 2020-21.....	33
Table 21: Computation of employee expenses.....	33
Table 22: Employee Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores).....	33
Table 23: A&G Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	33
Table 24: Computation of CPI Inflation (%).....	34
Table 25: A&G Expenses computation for FY 2020-21 (Rs. Crores).....	34
Table 26: A&G Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores).....	34
Table 27: R&M Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	34
Table 28: Computation of WPI Inflation (%).....	35
Table 29: R&M Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores).....	35
Table 30: R&M Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores).....	35
Table 31: O&M Expenses Trued-up by Commission for FY 2020-21 (Rs. Crores).....	35
Table 32: Capitalisation submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	36
Table 33: Capitalization Approved by the Commission for FY 2020-21 (Rs. Crores).....	36
Table 34: GFA addition approved by Commission (Rs. Crore) for FY 2020-21.....	37
Table 35: Depreciation submitted by the Petitioner (Rs. Crores).....	38
Table 36: Depreciation Rate (%).....	39
Table 37: Weighted average rate of Depreciation considered by the Commission (%).....	39
Table 38: Depreciation approved by Commission for FY 2020-21 (Rs. Crores).....	39
Table 39: Interest & Finance charges claimed by Petitioner for the FY 2020-21 (Rs. Crores).....	40
Table 40: Interest and Finance Charges approved by Commission for FY 2020-21 (Rs. Crores).....	42
Table 41: Return on Equity claimed by the Petitioner for FY 2020-21 (Rs. Crores).....	42
Table 42: RoE approved by the Commission for FY 2020-21 (Rs. Crores).....	43
Table 43: Interest on Security Deposit as submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	43
Table 44: Interest on Security Deposit approved by the Commission for FY 2020-21 (Rs. Crores).....	44
Table 45: Interest on Working Capital submitted by Petitioner for FY 2020-21 (Rs. Crores).....	44
Table 46: Interest on Working Capital approved by Commission for FY 2020-21 (Rs. Crores).....	45
Table 47: Non-Tariff Income for the FY 2020-21 (Rs. Crores).....	47
Table 48: Non-Tariff Income approved by Commission for FY 2020-21 (Rs. Crores).....	47
Table 49: Incentive towards overachievement of Intra-State Distribution Loss for FY 2020-21 (Rs. Crores).....	48
Table 50: O&M Expenses (After Gain/ (Loss)) approved by Commission for FY 2020-21 (Rs. Crores).....	48
Table 51: Aggregate Revenue Requirement as submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	49
Table 52: Aggregate Revenue Requirement approved by the Commission for FY 2020-21 (Rs. Crores).....	49
Table 53: Revenue at existing tariff as submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	50

Table 54: Revenue at existing tariff approved by the Commission for FY 2020-21 (Rs. Crores) .....	50
Table 55: Standalone Revenue Gap/ Surplus at existing tariff as submitted by the Petitioner for FY 2020-21 (Rs. Crores).....	51
Table 56: Standalone Revenue Gap/ Surplus at existing tariff approved by the Commission for FY 2020-21 (Rs. Crores).....	51
Table 57: No. of Consumers (no's) Submitted by the Petitioner for FY 2021-22 .....	53
Table 58: No. of Consumers (no's) Trued- up by the Commission for FY 2021-22.....	54
Table 59: Connected Load (kVA) submitted by the Petitioner for FY 2021-22 .....	55
Table 60: Connected Load (kVA) trued- up by the Commission for FY 2021-22.....	56
Table 61: Sales (MUs) submitted by the Petitioner for FY 2021-22 .....	56
Table 62: Energy Sales (MUs) Trued- up by the Commission for FY 2021-22 .....	57
Table 63: Intra-State Transmission and Distribution (T&D) losses for FY 2021-22 .....	57
Table 64: Petitioner`s submission and approved Intra-State transmission and distribution loss (%) for FY 2021-22.....	58
Table 65: Energy Balance (MUs) submitted by Petitioner for FY 2021-22.....	58
Table 66: Energy Balance (MUs) approved by the Commission for FY 2021-22.....	58
Table 67: Fuel Cost & Power Purchase cost for the FY 2021-22 (Rs. Crores) as submitted by the Petitioner .....	59
Table 68: Per unit cost of fuel (HSD & Lube oil) for FY 2021-22 .....	60
Table 69: Power Purchase cost, Quantum and variable cost approved by the Commission for FY 2021-22 .....	60
Table 70: RPO Compliance Trued-up by the Commission for FY 2021-22 .....	61
Table 71: Employee Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores).....	63
Table 72: Computation of CPI Inflation (%).....	64
Table 73: Employee Growth Rate (Gn) for FY 2021-22 .....	64
Table 74: Computation of employee expenses .....	64
Table 75: Employee Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores).....	64
Table 76: A&G Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores) .....	64
Table 77: Computation of CPI Inflation (%).....	65
Table 78: A&G Expenses computation for FY 2021-22 (Rs. Crores).....	65
Table 79: A&G Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores) .....	65
Table 80: R&M Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores).....	65
Table 81: Computation of WPI Inflation (%).....	66
Table 82: R&M Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores).....	66
Table 83: R&M Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores).....	66
Table 84: O&M Expenses Trued-up by Commission for FY 2021-22 (Rs. Crores).....	66
Table 85: Capitalisation submitted by the Petitioner for FY 2021-22 (Rs. Crores).....	67
Table 86: Capitalization Approved by the Commission for FY 2021-22 (Rs. Crores) .....	67
Table 87: GFA addition approved by Commission (Rs. Crore) for FY 2021-22 .....	68
Table 88: Depreciation submitted by the Petitioner (Rs. Crores).....	68
Table 89: Depreciation Rate (%).....	69
Table 90: Weighted average rate of Depreciation considered by the Commission (%) .....	70
Table 91: Depreciation approved by Commission for FY 2021-22 (Rs. Crores) .....	70
Table 92: Interest & Finance charges claimed by Petitioner for the FY 2021-22 (Rs. Crores) .....	71
Table 93: Interest and Finance Charges approved by Commission for FY 2021-22 (Rs. Crores).....	72
Table 94: Return on Equity claimed by the Petitioner for FY 2021-22 (Rs. Crores) .....	73
Table 95: RoE approved by the Commission for FY 2021-22 (Rs. Crores).....	74
Table 96: Interest on Security Deposit as submitted by the Petitioner for FY 2021-22 (Rs. Crores) .....	74
Table 97: Interest on Security Deposit for approved by the Commission for FY 2021-22 (Rs. Crores).....	75
Table 98: Interest on Working Capital submitted by Petitioner for FY 2021-22 (Rs. Crores) .....	75
Table 99: Interest on Working Capital approved by Commission for FY 2021-22 (Rs. Crores) .....	76
Table 100: Non-Tariff Income for the FY 2021-22 (Rs. Crores) .....	77
Table 101: Non-Tariff Income approved by Commission for FY 2021-22 (Rs. Crores).....	78
Table 102: Incentive towards overachievement of Intra-State Distribution Loss for FY 2021-22 (Rs. Crores).....	79
Table 103: O&M Expenses (After Gain/ (Loss)) approved by Commission for FY 2021-22 (Rs. Crores).....	79
Table 104: Aggregate Revenue Requirement as submitted by the Petitioner for FY 2021-22 (Rs. Crores) ..	80
Table 105: Aggregate Revenue Requirement approved by the Commission for FY 2021-22 (Rs. Crores) ....	80
Table 106: Revenue at existing tariff as submitted by the Petitioner for FY 2021-22 (Rs. Crores).....	81
Table 107: Revenue at existing tariff approved by the Commission for FY 2021-22 (Rs. Crores).....	81

Table 108: Standalone Revenue Gap/ Surplus at existing tariff as submitted by the Petitioner for FY 2021-22 (Rs. Crores) .....	82
Table 109: Standalone Revenue Gap/ Surplus at existing tariff approved by the Commission for FY 2021-22 (Rs. Crores).....	82
Table 110: List of Stakeholders .....	89

## ***List of abbreviations***

<b>Abbreviation</b>	<b>Full Form</b>
A&G	Administrative and General
Act	The Electricity Act, 2003
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal of Electricity
CAGR	Compound Annualized Growth rate
Capex	Capital Expenditure
CEA	Central Electricity Authority
CGRF	Consumer Grievance Redressal Forum
CGS	Central Generating Stations
Cr	Crores
DG	Diesel Generator
Discom	Distribution Company
FY	Financial Year
GoI	Government of India
HT	High Tension
HSD	High Speed Diesel
JERC	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
kVA	Kilo Volt Ampere
kWh	Kilo Watt Hour
LED	Lakshadweep Electricity Department
LEDA	Lakshadweep Energy Development Agency
LNG	Liquefied Natural Gas
LT	Low Tension
MoP	Ministry of Power
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NIOT	National Institute of Ocean Technology
NTPC	National Thermal Power Corporation
O&M	Operation and Maintenance
OTEC	Ocean Thermal Energy Conversion
PLF	Plant Load Factor
PPA	Power Purchase Agreement
REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
SECI	Solar Energy Corporation of India Limited
SERC	State Electricity Regulatory Commission

---

<b>Abbreviation</b>	<b>Full Form</b>
SPV	Solar Photovoltaic
T&D	Transmission & Distribution
TVS	Technical Validation Session
UI	Unscheduled Interchange
UT	Union Territory
YoY	Year on Year

**Before the**  
**Joint Electricity Regulatory Commission**  
**For the State of Goa and Union Territories, Gurugram**

QUORUM

Shri Alok Tandon, Chairperson  
Smt. Jyoti Prasad, Member (Law)

Petition No. 164/2026  
Date of Order: 18<sup>th</sup> May 2026

**In the matter of**

Approval of True- up for FY 2020-21 & FY 2021-22 for Electricity Department of Lakshadweep (LED)

**And**

**In the matter Of**

Lakshadweep Electricity Department .....Petitioner

**ORDER**

- 1) This Order is passed in respect of the Petition filed by the Lakshadweep Electricity Department, (LED) (hereinafter referred to as “The Petitioner” or “LED” or “The Licensee”) for the approval of True-up of FY 2020-21 and FY 2021-22.
- 2) In exercise of the powers conferred on it by sub-Section (2) of Section 181 read with Section 36, Section 39, Section 40, Section 41, Section 51, Section 61, Section 62, Section 63, Section 64, Section 65 and Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (except Delhi), after previous publication, issued the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018 on 10<sup>th</sup> August 2018.
- 3) In terms of Regulation 11 of JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018 the Petitioner has filed a Petition for approval of True-up of FY 2020-21 and FY 2021-22.
- 4) The Commission scrutinized the said Petition and generally found it in order. The Commission admitted the “Petition for Approval of True up for FY 2020-21 & FY 2021-22” on 2<sup>nd</sup> January 2026. The Commission thereafter requested further information & clarifications on the data gaps observed to take a prudent view of the said Petition. Further, suggestions/ comments/ views and objections were invited from the Stakeholders and Electricity Consumers.
- 5) The Public Hearing was held on 10<sup>th</sup> March 2026 and 12<sup>th</sup> March 2026 at Kadmat and Kavaratti respectively, wherein all the Stakeholders/Electricity Consumers present in the Public Hearing were heard. The Technical validation Session was held on 14<sup>th</sup> March 2026.
- 6) The Commission, based on the Petitioner’s submission, relevant JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, facts of the matter, Rules and



provisions of the Electricity Act, 2003 and after proper due diligence and prudence check, has approved the True-up of FY 2020-21 and FY 2021-22.

- 7) The attached documents/ Annexures giving detailed reasons, grounds and conditions are integral part of this order.
- 8) A summary has been provided as follows:

#### A. True-up for FY 2020-2021

The Petitioner claimed the standalone revenue gap of Rs. 144.77 Crores in the True-up of FY 2020-21 against which the Commission has approved Rs. 118.57 Crores as given in the table below:

**Table 1: Standalone Revenue Gap/ Surplus approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
1.	Net Revenue Requirement	146.47	169.22	143.19
2.	Revenue from retail sales at Revised Tariff	25.01	24.45	24.62
3.	Net Revenue Gap (1-2)	121.46	144.77	118.57
4.	Revenue Gap for the previous year	0.00	0.00	0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>121.46</b>	<b>144.77</b>	<b>118.57</b>

#### B. True-up for FY 2021-22

The Petitioner claimed the standalone revenue gap of Rs. 176.47 Crores in the True-up of FY 2021-22 against which the Commission has approved Rs. 149.48 Crores as given in the table below:

**Table 2: Standalone Revenue Gap/ Surplus approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Net Revenue Requirement	166.77	200.46	173.66
2.	Revenue from retail sales at Revised Tariff	25.58	23.99	24.18
3.	Net Revenue Gap (1-2)	141.19	176.47	149.48
4.	Revenue Gap for the previous year	0.00	0.00	0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>141.19</b>	<b>176.47</b>	<b>149.48</b>

Ordered accordingly.

Sd/-  
(Jyoti Prasad)  
Member (Law)

Sd/-  
(Alok Tandon)  
Chairperson

(Certified Copy)

(Rajesh Dangi)  
Secretary, JERC



Place: Gurugram  
Date: 18<sup>th</sup> May 2026

# Chapter 1: Introduction

## 1.1 About Joint Electricity Regulatory Commission (JERC)

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as “the Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated 2<sup>nd</sup> May 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “the JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated 30<sup>th</sup> May 2008. JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and the Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting the interest of consumers and ensuring the supply of electricity to all areas.

## 1.2 About Lakshadweep Islands

Lakshadweep Islands is a group of islands in the Laccadive Sea, 200 to 440 km off the southwestern coast of India. The Union Territory (UT) of Lakshadweep is an archipelago consisting of 12 atolls, three reefs and five submerged banks, with a total of about thirty-nine islands and islets. It is a uni-district Union Territory with an area of 32 Sq. Kms and is comprised of ten inhabited islands, 17 uninhabited islands attached islets, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni and Minicoy. As per the 2011 Indian census, the population of the Union Territory was 64,473. The main occupation of the people is fishing and coconut cultivation with tuna being the main item of export.

Electrification of Lakshadweep Islands was initiated during the second Five Year Plan. Minicoy was the first island electrified in 1962 followed by Kavaratti Island in 1964, then Amini and Andrott in 1965 and 1966 respectively. Bitra was the last island electrified in 1982. Initially power supply was limited to 6-12 hours till 1982 to 1983 except in Kavaratti where 24 hours power supply was provided from 1964 itself. Round the clock power supply has been provided in all islands since 1983.

Lakshadweep islands comprise of an area of 32 sq. kms. For operational purposes the area has been divided into 1 division and 10 sub-divisions. The above figure has a pictorial view of the Islands.



## 1.3 About Lakshadweep Electricity Department (LED)

Lakshadweep Electricity Department (hereinafter referred to as “LED” or “Utility” or “Petitioner”) is solely responsible for power supply in the Union territory of Lakshadweep. Power requirement of LED is met by own generating stations only.

Starting with a modest capacity of 51.6 kW in 1962 from two Diesel Generating Sets, the generating capacity of Lakshadweep Electricity Department has grown over the years to meet the demand of the people in the Islands. Since the diesel generating sets were the only source of power, diesel has to be transported from Calicut (Kerala) in barrels. These barrels are transported in cargo barges to the Islands and stored for use. To alleviate this problem of transportation, oil storage facilities at Kavaratti and Minicoy Islands are under installation.

Due to geographical & topographical peculiarities of these islands including separation by sea over great distances there is no single power grid for the entire electrified Islands and instead separate generating units caters independently to power requirements of individual Islands.

The Petitioner is operating and maintaining power generation, transmission & distribution system network in these islands for providing electric power supply to public. It implements various Planned & Non-Planned schemes for augmentation of DG Generating Capacity, establishment of new power houses and Transmission & Distribution infrastructure. LED is also functioning as a Nodal Agency for implementing renewable energy program of the Ministry of New & Renewable Energy (MNRE) on these islands. Presently, LED is headed by an Executive Engineer.

The key duties being discharged by LED are:

- Laying and operating of such electric lines and sub-stations that are primarily maintained for the purpose of distributing electricity in the area of Lakshadweep Islands, notwithstanding that such lines and sub-station are high tension cables or overhead lines or associated with such high-tension cables or overhead lines; or used incidentally for the purpose of transmitting electricity for others, in accordance with Electricity Act, 2003 or the Rules framed there under.
- Operating and maintaining sub-stations and dedicated transmission lines connected there with as per the provisions of the Act and the rules framed there under.
- Generation of electricity for the supply of electricity required within the boundary of the UT and for the distribution of the same in the most economical and efficient manner.
- Supplying electricity, as soon as practicable to any person requiring such supply, within its competency to do so under the said Act.
- Preparation and implementation of schemes for distribution and generally for promoting the use of electricity within the UT.

## ***1.4 Multi Year Tariff Regulations, 2018***

The Commission notified the “Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018” (hereinafter referred to as JERC MYT Regulations, 2018) on 10<sup>th</sup> March 2018 for the 2<sup>nd</sup> Control Period from FY 2019-20 to FY 2021-22.

These Regulations are applicable to all the Generation companies, Transmission and Distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Daman & Diu and Dadra & Nagar Haveli and Puducherry.

## ***1.5 Filing and Admission of the Present Petition***

The True up for the FY 2020-21 and FY 2021-22 is to be carried out in accordance with Regulation 11 of the JERC MYT Regulations, 2018.

The Petitioner therefore submitted the current Petition via email for approval of “True up of FY 2020-21 and FY 2021-22” on 19<sup>th</sup> December 2025.

After initial scrutiny/analysis, the Petition on “True up of FY 2020-21 and FY 2021-22 was admitted on 2<sup>nd</sup> January 2026 and was marked as Petition no. 164/2026.

## 1.6 Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petitions was conducted, and certain deficiencies were observed. Accordingly, discrepancy notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, revenue from retail tariff, capitalization, tariff proposal etc. The Petitioner submitted its response to the issues through various letters/emails.

The following table provides a list of interactions with the Petitioner along with the dates:

**Table 3: List of interactions with the Petitioner**

S. No	Subject	Date
1	Admittance of Petition	02.01.2026
2	Public hearing	10.03.2026 at 04:00 PM at Kadmat & 12.03.2026 at 04:00 PM at Kavaratti
3	Technical Validation Session (TVS)	14 <sup>th</sup> March 2026
4	Issue of 1 <sup>st</sup> Deficiency Note	06.01.2026
5	Issue of 2 <sup>nd</sup> Deficiency Note	02.02.2026
6	Issue of 3 <sup>rd</sup> Deficiency Note	12.02.2026
7	Reply received from the Petitioner with regard to 1 <sup>st</sup> deficiency Note	14.01.2026
8	Reply received from the Petitioner with regard to 2 <sup>nd</sup> deficiency Note	05.02.2026
9	Reply received from the Petitioner with regard to 3 <sup>rd</sup> deficiency Note	23.02.2026

## 1.7 Notice for Public Hearing

In the absence of suitable publication in regular newspapers in the UT of Lakshadweep, the Commission directed the Petitioner to make public announcements and to advertise on the local cable network, giving wide publicity to the Public Hearing mentioning the date and time. The Petitioner uploaded the Petition on its website (<http://powerlak.utl.gov.in>) to invite comments and suggestions on the Petitions. The Commission also uploaded the Tariff Petition and the Public Notice on its website ([www.jercuts.gov.in](http://www.jercuts.gov.in)) giving due intimation to Stakeholders, consumers, and the public at large about the Public Hearing to be conducted by the Commission on 10<sup>th</sup> March 2026 at Kadmat and on 12<sup>th</sup> March 2026 at Kavaratti.

## 1.8 Public Hearing and Technical Validation Session (TVS)

The Commission deemed it is necessary to provide access to all the stakeholders by conducting proceedings, in the matters of Petition submitted by Electricity Department of Lakshadweep (LED). Therefore, the Commission has decided that the comments/suggestions of the stakeholders need to be heard physically for seeking their opinion.

Accordingly, the Public Hearing was held on 10<sup>th</sup> March 2026 at 04:00 PM in Conference Hall, Dak Banglow, Kadmat and on 12<sup>th</sup> March at 04:00 PM in Multi-Purpose Hall, Kavaratti, physically to discuss the issues, if any, related to the Petition filed by the Petitioner. The issues and concerns raised by the stakeholders in writing and as voiced by them during the Public Hearing have been examined by the Commission. The names of the stakeholders who attended the Public Hearing are provided in Annexure-1. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission have been summarized in Chapter 2 of this Order.

The Commission conducted a Technical Validation session (TVS) with the Petitioner on 14<sup>th</sup> March 2026 physically at Agatti, during which the discrepancies in the Petition were conveyed and additional information required by the Commission was sought. Subsequently, the Petitioner submitted replies to the issues raised in these sessions and provided documentary evidence to substantiate its claims regarding various submissions.

# **Chapter 2: Summary of Suggestions/ Objections received, Response from the Petitioner and the Commission's View**

## **2.1 Regulatory Process**

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the Petition on the website and publish the same in the newspapers in an abridged form in the given format duly inviting suggestions/ objections/ comments from the public as per the provisions of the MYT Regulations 2018.

The Commission also directed the Petitioner to make public announcements and to advertise on the local cable network, giving wide publicity to the Public Hearing mentioning the date and time in the absence of suitable publication in the regular newspapers in the U.T. of Lakshadweep.

The Public Hearing was held on 10<sup>th</sup> March 2026 and 12<sup>th</sup> March 2026 for the “Approval of True up of FY 2020-21 and FY 2021-22”. During the Public Hearing, stakeholders had submitted their comments in writing and also presented their views in person before the Commission. Other participants from the public, who had not submitted written suggestions/ comments earlier, were also given an equal opportunity to present their views/ suggestions in respect to the Petition.

