



TRUE-UP ORDER

for

FY 2022-23 and FY 2023-24

Petition No. 168/2026

For

Electricity Wing of Engineering Department, Chandigarh (EWEDC)

15th June, 2026

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories,

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List of abbreviations

| Abbreviation | Full Form |
|---------------------|--|
| A&G | Administrative & General |
| ABR | Average Billing Rate |
| ACoS | Average Cost of Supply |
| Act | The Electricity Act, 2003 |
| APR | Annual Performance Review |
| ARR | Aggregate Revenue Requirement |
| ATE | Appellate Tribunal for Electricity |
| BBMB | Bhakra Beas Management Board |
| BPL | Below Poverty Line |
| CAGR | Compound Annualized Growth rate |
| Capex | Capital Expenditure |
| CC | Current Consumption |
| CEA | Central Electricity Authority |
| CERC | Central Electricity Regulatory Commission |
| CGRF | Consumer Grievance Redressal Forum |
| CGS | Central Generating Stations |
| COD | Commercial Operation Date |
| Commission/JERC | Joint Electricity Regulatory Commission for the State of Goa and Union Territories |
| Cr | Crore |
| CREST | Chandigarh Renewal Energy and Science & Technology |
| CAG | Comptroller and Auditor General of India |
| CUF | Capacity Utilization Factor |
| CPI | Consumer Price Index |
| Discom | Distribution Company |
| DSM | Deviation Settlement Mechanism |
| DT | Distribution Transformer |
| EA 2003 | The Electricity Act, 2003 |
| ED | Electricity Department |
| EHT | Extra High Tension |
| ERP | Enterprise Resource Planning |
| EWEDC | Electricity Wing of Engineering Department, Chandigarh |
| FAR | Fixed Asset Register |
| FPPCA | Fuel and Power Purchase Cost Adjustment |
| FY | Financial Year |
| GFA | Gross Fixed Assets |
| HT | High Tension |
| IEX | Indian Energy Exchange Limited |
| RS | Indian Rupee |
| IPDS | Integrated Power Development Scheme |
| IPP | Independent Power Producer |
| ISTS | Inter-State Transmission System |
| LT | Low Tension |
| MOD | Merit Order Dispatch |
| MUNPL | Meja Urja Nigam Private Limited |

| Abbreviation | Full Form |
|---------------------|--|
| MU | Million Units |
| MW | Mega Watt |
| MYT | Multi-Year Tariff |
| MCLR | Marginal Cost of funds based Lending Rate |
| NFA | Net Fixed Assets |
| NHPC | National Hydro Power Corporation |
| NPCIL | Nuclear Power Corporation of India Limited |
| NTPC | National Thermal Power Corporation |
| O&M | Operation and Maintenance |
| PLF | Plant Load factor |
| PGCIL | Power Grid Corporation of India Ltd. |
| PLR | Prime Lending Rate |
| PSDF | Power System Development Fund |
| PPA | Power Purchase Agreement |
| R&M | Repair and Maintenance |
| R-APDRP | Restructured Accelerated Power Development and Reforms Programme |
| REC | Renewable Energy Certificate |
| REA | Regional Energy Accounting |
| RLDC | Regional Load Despatch Centre |
| RoE | Return on Equity |
| RPO | Renewable Purchase Obligation |
| SBI MCLR | SBI Marginal Cost Lending Rate |
| SECI | Solar Energy Corporation of India |
| SERC | State Electricity Regulatory Commission |
| SJVNL | Satluj Jal Vidyut Nigam Limited |
| SLDC | State Load Dispatch Centre |
| SOP | Standard of Performance |
| SRPC | Southern Regional Power Committee |
| T&D | Transmission & Distribution |
| THDC | Tehri Hydro Development Corporation |
| TVS | Technical Validation Session |
| UI | Unscheduled Interchange |
| UT | Union Territory |
| WPI | Wholesale Price Index |

**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. 168/2026
Date of Order: 15th June, 2026

In the matter of

Petition for approval of the True-up of FY 2022-23 and FY 2023-24 for the Electricity Wing of Engineering Department, Chandigarh as per Regulation 12 of the JERC (Generation, Transmission and Distribution) Multi Year Tariff Regulations, 2021.

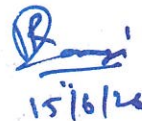
And in the matter of

Electricity Wing of Engineering Department, Chandigarh

.....**Petitioner**

ORDER

- 1) This Order is passed in respect of the Petition filed by the Electricity Wing of Engineering Department, Chandigarh (EWEDC) (herein after referred to as “The Petitioner” or “EWEDC” or “The Licensee”) for approval of True-up of FY 2022-23 and FY 2023-24, before the Joint Electricity Regulatory Commission (herein after referred to as “The Commission” or “JERC”).
- 2) The Commission scrutinized the said Petition and generally found it in order. The Commission admitted the Petition on 8th January 2026. The Commission thereafter requisitioned further informations/ clarifications on the data gaps observed to take a prudent view of the said Petition. The Commission also held a Technical Validation Session to determine sufficiency of data and the veracity of the informations submitted. Further, suggestions/comments/views and objections were invited from the Stakeholders and Electricity Consumers. The Public Hearing was held on 18th March 2026 at 10.30 A.M, at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector- 10C, Chandigarh and all the Stakeholders/Electricity Consumers present in the Public Hearing were heard.
- 3) The Commission based on the Petitioner’s submission, relevant JERC MYT Regulations, facts of the matter, rules, the provisions of the Electricity Act, 2003 and after proper due diligence and prudence check, has approved the True-up of FY 2022-23 and FY 2023-24.
- 4) A summary has been provided as follows:


15/6/26



I. True-Up for FY 2022-23

The following table provides ARR, Revenue and gap as submitted by the Petitioner and approved by the Commission in the True-up of FY 2022-23:

Table 1: Standalone Revenue Gap/(Surplus) approved for FY 2022-23 (Rs. Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023 | Petitioner's submission | Approved by the Commission |
|-------|--|--------------------------------|-------------------------|----------------------------|
| 1 | Net Revenue Requirement | 934.77 | 945.08 | 930.86 |
| 2 | Revenue from retail sales at approved tariff | 840.05 | 780.06 | 780.06 |
| 3 | Less: FPPCA during the year | - | (5.59) | (5.59) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 94.72 | 170.61 | 156.39 |

II. True-Up for FY 2023-24

The following table provides ARR, Revenue and gap as submitted by the Petitioner and approved by the Commission in the True-up of FY 2023-24:

Table 2: Standalone Revenue Gap/(Surplus) approved for FY 2023-24 (Rs. Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023 | Petitioner's submission | Approved by the Commission |
|-------|--|--------------------------------|-------------------------|----------------------------|
| 1 | Net Revenue Requirement | 889.88 | 976.77 | 946.58 |
| 2 | Revenue from retail sales at approved tariff | 853.19 | 760.65 | 760.65 |
| 3 | Less: FPPCA during the year | - | (0.48) | (0.48) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 36.69 | 216.60 | 186.42 |

Table 3: Cumulative Gap/(Surplus) with carrying cost (Rs Crore)

| Particulars | True-up FY 2021-22 | Approved for FY 2022-23 | Approved for FY 2023-24 |
|---|--------------------|-------------------------|-------------------------|
| Opening cumulative (surplus)/gap | - | (97.28) | 59