The names of the stakeholders who attended the Public Hearings is provided in Annexure-I of this Order.

## **2.2 Suggestions/ Comments of the Stakeholders, Petitioner's Response and Commission's Views**

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/comments/ objections to make the Electricity Distribution Sectors process responsive and efficient. The relevant observations of the stakeholders have been suitably considered by the Commission while finalizing this True-up Order. It is noted that all comments/ suggestions in oral and in writing have been taken note of by the Commission and have been dealt with wherever required. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

### **2.2.1 Renewable Energy Integration**

#### **Stakeholders' Comments**

“Lakshadweep is very small in size, and the people of Lakshadweep do not have many job opportunities other than fishing and coconut climbing. Relying on costly electricity generated from diesel generators makes life very difficult for the people. In order to overcome this issue, the Department may explore the possibility of implementing solar plants on a ward-wise basis.”

#### **Petitioner's Response**

“In this regard, it has already undertaken significant steps towards the integration of solar energy across the islands. Grid-scale solar projects, including a 1.7 MW solar power plant with Battery Energy Storage System (BESS) at Kavaratti and Agatti, have been commissioned. Further, larger projects such as an 11.25 MWp floating solar plant with BESS are under implementation, along with additional ground-mounted solar installations in islands like Andrott and Amini.

In addition to utility-scale projects, the Petitioner is actively promoting decentralized rooftop solar systems under Government of India schemes across inhabited islands. A total of 958 rooftop solar systems aggregating 2.89 MW capacity have already been installed on residential buildings, and further expansion is planned in both residential and government sectors.

These initiatives collectively address the stakeholder's suggestion of localized solar deployment, as rooftop solar installations effectively function as distributed generation at the consumer level, reducing dependence on diesel-based generation and lowering the overall cost of supply.

The Petitioner submitted that, given the geographical constraints and limited land availability in Lakshadweep, a combination of rooftop solar and strategically located ground-mounted systems with BESS is considered more technically and economically optimal than ward-wise solar plants.

Accordingly, the Petitioner is progressively transitioning towards renewable energy-based power supply, which will reduce reliance on costly diesel generation, improve affordability of electricity, and ensure sustainable and reliable power supply for the consumers of Lakshadweep.”

### **Commission's View**

The Commission has noted the suggestions of the Stakeholders and efforts are being made by the Petitioner to increase the solar generation.

## ***2.2.2 Reliance on Diesel Generation***

### **Stakeholders' Comments**

“Fuel cost is the primary component of the Aggregate Revenue Requirement (ARR). The Petitioner is required to generate additional electricity to meet the growing demand, especially from major consumers such as NIOT and other Government establishments. This has led to increased reliance on diesel-based power generation, which significantly raises the cost of electricity supply. As a result, the higher cost ultimately translates into an increased financial burden on the general public. At the same time, it is the responsibility of the Administration and the Petitioner to ensure the provision of cost-effective electricity to the people of Lakshadweep. In this context, it is imperative that the Department expedite the implementation of Renewable Energy (RE) projects in Lakshadweep to reduce reliance on costly diesel generation and ensure sustainable power supply.”

### **Petitioner's Response**

“It has taken initiatives towards implementation of Renewable Energy (RE) projects. As renewable energy gradually replaces diesel-based generation, the Average Cost of Supply is projected to decrease significantly due to reduced fuel procurement costs. As a result, the Net Revenue Requirement is expected to decline by more than 50% over the course of the control period. This will also lead to a substantial reduction in the revenue gap. Despite this positive trend, a considerable revenue gap is still anticipated, which will need to be bridged through budgetary support. Therefore, the Petitioner has proposed a tariff hike with a progressively decreasing percentage over the control period to address this gap in a balanced and sustainable manner.”

### **Commission's View**

The Commission has noted the suggestions of the stakeholders and the Petitioner's response in this regard. The Commission has already decided the 5-year tariff wherein the average billing rate is reduced year-on-year basis.

## ***2.2.3 High Fuel consumption***

### **Stakeholders' Comments**

“The Petitioner is using very old Diesel Generators in its power houses and there is a possibility of increased diesel consumption.”

### **Petitioner's Response**

“The Petitioner undertakes comprehensive and periodic assessment of all DG sets installed across its powerhouses, including detailed evaluation of their performance, fuel efficiency, operational reliability, and maintenance requirements. Based on these assessments, underperforming, inefficient, or aged DG

sets are identified and replaced in a phased and timely manner. This proactive approach helps in optimizing generation efficiency, reducing excessive diesel consumption, minimizing breakdowns, and ensuring reliable and uninterrupted power supply across the islands.”

### **Commission’s View**

The Commission has noted the suggestions of the stakeholders and efforts of the Petitioner’s in replacing DG sets with more efficient DG set in phased manner.

## ***2.2.4 Tariff increase***

### **Stakeholders’ Comments**

“The financial condition of Lakshadweep is currently very poor, with limited sources of income, as most employees have been retrenched. In this difficult situation, it is requested that the Commission may kindly consider not increasing the tariff for consumers.”

### **Petitioner’s Response**

“The Petitioner submitted that the proposed tariff hike for the control period from FY 2025-26 to FY 2029-30 is primarily necessitated by the rising cost of electricity supply, driven by increasing fuel prices and higher power purchase costs. Currently, over 95% of power in the UT is generated through diesel-based generation stations. Consequently, this dependency has led to a significant rise in the Net Revenue Requirement and a corresponding increase in the revenue gap. Further, only a small percentage of ARR is recovered through tariff & the remaining gap is funded through budgetary support of the Government.”

### **Commission’s View**

The Commission has noted the suggestions of the stakeholders and the Petitioner’s response and clarifies in this regard, that the present petition is for carrying True-up for the FY 2020-21 and FY 2021-22 and not for tariff determination.

## ***2.2.5 General queries***

### **Stakeholders’ Comments**

“From FY 2020–21 onwards, the employment opportunities are reducing considerably. As you can see in the summary of the petition, the employee cost has been reduced from 12% to 11%. Also, due to the reduction, the employment opportunities and it is affecting the life of the common people. The solar scheme was introduced by the Government of India in the year 2019. However, there has been a considerable delay by the administration in implementing the scheme for the last two years, which has caused difficulties for common people. Moreover, during the previous public hearing, representatives of major political parties from Lakshadweep had requested the Commission to reduce the tariff; however, the Commission had already adopted the petition as submitted. While diesel-based generation continues to dominate, there are significant opportunities for electricity generation through solar energy. However, the Petitioner appears to be primarily focused on diesel generator (DG) sets rather than actively pursuing renewable alternatives. Further, with the introduction of diesel outlets at Kavaratti and Minicoy by IOCL, transmission and handling losses during fuel transportation have been considerably reduced. Despite this improvement, the tariff has continued to increase, which raises concerns among consumers.”

### **Petitioner’s Response**

- As part of the initiative to integrate renewable energy sources, the Solar Energy Corporation of India (SECI) has commissioned a 1.7 MW solar power plant with a 1.4 MWh Battery Energy Storage System (BESS) at Kavaratti and Agatti. Further, tenders have been finalized and the power purchase tariff has been discovered for the installation of an 11.25 MWp floating solar plant with 32 MWh BESS at Kavaratti and Agatti. In addition, rooftop solar installations under the scheme PMSGMBY are being carried out on private domestic buildings across all inhabited islands of Lakshadweep, and the Department has successfully installed 958 Rooftop Solar (RTS) systems with a total capacity of 2.89 MW.

- Further, the Department will be establishing a 0.952 MWp ground-mounted solar plant with 0.037 MWh BESS at Andrott and Amini islands. The Department has also planned the installation of Rooftop Solar (RTS) systems aggregating 2.107 MW, along with 5.525 MWh BESS, in government buildings across the islands.
- By these initiatives, the Department aims to significantly reduce dependency on diesel-based generation, lower the overall cost of power supply, enhance energy security, and promote sustainable and environmentally friendly power generation in Lakshadweep.”

**Commission’s View**

The Commission has noted the suggestions of the stakeholders and the Petitioner’s response in this regard.

# Chapter 3: True-up of the FY 2020-21

## 3.1 Background

The MYT Order for 2<sup>nd</sup> Control Period was issued by the Commission on 20<sup>th</sup> May 2019 (for FY 2019-20 to FY 2021-22) approving the Aggregate Revenue Requirement (ARR) for 2<sup>nd</sup> Control Period (FY 2019-20 to FY 2021-22) and Determining the Retail Supply Tariff for FY 2019-20. Subsequently, the Commission approved the Aggregate Revenue Requirement (ARR) and Determination of Retail Tariff for the FY 2020-21 in its order dated 18<sup>th</sup> May 2020. Since the Petitioner had not been able to submit the Petition for the true-up on time, the Commission directed the Petitioner in the Tariff Order dated 19<sup>th</sup> September 2025 “to get the accounts audited for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 and file the true up petitions, on top priority.” Subsequently, the Petitioner has filed this current petition (Petition No.: 164/2026) for True up for FY 2020-21. The same was admitted by the Commission on 2<sup>nd</sup> January 2026.

The Commission, now, in this Chapter carries out the True-up of FY 2020-21 in accordance with the principles laid down in the “Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018”, (hereinafter referred to as JERC MYT Regulations, 2018). The True up for the FY 2020-21 has to be carried out in accordance with Regulation 11 of the “JERC MYT Regulations, 2018”, which states as follows:

*“11. Annual Performance Review, Truing-up, and tariff determination during the Control Period*

*11.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.*

*11.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for the annual performance review of the current year, truing up of the previous Year or the Year for which the audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time:*

*Provided that the Generating Company, Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be specified by the Commission, together with the audited accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges.*

*11.3 The scope of the annual performance review, truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:*

- a) True-up: a comparison of the audited performance of the Applicant for the Financial Year for which the true up is being carried out with the approved forecast for such previous Financial Year, subject to the prudence check.*
- b) Annual Performance Review: a comparison of the revised performance targets of the Applicant for the current Financial Year with the approved forecast in the Tariff Order corresponding to the Control Period for the current Financial Year subject to prudence check;*
- c) Tariff determination for the ensuing Year of the Control Period based on the revised forecast of the Aggregate Revenue Requirement for the Year;*
- d) Review of compliance with directives issued by the Commission from time to time;*
- e) Other relevant details, if any.*

*11.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the Applicant (controllable factors) or to factors beyond the control of the Applicant (uncontrollable factors):*

*Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12 below shall be attributed entirely to controllable factors.*

*11.5 Upon completion of the exercise, the Commission shall pass an order recording:*

- a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 13 of these Regulations: Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.
- b) Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations: Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.
- c) Carrying cost shall be allowed for a Generating Company, Transmission Licensee or Distribution Licensee on the amount of revenue gap for the period from the date on which such gap has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed, on the basis of actual rate of loan taken by the Licensee to fund the deficit in revenue: Provided that carrying cost on the amount of revenue gap shall be allowed subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the revenue gap is addressed: Provided also that if no loan has been taken to fund revenue deficit, the Commission shall allow Carrying Cost on simple interest basis at one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points; Provided further that in case of revenue surplus, the Commission shall charge the Licensee a Carrying Cost from the date on which such surplus has become due, i.e., from the end of the Year for which true up has been done, till the end of the Year in which it is addressed on simple interest basis at one(1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points.
- d) Revision of estimates and tariff for the ensuing Financial Year.”

### 3.2 Approach for True-up for FY 2020-21

The Commission has noted that the Petitioner has requested for True-up of FY 2020-21 based on annual audited accounts for FY 2020-21. The Petitioner has submitted details of the expenditure and the revenue for the year based on its audited accounts along with a comparison of the actual revenue and expenditure against the corresponding figures previously approved by the Commission in the ARR order dated 18<sup>th</sup> May 2020.

The Commission has analysed various elements of the actual revenue and expenses for the FY 2020-21 based on the audited accounts, energy audit report for FY 2020-21, and replies to the various queries submitted by the Petitioner.

### 3.3 Number of Consumers

#### **Petitioner's Submission**

The Petitioner has submitted the total number of Consumers for FY 2020-21 as 25,422 no's in the Petition as against an approved number of Consumers of 25,453 no's in the ARR Order dated 18<sup>th</sup> May 2020.

**Table 4: No. of Consumers (no's) Submitted by the Petitioner for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Domestic	22122	20581	20254
2	Commercial	2746	3020	3422
3	Govt. Connection	1319	1217	1173
4	Industrial	395	359	352
5	HT Consumers	8	8	9
6	Public Lighting	79	76	76

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
7	Others Temporary Supply	160	193	136
<b>8</b>	<b>Total</b>	<b>26828</b>	<b>25453</b>	<b>25422</b>

### **Commission's Analysis**

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*
- n) Income from the realisation of bad debts written off;*

*Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:*

*Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."*

The Commission notes that as per the above provision, the variation in the number or mix of Consumers is uncontrollable. The Commission approves the No. of Consumers as submitted by the Petitioner for FY 2020-21. The table given below provides the No. of Consumers approved by the Commission in the Tariff Order dated 18<sup>th</sup> May 2020, the Petitioner's submission and the No. of Consumers now trued-up by the Commission.

**Table 5: No. of Consumers (no's) Trued- up by the Commission for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1	Domestic	20581	20254	20254
2	Commercial	3020	3422	3422
3	Govt. Connection	1217	1173	1173
4	Industrial	359	352	352
5	HT Consumers	8	9	9
6	Public Lighting	76	76	76
7	Others Temporary Supply	193	136	136
<b>8</b>	<b>Total</b>	<b>25453</b>	<b>25422</b>	<b>25422</b>

Therefore, the Commission approves the 25,422 number of Consumers for the True-Up of FY 2020-21.

### 3.4 Connected Load

#### **Petitioner's Submission**

The Petitioner has submitted the Connected Load for FY 2020-21 as 1,17,408 kVA in the Petition as against an approved connected load of 1,21,450 kVA in the ARR Order dated 18<sup>th</sup> May 2020.

**Table 6: Connected Load (kVA) submitted by the Petitioner for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Domestic	91906	90951	92032
2	Commercial	17493	16855	8213
3	Govt. Connection	8845	8455	12026
4	Industrial	4191	3972	3658
5	HT Consumers	658	698	923
6	Public Lighting	330	319	284
7	Others Temporary Supply	66	201	273
<b>8</b>	<b>Total</b>	<b>123490</b>	<b>121450</b>	<b>117408</b>

#### **Commission's Analysis**

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*
- n) Income from the realisation of bad debts written off;*

*Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:*

*Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."*

The Commission notes that as per the above provision, the variation in the Connected Load is uncontrollable. The Commission approves the Connected Load as submitted by the Petitioner for FY 2020-21. The table given below provides the Connected Load approved by the Commission in the Tariff Order dated 18<sup>th</sup> May 2020, the Petitioner's submission and the Connected Load now trued-up by the Commission.

**Table 7: Connected Load (kVA) Trued- up by the Commission for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1	Domestic	90951	92032	92032
2	Commercial	16855	8213	8213
3	Govt. Connection	8455	12026	12026
4	Industrial	3972	3658	3658
5	HT Consumers	698	923	923
6	Public Lighting	319	284	284
7	Others Temporary Supply	201	273	273
<b>8</b>	<b>Total</b>	<b>121450</b>	<b>117408</b>	<b>117408</b>

Therefore, the Commission approves 1,17,408 kVA of Connected Load as submitted by the Petitioner for True-Up of FY 2020-21.

### 3.5 Energy Sales

#### Petitioner's Submission

The Petitioner has submitted the total quantum of energy sales for FY 2020-21 as 53.10 MUs in the Petition as against an approved energy sales quantum of 52.54 MUs in the ARR Order dated 18<sup>th</sup> May 2020.

**Table 8: Sales (MUs) submitted by the Petitioner for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Domestic	42.38	39.29	40.35
2	Commercial	3.44	3.25	3.31
3	Govt. Connection	8.39	7.68	7.28
4	Industrial	0.46	0.35	0.37
5	HT Consumers	0.71	1.03	0.88
6	Public Lighting	0.69	0.82	0.82
7	Others Temporary Supply	0.09	0.12	0.09
<b>8</b>	<b>Total</b>	<b>56.15</b>	<b>52.54</b>	<b>53.10</b>

#### Commission's Analysis

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*

- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;
- l) Taxes and Statutory levies;
- m) Taxes on income;
- n) Income from the realisation of bad debts written off:
- Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:
- Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."

The Commission notes that as per the above provision, the variation in the quantum of electricity sales is uncontrollable.

The Commission observed that the Sales as per the Audited Annual Account of FY 2020-21 has been mentioned as 53.10 MUs and the same 53.10 MUs has been submitted by the Petitioner. Accordingly, relying on the Audited Annual account of FY 2020-21, the Commission approves the Energy Sales of 53.10 MUs for True-Up of FY 2020-21.

The table given below provides the energy sales approved by the Commission in the Tariff Order dated 18<sup>th</sup> May 2020, the Petitioner's submission and the quantum of energy sales now trued-up by the Commission.

**Table 9: Energy Sales (MUs) Trued- up by the Commission for FY 2020-21**

Sr. No.	Category	FY 2020-21		
		Approved in T.O. dated 18th May, 2020	Petitioner's Submission	Trued-up by the Commission
1	Domestic	39.29	40.35	40.35
2	Commercial	3.25	3.31	3.31
3	Govt. Connection	7.68	7.28	7.28
4	Industrial	0.35	0.37	0.37
5	HT Consumers	1.03	0.88	0.88
6	Public Lighting	0.82	0.82	0.82
7	Others Temporary Supply	0.12	0.09	0.09
<b>8</b>	<b>Total</b>	<b>52.54</b>	<b>53.10</b>	<b>53.10</b>

Therefore, the Commission approves 53.10 MUs of Sales as submitted by the Petitioner for the True-up of FY 2020-21.

### **3.6 Intra-State Transmission and Distribution (T&D) loss**

#### **Petitioner's Submission**

The Petitioner has submitted that it has achieved an Intra-State T&D loss of 11.64 % in the FY 2020-21 against the target of 12.50 % provided in ARR order dated 18<sup>th</sup> May 2020 for FY 2020-21.

#### **Commission's Analysis**

The Petitioner has submitted the T&D Losses as 11.64% in the petition.

The Commission considering approved energy sales of 53.10 MUs (Sec. 3.5), total generation of 60.12 MUs as per the Energy Audit report for FY 2021-22 and based on information available in the annual accounts, has computed the T&D losses as 11.68 %.

**Table 10: Intra-State Transmission and Distribution (T&D) losses for FY 2020-21**

Sr. No.	Particulars	Considered by the Commission
1.	Energy Sales within the UT (MUs)	53.10
2.	Energy Available at UT Periphery	60.12

Sr. No.	Particulars	Considered by the Commission
3.	T&D losses (MUs) (2-1)	<b>7.02</b>
4.	T&D Loss (%)	11.68%

The table below provides the Intra-State T&D loss approved in the ARR of FY 2020-21, Petitioner's submission and as approved by the Commission now.

**Table 11: Proposed and approved Intra-State transmission and distribution loss (%) for FY 2020-21**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner's Submission (in the Petition)	Trued-up by the Commission
1.	T&D Losses (%)	12.50%	11.64%	11.68%

Therefore, the Commission has approved the Intra-State T&D loss of 11.68% for the FY 2020-21. The applicable incentive in this regard has been considered in Section 3.21.

### 3.7 Energy Balance

#### Petitioner's Submission

The information regarding Energy requirement and Energy availability submitted by the Petitioner are as follows.

**Table 12: Energy Balance (MUs) submitted by Petitioner for FY 2020-21**

Sr. No.	Particulars	FY 2020-21		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
<b>A</b>	<b>ENERGY REQUIREMENT (MUs)</b>			
i)	Total Sales within UT	56.16	52.54	53.10
ii)	Transmission & Distribution Losses (%)	12.50	12.50	11.64
iii)	T&D Losses (MU)	8.02	7.51	7.00
	Total Energy Requirement (for sale to retail consumers)	64.17	60.05	60.10
<b>B</b>	<b>ENERGY AVAILABILITY AT PERIPHERY</b>			
i)	Power Purchase			0.00
ii)	Own Generation	64.17	60.05	60.10
	Total Energy Availability	64.17	60.05	60.10
	<b>ENERGY SURPLUS/(GAP)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### Commission's analysis

The information submitted by the Petitioner on Power Purchase Quantum has been examined and accordingly the energy balance for the FY 2020-21 is derived.

The following table provides the energy balance approved in the ARR of the FY 2020-21 dated 18<sup>th</sup> May 2020, the Petitioner's submission and now trued-up by the Commission.

**Table 13: Energy Balance (MUs) approved by the Commission for FY 2020-21**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
<b>A.</b>	<b>Energy Requirement (MUs)</b>			
1.	Total Sales within UT	52.54	53.10	53.10
2.	Transmission & Distribution Losses (%)	12.50	11.64	11.68
3.	Transmission & Distribution Losses (MUs)	7.51	7.00	7.02

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
4.	Total Energy Requirement (for sale to retail consumers)	60.05	60.10	60.12
<b>B.</b>	<b>Energy Availability at Periphery (MUs)</b>			
1.	Power Purchase (MUs)		0.00	0.00
2.	Own Generation (MUs)	60.05	60.10	60.12
3.	Total Energy Availability	60.05	60.10	60.12
<b>C.</b>	<b>Total shortfall/(Surplus)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The Commission approves nil Energy Balance for the FY 2020-21.

### 3.8 Power Purchase Quantum & Fuel Cost

#### **Petitioner's Submission:**

The Petitioner has submitted that the energy requirement of Electricity Department Lakshadweep is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

The Petitioner has submitted the actual cost of fuel and also cost of power purchase from various IPPs and other generators as per Audited Accounts for FY 2020-21 in the table below:

**Table 14: Fuel Cost & Power Purchase cost for the FY 2020-21 (Rs. Crores) as submitted by the Petitioner**

Particulars	FY 2020-21		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
Cost of Fuel	82.35	94.97	113.77
<b>Total</b>	<b>82.35</b>	<b>94.97</b>	<b>113.77</b>

#### **Commission's analysis:**

The Commission notes that the "JERC MYT Regulations 2018" stipulate that any variation in the cost of power generation and/or power purchase due to variation in the rate of power purchase from approved sources shall be treated as an "uncontrollable factor". Regulation 12.1 of the JERC MYT Regulations, 2018 stipulates the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*

n) Income from the realisation of bad debts written off;

.....”

The Commission has observed that the Petitioner has claimed Rs. 113.77 Crores as Power Purchase Cost for the FY 2020-21.

The Commission, based on the data submitted by the Petitioner in reply to deficiency note, determines the per litre cost of HSD and per litre cost of Lube oil as Rs. 57.83/Litre and Rs. 182.11/Litre, respectively.

**Table 15: Per unit cost of fuel (HSD & Lube oil) for FY 2020-21**

Months	Fuel consumption (HSD), (in Liters)	Total Cost (HSD), as per invoice (Rs.)	Per unit rate of fuel (HSD)	Fuel consumption (Lube oil), (in Liters)	Total Cost (Lube oil), as per invoice (Rs.)	Per unit rate of fuel (Lube oil)
1	2	3	4=3/2	5	6	7=6/5
April-2020	1,599,618	80,613,364	50.40	4086	587393	143.76
May-2020	1,706,212	75,101,586	44.02	5000	752620	150.52
June-2020	1,429,591	70,615,102	49.40	4012	576756	143.76
July-2020	1,394,730	76,715,296	55.00	5554	808937	145.65
August-2020	1,446,877	84,938,985	58.71	4501	655415	145.62
September-2020	1,378,471	83,872,239	60.84	3793	644765	169.99
October-2020	1,558,089	96,997,916	62.25	5974	1121134	187.68
November-2020	1,484,202	89,759,851	60.48	3378	737552	218.34
December-2020	1,539,272	91,828,082	59.66	4687	1094348	233.49
January-2021	1,584,944	97,082,273	61.25	5917	1164215	196.76
February-2021	1,359,883	87,158,864	64.09	4372	907215	207.51
March-2021	1,647,333	113,683,715	69.01	4880	1175533	240.89
<b>Total</b>	<b>18129222</b>	<b>1048367274</b>	<b>57.83</b>	<b>56154</b>	<b>10225885</b>	<b>182.11</b>

The Commission raised a query regarding the Specific Fuel Consumption (SFC) in 3<sup>rd</sup> deficiency note. Based on the details submitted by the Petitioner regarding the total consumption of the HSD and Lube oil, the Commission found the SFC of HSD as 303.95 ml/kWh against 266.12 ml/kWh approved in the order dated 18<sup>th</sup> May 2020. and SFC of Lube Oil as 0.94 ml/kWh against 0.99 ml/kWh approved in the order dated 18<sup>th</sup> May 2020.

The Commission has considered SFC of HSD and Lube oil as 266.12 ml/kWh and 0.99 ml/kWh respectively for the computation of Fuel cost for approval.

Based on the above approach, the Commission approves the following fuel cost for HSD based own generation plants and fuel cost:

**Table 16: Power Purchase cost, Quantum and variable cost approved by the Commission for FY 2020-21**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Approved
1	Total Gross Generation (DG Generation + Solar Generation) (MUs)		60.05		60.12
2	Solar Generation (MUS)		1.18		0.45

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Approved
3	Gross DG Generation (MUs) 1 - 2	56.25	58.86		59.67
4	Specific HSD Consumption (ml per kWh)	266.12	266.12		266.12
5	Average Cost of HSD per litre (Rs.)	54.34	59.92		57.83
<b>6</b>	<b>Cost of HSD [(3 X 4/1000 X 5)/10] (Rs. crores)</b>	<b>81.35</b>	<b>93.87</b>		<b>91.83</b>
7	Specific Lube Oil consumption (ml per kWh)	0.99	0.99		0.99
8	Average Cost of Lube Oil per litre (Rs.)	180.00	189.00		182.11
<b>9</b>	<b>Cost of Lube Oil [(3 X 7/1000 X 8)/10] (Rs. crores)</b>	<b>1.00</b>	<b>1.10</b>		<b>1.08</b>
<b>10</b>	<b>Total Fuel Cost (Rs. crores) (6+9)</b>	<b>82.92</b>	<b>94.97</b>	<b>113.77</b>	<b>92.90</b>
<b>11</b>	<b>APPC (10/1)</b>				<b>15.45</b>

Therefore, the Commission approves the overall power generation cost Rs. 92.90 Crores, which is inclusive of HSD cost of Rs. 91.83 Crores and Lube Oil cost of Rs. 1.08 Crores for the True-up of FY 2020-21.

### 3.9 Renewable Purchase Obligation (RPO)

#### Petitioner's Submission

The Petitioner has not submitted any information in the petition regarding Renewable Purchase obligation (RPO).

#### Commission's analysis

The Commission notes that as per Clause 1, Sub-clause (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010:

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

The Commission notified the JERC (Procurement of Renewable Energy), (Third Amendment) Regulations, 2016 on 22nd August 2016 and revised the RPO targets, according to which the Petitioner had to purchase 14.10% of its total consumption (including 6.10% from Solar & 8.00% from Non-solar sources) from renewable sources for the FY 2020-21.

For the FY 2020-21, the Petitioner had a standalone target of 7.40 MUs comprising of 3.24 MUs solar and 4.16 MUs non-solar. As against the compliance the Petitioner has only been able to meet 0.45 MUs of solar power & Nil from non-solar power plants (as submitted by the Petitioner in the reply to the queries in TVS), thereby resulting into a shortfall of 6.95 MUs in achieving overall RPO target for FY 2020-21.

Based on the above, the Commission has computed the standalone RPO compliance for FY 2020-21 as shown in the following table:

**Table 17: RPO Compliance Trued-up by the Commission for FY 2020-21**

Sr. No.	Particulars	FY 2020-21
1	Solar Target	6.10%
2	Non-Solar Target	8.00%
<b>3</b>	<b>Total Target</b>	<b>14.10%</b>
<b>4</b>	<b>Sales Within UT (MUs)</b>	<b>53.10</b>

Sr. No.	Particulars	FY 2020-21
<b>5</b>	<b>RPO Target (MUs)</b>	
5(a).	Solar (MUs)	3.24
5(b).	Non-Solar (MUs)	4.61
	<b>Total RPO Target (MUs)</b>	<b>7.40</b>
<b>6</b>	<b>RPO Compliance, (Actual Purchase), (MUs)</b>	
6(a).	Solar (MUs)	0.45
6(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (Actual Purchase), (MUs)</b>	<b>0.45</b>
7	RPO Compliance (REC Certificate Purchase), (MUs)	
7(a).	Solar (MUs)	0.00
7(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (REC Certificate) (MUs)</b>	<b>0.00</b>
<b>8</b>	<b>RPO Compliance (REC + Actual) (MUs)</b>	
8(a).	Solar (MUs)	0.45
8(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (REC + Actual) (MUs)</b>	<b>0.45</b>
<b>9</b>	<b>Net Shortfall/(Surplus) (MUs) for this year</b>	<b>6.95</b>
<b>10</b>	<b>Cumulative Shortfall (MUs) in RPO Compliance till FY 2019-20</b>	<b>11.17</b>
<b>11</b>	<b>Cumulative Shortfall (MUs) in RPO Compliance till current year i.e. FY 2020-21</b>	<b>18.12</b>

The Commission notes that there is a cumulative shortfall in RPO compliance till FY 2020-21 of 18.12 MU's.

### **3.10 Operation & Maintenance Expenses**

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance Expenses (R&M). The JERC MYT Regulations, 2018 considers the variation of O&M Expenses, except to the extent of inflation, to be controllable. Regulation 12.2 of the JERC MYT Regulation, 2018 states the following:

*“For the purpose of these Regulations, the term “controllable factors” for a Transmission or Distribution Licensee shall comprise of the factors which were within the control of the Licensee, shall inter-alia include:*

- a) Variations in capitalisation on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*
- b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalisation, as specified in clause (a) above;*
- c) Variations in technical and commercial losses of Distribution Licensee;*
- d) Availability of transmission system;*
- e) Variations in performance parameters;*
- f) Failure to meet the standards specified in the Joint Electricity Regulatory Commission for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015, as amended from time to time;*
- g) Variations in labour productivity;*
- h) Variation in O&M Expenses, except to the extent of inflation;*
- i) Bad debts written off, in accordance with the provisions of Regulation 62:*

*Provided further that the controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.....”*

Therefore, any variation in O&M Expenses is attributable to the Petitioner is not passed on in the ARR, other than any cost which is beyond the control of the Petitioner. Further Regulations 60.6 provides as follows:

*“60. Operation and Maintenance (O&M) expenses for Retail Supply Business*

*.....*

*60.6 For the purpose of estimation, the same value of factors – CPIinflation and WPIinflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPIinflation and WPIinflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.”*

*(Emphasis supplied)*

*Further, Regulation 14 of the JERC MYT Regulations, 2018 stipulates the following:*

*“14. Mechanism for sharing of gains or losses on account of controllable factors*

*14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable*

*factors shall be shared equally between Licensee and Consumers:*

*Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”*

In accordance with above Regulations, the Commission has approved the Employee Expenses, A&G Expenses and R&M Expenses as elaborated below:

### **3.10.1 Employee Expenses**

#### **Petitioner’s Submission**

The Petitioner has submitted employee expenses of Rs. 20.94 Crores against the approved expenses of Rs. 23.87 Crores in the Tariff Order dated 18<sup>th</sup> May 2020.

**Table 18: Employee Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Employee Expenses	FY 2020-21		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner’s Submission
Employee Expenses	26.05	23.87	20.94
<b>Total Employee Expenses</b>	<b>26.05</b>	<b>23.87</b>	<b>20.94</b>

#### **Commission’s analysis**

The Commission observes that the Petitioner has submitted employee expenses of Rs. 20.94 Cr.

The Commission has noted that for calculation of base year expenses following provisions are provided in the JERC MYT Regulations, 2018:

*“6. Values for Base Year*

*6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:*

*Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:*

*Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.”*

In accordance with JERC MYT Regulations, 2018, the Employee expenses shall be revised to the extent of change in inflation and growth rate during the control period.

The CPI Inflation rate, has been computed as follows:

**Table 19: Computation of CPI Inflation (%)**

FY	Average Value of CPI for FY	Increase in CPI Index	Applicable CPI
2019-20	322.50		
2020-21	338.69	5.02%	5.02%

The Growth rate has been computed as follows:

**Table 20: Employee Growth Rate (Gn) for FY 2020-21**

Sr. No.	Particulars	FY 2019-20	FY 2020-21
1.	Opening No. of Employees	324	339
2.	Closing No. of Employees	339	332
3.	Gn (Growth factor)		(-) 2.06%

**Table 21: Computation of employee expenses**

Sr. No.	Particulars	Employee Expenses for FY 2019-20	FY 2020-21
1.	Employee Expenses (n-1) year		19.99
2.	Growth in number of Employees (Gn)		-2.06%
3.	CPI Inflation for FY 2020-21		5.02%
4.	Re-estimated normative Employee Expenses	19.99	<b>20.56</b>

**Table 22: Employee Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission (as per actuals)	Trued-up by the Commission
1.	Employee Expenses	23.87	20.94	20.56

The Commission approves the Employee Expenses of Rs. 20.56 Crores in the True-up of FY 2020-21.

### **3.10.2 Administrative and General (A&G) Expenses**

#### **Petitioner's Submission:**

The Petitioner has submitted the actual A&G expenses of Rs. 4.21 Crores as reflected in audited accounts against the approved expenses of Rs. 2.90 Crores for FY 2020-21 in the Tariff Order dated 18<sup>th</sup> May 2020.

**Table 23: A&G Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

A&G Expenses	FY 2020-21		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
A&G Expenses	2.91	2.90	4.21
<b>Total A&amp;G Expenses</b>	<b>2.91</b>	<b>2.90</b>	<b>4.21</b>

### **Commission's analysis**

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. As per the Annual account submitted by the Petitioner, the A&G expenses are reflected as Rs. 4.21 Crores for FY 2020-21.

Similar to the methodology followed while estimating the employee expenses, the Commission has determined the normative A&G expenses for the FY 2020-21 using the CPI Inflation of FY 2020-21 to determine the normative A&G expenses for FY 2020-21.

The A&G expenses approved by the Commission in FY 2020-21 have been provided in the following table:

**Table 24: Computation of CPI Inflation (%)**

<b>FY</b>	<b>Average Value of CPI for FY</b>	<b>Increase in CPI Index</b>	<b>Applicable CPI</b>
<b>2019-20</b>	322.50		
<b>2020-21</b>	338.69	5.02%	<b>5.02%</b>

Considering the actual A&G Expenses for FY 2019-20 and CPI of FY 2020-21 the Commission re-estimated the normative A&G expense for FY 2020-21, details are below:

**Table 25: A&G Expenses computation for FY 2020-21 (Rs. Crores)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Actual A&amp;G Expenses for FY 2019-20</b>	<b>FY 2020-21</b>
1.	A&G Expense <small>(n-1) year</small>		4.87
2.	CPI Inflation for FY 2020-21		5.02%
<b>3.</b>	<b>Normative A&amp;G Expenses</b>	<b>4.87</b>	<b>5.11</b>

**Table 26: A&G Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Approved in ARR order dated 18<sup>th</sup> May, 2020</b>	<b>Petitioner's Submission (as per actuals)</b>	<b>Trued-up by the Commission</b>
1.	A&G Expenses	2.90	4.21	<b>4.21</b>

As the actual Administrative & General (A&G) submitted by the Petitioner are less than estimated normative A&G expenses, therefore the Commission approves actual Administrative & General (A&G) Expenses of Rs. 4.21 Crores in the True-up of FY 2020-21.

### ***3.10.3 Repair and Maintenance (R&M) Expenses***

#### **Petitioner's Submission**

The Petitioner has incurred R&M expenses of Rs. 11.30 Crores against the approved expenses of Rs. 8.22 Crores in for FY 2020-21 in the Tariff Order dated 18<sup>th</sup> May 2020.

**Table 27: R&M Expenses submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

<b>A&amp;G Expenses</b>	<b>FY 2020-21</b>		
	<b>Approved in T.O. dated 20<sup>th</sup> May, 2019</b>	<b>Approved in T.O. dated 18<sup>th</sup> May, 2020</b>	<b>Petitioner's Submission</b>
R&M Expenses	8.32	8.22	11.30
<b>Total R&amp;M Expenses</b>	<b>8.32</b>	<b>8.22</b>	<b>11.30</b>

**Commission's analysis**

In accordance with the MYT Regulations, 2018, the R&M expenses has to be computed based on the 'K' factor as approved in the MYT Order. s

**Table 28: Computation of WPI Inflation (%)**

FY	Average Value of CPI for FY	Increase in CPI Index	Applicable CPI
2019-20	121.80		
2020-21	123.38	1.29%	1.29%

**Table 29: R&M Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Opening GFA (GFA <sup>n-1</sup> )	187.41		185.47
2.	K factor approved (K) (%)	4.26%		4.26%
3.	WPI Inflation(%)	2.99%		1.29%
4.	<b>R&amp;M Expenses = K x (GFA n-1) x (1+WPIinflation)</b>	<b>8.22</b>	<b>11.30</b>	<b>8.00</b>

The R&M expenses approved by the Commission in FY 2020-21 have been provided in the following table:

**Table 30: R&M Expenses Trued-up by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission (as per actuals)	Trued-up by the Commission
1.	Repair & Maintenance Expenses (R&M)	8.22	11.30	8.00

The Commission approves estimated normative Repair and Maintenance expenses (R&M) of Rs. 8.00 Crores in the True-up of FY 2020-21.

**Total Operation and Maintenance Expenses (O&M)**

The following table provides the O&M expenses approved in the ARR of FY 2020-21, Petitioner's submission and now approved by the Commission in True-up of FY 2020-21.

**Table 31: O&M Expenses Trued-up by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Employee Expenses	23.87	20.94	20.56
2.	Administrative & General Expenses (A&G)	2.90	4.21	4.21
3.	Repair & Maintenance Expenses	8.22	11.30	8.00
<b>Total Operation &amp; Maintenance Expenses</b>		<b>34.99</b>	<b>36.44</b>	<b>32.77</b>

The Commission approves the Operation & Maintenance (O&M) Expenses of Rs. 32.77 Crores in the True-up of FY 2020-21.

The gain/loss after comparing the actual values and normative values has been addressed separately in Section 3.22.

### 3.11 Capitalisation

#### **Petitioner's Submission**

The Petitioner has submitted the capitalisation as provided in the table below:

**Table 32: Capitalisation submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Prior Period Capitalisation	Additions during the FY 2020-21
1	Capitalisation	10.35	10.35	25.57	1.68

#### **Commission's analysis**

The Commission reviewed the submission of the Petitioner and approves the Capitalisation as per the submission made by the Petitioner and as reflected in the audited accounts.

The Commission based on the annual account for FY 2020-21 has observed that assets amounting to Rs. 25.57 Cr were created as past period capitalization during the period from FY 2010-11 to FY 2019-20.

Further, the Commission in additional data gaps raised query regarding the details of scheme-wise approval taken from the Commission for the Prior period assets. However, the Petitioner has failed to furnish scheme-wise details of the capitalisation claimed, duly supported by approvals from the competent authority. In the absence of such requisite information and approvals, the Commission is unable to verify the prudence and admissibility of the capitalized assets. Accordingly, the Commission has considered it appropriate to disallow the prior period capitalisation claimed by the Petitioner. The Petitioner is directed to furnish the details during the next Truing-up exercise.

The Commission observed that the Petitioner consistently has not been able to meet the capitalisation targets, and has taken serious note of it. The Commission directs the Petitioner to take all out efforts to achieve the capitalization targets in its letters & spirit.

The Commission has further observed that the capitalisation has also been claimed under scheme 'Supply of Bouser Androth and Amini- Rs. 0.02 Crore' which was not approved in the Business Plan Order dated 21.12.2018. On query, the petitioner replied that certain emergent and essential works emerged which were critical for ensuring reliable and continuous operation of the department but were unforeseen at the time of Business Plan formulation. The Commission has taken the note of the same and due to low cost of implementing such schemes and being an archipelago, the Commission is approving the capitalization as submitted by the Petitioner.

Further, the Commission notes that the entire asset is funded as Equity Capital contribution from the government. The funding of assets is in the form of Capital/Equity and not Subsidy. The same is also reflected in the Audited Accounts of respective years as Capital addition.

The reply of the Petitioner to the queries raised in the TVS However, from now on, the Petitioner is directed to take the approval of such schemes from the Commission in timely manner.

The table below provides the capitalisation approved in the Tariff Order, the Petitioner's submission and the capitalisation approved by the Commission now.

**Table 33: Capitalization Approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order Dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
1.	Capitalisation	10.35	1.68	<b>1.68</b>

The Commission approves the Capitalisation of Rs. 1.68 Crores in the True-up of FY 2020-21.

## 3.12 Capital Structure

### **Petitioner's Submission**

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings.

### **Commission's analysis**

The Commission observes that Regulation 26 of the JERC MYT Regulations, 2018 specifies the following: "26. Debt to Equity Ratio

26.1 In case of Existing Projects, debt to equity ratio allowed by the Commission for determination of tariff for the period ending March 31, 2018 shall be considered:

Provided that in case of retirement or replacement or De-capitalization of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or De-capitalization of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

26.2 For New Projects, the debt-equity ratio as on the Date of Commercial Operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 23, after prudence check for determination of tariff:

Provided that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of tariff:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as a normative loan for the Licensee for determination of tariff:

Provided also that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

Provided further that the premium, if any, raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

26.3 Any expenditure incurred or projected to be incurred on or after April 1, 2019, as may be admitted by the Commission, as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in this Regulation."

For capital structure, regarding capitalisation during year, 70% of the approved capitalisation is considered as addition in normative loan and remaining as equity, as per provisions given under Regulations.

The approved capital structure for FY 2020-21 are given in following table:

**Table 34: GFA addition approved by Commission (Rs. Crore) for FY 2020-21**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Capitalisation during the FY	10.35	1.68	1.68
2.	Normative Loan (70%)	7.25	1.18	1.18
3.	Normative Equity (30%)	3.11	0.50	0.50

## 3.13 GFA & Depreciation

### **Petitioner's Submission**

The Petitioner has considered the GFA as on 31.03.2020 and actual addition during the FY 2020-21 to arrive at the closing GFA or the FY 2020-21. The Petitioner has submitted the actual depreciation of

assets as per the annual audited accounts of FY 2020-21. The GFA and depreciation as claimed by the Petitioner has been tabulated below:

**Table 35: Depreciation submitted by the Petitioner (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Opening GFA	194.74	187.41	186.41
2	Less: Assets depreciated upto 90% till FY 2020-21			24.34
3	Net Opening GFA			162.06
4	Add: Capitalisation	10.35	10.35	1.68
5	Add: Prior period capitalisation			25.57
6	Closing GFA	205.09	197.76	189.32
7	Average GFA	199.93	192.60	175.69
8	Average rate of Depreciation	3.88%	3.15%	5.01%
<b>9</b>	<b>Depreciation</b>	<b>7.76</b>	<b>6.06</b>	<b>8.80</b>

### **Commission's analysis**

The Commission notes that Regulation 30 of the JERC MYT Regulations, 2018 stipulates the following with respect to depreciation:

#### *“30. Depreciation*

*30.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:*

*Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets: In the ARR Order, the Commission approved the following asset wise depreciation rate as per the CERC Tariff Regulations, 2014:*

*Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.*

*30.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.*

*30.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.*

*30.4 In case of existing assets, the balance depreciable value as on April 1, 2019, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2018, from the gross depreciable value of the assets.*

*30.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:*

*Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.*

*30.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.*

*30.7 The depreciation for a Distribution Licensee shall be calculated annually, based on the Straight-Line Method, over the Useful Life of the asset at rates specified in Appendix I of the Regulations.*

*30.8 In addition to allowable depreciation, the Distribution Licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder:*

*AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these Regulations:*

*Provided that advance against depreciation shall be permitted only if the cumulative repayment up to a particular Year exceeds the cumulative depreciation upto that Year:*

Provided further that advance against depreciation in a Year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that Year.

30.9 The Distribution Licensee shall provide the list of assets added during each Year of Control Period and list of assets completing 90% of depreciation in the Year along with Petition for annual performance review, true-up and tariff determination for ensuing Year.

30.10 The remaining depreciable value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan.”

The Commission has derived the weighted average rate of depreciation based on the asset wise depreciation rate prescribed in Annexure-I of “JERC MYT Regulations, 2018”, as provided in the following table:

**Table 36: Depreciation Rate (%)**

Description	Rate
Plant & Machinery	3.60%
Buildings	1.80%
Furniture & Fixtures	6.00%
Land	0.00%
Vehicles	18.00%
Office equipment (Computers, etc.)	6.00%

The Petitioner has claimed the depreciation for FY 2020-21 of Rs. 8.80 Cr as per the annual audited account for FY 2020-21, i.e. depreciation for the period FY 2020-21 i.e. Rs. 7.42 Cr and depreciation for FY 2020-21 on prior period assets of Rs. 1.38 cr.

The Commission has worked out the weighted average rate of depreciation of 4.55% based on the capitalization approved and the disallowance of amount of depreciation for prior period assets.

Accordingly, relying on the Audited Annual account of FY 2020-21, the Commission approves the weighted average rate of depreciation as follows:

**Table 37: Weighted average rate of Depreciation considered by the Commission (%)**

Sl. No.	Particulars	FY 2020-21
		As per Accounts
1.	Opening GFA as per Annual Account	186.41
2.	Less: Assets depreciated upto 90% till FY 2020-21	24.34
3.	Net Opening GFA	162.06
4.	Add: Capitalisation	1.68
5.	Closing GFA	163.75
6.	Average GFA	162.90
7.	Depreciation (excluding depreciation on Prior Period assets)	7.42
<b>8.</b>	<b>Weighted average rate of Depreciation</b>	<b>4.55%</b>

Therefore, the Commission has approved the weighted average rate of depreciation of 4.55 % for FY 2020-21.

The following table provides the details of depreciation as approved in the tariff order and now approved by the Commission under true-up.

**Table 38: Depreciation approved by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-Up by Commission
1.	Opening GFA	187.41	186.41	185.47
2.	Less: Assets depreciated upto 90% till FY 2020-21		24.34	24.34
3.	Net Opening GFA	10.35	162.06	161.13

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-Up by Commission
4.	Add: Capitalisation		27.26*	1.68
5.	Closing GFA	197.76	189.32	162.81
6.	Average GFA	192.60	175.69	161.97
7.	Average rate of Depreciation	3.15%	5.01%	4.55%
<b>8.</b>	<b>Depreciation</b>	<b>6.06</b>	<b>8.80</b>	<b>7.38</b>

\* Capitalisation includes capitalisation during the year of 1.68 Crore and Prior Period capitalisation of 25.57 Crores

The Commission approves depreciation of Rs. 7.38 Crores in the True up of the FY 2020-21.

### 3.14 Interest and Finance Charges

#### Petitioner's Submission

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The Petitioner has considered the GFA as on 31.03.2020 and actual additions during the FY 2020-21 to arrive at the closing GFA for the year. The normative loan for the FY 2020-21 has been arrived in accordance with the Regulation 28 of the MYT Regulations, 2018.

Further, the Petitioner proposes to revise the interest charges based on the State Bank of India (SBI) MCLR - 1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR - 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 8.75% (7.75%+1%) has been considered for projecting the interest charges for the FY 2020-21.

The Interest on loan as claimed by the Petitioner has been tabulated below:

**Table 39: Interest & Finance charges claimed by Petitioner for the FY 2020-21 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1.	Opening Normative Loan	63.50	19.05	18.99
2.	Normative additions during the year (70% of Net additions to GFA)	7.25	7.25	1.18
3.	Less: Normative Repayment for the year	7.76	6.06	8.80
4.	Closing Normative Loan/GFA	62.99	20.24	11.37
5.	Average Normative Loan	63.25	19.65	15.18
6.	Interest Rates – actual	9.15%	8.85%	8.75%
7.	<b>Interest on Loan</b>	<b>5.79</b>	<b>1.74</b>	<b>1.33</b>

#### Commission's analysis

The Commission has observed that Regulation 28 of the JERC MYT Regulations, 2018 stipulates the following with respect to interest on loan:

*"28. Interest on Loan*

*28.1 The loans arrived at in the manner indicated in Regulation 26 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:*

*Provided that interest and finance charges on capital works in progress shall be excluded:*

*Provided further that in case of De-capitalization or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the de-capitalised or retired or replaced assets, based on documentary evidence.*

28.2 *The normative loan outstanding as on April 1, 2019, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2018, from the gross normative loan.*

28.3 *Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 30.*

28.4 *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:*

*Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest:*

*Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:*

*Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.*

28.5 *The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:*

*Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalization approved by the Commission for the Year.*

28.6 *For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.*

28.7 *The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.*

28.8 *The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.*

28.9 *The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case-to-case basis, after prudence check by the Commission:*

*Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:*

*Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.*

28.10 *The Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the equally between the beneficiaries and the Transmission Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.*

28.11 *Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:*

*Provided that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”*

According to the above provision, the rate of interest to be considered while determining the ARR shall be the weighted average interest rate of the actual loan portfolio. However, in absence of detailed data with respect to the actual loan portfolio, the Commission has considered the SBI 1 Year MCLR rate plus

100 basis points as Rate of Interest, in accordance with the JERC MYT Regulations, 2018. The Commission has considered the value of SBI 1-year MCLR rate as 7.75% (as on 1<sup>st</sup> April 2020), accordingly Interest rate is 8.75%.

As per the JERC MYT Regulations, 2018, if the equity deployed is more than 30% of the capital cost, then equity in excess of 30% is considered as normative loan. Hence, the normative loan addition is considered as 70% of the approved capitalization. Approved depreciation is considered as loan repayment amount.

The following table provides the Interest on Loan approved by the Commission.

**Table 40: Interest and Finance Charges approved by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
1	Opening Gross Loan	19.05	18.99	18.99
2	Add: Normative Loan During the year (70% of proposed capitalization)	7.25	1.18	1.18
3	Less: Normative Repayment equivalent to Depreciation	6.06	8.80	7.38
4	Closing Normative Loan	20.24	11.37	12.79
5	Average Normative Loan	19.65	15.18	15.89
6	Rate of Interest (%)	8.85%	8.75%	8.75%
7	<b>Interest on Loan</b>	<b>1.74</b>	<b>1.33</b>	<b>1.39</b>

The Commission trued-up Interest and Finance Charges of Rs. 1.39 Crores for FY 2020-21.

### **3.15 Return on Equity (RoE)**

#### **Petitioner's Submission**

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The Petitioner has considered the GFA as on 31.03.2020 and actual additions during the FY 2020-21 to arrive at the closing GFA for the year.

The normative Equity for the FY 2020-21 has been considered at 30% of the GFA in accordance with regulation 26 & 27.3 of the MYT Regulation 2018.

The summary of the Return on Equity as approved by the Commission and as calculated for 2020-21 is tabulated below:

**Table 41: Return on Equity claimed by the Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Opening Equity	44.62	56.22	55.64
2	Equity Addition during year (30% of Capitalization)	3.11	3.11	0.50
3	Closing Equity	47.73	59.33	56.15
4	Average Equity	46.17	57.77	55.89
5	Rate of Return	16.00%	16.00%	16.00%
6	<b>Return on Equity</b>	<b>7.39</b>	<b>9.24</b>	<b>8.94</b>

#### **Commission's analysis**

The Commission based on Regulation 27 of the JERC MYT Regulations, 2018, which stipulates the following with respect to Return on Equity as:

".....

27.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of sixteen (16) per cent per annum.  
27.4 The return on equity shall be computed on average of equity capital at the beginning and end of Year.”

RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 15.50%/16.00% (on post-tax basis) with an opening equity of FY 2020-21 considered equivalent to the closing equity of FY 2019-20. Further, the average equity is considered as 90% for wheeling activity and 10% for retail or distribution activity.

The following table provides the RoE approved in the ARR of FY 2020-21, the Petitioner’s submission and RoE now approved by the Commission under true-up.

**Table 42: RoE approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner’s Submission	Trued-up by the Commission
1	Opening Gross Equity (Closing of Equity in Truing-up for FY 2019-20)	56.22	55.64	55.64
2	Additions of Equity on account of new Capitalisation	3.11	0.50	0.50
3	Closing Equity	59.33	56.15	56.14
4	Average Equity	57.77	55.89	55.89
5	Average Equity-Wires Business (90%)			50.30
6	Average Equity (Retail Supply Business) (10%)			5.59
7	Return on Equity for Wires Business (%)			15.50%
8	Return on Equity for Retail Supply Business (%)	16%	16%	16.00%
9	<b>Return on Equity for Wires Business</b>			<b>7.80</b>
10	<b>Return on Equity for Retail Supply Business</b>			<b>0.89</b>
11	<b>Total Return on Equity</b>	<b>9.24</b>	<b>8.94</b>	<b>8.69</b>

The Commission approves the Return on Equity of Rs. 8.69 Crores for FY 2020-21.

### **3.16 Interest on Security Deposits (IoSD)**

#### **Petitioner’s Submission**

The Petitioner has submitted that it has calculated the security deposits of the year on the basis of closing balance of FY 2020-21 and actual addition during the year. The Petitioner has considered the rate of interest of 6.25% as approved by the Commission in the Tariff order Dt. 20.05.2019 The Interest on Security Deposit as approved by the Commission & actual Interest on Security Deposit for the FY 2020-21 is given below:

**Table 43: Interest on Security Deposit as submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner’s Submission
1	Opening Security Deposit	0.94	0.94	0.92
2	Net Addition during the year	0.26	0.26	3.84
3	Refund during the year	0.00	0.00	0.00
4	Closing Security Deposit	1.20	1.20	4.76
5	Average Security Deposit	1.07	1.07	2.84
6	RBI Bank Rate	6.25%	6.25%	6.25%
7	<b>Interest on Consumer Security Deposit</b>	<b>0.07</b>	<b>0.07</b>	<b>0.18</b>

### **Commission's analysis**

As per Regulation 28.11 of JERC MYT Regulation 2018:

*"28.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:*

*Provided that at the time of true-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission."*

The Commission, based on the submission of the Petitioner in reply to the query raised in the TVS, notes that the security deposit is adjusted with the Energy bill and not shown separately in the accounts, has approved the Interest on Security Deposit separately for the FY 2020-21 and increased the Revenue at existing tariff, i.e. Sec. 3.24 by the interest on security amount of Rs 0.18 Crore.

The following table provides the Interest on Security Deposit (IoSD) approved in the ARR of FY 2020-21, the Petitioner's submission and IoSD now approved by the Commission under true-up.

**Table 44: Interest on Security Deposit approved by the Commission for FY 2020-21 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1	Opening Security Deposit (as per closing of FY 2019-20)	0.94	0.92	0.91
2	Net Addition during the year	0.26	3.84	3.84
3	Refund during the year	0.00	0.00	0.00
4	Closing Security Deposit	1.20	4.76	4.76
5	Average Security Deposit	1.07	2.84	2.83
6	RBI Bank Rate	6.25%	6.25%	4.65%
7	Interest on Consumer Security Deposit (Normative)	0.07	0.18	0.13
<b>8</b>	<b>Interest on Security Deposit Paid (Actual)</b>	-	-	<b>0.18</b>

The Commission notes that the Actual Security Deposit paid and the Normative Consumer Security Deposit is different, therefore, based on the "Report on the Performa Account for the FY 2020-21 & FY 2021-22" submitted by the Petitioner, the Commission has approved Rs. **0.18 Crore** of interest on security deposits of the consumers in the True-up of FY 2020-21.

## **3.17 Interest on Working Capital**

### **Petitioner's Submission**

The Petitioner has submitted to revise the interest charges based on the State Bank of India (SBI) MCLR-1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 9.75% (7.75%+2%) has been considered for projecting the interest charges for the FY 2020-21.

Interest on Working Capital has been calculated by the Petitioner based on the normative principles outlined in the JERC MYT Regulations, 2018. The details are given below.

**Table 45: Interest on Working Capital submitted by Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Operation & Maintenance Expenses (for One (1) Month)	3.11	2.92	3.04
2	Maintenance spares at 40% of R&M expenses (For One (1) Month)	0.28	0.27	0.38
3	Receivables equivalent to two (2) months of the expected revenue	4.42	4.16	4.07

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
	from Consumers at the prevailing tariff.			
4	Less: Amount held as security deposit	1.20	1.20	4.76
5	Net Working Capital	6.61	6.15	2.73
6	Rate of Interest (%)	10.15%	10.55%	9.75%
<b>7</b>	<b>Interest on working capital</b>	<b>0.67</b>	<b>0.65</b>	<b>0.27</b>

### **Commission's analysis**

The Regulation 52 of the JERC MYT Regulations, 2018 stipulates the following:

#### **"52. Norms of Working Capital for Distribution Wires Business**

52.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the Financial Year, computed as follows:

O&M Expenses for one (1) month; plus

Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus

Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff;

#### **Less:**

Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from distribution system users except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up." Further, Regulation 63 of the JERC MYT Regulation, 2018 stipulates the following:

"63.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Retail Supply Business for the Financial Year, computed as follows:

(a) O&M Expenses for one (1) month; plus

(b) Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus

(c) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariff; Less

(d) Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from Consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up."

Further, Regulation 31.3 of the MYT Regulation, 2018 stipulates the following:

"31.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

31.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points."

Accordingly, the Interest on Working Capital has been approved by the Commission, as shown in the table below:

**Table 46: Interest on Working Capital approved by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
1	O&M Expense for 1 month	2.92	3.04	2.73
2	Maintenance spares at 40% of R&M expenses for one (1) month;	0.27	0.38	0.27

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
3	Receivables equivalent to two (2) months of the expected revenue at the prevailing tariff	4.16	4.07	4.07
4	Less: Amount held as security deposits.	1.20	4.76	2.83
5	Net Working Capital	6.15	2.73	4.24
6	Rate of Interest (%)	10.55%	9.75%	9.75%
<b>7</b>	<b>Interest on Working Capital</b>	<b>0.65</b>	<b>0.27</b>	<b>0.41</b>

The Commission approves the Interest on Working Capital of Rs. 0.41 Crores in the True- up of FY 2020-21.

### 3.18 Income Tax

#### **Petitioner's Submission**

The Petitioner has not made any submission in this regard.

#### **Commission's analysis**

The Commission has approved nil income tax amount as submitted by the Petitioner.

### 3.19 Provision for Bad & Doubtful Debts

#### **Petitioner's Submission**

The Petitioner has submitted that bad debts has not been written off during the FY 2020-21. In view, The Petitioner has not proposed any provision for Bad Debt for the year.

#### **Commission's analysis**

As per Regulation 62 of the MYT Regulations, 2018:

*"The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of write off of bad debts in the previous years, subject to prudence check: Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check:*

*Provided also that the provision for bad and doubtful debts shall be limited to 1% of the annual Revenue Requirement of the Distribution Licensee:*

*Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised."*

The Petitioner has not claimed any Bad & Doubtful Debts during the True-up of FY 2020-21; hence the Commission approves the nil Bad & Doubtful Debts.

### 3.20 Non-Tariff Income

#### **Petitioner's Submission**

The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, reconnection fee, and miscellaneous income among others. The actual Non-Tariff Income and that approved by the Commission for FY 2020-21 is provided in the table below:

**Table 47: Non-Tariff Income for the FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1	Non-Tariff Income	1.24	1.24	<b>0.51</b>

**Commission's analysis**

The Commission observes that Regulation 34.2 of JERC MYT Regulation, 2018 states the following:

*"The delayed payment charge earned by the Transmission Licensee or the Distribution Licensee shall not be considered under its Non-Tariff Income."*

The Commission also has considered the same Non-Tariff Income (NTI) as submitted by the Petitioner and reflected in Annual Account submitted by the Petitioner. The Non-Tariff income approved in the Tariff Order, the Petitioner's submission and the NTI now approved by the Commission is shown in the table below:

**Table 48: Non-Tariff Income approved by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Petitioner's Submission	Trued-up by the Commission
1	Non-Tariff Income	1.24	0.51	<b>0.51</b>

The Commission approves the Non-Tariff Income of Rs. 0.51 Crores for FY 2020-21.

### **3.21 Incentive/Disincentive towards over/under-achievement of norms.**

**Petitioner's Submission**

The Petitioner has made no submission has been in this regard.

**Commission's analysis**

In the ARR of the FY 2020-21, the Commission had approved the distribution loss level of 12.50%. As discussed earlier, the Petitioner has been able to achieve an Intra-State Transmission & Distribution Loss of 11.68%. Thus, there is an overachievement of the loss target.

The Commission, in accordance with Regulations 13 & 14 of the JERC MYT Regulations, 2018 (reproduced below), therefore, has determined the incentive towards overachievement of the target of Intra-State distribution loss for FY 2020-21.

*"13. Mechanism for pass through of gains or losses on account of uncontrollable factors*

*13.1 Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be pass-through as an adjustment in the tariff of the Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations:*

*Provided that the mechanism for pass through of gains or losses on account of uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*13.2 The Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the specified format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.*

*14. Mechanism for sharing of gains or losses on account of controllable factors*

*14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:*

*Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers."*

The incentive has been derived by calculating the additional cost of power procured due to over achievement of the stipulated Intra-State T&D loss target of 11.68% by the Petitioner, at the Average Power Purchase cost (APPC) of Rs. 15.45/kWh. The APPC has been derived at State/UT Periphery based on the Power Purchase cost approved in the True-up above and the Energy at State/UT Periphery computed after grossing up the retail energy sales (53.10 MU) with the approved Intra-State T&D Loss (11.68%).

The assessment of incentive for lower Intra-State T&D Loss achieved is shown in the following table:

**Table 49: Incentive towards overachievement of Intra-State Distribution Loss for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 18 <sup>th</sup> May 2020	Normative	Trued-up by the Commission
1.	Retail Sales (MUs)	52.54	53.10	53.10
2.	T&D Loss (%)	12.50%	12.50%	11.68%
3.	Energy Requirement at Periphery (MUs)	60.05	60.68	60.12
4.	Gain/(Loss) (MUs)			0.57
5.	Average Power Purchase Cost (APPC), (Rs./kWh)			15.45
6.	Gain (Crores)			0.87
7.	Sharing (50% to LED in Case of gain and 100% in case of Loss)			<b>0.44</b>

The Commission approves Rs. 0.44 Crores as incentive for overachieving the Intra-State distribution loss target for FY 2020-21.

### **3.22 Sharing of Gain/(Loss) on account of Operation & Maintenance (O&M) Expenses.**

The Commission notes that Regulation 13 and 14 of the JERC MYT Regulations, 2018 (as reproduced above) stipulates the following mechanism for sharing of gain and loss:

**“14. Mechanism for sharing of gains or losses on account of controllable factors**

14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”

The following table provides the O&M expenses, approved by the Commission in the MYT Order, Petitioner’s submission and O&M expenses now trued-up by the Commission after sharing of gains or losses.

**Table 50: O&M Expenses (After Gain/ (Loss)) approved by Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order Dated 18 <sup>th</sup> May 2021	Petitioner’s Submission	Normative Expenses	Actual Expenses (as per Annual Performa Account)	Gain/(Loss) (Normative – Actual Considered)	Gain/ (Loss) Sharing
1.	Employee Expenses	23.87	20.94	20.56	20.94	(0.38)	0.00
2.	A&G	2.90	4.21	5.11	4.21	0.91	0.45

Sr. No.	Particulars	Approved in ARR order Dated 18 <sup>th</sup> May 2021	Petitioner's Submission	Normative Expenses	Actual Expenses (as per Annual Performance Account)	Gain/(Loss) (Normative - Actual Considered)	Gain/(Loss) Sharing
	Expenses						
3.	R&M Expenses	8.22	11.30	8.00	11.30	(3.29)	0.00
4.	<b>Total O&amp;M</b>	<b>34.99</b>	<b>36.44</b>	<b>33.68</b>	<b>36.44</b>	<b>(2.76)</b>	<b>0.45</b>

The Commission approves the Gain/(Loss) sharing of INR 0.45 Cr for adjusting incentive/dis-incentive on account of over/under achievement of O&M Expenses in the True-up of FY 2020-21.

### 3.23 Aggregate Revenue Requirement (ARR)

#### Petitioner's Submission

The Petitioner claimed the net aggregate revenue approval in the True-up of FY 2020-21.

**Table 51: Aggregate Revenue Requirement as submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1.	Cost of Fuel	82.35	94.97	113.77
2.	Cost of Power Purchase	0.57	0.00	0.00
3.	Employee costs	26.05	23.87	20.94
4.	R&M expenses	8.32	8.22	11.30
5.	A&G expenses	2.91	2.90	4.21
6.	Depreciation	7.76	6.07	8.80
7.	Interest on Loan	5.79	1.74	1.33
8.	Interest on Consumer Security Deposit	0.07	0.07	0.18
9.	Interest on working capital	0.67	0.65	0.27
10.	Return on Equity	7.39	9.24	8.94
11.	Provision for Bad Debt	0.00	0.00	0.00
<b>12.</b>	<b>Total Revenue Requirement</b>	<b>141.87</b>	<b>147.71</b>	<b>169.73</b>
13.	Less: Non-Tariff Income	1.24	1.24	0.51
<b>14.</b>	<b>Net Revenue Requirement</b>	<b>140.63</b>	<b>146.47</b>	<b>169.22</b>

#### Commission's analysis

The Commission on the basis of the detailed analysis of the cost parameters of the ARR has considered and approved the revenue requirement in the True-up of 2020-21 as given in the following table:

**Table 52: Aggregate Revenue Requirement approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Cost of Fuel (Own )	94.97	113.77	92.90
2.	Power Purchase Cost	0	0	
3.	Prior Period Power Purchase Expenses			0.00
4.	Operation & Maintenance Expenses	34.99	36.44	32.77
5.	Depreciation	6.06	8.80	7.38

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
6.	Interest on Loan and Finance charges	1.74	1.33	1.39
7.	Interest on Working Capital	0.65	0.27	0.41
8.	Interest on Security Deposit	0.07	0.18	0.18
9.	Return on Equity	9.24	8.94	8.69
10.	Provision for Bad Debt	0		0
11.	Income Tax	0		0
12.	Incentive due to over achievement of norms (T&D Loss)	0	0.00	0.44
13.	On Account of sharing gain/(loss) for O&M Expenses			0.45
<b>14.</b>	<b>Total Revenue Requirement</b>	<b>147.71</b>	<b>169.73</b>	<b>143.70</b>
15.	Less: Non-Tariff Income	1.24	0.51	0.51
<b>16.</b>	<b>Net Revenue Requirement</b>	<b>146.47</b>	<b>169.22</b>	<b>143.19</b>

The Commission approves net Aggregate Revenue Requirement of Rs. 143.19 Crores in the True-up of the FY 2020-21.

### 3.24 Revenue at existing Retail Tariff

#### Petitioner's Submission

The Petitioner has submitted the net actual revenue for the FY 2020-21 as Rs. 24.45 Crores against revenue of Rs. 25.01 Crores. approved by the Commission in the Tariff Order dated 18<sup>th</sup> May 2020.

**Table 53: Revenue at existing tariff as submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1.	Revenue approved for FY 2020-21	-	25.01	24.45

#### Commission's analysis

The Commission has analysed the sales and revenue figures for each consumer category and verified the revenue from audited accounts.

Further, the Commission based on as discussed in the sec. 3.16 i.e. '.....based on the submission of the Petitioner in reply to the query raised in the TVS, notes that the security deposit is adjusted with the Energy bill and not shown separately in the accounts, has approved the Interest on Security Deposit separately for the FY 2020-21 and increased the Revenue at existing tariff, i.e. Sec. 3.24 by the interest on security amount of Rs 0.18 Crore.'

has increased the Interest on Security deposit amounting to Rs. 0.18 Cr in the revenue at existing tariff for the FY 2020-21.

The consumer category-wise revenue as submitted by the Petitioner and approved by the Commission is shown in the following table:

**Table 54: Revenue at existing tariff approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Revenue approved for FY 2020-21	25.01	24.45	24.62*

\*Rs. 24.45 Cr (Revenue) + Rs. 0.18 Cr (IoSD)

The Commission approves the revenue from sale of power as Rs. 24.62 Crores in the True-up of the FY 2020-21.

### 3.25 Standalone Revenue Gap/Surplus

#### **Petitioner's Submission**

The Petitioner claimed the standalone revenue gap of **Rs. 144.77 Crores** in the True-up of FY 2020-21.

**Table 55: Standalone Revenue Gap/ Surplus at existing tariff as submitted by the Petitioner for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission
1.	Net Revenue Requirement	140.63	146.47	169.22
2.	Revenue from retail sales at Revised Tariff	-	25.01	24.45
3.	Net Revenue Gap (1-2)	140.63	121.46	144.77
4.	Revenue Gap for the previous year	0.00	0.00	0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>140.63</b>	<b>121.46</b>	<b>144.77</b>

#### **Commission's analysis**

The Commission based on the approved ARR and retail tariff has arrived at the Revenue Gap/Surplus as follows:

**Table 56: Standalone Revenue Gap/ Surplus at existing tariff approved by the Commission for FY 2020-21 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 18 <sup>th</sup> May, 2020	Petitioner's Submission	Trued-up by the Commission
1.	Net Revenue Requirement	146.47	169.22	143.19
2.	Revenue from retail sales at Revised Tariff	25.01	24.45	24.62
3.	Net Revenue Gap (1-2)	121.46	144.77	118.57
4.	Revenue Gap for the previous year			0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>121.46</b>	<b>144.77</b>	<b>118.57</b>

The Commission approves a standalone gap of Rs. 118.57 Crores in the True-up of FY 2020-21. A Letter dated 30.04.2026, confirming the budgetary support from administration of the UT of Lakshadweep has been submitted to the Commission. Hence, the Commission approves that standalone gap for FY 2020-21 to be met from the budgetary support by the Government of India. Hence, the Commission approves that standalone gap as 'NIL' for FY 2020-21.

# Chapter 4: True-up of the FY 2021-22

## 4.1 Background

The MYT Order for 2<sup>nd</sup> Control Period was issued by the Commission on 20<sup>th</sup> May 2019 (for FY 2019-20 to FY 2021-22) approving the Aggregate Revenue Requirement (ARR) for 2<sup>nd</sup> Control Period (FY 2019-20 to FY 2021-22) and Determining the Retail Supply Tariff for FY 2019-20. Subsequently, the Commission approved the Aggregate Revenue Requirement (ARR) and Determination of Retail Tariff for the FY 2020-21 in its order dated 18<sup>th</sup> May 2020. Thereafter, the Commission approved Aggregate Revenue Requirement (ARR) and Determination of Retail Tariff for FY 2021-22 in its order dated 31<sup>st</sup> March 2021. Since, the Petitioner had not been able to submit the Petition for the true-up on time, the Commission directed the Petitioner in the Tariff Order dated 19<sup>th</sup> September 2025 ‘...to get the accounts audited for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 and file the true up petitions, on top priority’. Subsequently, the Petitioner has filed this current petition (Petition No.: 164/2026) for True up for FY 2021-22 and the same was admitted by the Commission on 2<sup>nd</sup> January 2026.

The Commission, now, in this Chapter carries out the True-up of FY 2021-22 in accordance with the principles laid down in the “Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018”, (hereinafter referred to as JERC MYT Regulations, 2018). The True up for the FY 2021-22 is to be carried out in accordance with Regulation 11 of the “JERC MYT Regulations, 2018”, which states as follows:

*“11. Annual Performance Review, Truing-up, and tariff determination during the Control Period*

*11.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.*

*11.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for the annual performance review of the current year, truing up of the previous Year or the Year for which the audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time:*

*Provided that the Generating Company, Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be specified by the Commission, together with the audited accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges.*

*11.3 The scope of the annual performance review, truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:*

- a) True-up: a comparison of the audited performance of the Applicant for the Financial Year for which the true up is being carried out with the approved forecast for such previous Financial Year, subject to the prudence check.*
- b) Annual Performance Review: a comparison of the revised performance targets of the Applicant for the current Financial Year with the approved forecast in the Tariff Order corresponding to the Control Period for the current Financial Year subject to prudence check;*
- c) Tariff determination for the ensuing Year of the Control Period based on the revised forecast of the Aggregate Revenue Requirement for the Year;*
- d) Review of compliance with directives issued by the Commission from time to time;*
- e) Other relevant details, if any.*

*11.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the Applicant (controllable factors) or to factors beyond the control of the Applicant (uncontrollable factors):*

*Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12 below shall be attributed entirely to controllable factors.*

*11.5 Upon completion of the exercise, the Commission shall pass an order recording:*

- a) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous Year, to be passed through in tariff as per Regulation 13 of these Regulations: Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.
- b) Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations: Provided that, for a Generating Company, the above exercise shall be in accordance with prevalent CERC Tariff Regulations.
- c) Carrying cost shall be allowed for a Generating Company, Transmission Licensee or Distribution Licensee on the amount of revenue gap for the period from the date on which such gap has become due, i.e., from the end of the Year for which true-up has been done, till the end of the Year in which it is addressed, on the basis of actual rate of loan taken by the Licensee to fund the deficit in revenue: Provided that carrying cost on the amount of revenue gap shall be allowed subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the revenue gap is addressed: Provided also that if no loan has been taken to fund revenue deficit, the Commission shall allow Carrying Cost on simple interest basis at one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points; Provided further that in case of revenue surplus, the Commission shall charge the Licensee a Carrying Cost from the date on which such surplus has become due, i.e., from the end of the Year for which true up has been done, till the end of the Year in which it is addressed on simple interest basis at one(1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be, applicable as on 1st April of the relevant Year plus 100 basis points.
- d) Revision of estimates and tariff for the ensuing Financial Year.”

## 4.2 Approach for True-up for FY 2021-22

The Commission has noted that the Petitioner has requested for True-up of FY 2021-22 based on annual audited accounts for FY 2021-22. The Petitioner has submitted details of the expenditure and the revenue for the year based on its audited accounts along with a comparison of the actual revenue and expenditure against the corresponding figures previously approved by the Commission in the ARR order dated 31<sup>st</sup> March 2021.

The Commission has analysed various elements of the actual revenue and expenses for the FY 2021-22 based on the audited accounts, energy audit report, and replies to the various queries submitted by the Petitioner.

## 4.3 Number of Consumers

### **Petitioner's Submission**

The Petitioner has submitted the total number of Consumers for FY 2021-22 as 26,462 no's in the Petition as against an approved number of Consumers of 26,150 no's in the ARR Order dated 31<sup>st</sup> March 2021.

**Table 57: No. of Consumers (no's) Submitted by the Petitioner for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 20th May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Domestic	22982	20891	20685
2	Commercial	2871	3161	4044
3	Govt. Connection	1354	1471	1172
4	Industrial	409	359	364
5	HT Consumers	9	9	8
6	Public Lighting	80	75	72

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 20th May, 2019	Approved in T.O. dated 31st March 2021	Petitioner's Submission
7	Others Temporary Supply	160	184	117
<b>8</b>	<b>Total</b>	<b>27865</b>	<b>26150</b>	<b>26462</b>

### **Commission's Analysis**

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*
- n) Income from the realisation of bad debts written off;*

*Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:*

*Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."*

The Commission notes that as per the above provision, the variation in the number or mix of Consumers is uncontrollable. The Commission approves the No. of Consumers as submitted by the Petitioner for FY 2021-22. The table given below provides the No. of Consumers approved by the Commission in the Tariff Order dated 31st March 2021, the Petitioner's submission and the No. of Consumers now trued-up by the Commission.

**Table 58: No. of Consumers (no's) Trued- up by the Commission for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 31st March 2021	Petitioner's Submission	Trued-up by the Commission
1	Domestic	20891	20685	20685
2	Commercial	3161	4044	4044
3	Govt. Connection	1471	1172	1172
4	Industrial	359	364	364
5	HT Consumers	9	8	8
6	Public Lighting	75	72	72
7	Others Temporary Supply	184	117	117
<b>8</b>	<b>Total</b>	<b>26150</b>	<b>26462</b>	<b>26462</b>

The Commission approves the 26,462 number of Consumers for the True-Up of FY 2021-22.

## 4.4 Connected Load

### **Petitioner's Submission**

The Petitioner has submitted the Connected Load for FY 2021-22 as 1,16,412 kVA in the Petition as against an approved connected load of 1,20,545 kVA in the ARR Order dated 31<sup>st</sup> March 2021.

**Table 59: Connected Load (kVA) submitted by the Petitioner for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Domestic	94109	94094	89702
2	Commercial	18090	12905	9350
3	Govt. Connection	9139	8253	11982
4	Industrial	4366	3914	3845
5	HT Consumers	711	787	822
6	Public Lighting	342	287	404
7	Others Temporary Supply	66	305	307
<b>8</b>	<b>Total</b>	<b>126824</b>	<b>120545</b>	<b>116412</b>

### **Commission's Analysis**

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*
- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
- l) Taxes and Statutory levies;*
- m) Taxes on income;*
- n) Income from the realisation of bad debts written off;*

*Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:*

*Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."*

The Commission notes that as per the above provision, the variation in the Connected Load is uncontrollable. The Commission approves the Connected Load as submitted by the Petitioner for FY 2021-22. The table given below provides the Connected Load approved by the Commission in the Tariff Order dated 31<sup>st</sup> March 2021, the Petitioner's submission and the Connected Load now trued-up by the Commission.

**Table 60: Connected Load (kVA) trued- up by the Commission for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	Domestic	94094	89702	89702
2	Commercial	12905	9350	9350
3	Govt. Connection	8253	11982	11982
4	Industrial	3914	3845	3845
5	HT Consumers	787	822	822
6	Public Lighting	287	404	404
7	Others Temporary Supply	305	307	307
<b>8</b>	<b>Total</b>	<b>120545</b>	<b>116412</b>	<b>116412</b>

The Commission approves 1,16,412 kVA of Connected Load as submitted by the Petitioner for True-Up of FY 2021-22.

## 4.5 Energy Sales

### Petitioner's Submission

The Petitioner has submitted the total quantum of energy sales for FY 2021-22 as 52.01 MUs in the Petition as against an approved energy sales quantum of 53.44 MUs in the ARR Order dated 31<sup>st</sup> March 2021.

**Table 61: Sales (MUs) submitted by the Petitioner for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Domestic	44.78	39.75	38.74
2	Commercial	3.66	3.52	3.33
3	Govt. Connection	8.52	7.84	7.00
4	Industrial	0.46	0.37	0.39
5	HT Consumers	0.78	0.98	1.64
6	Public Lighting	0.70	0.85	0.82
7	Others Temporary Supply	0.12	0.14	0.09
<b>8</b>	<b>Total</b>	<b>59.00</b>	<b>53.44</b>	<b>52.01</b>

### Commission's Analysis

The Commission notes that Regulation 12.1 of the JERC MYT Regulations, 2018 provides the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
- b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
- c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
- d) Transmission loss;*
- e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
- f) Variation in fuel cost;*
- g) Change in power purchase mix;*
- h) Inflation;*
- i) Transmission Charges for a Distribution Licensee;*
- j) Variation in market interest rates for long-term loans;*

- k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;  
 l) Taxes and Statutory levies;  
 m) Taxes on income;  
 n) Income from the realisation of bad debts written off:

Provided that where the Applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such Applicant may apply to the Commission for inclusion of such variable at the Commission's discretion, under this Regulation for such Financial Year:

Provided further that the uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations."

The Commission notes that as per the above provision, the variation in the quantum of electricity sales is uncontrollable.

The Commission observed the Sales as per the Annual Account of FY 2021-22 has been mentioned as 52.01 MUs and the same has been submitted by the Petitioner. Accordingly, relying on the Annual account of FY 2021-22 which is a third party report, the Commission approves the Energy Sales of 52.01 MUs for True-Up of FY 2021-22.

The table given below provides the energy sales approved by the Commission in the Tariff Order dated 31<sup>st</sup> March 2021, the Petitioner's submission and the quantum of energy sales now trued-up by the Commission.

**Table 62: Energy Sales (MUs) Trued- up by the Commission for FY 2021-22**

Sr. No.	Category	FY 2021-22		
		Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	Domestic	39.75	38.74	38.74
2	Commercial	3.52	3.33	3.33
3	Govt. Connection	7.84	7.00	7.00
4	Industrial	0.37	0.39	0.39
5	HT Consumers	0.98	1.64	1.64
6	Public Lighting	0.85	0.82	0.82
7	Others Temporary Supply	0.14	0.09	0.09
<b>8</b>	<b>Total</b>	<b>53.44</b>	<b>52.01</b>	<b>52.01</b>

Therefore, the Commission approves 52.01 MUs of Sales as submitted by the Petitioner for the True-up of FY 2021-22.

## **4.6 Intra-State Transmission and Distribution (T&D) loss**

### **Petitioner's Submission**

The Petitioner has submitted that it has achieved an Intra-State T&D loss of 8.33 % in the FY 2021-22 against the target of 12.25 % provided in ARR order dated 31st March 2021 for FY 2021-22.

### **Commission's Analysis**

The Petitioner has submitted the T&D Losses as 8.33% in the petition.

The Commission has considered the approved energy sales of 52.01 MUs (Sec. 4.5) and total generation of 58.90 MUs as per the Energy Audit report for FY 2021-22. Based on information available in the Energy Audit report and actual sales, the Commission computed the T&D losses as 11.70 %.

**Table 63: Intra-State Transmission and Distribution (T&D) losses for FY 2021-22**

Sr. No.	Particulars	Considered by the Commission
1.	Energy Sales within the UT (MUs)	52.01
2.	Energy Available at UT Periphery	58.90

Approval of True- up for FY 2020- 21-and FY 2021-22 for the Electricity Department of Lakshadweep

Sr. No.	Particulars	Considered by the Commission
3.	T&D losses (MUs) (2-1)	6.89
4.	T&D Loss (%)	11.70%

The table below provides the Intra-State T&D loss approved in the ARR of FY 2021-22, Petitioner's submission and as approved by the Commission now.

**Table 64: Petitioner's submission and approved Intra-State transmission and distribution loss (%) for FY 2021-22**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission (in the Petition)	Trued-up by the Commission
1.	T&D Losses (%)	12.25%	8.33%	11.70%

Therefore, the Commission, while Truing up for FY 2021-22, has approved the Intra-State T&D loss of 11.70 %. The applicable incentive in this regard has been considered in Section 4.21.

## 4.7 Energy Balance

### Petitioner's Submission

The information regarding Energy requirement and Energy availability submitted by the Petitioner are as follows.

**Table 65: Energy Balance (MUs) submitted by Petitioner for FY 2021-22**

Sr. No.	Particulars	FY 2021-22		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Actual
<b>A</b>	<b>ENERGY REQUIREMENT (MUs)</b>			
i)	Total Sales within UT	59.00	53.44	52.01
ii)	Transmission & Distribution Losses (%)	12.25	12.25	8.33
iii)	T&D Losses (MU)	8.24	7.46	4.73
	Total Energy Requirement (for sale to retail consumers)	67.24	60.90	56.73
<b>B</b>	<b>ENERGY AVAILABILITY AT PERIPHERY</b>			
i)	Power Purchase			0.00
ii)	Own Generation	67.23	61.54	56.73
	Total Energy Availability	67.23	61.54	56.73
	<b>ENERGY SURPLUS/(GAP)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### Commission's analysis

The Commission based on the information submitted by the Petitioner on Power Purchase Quantum and sales has been examined and accordingly the energy balance for the FY 2021-22 is derived.

The following table provides the energy balance approved in the ARR of the FY 2021-22, the Petitioner's submission and now trued-up by the Commission.

**Table 66: Energy Balance (MUs) approved by the Commission for FY 2021-22**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
<b>A.</b>	<b>Energy Requirement (MUs)</b>			
1.	Total Sales within UT	53.44	52.01	52.01
2.	Transmission & Distribution Losses (%)	12.25	8.33	11.70
3.	Transmission & Distribution Losses (MUs)	7.46	4.73	6.89

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
4.	Total Energy Requirement (for sale to retail consumers)	60.90	56.73	58.90
<b>B.</b>	<b>Energy Availability at Periphery (MUs)</b>			
1.	Power Purchase (MUs)		0.00	0.00
2.	Own Generation (MUs)	61.54	56.73	58.90
3.	Total Energy Availability	61.54	56.73	58.90
<b>C.</b>	<b>Total shortfall/(Surplus)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The Commission approves nil Energy Balance for the FY 2021-22.

## 4.8 Power Purchase Quantum & Fuel Cost

### **Petitioner's Submission:**

The Petitioner has submitted that the energy requirement of Electricity Department Lakshadweep is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

The Petitioner has submitted the actual cost of fuel and also cost of power purchase from various IPPs and other generators as per Audited Accounts for FY 2021-22 in the table below:

**Table 67: Fuel Cost & Power Purchase cost for the FY 2021-22 (Rs. Crores) as submitted by the Petitioner**

Particulars	FY 2021-22		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
Cost of Fuel	83.74	110.47	144.64
<b>Total</b>	<b>83.74</b>	<b>110.47</b>	<b>144.64</b>

### **Commission's analysis:**

The Commission notes that the "JERC MYT Regulations 2018" stipulate that any variation in the cost of power generation and/or power purchase due to variation in the rate of power purchase from approved sources shall be treated as an "uncontrollable factor". Regulation 12.1 of the JERC MYT Regulations, 2018 stipulates the following:

*"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:*

- a) Force Majeure events;*
  - b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;*
  - c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;*
  - d) Transmission loss;*
  - e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;*
  - f) Variation in fuel cost;*
  - g) Change in power purchase mix;*
  - h) Inflation;*
  - i) Transmission Charges for a Distribution Licensee;*
  - j) Variation in market interest rates for long-term loans;*
  - k) Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;*
  - l) Taxes and Statutory levies;*
  - m) Taxes on income;*
  - n) Income from the realisation of bad debts written off;*
- ....."*

The Commission has observed that the Petitioner has claimed Rs. 144.64 Crores as Power Purchase Cost for the FY 2021-22.

The Commission, based on the data submitted by the Petitioner in reply to deficiency note, determines the per litre cost of HSD and per litre cost of Lube oil as Rs. 76.81/Litre and Rs. 226.20/Litre, respectively.

**Table 68: Per unit cost of fuel (HSD & Lube oil) for FY 2021-22**

Months	Fuel consumption (HSD), (in Liters)	Total Cost (HSD), as per invoice (Rs.)	Per unit rate of fuel (HSD)	Fuel consumption (Lube oil), (in Liters)	Total Cost (Lube oil), as per invoice (Rs.)	Per unit rate of fuel (Lube oil)
1	2	3	4=3/2	5	6	7=6/5
April-2020	1,554,186	111,390,303	71.67	5724	1424767	248.91
May-2020	1,575,417	112,978,044	71.71	5987	1359354	227.07
June-2020	1,432,687	106,024,090	74.00	4128	870129	210.81
July-2020	1,421,942	107,329,047	75.48	4359	830605	190.57
August-2020	1,397,829	108,058,047	77.30	3229	624898	193.53
September-2020	1,403,236	108,954,125	77.64	4726	955136	202.10
October-2020	1,523,680	119,024,434	78.12	4293	943315	219.73
November-2020	1,407,406	118,557,087	84.24	4945	1113359	225.15
December-2020	1,461,413	118,031,491	80.77	4598	1271608	276.56
January-2021	1,409,160	107,008,652	75.94	6746	1515866	224.72
February-2021	1,402,378	104,325,318	74.39	4315	974138	225.76
March-2021	1,653,762	133,418,139	80.68	5437	1346193	247.60
<b>Total</b>	<b>17643096</b>	<b>1355098777</b>	<b>76.81</b>	<b>58485</b>	<b>13229370</b>	<b>226.20</b>

The Commission raised a query regarding the SFC in 3<sup>rd</sup> deficiency note. Based on the details submitted by the Petitioner regarding the total consumption of the HSD and Lube oil, the Commission found the SFC of HSD as 312.05 ml/kWh against 266.12 ml/kWh approved in the order dated 31<sup>st</sup> March 2021 and SFC of Lube Oil as 1.03 ml/kWh against 0.99 ml/kWh approved in the order dated 31<sup>st</sup> March 2021.

The Commission has considered SFC of HSD and Lube oil as 266.12 ml/kWh and 0.99 ml/kWh respectively for the computation of Fuel cost for approval.

Based on the above approach, the Commission approves the following fuel cost for HSD based own generation plants and fuel cost:

**Table 69: Power Purchase cost, Quantum and variable cost approved by the Commission for FY 2021-22**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Approved
1	Total Gross Generation (DG Generation + Solar Generation) (MUs)		61.54		58.90
2	Solar Generation (MUS)		0.64		0.20
3	Gross DG Generation (MUs) 1 - 2	57.20	60.90		58.70

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Approved
4	Specific HSD Consumption (ml per kWh)	266.12	266.12		266.12
5	Average Cost of HSD per litre (Rs.)	54.34	67.48		76.81
6	<b>Cost of HSD [(3 X 4/1000 X 5)/ 10] (Rs. crores)</b>	<b>82.72</b>	<b>109.37</b>		<b>119.99</b>
7	Specific Lube Oil consumption (ml per kWh)	0.99	0.99		0.99
8	Average Cost of Lube Oil per litre (Rs.)	180.00	182.80		226.20
9	<b>Cost of Lube Oil [(3 X 7/1000 X 8)/10] (Rs. crores)</b>	<b>1.02</b>	<b>1.10</b>		<b>1.31</b>
10	<b>Total Fuel Cost (Rs. crores) (6+9)</b>	<b>84.52</b>	<b>110.47</b>	<b>144.64</b>	<b>121.30</b>
11	<b>APPC (10/1)</b>				<b>20.59</b>

Therefore, the Commission approves the overall power generation cost Rs. 121.30 Crores, which is inclusive of HSD cost of Rs. 119.99 Crores and Lube Oil cost of Rs. 1.31 Crores for the True-up of FY 2021-22.

## 4.9 Renewable Purchase Obligation (RPO)

### Petitioner's Submission

The Petitioner has not submitted any information in the petition regarding Renewable Purchase obligation (RPO).

### Commission's analysis

The Commission notes that as per Clause 1, Sub-clause (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010:

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

The Commission notified the JERC (Procurement of Renewable Energy), (Third Amendment) Regulations, 2016 on 22<sup>nd</sup> August 2016 and revised the RPO targets, according to which the Petitioner had to purchase 17.00% of its total consumption (including 8.00% from Solar & 9.00% from Non-solar sources) from renewable sources for the FY 2021-22.

For the FY 2021-22, the Petitioner had a standalone target of 8.84 MUs comprising of 4.16 MUs solar and 4.68 MUs non-solar. As against the compliance the Petitioner has only been able to meet 0.20 MUs of solar power & Nil from non-solar power plants (as submitted by the Petitioner in the reply to the queries in TVS), thereby resulting into a shortfall of 8.65 MUs in achieving overall RPO target for FY 2021-22.

Based on the above, the Commission has computed the standalone RPO compliance for FY 2021-22 as shown in the following table:

**Table 70: RPO Compliance Trued-up by the Commission for FY 2021-22**

Sr. No.	Particulars	FY 2021-22
1	Solar Target	8.00%
2	Non-Solar Target	9.00%

Approval of True- up for FY 2020- 21-and FY 2021-22 for the Electricity Department of Lakshadweep

Sr. No.	Particulars	FY 2021-22
<b>3</b>	<b>Total Target</b>	<b>17.00%</b>
<b>4</b>	<b>Sales Within UT (MUs)</b>	52.01
<b>5</b>	<b>RPO Target (MUs)</b>	
5(a).	Solar ((MUs))	4.16
5(b).	Non-Solar (MUs)	4.68
	<b>Total RPO Target (MUs)</b>	<b>8.84</b>
<b>6</b>	<b>RPO Compliance, (Actual Purchase), (MUs)</b>	
6(a).	Solar (MUs)	0.20
6(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (Actual Purchase), (MUs)</b>	<b>0.20</b>
7	RPO Compliance (REC Certificate Purchase), (MUs)	
7(a).	Solar (MUs)	0.00
7(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (REC Certificate) (MUs)</b>	<b>0.00</b>
<b>8</b>	<b>RPO Compliance (REC + Actual) (MUs)</b>	
8(a).	Solar (MUs)	0.20
8(b).	Non-Solar (MUs)	0.00
	<b>Total RPO Compliance (REC + Actual) (MUs)</b>	<b>0.20</b>
<b>9</b>	<b>Net Shortfall/(Surplus) (MUs) for this year</b>	<b>8.65</b>
<b>10</b>	<b>Cumulative Shortfall (MUs) in RPO Compliance till FY 2020-21</b>	<b>18.12</b>
<b>11</b>	<b>Cumulative Shortfall (MUs) in RPO Compliance till current year i.e. FY 2021-22</b>	<b>26.76</b>

The Commission notes that there is a cumulative shortfall in RPO compliance till FY 2021-22 of 26.76 MU's.

## 4.10 Operation & Maintenance Expenses

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance Expenses (R&M). The JERC MYT Regulations, 2018 considers the variation of O&M Expenses, except to the extent of inflation, to be controllable. Regulation 12.2 of the JERC MYT Regulation, 2018 states the following:

*“For the purpose of these Regulations, the term “controllable factors” for a Transmission or Distribution Licensee shall comprise of the factors which were within the control of the Licensee, shall inter-alia include:*

- a) Variations in capitalisation on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*
- b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalisation, as specified in clause (a) above;*
- c) Variations in technical and commercial losses of Distribution Licensee;*
- d) Availability of transmission system;*
- e) Variations in performance parameters;*
- f) Failure to meet the standards specified in the Joint Electricity Regulatory Commission for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015, as amended from time to time;*
- g) Variations in labour productivity;*
- h) Variation in O&M Expenses, except to the extent of inflation;*
- i) Bad debts written off, in accordance with the provisions of Regulation 62:*

*Provided further that the controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.....”*

Therefore, any variation in O&M Expenses is attributable to the Petitioner is not passed on in the ARR, other than any cost which is beyond the control of the Petitioner. Further Regulations 60.6 provides as follows:

*“60. Operation and Maintenance (O&M) expenses for Retail Supply Business*

*....*

*60.6 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.”*

*(Emphasis supplied)*

*Further, Regulation 14 of the JERC MYT Regulations, 2018 stipulates the following:*

*“14. Mechanism for sharing of gains or losses on account of controllable factors*

*14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable*

*factors shall be shared equally between Licensee and Consumers:*

*Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”*

In accordance with above Regulations, the Commission has approved the Employee Expenses, A&G Expenses and R&M Expenses as elaborated below:

#### **4.10.1 Employee Expenses**

##### **Petitioner’s Submission**

The Petitioner has submitted employee expenses of Rs. 222.53 Crores against the approved expenses of Rs. 28.09 Crores in the Tariff Order dated 31<sup>st</sup> March 2021.

**Table 71: Employee Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Employee Expenses	FY 2021-22		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Actual
Employee Expenses	29.85	28.09	22.53
<b>Total Employee Expenses</b>	<b>29.85</b>	<b>28.09</b>	<b>22.53</b>

##### **Commission’s analysis**

The Commission observes that the Petitioner has submitted employee expenses of Rs. 22.53 Cr.

The Commission has noted that for calculation of base year expenses following provisions are provided in the JERC MYT Regulations, 2018:

*“6. Values for Base Year*

*6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:*

*Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:*

*Provided further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.”*

In accordance with JERC MYT Regulations, 2018, the Employee expenses shall be revised to the extent of change in inflation and growth rate during the control period.

The CPI Inflation rate, has been computed as follows:

**Table 72: Computation of CPI Inflation (%)**

FY	Average Value of CPI for FY	Increase in CPI Index	Applicable CPI
2020-21	338.69		
2021-22	356.06	5.13%	5.13%

The Growth rate has been computed as follows:

**Table 73: Employee Growth Rate (Gn) for FY 2021-22**

Sr. No.	Particulars	FY 2020-21	FY 2021-22
1.	Opening No. of Employees	339	332
2.	Closing No. of Employees	332	332
3.	Gn (Growth factor)	(-) 2.06%	0.00%

**Table 74: Computation of employee expenses**

Sr. No.	Particulars	Employee Expenses for FY 2021-22	FY 2021-22
1.	Employee Expenses (n-1) year		20.56
2.	Growth in number of Employees (Gn)		0.00%
3.	CPI Inflation for FY 2021-22		5.13%
4.	Re-estimated normative Employee Expenses	20.56	21.61

**Table 75: Employee Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission (as per actuals)	Trued-up by the Commission
1.	Employee Expenses	28.09	22.53	21.61

The Commission approves the normative Employee Expenses of Rs. 21.61 Crores in the True-up of FY 2021-22.

#### **4.10.2 Administrative and General (A&G) Expenses**

##### **Petitioner's Submission:**

The Petitioner has submitted the actual A&G expenses of Rs. 4.66 Crores as reflected in audited accounts against the approved expenses of Rs. 3.09 Crores for FY 2021-22 in the Tariff Order dated 31<sup>st</sup> March 2021.

**Table 76: A&G Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

A&G Expenses	FY 2021-22		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Actual
A&G Expenses	3.03	3.09	4.66
<b>Total A&amp;G Expenses</b>	<b>3.03</b>	<b>3.09</b>	<b>4.66</b>

### **Commission's analysis**

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. As per the Annual Performa account submitted by the Petitioner, the A&G expenses is reflected as Rs. 4.66 Crores for FY 2021-22.

Similar to the methodology followed while estimating the employee expenses, the Commission has determined the normative A&G expenses for the FY 2021-22 using the CPI Inflation of FY 2021-22 to determine the normative A&G expenses for FY 2021-22.

The A&G expenses approved by the Commission in FY 2021-22 have been provided in the following table:

**Table 77: Computation of CPI Inflation (%)**

FY	Average Value of CPI for FY	Increase in CPI Index	Applicable CPI
2020-21	338.69		
2021-22	356.06	5.13%	<b>5.13%</b>

Considering the actual A&G Expenses for FY 2020-21 and CPI of FY 2021-22 the Commission re-estimated the normative A&G expense for FY 2021-22, details are below:

**Table 78: A&G Expenses computation for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved A&G Expenses for FY 2020-21	FY 2021-22
1.	A&G Expense <sub>(n-1)</sub> year		5.11
2.	CPI Inflation for FY 2021-22		5.13%
<b>3.</b>	<b>Normative A&amp;G Expenses</b>	<b>4.21</b>	<b>5.38</b>

**Table 79: A&G Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission (as per actuals)	Trued-up by the Commission
1.	A&G Expenses	3.09	4.66	<b>4.66</b>

The Commission approves actual Administrative & General (A&G) Expenses of Rs. 4.66 Crores in the True-up of FY 2021-22.

### ***4.10.3 Repair and Maintenance (R&M) Expenses***

#### **Petitioner's Submission**

The Petitioner has incurred R&M expenses of Rs. 10.24 Crores against the approved expenses of Rs. 8.72 Crores in for FY 2021-22 in the Tariff Order dated 31<sup>st</sup> March 2021.

**Table 80: R&M Expenses submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

A&G Expenses	FY 2021-22		
	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Actual
R&M Expenses	8.77	8.72	10.24
<b>Total R&amp;M Expenses</b>	<b>8.77</b>	<b>8.72</b>	<b>10.24</b>

#### **Commission's analysis**

In accordance with the MYT Regulations, 2018, the R&M expenses has to be computed based on the 'k' factor as approved in the MYT Order.

**Table 81: Computation of WPI Inflation (%)**

FY	Average Value of CPI for FY	Increase in CPI Index	Applicable CPI
2020-21	123.38		
2021-22	139.41	13.00%	13.00%

**Table 82: R&M Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Opening GFA (GFAn-1)	198.91		187.15*
2.	K factor approved (K) (%)	4.26%		4.26%
3.	WPI Inflation(%)	2.96%		13.00%
4.	<b>R&amp;M Expenses = K x (GFA n-1) x (1+WPIinflation)</b>	<b>8.72</b>	<b>10.24</b>	<b>9.01</b>

\* The Opening GFA for FY 2021-22 equals to sum of Rs. (185.47 +1.68) Cr = Rs. 187.15 Cr

The R&M expenses approved by the Commission in FY 2021-22 have been provided in the following table:

**Table 83: R&M Expenses Trued-up by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission (as per actuals)	Trued-up by the Commission
1.	Repair & Maintenance Expenses (R&M)	8.72	10.24	9.01

The Commission approves the Repair & Maintenance (R&M) Expenses of Rs. 9.01 Crores in the True-up of FY 2021-22.

## **Total Operation and Maintenance Expenses (O&M)**

The following table provides the O&M expenses approved in the ARR of FY 2021-22, Petitioner's submission and now approved by the Commission in True-up of FY 2021-22.

**Table 84: O&M Expenses Trued-up by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Employee Expenses	28.09	22.53	21.61
2.	Administrative & General Expenses (A&G)	3.09	4.66	4.66
3.	Repair & Maintenance Expenses	8.72	10.24	9.01
<b>Total Operation &amp; Maintenance Expenses</b>		<b>39.90</b>	<b>37.43</b>	<b>35.28</b>

The Commission approves the Operation & Maintenance (O&M) Expenses of Rs. 35.28 Crores in the True-up of FY 2021-22.

The gain/loss after comparing the actual values and normative values has been addressed separately in Section 4.22.

## 4.11 Capitalisation

### **Petitioner's Submission**

The Petitioner has submitted the capitalisation as provided in the table below:

**Table 85: Capitalisation submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Additions during the FY 2021-22
1	Capitalisation	7.75	7.75	4.07

### **Commission's analysis**

The Commission reviewed the submission of the Petitioner and approves the Capitalisation as per the submission made by the Petitioner and as reflected in the audited accounts. The Commission observed that the Petitioner consistently has not been able to meet the capitalisation targets and has taken serious note of it. The Commission directs the Petitioner to take all out efforts to achieve the capitalization target in its letter and spirit.

The Commission has further observed that the capitalization has also been claimed under below stated schemes which were not approved in the Business Plan Order dated 21.12.2018.

1. Supply of Fuel filtration plant (Alpha Pump)- Rs. 0.52 Crore
2. DG set major components coil cooler, radiator, etc.- Rs. 2.35 Crores

On query, the petitioner replied that certain emergent and essential works emerged which were critical for ensuring reliable and continuous operation of the department but were unforeseen at the time of Business Plan formulation. The Commission has taken the note of the same and due to low cost of implementing such schemes and hardship of supplying power in an archipelago, the Commission is approving the capitalization as submitted by the Petitioner. However, from now on, the Petitioner is directed to take the approval of such schemes from the Commission in timely manner.

The table below provides the capitalisation approved in the Tariff Order, the Petitioner's submission and the capitalisation approved by the Commission now.

**Table 86: Capitalization Approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order Dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Capitalisation	7.75	4.07	4.07

The Commission approves the Capitalisation of Rs. 4.07 Crores in the True-up of FY 2021-22.

## 4.12 Capital Structure

### **Petitioner's Submission**

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings.

### **Commission's analysis**

The Commission observes that Regulation 26 of the JERC MYT Regulations, 2018 specifies the following:

*"26. Debt to Equity Ratio*

*26.1 In case of Existing Projects, debt to equity ratio allowed by the Commission for determination of tariff for the period ending March 31, 2018 shall be considered:*

Provided that in case of retirement or replacement or De-capitalization of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or De-capitalization of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

26.2 For New Projects, the debt-equity ratio as on the Date of Commercial Operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 23, after prudence check for determination of tariff:

Provided that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of tariff:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as a normative loan for the Licensee for determination of tariff:

Provided also that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

Provided further that the premium, if any, raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

26.3 Any expenditure incurred or projected to be incurred on or after April 1, 2019, as may be admitted by the Commission, as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in this Regulation.”

For capital structure, regarding capitalisation during year, 70% of the approved capitalisation is considered as addition in normative loan and remaining as equity, as per provisions given under Regulations.

The approved capital structure for FY 2021-22 are given in following table:

**Table 87: GFA addition approved by Commission (Rs. Crore) for FY 2021-22**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Capitalisation during the FY	7.75	1.68	4.07
2.	Normative Loan (70%)	5.43	1.18	2.85
3.	Normative Equity (30%)	2.33	0.50	1.22

## 4.13 GFA & Depreciation

### Petitioner's Submission

The Petitioner has submitted the actual depreciation of assets as per the Annual Performa accounts of FY 2021-22.

The GFA and depreciation as claimed by the Petitioner has been tabulated below:

**Table 88: Depreciation submitted by the Petitioner (Rs. Crores)**

Sl. No.	Particulars	FY 2021-22		
		Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Actual
1	Opening GFA	205.09	198.91	212.73
2	Less: Assets depreciated upto 90% till FY 2021-22	-	23.20	25.68
3	Net Opening GFA	205.09	175.71	187.99

Sl. No	Particulars	FY 2021-22		
		Approved in T.O. dated 20th May, 2019	Approved in T.O. dated 31st March 2021	Actual
4	Add: Capitalisation	7.75	7.75	4.07
5	Add: Prior period capitalisation	-	-	-
6	Closing GFA	212.84	183.46	192.06
7	Average GFA	208.97	179.58	190.02
8	Average rate of Depreciation	3.88%	3.04%	4.58%
9	Depreciation	8.11	5.47	8.70

### **Commission's analysis**

The Commission notes that Regulation 30 of the JERC MYT Regulations, 2018 stipulates the following with respect to depreciation:

#### *“30. Depreciation*

*30.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:*

*Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets: In the ARR Order, the Commission approved the following asset wise depreciation rate as per the CERC Tariff Regulations, 2014:*

*Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.*

*30.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.*

*30.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.*

*30.4 In case of existing assets, the balance depreciable value as on April 1, 2019, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2018, from the gross depreciable value of the assets.*

*30.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:*

*Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.*

*30.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.*

*30.7 The depreciation for a Distribution Licensee shall be calculated annually, based on the Straight-Line Method, over the Useful Life of the asset at rates specified in Appendix I of the Regulations.*

*30.8 In addition to allowable depreciation, the Distribution Licensee shall be entitled to advance against depreciation (AAD), computed in the manner given hereunder:*

*AAD = Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus depreciation as calculated on the basis of these Regulations:*

*Provided that advance against depreciation shall be permitted only if the cumulative repayment up to a particular Year exceeds the cumulative depreciation upto that Year:*

*Provided further that advance against depreciation in a Year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation upto that Year.*

*30.9 The Distribution Licensee shall provide the list of assets added during each Year of Control Period and list of assets completing 90% of depreciation in the Year along with Petition for annual performance review, true- up and tariff determination for ensuing Year.*

*30.10 The remaining depreciable value for a Distribution Licensee shall be spread over the balance useful life of the asset, on repayment of the entire loan.”*

The Commission has derived the weighted average rate of depreciation based on the asset wise depreciation rate prescribed in Annexure-I of “JERC MYT Regulations, 2018”, as provided in the following table:

**Table 89: Depreciation Rate (%)**

Approval of True- up for FY 2020- 21-and FY 2021-22  
for the Electricity Department of Lakshadweep

Description	Rate
Plant & Machinery	3.60%
Buildings	1.80%
Furniture & Fixtures	6.00%
Land	0.00%
Vehicles	18.00%
Office equipment (Computers, etc.)	6.00%

The Petitioner has claimed the depreciation for FY 2021-22 of Rs. 8.70 Crores as per the annual audited account of FY 2021-22.

The Commission observes that the weighted average rate of depreciation is 5.25 % while taking the depreciation for the period of FY 2021-22 of Rs. 8.70 Cr.

Accordingly, relying on the Audited Annual account of FY 2021-22 the Commission approves the weighted average rate of depreciation as follows:

**Table 90: Weighted average rate of Depreciation considered by the Commission (%)**

Sl. No.	Particulars	FY 2020-21	FY 2021-22
		As per Accounts	As per Accounts
1.	Opening GFA	186.41	188.09
2.	Add: Prior period capitalisation		
3.	Less: Assets depreciated upto 90% till FY 2021-22	24.34	25.68
4.	Net Opening GFA	162.06	162.42
5.	Add: Capitalisation	1.68	4.07
6.	Closing GFA	163.75	166.48
7.	Average GFA	162.90	164.45
8.	Depreciation (excluding depreciation on Prior Period assets, i.e. 1.18 Cr)	7.42	7.52
<b>9.</b>	<b>Weighted average rate of Depreciation</b>	<b>4.55%</b>	<b>4.57%</b>

Therefore, the Commission has approved the weighted average rate of depreciation of 4.57 % for FY 2021-22.

The following table provides the details of depreciation as approved in the tariff order, Petitioner's submission and now approved by the Commission under true-up.

**Table 91: Depreciation approved by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission (Actual)	Trued-Up by Commission
1.	Opening GFA	198.91	213.66	187.15
2.	Less: Assets depreciated upto 90% till FY 2021-22	23.20	25.68	25.68
3.	Net Opening GFA	175.71	187.99	161.48
4.	Add: Capitalisation	7.75	4.07	4.07
5.	Closing GFA	183.46	192.06	165.55
6.	Average GFA	179.58	190.02	163.51
7.	Average rate of Depreciation	3.04%	4.58%	4.57%
<b>8.</b>	<b>Depreciation</b>	<b>5.47</b>	<b>8.70</b>	<b>7.48</b>

The Commission now approves depreciation of Rs. 7.48 Crores in the True up of the FY 2021-22.

## 4.14 Interest and Finance Charges

### **Petitioner's Submission**

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The Petitioner has considered the GFA as on 31.03.2021 and actual additions during the FY 2021-22 to arrive at the closing GFA for the year. The normative loan for the FY 2021-22 has been arrived in accordance with the Regulation 28 of the MYT Regulations, 2018.

Further, the Petitioner proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2021. The State Bank of India (SBI) MCLR - 1 year tenor as on 01.04.2021 was 7.00%. Accordingly, interest rate of 8.00% (7.00%+1%) has been considered for projecting the interest charges for the FY 2021-22.

The Interest on loan as claimed by the Petitioner has been tabulated below:

**Table 92: Interest & Finance charges claimed by Petitioner for the FY 2021-22 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 20th May, 2019	Approved in T.O. dated 31st March 2021	Actual
1.	Opening Normative Loan	62.99	22.76	11.37
2.	Normative additions during the year (70% of Net additions to GFA)	5.43	5.43	2.85
3.	Less: Normative Repayment for the year	8.11	5.47	8.7
4.	Closing Normative Loan/GFA	60.31	22.72	5.51
5.	Average Normative Loan	61.65	22.74	8.44
6.	Interest Rates – actual	9.15%	8.00%	8.00%
7.	<b>Interest on Loan</b>	<b>5.64</b>	<b>1.82</b>	<b>0.68</b>

### **Commission's analysis**

The Commission has observed that Regulation 28 of the JERC MYT Regulations, 2018 stipulates the following with respect to interest on loan:

#### *“28. Interest on Loan*

*28.1 The loans arrived at in the manner indicated in Regulation 26 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:*

*Provided that interest and finance charges on capital works in progress shall be excluded:*

*Provided further that in case of De-capitalization or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the de-capitalised or retired or replaced assets, based on documentary evidence.*

*28.2 The normative loan outstanding as on April 1, 2019, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2018, from the gross normative loan.*

*28.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 30.*

*28.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:*

*Provided that at the time of trueing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest:*

*Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:*

*Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time*

being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

28.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalization approved by the Commission for the Year.

28.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

28.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

28.8 The finance charges incurred for obtaining loans from financial institutions for any Year shall be allowed by the Commission at the time of Truing-up, subject to prudence check.

28.9 The excess interest during construction on account of time and/or cost overrun as compared to the approved completion schedule and capital cost or on account of excess drawal of the debt funds disproportionate to the actual requirement based on Scheme completion status, shall be allowed or disallowed partly or fully on a case-to-case basis, after prudence check by the Commission:

Provided that where the excess interest during construction is on account of delay attributable to an agency or contractor or supplier engaged by the Transmission Licensee, any liquidated damages recovered from such agency or contractor or supplier shall be taken into account for computation of capital cost:

Provided further that the extent of liquidated damages to be considered shall depend on the amount of excess interest during construction that has been allowed by the Commission.

28.10 The Transmission Licensee or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the equally between the beneficiaries and the Transmission Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.

28.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:

Provided that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”

According to the above provision, the rate of interest to be considered while determining the ARR shall be the weighted average interest rate of the actual loan portfolio. However, in absence of detailed data with respect to the actual loan portfolio, the Commission has considered the SBI 1 Year MCLR rate plus 100 basis points as Rate of Interest, in accordance with the JERC MYT Regulations, 2018. The Commission has considered the value of SBI 1-year MCLR rate as 7.00% (as on 1<sup>st</sup> April 2021, accordingly Interest rate is 8.00%.

As per the JERC MYT Regulations, 2018, if the equity deployed is more than 30% of the capital cost, then equity in excess of 30% is considered as normative loan. Hence, the normative loan addition is considered as 70% of the approved capitalization. Approved depreciation is considered as loan repayment amount. The following table provides the Interest on Loan approved by the Commission.

**Table 93: Interest and Finance Charges approved by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	Opening Gross Loan (Closing of Loan in Truing-up for FY 2020-21)	22.76	11.37	12.79
2	Opening Normative Loan			12.79

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
3	Add: Normative Loan During the year (70% of proposed capitalization)	5.43	2.85	2.85
4	Less: Normative Repayment equivalent to Depreciation	5.47	8.7	7.48
5	Closing Normative Loan	22.72	5.51	8.16
6	Average Normative Loan	22.74	8.44	10.48
7	Rate of Interest (%)	8.00%	8.00%	8.00%
8	<b>Interest on Loan</b>	<b>1.82</b>	<b>0.68</b>	<b>0.84</b>

The Commission trued-up Interest and Finance Charges of Rs. 0.84 Crores for FY 2021-22.

## 4.15 Return on Equity (RoE)

### Petitioner's Submission

The Petitioner has submitted that being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The Petitioner has considered the GFA as on 31.03.2021 and actual additions during the FY 2021-22 to arrive at the closing GFA for the year.

The normative Equity for the FY 2021-22 has been considered at 30% of the GFA in accordance with regulation 26 & 27.3 of the MYT Regulation 2018.

The summary of the Return on Equity as approved by the Commission and as calculated for 2021-22 is tabulated below:

**Table 94: Return on Equity claimed by the Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Opening Equity	47.73	59.67	56.15
2	Equity Addition during year (30% of Capitalization)	2.33	2.33	1.22
3	Closing Equity	50.05	62.00	57.37
4	Average Equity	48.89	60.83	56.76
5	Rate of Return	16.00%	16.00%	16.00%
6	<b>Return on Equity</b>	<b>7.82</b>	<b>9.73</b>	<b>9.08</b>

### Commission's analysis

The Commission has observed that Regulation 27 of the JERC MYT Regulations, 2018 stipulates the following with respect to Return on Equity:

“.....

27.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of sixteen (16) per cent per annum.

27.4 The return on equity shall be computed on average of equity capital at the beginning and end of Year.”

RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 15.50%/16.00% (on post-tax basis) with an opening equity for FY 2021-22 considered equivalent to the closing equity of FY 2020-21. The average equity is considered as 90% for wheeling activity and 10% for retail or distribution activity.

The following table provides the RoE approved in the ARR of FY 2021-22, the Petitioner's submission and RoE now approved by the Commission under true-up.

**Table 95: RoE approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	Opening Gross Equity (Closing of Equity in Truing-up for FY 2019-20)	59.67	56.15	56.14
2	Less: Equity part of assets depreciated more than 90%			0.00
3	Net Opening Equity			56.14
4	Additions of Equity on account of new Capitalisation	2.33	1.22	1.22
5	Closing Equity	62	57.37	57.37
6	Average Equity	60.83	56.76	56.76
7	Average Equity-Wires Business (90%)			51.08
8	Average Equity (Retail Supply Business) (10%)			5.68
9	Return on Equity for Wires Business (%)	16%	16%	15.50%
10	Return on Equity for Retail Supply Business (%)			16.00%
11	<b>Return on Equity for Wires Business</b>			<b>7.92</b>
12	<b>Return on Equity for Retail Supply Business (%)</b>			<b>0.91</b>
13	<b>Total Return on Equity</b>	<b>9.73</b>	<b>9.08</b>	<b>8.83</b>

The Commission approves the Return on Equity of Rs. 8.83 Crores for FY 2021-22.

## 4.16 Interest on Security Deposits (IoSD)

### Petitioner's Submission

The Petitioner has submitted that it has calculated the security deposits of the year on the basis of closing balance of FY 2020-21 and actual addition during the year. The Petitioner has considered the rate of interest of 4.25% as approved by the Commission in the Tariff order Dt. 20.05.2019 The Interest on Security Deposit as approved by the Commission & actual Interest on Security Deposit for the FY 2021-22 is given below:

**Table 96: Interest on Security Deposit as submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 20th May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Opening Security Deposit	1.20	1.20	4.76
2	Net Addition during the year	0.26	0.26	0.59
3	Refund during the year	0.00	0.00	0.00
4	Closing Security Deposit	1.45	1.46	5.35
5	Average Security Deposit	1.32	1.33	5.06
6	RBI Bank Rate	6.25%	4.25%	4.25%
7	<b>Interest on Consumer Security Deposit</b>	<b>0.08</b>	<b>0.06</b>	<b>0.21</b>

### Commission's analysis

As per Regulation 28.11 of JERC MYT Regulation 2018:

*"28.11 Interest shall be allowed on the amount held as security deposit held in cash from Retail Consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed:*

*Provided that at the time of truing-up, the interest on the amount of security deposit for the Year shall be considered on the basis of the actual interest paid by the Licensee during the Year, subject to prudence check by the Commission.”*

The Commission, based on the submission of the Petitioner in reply to the query raised in the TVS, notes that the security deposit is adjusted with the Energy bill and not shown separately in the accounts, has approved the Interest on Security Deposit separately for the FY 2021-22 and increased the Revenue at existing tariff, i.e. Sec. 4.24 by the interest on security amount of Rs 0.19 Crore.

The following table provides the Interest on Security Deposit (IoSD) approved in the ARR of FY 2021-22, the Petitioner's submission and IoSD worked by the Commission or the true-up.

**Table 97: Interest on Security Deposit for approved by the Commission for FY 2021-22 (Rs. Crores)**

Sl. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	IoSD Worked by the Commission
1	Opening Security Deposit	1.20	4.76	4.76
2	Net Addition during the year	0.26	0.59	0.59
3	Refund during the year	0.00	0.00	0.00
4	Closing Security Deposit	1.46	5.35	5.35
5	Average Security Deposit	1.33	5.06	5.06
6	RBI Bank Rate	4.25%	4.25%	4.25%
7	Interest on Consumer Security Deposit (Normative)	0.06	0.21	0.21
<b>8</b>	<b>Interest on Security Deposit Paid (Actual)</b>	-	-	<b>0.19</b>

The Commission notes that the Actual Security Deposit paid is less than the Normative Consumer Security Deposit, therefore, based on the "Report on the Performa Account for the FY 2020-21 & FY 2021-22" submitted by the Petitioner, the Commission has approved Rs. 0.19 Crore of interest on security deposits of the consumers in the True-up of FY 2021-22.

## 4.17 Interest on Working Capital

### Petitioner's Submission

The Petitioner has submitted to revise the interest charges based on the State Bank of India (SBI) MCLR- 1 year tenor as on 01.04.2021. The State Bank of India (SBI) MCLR- 1 year tenor as on 01.04.2021 was 7.00%. Accordingly, interest rate of 9.00% (7.00%+2%) has been considered for projecting the interest charges for the FY 2021-22.

Interest on Working Capital has been calculated by the Petitioner based on the normative principles outlined in the JERC MYT Regulations, 2018. The details are given below.

**Table 98: Interest on Working Capital submitted by Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Operation & Maintenance Expenses (for One (1) Month)	3.47	3.33	3.12
2	Maintenance spares at 40% of R&M expenses (For One (1) Month)	0.29	0.29	0.34
3	Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariff.	4.62	4.26	4.00
4	Less: Amount held as security deposit	1.45	1.46	5.35
5	Net Working Capital	6.93	6.42	2.11

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
6	Rate of Interest (%)	10.15%	9.75%	9.00%
7	<b>Interest on working capital</b>	<b>0.70</b>	<b>0.63</b>	<b>0.19</b>

### **Commission's analysis**

The Regulation 52 of the JERC MYT Regulations, 2018 stipulates the following:

#### **“52. Norms of Working Capital for Distribution Wires Business**

52.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the Financial Year, computed as follows:

O&M Expenses for one (1) month; plus

Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus

Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff;

#### **Less:**

Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from distribution system users except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

Further, Regulation 63 of the JERC MYT Regulation, 2018 stipulates the following:

“63.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Retail Supply Business for the Financial Year, computed as follows:

(a) O&M Expenses for one (1) month; plus

(b) Maintenance spares at 40% of repair and maintenance expenses for one (1) month; plus

(c) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariff; Less

(d) Amount, if any, held as security deposits under clause (b) of sub-section (1) of Section 47 of the Act from Consumers except the security deposits held in the form of Bank Guarantees:

Provided that at the time of truing up for any Year, the working capital requirement shall be re-calculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

Further, Regulation 31.3 of the MYT Regulation, 2018 stipulates the following:

“31.3 The interest on working capital shall be payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

31.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.”

Accordingly, the Interest on Working Capital has been approved by the Commission, as shown in the table below:

**Table 99: Interest on Working Capital approved by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	O&M Expense for 1 month	3.33	3.12	2.94
2	Maintenance spares at 40% of R&M expenses for one (1) month;	0.29	0.34	0.30
3	Receivables equivalent to two (2) months of the expected revenue at the prevailing tariff	4.26	4.00	4.00
4	Less: Amount held as security deposits.	1.46	5.35	5.06
5	Net Working Capital	6.42	2.11	2.18
6	Rate of Interest (%)	9.75%	9.00%	9.00%

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
7	Interest on Working Capital	0.63	0.19	0.20

The Commission approves the Interest on Working Capital of Rs. 0.20 Crores in the True- up of FY 2021-22.

## 4.18 Income Tax

### Petitioner's Submission

The Petitioner has not made any submission in this regard.

### Commission's analysis

The Commission has approved nil income tax amount as submitted by the Petitioner.

## 4.19 Provision for Bad & Doubtful Debts

### Petitioner's Submission

The Petitioner has submitted that any bad debts has not been written off during the FY 2021-22.

### Commission's analysis

As per Regulation 62 of the MYT Regulations, 2018:

*"The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of write off of bad debts in the previous years, subject to prudence check: Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check:*

*Provided also that the provision for bad and doubtful debts shall be limited to 1% of the annual Revenue Requirement of the Distribution Licensee:*

*Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised."*

The Petitioner has not claimed any Bad & Doubtful Debts during the True-up of FY 2021-22; hence the Commission approves the nil Bad & Doubtful Debts.

## 4.20 Non-Tariff Income

### Petitioner's Submission

The Non-Tariff Income comprises metering, late payment charges, interest on staff loans, reconnection fee, and miscellaneous income among others. The actual Non-Tariff Income and that approved by the Commission for FY 2021-22 is provided in the table below:

**Table 100: Non-Tariff Income for the FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1	Non-Tariff Income	1.13	1.13	0.47

**Commission's analysis**

The Commission observes that Regulation 34.2 of JERC MYT Regulation, 2018 states the following:

*"The delayed payment charge earned by the Transmission Licensee or the Distribution Licensee shall not be considered under its Non-Tariff Income."*

The Commission also has considered the same Non-Tariff Income (NTI) as submitted by the Petitioner and reflected in Annual Account submitted by the Petitioner. The Non-Tariff income approved in the Tariff Order, the Petitioner's submission and the NTI now approved by the Commission is shown in the table below:

**Table 101: Non-Tariff Income approved by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1	Non-Tariff Income	1.31	0.47	<b>0.47</b>

The Commission approves the Non-Tariff Income of Rs. 0.47 Crores for FY 2021-22.

## **4.21 Incentive/Disincentive towards over/under-achievement of norms.**

**Petitioner's Submission**

The Petitioner has made no submission has been in this regard.

**Commission's analysis**

In the ARR of the FY 2021-22, the Commission had approved the distribution loss level of 12.25%. As discussed earlier, the Petitioner has been able to achieve an Intra-State Transmission & Distribution Loss of 8.33%. Thus, there is an overachievement of the loss target.

The Commission, in accordance with Regulations 13 & 14 of the JERC MYT Regulations, 2018 (reproduced below), therefore, has determined the incentive towards overachievement of the target of Intra-State distribution loss for FY 2021-22.

*"13. Mechanism for pass through of gains or losses on account of uncontrollable factors*

*13.1 Approved aggregate gain or loss to the Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be pass-through as an adjustment in the tariff of the Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations:*

*Provided that the mechanism for pass through of gains or losses on account of uncontrollable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*13.2 The Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the specified format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.*

*14. Mechanism for sharing of gains or losses on account of controllable factors*

*14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:*

*Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.*

*14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers."*

The incentive has been derived by calculating the additional cost saved from power procurement due to over achievement of the stipulated Intra-State T&D loss target of 11.70% by the Petitioner, at the Average Power Purchase cost (APPC) of Rs. 20.59/kWh. The APPC has been derived at State/UT Periphery based on the Power Purchase cost approved in the True-up above and the Energy at State/UT Periphery computed after grossing up the retail energy sales (52.01 MU) with the approved Intra-State T&D Loss (11.70%).

The assessment of incentive for lower Intra-State T&D Loss achieved is shown in the following table:

**Table 102: Incentive towards overachievement of Intra-State Distribution Loss for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Normative	Trued-up by the Commission
1.	Retail Sales (MUs)	52.01	52.01	52.01
2.	T&D Loss (%)	12.25%	12.25%	11.70%
3.	Energy Requirement at Periphery (MUs)	59.27	59.27	58.90
4.	Gain/(Loss) (MUs)			0.37
5.	Average Power Purchase Cost (APPC), (Rs./kWh)			20.59
6.	Gain (Crores)			0.76
7.	Sharing (50% to LED in Case of gain and 100% in case of Loss)			<b>0.38</b>

The Commission approves Rs. 0.38 Crores as incentive for overachieving the Intra-State distribution loss target for FY 2021-22.

## 4.22 Sharing of Gain/(Loss) on account of Operation & Maintenance (O&M) Expenses.

The Commission notes that Regulation 13 and 14 of the JERC MYT Regulations, 2018 (as reproduced above) stipulates the following mechanism for sharing of gain and loss:

**“14. Mechanism for sharing of gains or losses on account of controllable factors**

14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”

The following table provides the O&M expenses, approved by the Commission in the MYT Order, Petitioner’s submission and O&M expenses now trued-up by the Commission after sharing of gains or losses.

**Table 103: O&M Expenses (After Gain/ (Loss)) approved by Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in ARR order dated 31 <sup>st</sup> March 2021	Petitioner’s Submission	Normative Expenses	Actual Expenses (as per Annual Performa Account)	Gain/ (Loss) (Normative – Actual Considered)	Gain/ (Loss) Sharing
1.	Employee Expenses	28.09	22.53	21.61	22.53	(0.92)	0.00
2.	A&G Expenses	3.09	4.66	5.38	4.66	0.72	0.36
3.	R&M Expenses	8.72	10.24	9.10	10.24	(1.24)	0.00
4.	<b>Total O&amp;M</b>	<b>39.90</b>	<b>37.43</b>	<b>36.00</b>	<b>37.43</b>	<b>(1.43)</b>	<b>0.36</b>

The Commission approves the Gain/(Loss) sharing of INR 0.36 Cr for adjusting incentive/dis-incentive on account of over/under achievement of O&M Expenses in the True-up of FY 2021-22.

## 4.23 Aggregate Revenue Requirement (ARR)

### Petitioner's Submission

The Petitioner claimed the net aggregate revenue requirement of **Rs. 200.46 Crores** for approval in the True-up of FY 2021-22.

**Table 104: Aggregate Revenue Requirement as submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1.	Cost of Fuel	83.74	110.47	144.64
2.	Cost of Power Purchase	0.78	0.00	0.00
3.	Employee costs	29.85	28.09	22.53
4.	R&M expenses	8.77	8.72	10.24
5.	A&G expenses	3.03	3.09	4.66
6.	Depreciation	8.11	5.47	8.70
7.	Interest on Loan	5.64	1.82	0.68
8.	Interest on Consumer Security Deposit	0.08	0.06	0.21
9.	Interest on working capital	0.70	0.63	0.19
10.	Return on Equity	7.82	9.73	9.08
11.	Provision for Bad Debt	0.00	0.00	0.00
<b>12.</b>	<b>Total Revenue Requirement</b>	<b>148.52</b>	<b>168.08</b>	<b>200.94</b>
13.	Less: Non-Tariff Income	1.31	1.31	0.47
<b>14.</b>	<b>Net Revenue Requirement</b>	<b>147.21</b>	<b>166.77</b>	<b>200.46</b>

### Commission's analysis

The Commission on the basis of the detailed analysis of the cost parameters of the ARR has considered and approved the revenue requirement in the True-up of 2021-22 as given in the following table:

**Table 105: Aggregate Revenue Requirement approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Cost of Fuel (Own )	110.47	144.64	121.30
2.	Power Purchase Cost	-	-	-
3.	Prior Period Power Purchase Expenses	-	-	-
4.	Operation & Maintenance Expenses	39.90	37.43	35.28
5.	Depreciation	5.47	8.70	7.48
6.	Interest on Loan and Finance charges	1.82	0.68	0.84
7.	Interest on Working Capital	0.63	0.19	0.20
8.	Interest on Security Deposit	0.06	0.21	0.19
9.	Return on Equity	9.73	9.08	8.83
10.	Provision for Bad Debt	-	-	-
11.	Income Tax	-	-	-
12.	Incentive due to over achievement of norms (T&D Loss)	0.00	0.00	0.38

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
13.	On Account of sharing gain/(loss) for O&M Expenses	-	-	0.36
<b>14.</b>	<b>Total Revenue Requirement</b>	<b>168.08</b>	<b>200.93</b>	<b>174.14</b>
15.	Less: Non-Tariff Income	1.31	0.47	0.47
<b>16.</b>	<b>Net Revenue Requirement</b>	<b>166.77</b>	<b>200.46</b>	<b>173.66</b>

The Commission approves net Aggregate Revenue Requirement of Rs. 173.66 Crores in the True-up of the FY 2021-22.

## 4.24 Revenue at existing Retail Tariff

### Petitioner's Submission

The Petitioner has submitted the actual net revenue for the FY 2021-22 as Rs. 23.99 Crores against revenue of Rs. 25.58 Crores. approved by the Commission in the Tariff Order dated 31<sup>st</sup> March 2021.

**Table 106: Revenue at existing tariff as submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1.	Revenue approved for FY 2021-22	-	25.58	23.99

### Commission's analysis

The Commission has analysed the sales and revenue figures for each consumer category and verified the revenue from audited accounts.

Further, the Commission based on as discussed in the sec. 4.16 i.e. '.....based on the submission of the Petitioner in reply to the query raised in the TVS, notes that the security deposit is adjusted with the Energy bill and not shown separately in the accounts, has approved the Interest on Security Deposit separately for the FY 2021-22 and increased the Revenue at existing tariff, i.e. Sec. 4.24 by the interest on security amount of Rs 0.19 Crore.'

has increased the Interest on Security deposit amounting to Rs. 0.19 Cr in the revenue at existing tariff for the FY 2021-22.

The consumer category-wise revenue as submitted by the Petitioner and approved by the Commission is shown in the following table:

**Table 107: Revenue at existing tariff approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Revenue approved for FY 2021-22	25.58	23.99	24.18*

\*Rs. 23.99 Cr (Revenue) + Rs. 0.19 Cr (IoSD)

The Commission approves the revenue from sale of power as Rs. 24.18 Crores in the True-up of the FY 2021-22.

## 4.25 Standalone Revenue Gap/Surplus

### Petitioner's Submission

The Petitioner claimed the standalone revenue gap of **Rs. 176.47 Crores** in the True-up of FY 2021-22.

**Table 108: Standalone Revenue Gap/ Surplus at existing tariff as submitted by the Petitioner for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 20 <sup>th</sup> May, 2019	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission
1.	Net Revenue Requirement	147.21	166.77	200.46
2.	Revenue from retail sales at Revised Tariff	-	25.58	23.99
3.	Net Revenue Gap (1-2)	147.21	141.19	176.47
4.	Revenue Gap for the previous year	0.00	0.00	0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>147.21</b>	<b>141.19</b>	<b>176.47</b>

### Commission's analysis

The Commission based on the approved ARR and retail tariff has arrived at the Revenue Gap/Surplus as follows:

**Table 109: Standalone Revenue Gap/ Surplus at existing tariff approved by the Commission for FY 2021-22 (Rs. Crores)**

Sr. No.	Particulars	Approved in T.O. dated 31 <sup>st</sup> March 2021	Petitioner's Submission	Trued-up by the Commission
1.	Net Revenue Requirement	166.77	200.46	173.66
2.	Revenue from retail sales at Revised Tariff	25.58	23.99	24.18
3.	Net Revenue Gap (1-2)	141.19	176.47	149.48
4.	Revenue Gap for the previous year	0.00	0.00	0.00
<b>5.</b>	<b>Revenue Gap for the Year (3-4)</b>	<b>141.19</b>	<b>176.47</b>	<b>149.48</b>

The Commission approves a standalone gap of Rs. 149.48 Crores in the True-up of FY 2021-22. A Letter dated 30.04.2026, confirming the budgetary support from administration of the UT of Lakshadweep has been submitted to the Commission. Hence, the Commission approves that standalone gap for FY 2021-22 to be met from the budgetary support by the Government of India. Hence, the Commission approves that standalone gap as 'NIL' for FY 2021-22.

## Chapter 5: Directives

Over the years, the Commission has issued various directives to the Petitioner for necessary action at its end. It has been observed that the Petitioner is not fully complying with many of the directives issued by the Commission. In order to strengthen the effective monitoring and ensure timely implementation of all the directives in true spirit, the Commission hereby directs that the Petitioner shall now compulsorily submit:

- The detailed action plan for compliance of all the directives within 1 month of the issuance of this Order.
- The quarterly progress report as per the detailed action plan for all the directives issued in the subsequent sections within 10 days of the end of each quarter of the calendar year.

### **Directives continued in this Order**

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it is observed that some of the directives issued in the previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission is of the view that substantial time has already been given to the utility for compliance with these directions. **Thus, the Commission hereby directs the utility to comply with the directions mentioned below in the given timeframe, failing which the Commission shall be constrained to initiate necessary action under Section 142 of the Electricity Act 2003 read with other provisions of the Act, and the Regulations made thereunder.**

#### **1.1 Filing of Review and True up of previous years**

##### **Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024**

The Commission has considered the True-up of expenses for FY 2019-20. The Commission directs the Petitioner to get the accounts audited for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 and file the true up petitions along with the next MYT tariff filing for the control period FY 2025-26 to FY 2027-28.

##### **Reply**

It is submitted that the Accounts are being compiled and the True-up shall be filed after the same is audited by AG.

##### **Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025**

The Commission has taken serious note of this and directs the Petitioner to get the accounts audited for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 and file the true up petitions, on top priority failing which the Commission will be constrained to take appropriate actions.

##### **Petitioner's response in the present Petition**

It is submitted that the Accounts for the FY 2020-21 & FY 2021-22 is already audited & True-up petition for the years also stands submitted.

Further, the accounts for FY 2022-23, FY 2023-24 & FY 2024-25 has been submitted to the AG for audit. The True-up petition in respect of the same shall be submitted after the completion of audit by AG. The Hon'ble Commission may kindly allow the same.

##### **Commission's view**

**The Commission has noted the submission of the Petitioner and directs the Petitioner to get the accounts audited for FY 2022-23, FY 2023-24 and FY 2024-25 and file the true up petitions, on top priority by 30<sup>th</sup> November 2026.**

## 1.2 Capital Expenditure

### **Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024**

The Commission regrets that despite repeated directions to submit the progress report of capitalization on quarterly basis, the Petitioner does not seem concerned at all and has failed to comply the directions of the Commission. The Petitioner has not left any room before the Commission but to initiate Suo moto proceeding under section 142 of the Electricity Act 2003 for imposition of penalty. However, the Commission, giving the Petitioner a last opportunity, directs the Petitioner to submit the progress report of capitalisation on quarterly basis strictly in the format already shared failing which the Commission shall be constrained to take action in accordance with the Act.

### **Reply**

It is submitted that the Department shall submit the Capital Expenditure on quarterly basis from next FY onwards. The Commission may kindly consider and allow the same.

### **Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025**

The Commission has noted with serious concerns that despite repeated directions to submit the progress report of capitalization on quarterly basis, the Petitioner does not seem concerned at all and have failed to comply the directions of the Commission. The Petitioner has not left any room before the Commission but to initiate proceedings as per provisions of the Act. The Commission, however, considering the request of the Petitioner, gives a last opportunity to the Petitioner and directs the Petitioner to submit the progress report of capitalisation on quarterly basis strictly in the format henceforth failing which the Commission shall be constrained to take actions in accordance with the Act.

### **Petitioner's response in the present Petition**

It is submitted that the progress report of capitalisation on quarterly basis shall be submitted from current quarter onwards.

### **Commission's view**

**The Commission has noted the submission of the Petitioner and expects that the Petitioner shall comply with the same as submitted.**

## 1.3 Improvement of specific fuel consumption

### **Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024**

The Commission has observed that the detailed work undertaken for improvement of specific fuel consumption is not being submitted on quarterly basis. The Commission regrets that despite repeated directions to submit the report on fuel consumption on quarterly basis, the Petitioner does not seem concerned at all and have failed to comply the directions of the Commission. The Petitioner has not left any room before the Commission but to initiate Suo-moto proceeding under section 142 of the Electricity Act 2023 for imposition of penalty. However, the Commission, giving the Petitioner a last opportunity, directs the Petitioner to submit the report on fuel consumption on quarterly basis strictly in the format already shared failing which the Commission shall be constant to take action in accordance with the act.

### **Reply**

Detailed work undertaken for improvement of specific fuel consumption shall be submitted to the Commission on quarterly basis.

### **Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025**

The Commission has observed that the detailed work undertaken for improvement of specific fuel consumption is not being submitted on quarterly basis. The Commission has shown its serious concerns on this, despite repeated directions to submit the report on fuel consumption on quarterly basis, the Petitioner does not seem concerned at all and has failed to comply the directions of the

Commission. The Petitioner has not left any room before the Commission but to initiate proceedings as per provisions of the Act. However, the Commission, considering the submission of the Petitioner and giving the Petitioner a last opportunity, directs the Petitioner to submit the report on fuel consumption on quarterly basis strictly in the format already shared failing which the Commission shall be constrained to take actions in accordance with the Act.

**Petitioner's response in the present Petition**

It is submitted that the quarterly report on the fuel consumption shall be submitted regularly from current quarter onwards.

**Commission's view**

**The Commission has noted the submission of the Petitioner and directs the Petitioner to strictly comply with the same as submitted.**

## **1.4 State Load Despatch Centre**

**Originally issued in Tariff Order dated 19th March 2018**

**Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024**

The Commission noted the submission and directs the Petitioner to expedite the establishment on priority. The Commission further directs the Petitioner to furnish a detailed report regarding the status of establishment of SLDC within 60 days from the issuance of this tariff order.

**Reply**

The draft report from POSOCO has not yet received. Further Department shall take up the matter with Central Electricity Authority for extending support in this regard. The status of the same shall be communicated to the Hon'ble Commission in due course.

**Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025**

The Commission noted the submission and directs the Petitioner to expedite the establishment of SLDC on priority with the appropriate man-power strength as per guidelines issued by MoP. The Commission further directs the Petitioner to furnish a detailed report regarding the status of establishment and functioning of SLDC within 60 days from the issuance of this tariff order.

**Petitioner's response in the present Petition**

It is respectfully submitted that, considering the unique operational structure of Lakshadweep with isolated island-wise power systems, absence of interconnection with the National Grid, and the limited scale of generation and load, the establishment of a full-fledged SLDC with the prescribed manpower is not presently feasible. However, the Department remains committed to strengthening system operations in line with regulatory requirements and shall consider the implementation of SLDC in a phased manner as and when grid interconnection with the mainland or interconnection among the islands is established, or when the scale and complexity of the power system increase.

Accordingly, relaxation from immediate implementation of SLDC and the associated Workforce Adequacy Guidelines is requested until such time the system conditions warrant.

**Commission's view**

**The Commission has noted the submission of the Petitioner and directs the Petitioner to share the report of POSOCO and the views of Central Electricity Authority within 30 days of the issuance of this order.**

## 1.5 Slab wise details

<p><b>Originally issued in Tariff Order dated 19th March 2018</b></p> <p><b>Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024</b>          The Commission again directs the Petitioner to provide the island-wise, month-wise and slab-wise detailed break up of number of consumers, connected load and energy sales under each consumer category for the last five years within three months of the issuance of this order. Further, the Commission also directs the Petitioner to maintain and submit monthly island-wise information for category-wise sales, number of consumers, connected load, T &amp;D losses, plant-wise generation/purchase, fuel cost, etc. on quarterly basis within three months of the issuance of this order.</p> <p><b>Reply</b>          It is submitted that as directed, Department is maintaining the details and same shall be submitted from the next quarter onwards.</p> <p><b>Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025</b>          The Commission notes the submission of the Petitioner and directs to ensure regular submission of such report on quarterly basis.</p>
<p><b>Petitioner's response in the present Petition</b>          It is submitted that the report shall be submitted from current quarter onwards.</p>
<p><b>Commission`s view</b></p> <p><b>The Commission has noted the submission of the Petitioner and expects that the Petitioner shall comply with the same as submitted.</b></p>

## 1.6 Details of upcoming power plants

<p><b>Originally issued in Tariff Order dated 19<sup>th</sup> March 2018</b></p> <p><b>Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024</b>          The Commission again directs the Petitioner to submit quarterly status of the upcoming projects.</p> <p><b>Reply</b>          It is submitted that the details shall be submitted from the next quarter onwards.</p> <p><b>Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025</b>          The Commission notes the submission of the Petitioner and directs to ensure regular submission of such report on quarterly basis.</p>
<p><b>Petitioner's response in the present Petition</b>          The progress report on the upcoming projects shall be submitted as directed.</p>
<p><b>Commission`s view</b></p> <p><b>The Commission has noted the submission of the Petitioner and directs the Petitioner to comply with the same and submit its reply on quarterly basis without fail.</b></p>

## 1.7 Reliability Indices proposal for the control period

### Originally issued in Tariff Order dated 31<sup>st</sup> March 2022

The Commission observes that the Petitioner, even after repeated instructions from the Commission during the proceedings of the MYT Petition, has not submitted the trajectory for the Reliability indices for the Third Control Period. The Commission directs the Petitioner to submit the trajectory for the Reliability indices for the Third Control Period within 30 days from the issuance of this order, failing which the Commission will be forced to set the trajectory Reliability indices for the Third Control Period.

### Commission's latest directive in Tariff Order dated 10<sup>th</sup> June 2024

The Commission directs the Petitioner to submit the data of failures for generating plants and distribution network separately for the entire 3rd control period within 30 days of from the issuance of this order. The Commission further directs the Petitioner to submit the trajectory for the Reliability Indices for 4th control period (i.e. FY 2025-26 to FY 2027-28) along with filing of the Business Plan for the next control period.

### Reply

The Petitioner has not provided any reply related to Compliance of the particular directive. Further it has been noticed that in reply to queries in Business Plan order from 4<sup>th</sup> Control Period the Petitioner has submitted that the Department does not have a system in place to record the parameters SAIFI, SAIDI, and MAIFI.

### Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025

The Commission directs the Petitioner to build a system in place to record the reliability indices parameters SAIFI, SAIDI and MAIFI and submit the actual SAIFI, SAIDI, and MAIFI data along with the data of failures of generating plants during the filing of Mid Term Review. In case of default the Commission will initiate proceedings as per provisions of the Act.

### Petitioner's response in the present Petition

It is respectfully submitted that, at present, the Department does not have an established system for recording and monitoring the reliability indices parameters such as SAIFI, SAIDI, and MAIFI. However, the Department has already proposed the implementation of SCADA (Supervisory Control and Data Acquisition) and DMS (Distribution Management System) under the Revamped Distribution Sector Scheme (RDSS). With the commissioning of these systems, the Department will be equipped to systematically capture, record, and analyze the reliability indices, as well as maintain detailed data on generation failures. This will enable accurate reporting of SAIFI, SAIDI, and MAIFI parameters in future filings, including the Mid-Term Review, in compliance with the directions of the Commission.

In the interim, the Department shall make efforts to compile available data to the extent feasible and gradually transition towards a comprehensive and automated reliability monitoring framework upon implementation of the proposed systems.

### Commission's view

**The Commission again directs the Petitioner to build a system in place to record the reliability indices parameters SAIFI, SAIDI and MAIFI and submit the actual SAIFI, SAIDI, and MAIFI data along with the data of failures of generating plants on quarterly basis i.e. within 15 days from the close of the respective quarter.**

## 1.8 Explore alternate sources of energy generation

### Originally issued in Tariff Order dated 19<sup>th</sup> March 2018

### Commission's latest directive in Tariff Order dated 28<sup>th</sup> March 2023

The Commission is concerned regarding the dependence on costly electricity supply as most of the power is sourced from diesel generation. The Commission directs the Petitioner to explore alternate source of energy generation and submit an action plan for utilizing the renewable generation sources for reducing the dependency on diesel-based generation.

**Commission's latest directive in Tariff Order dated 10th June 2024**

The Commission noted the progress submitted by the Petitioner and directs that the generation of electricity shared through Renewable Energy sources should be focused more in order to bring down the existing cost of supply from DG set.

**Reply**

The Petitioner has not submitted any response to the issued directive in Tariff Order dated 10th June 2024.

**Commission's directive in Tariff Order dated 19<sup>th</sup> September 2025**

The Commission again directs the Petitioner that the generation of electricity shared through Renewable Energy sources should be focused more in order to bring down the existing cost of supply from DG set.

**Petitioner's response in the present Petition**

It is submitted that Department has started procuring power from Solar power plants & it shall be further increased in the subsequent years with commissioning of new Solar power plants.

**Commission's view**

**The Commission has noted the submission of the Petitioner and directs the Petitioner to submit the progress report on quarterly basis.**

***New Directives in this Order***

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it is observed that some of the directives issued in the previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission is of the view that substantial time has already been given to the utility for compliance with these directions. **Thus, the Commission hereby directs the utility to comply with the directions mentioned below in the given timeframe, failing which the Commission shall be constrained to initiate necessary action under Section 142 of the Electricity Act 2003 read with other provisions of the Act, and the Regulations made thereunder.**

***1.1 T&D***

**The Commission, based on the Energy Audit report for FY 2020-21 and FY 2021-22 as submitted by the Petitioner, found that the T&D losses for 'Bangaram' division are 67% and 77% respectively. The Petitioner is directed to provide the reason for such high losses in the division and the steps initiated for the loss reduction.**

***1.2 Prior Period Capitalisation***

**The Commission, based on the Audited annual accounts for FY 2020-21 as submitted by the Petitioner, found that assets amounting to Rs. 25.57 Cr were created as past period capitalization during the period from FY 2010-11 to FY 2019-20. The Petitioner is directed to submit the details during the next Truing-up exercise.**

# Annexures

## **Annexure 1: List of Stakeholders who attended the public hearing on 10<sup>th</sup> March 2026 and 12<sup>th</sup> March 2026**

**Table 110: List of Stakeholders**

<b>List of Stakeholders attended Public hearing on 10.03.2026 at Conference Hall, Dak Banglow, Kadmat</b>	
<b>Sl. No</b>	<b>Name of Person (Mr./Ms)</b>
1	Abdul Hayath T.P
2	Jalaludeen. M.P
3	Shaik Mujeeb
4	Muthukoya. N
5	Fareed Khan. SN
6	Kunhi. MP
7	Kunhikoya. KC
8	Anjeth Khan. PC
9	Musthafa. UC
10	Muhthar. CM
11	Vasim Ali
12	Sajid Khan. PP
13	Thajudheen. P
14	Salman Khan .KM
15	Badarudheen. CN
16	SC. Kasim
17	Sadakath Ameer. NM
18	Abdul Rassak. KC
19	Koyakidave. AC
20	Ilyas. BI
21	Ahmad. PP
22	Irshad Khan. DADM
23	Chariyakoya
24	Ajmir. M
25	Sabith. PK
26	Rahmathulla. AP
27	Mujeeb. PP
28	Thaha.BC
29	Nasar. AC
30	Asmal. M
31	Basheer
32	Abdul Jabar

<b>List of Stakeholders attended Public hearing on 12.03.2026 at Multipurpose Hall, Kavaratti</b>	
<b>Sl.No</b>	<b>Name of Person (Mr/Ms)</b>
1	Anwer Sadath. KK
2	Jamaluddeen.E
3	Shafi. MP
4	Muhsin
5	Mohammed Saleem. P
6	Salahudheen. KI
7	Mohammed Shafi. N
8	Abdul Shukoor. MP
9	Kasim. KPP
10	Mohammed Zavad. MK
11	Muth. B
12	Habeeb. MK
13	Shajahan. TK
14	Mohammed Jaleel. SM
15	Sayed Kuthib
16	Kadeeja. SM
17	Naseera.P
18	Shahnaz Beegum. KI
19	Raseena. AP
20	Beegum Nazima. P
21	Mohammed Rafeeqe.K
22	Baderudheen. AP
23	Mohammed Irfan Khan
24	Anver Husain
25	Sayyid Mohammed Muhsin. AB
26	Sajid Khan. MG
27	Mohammed Latheef. CK
28	Jalal. B
29	Mohammed Ansari.K
30	Saleekh Hussain.P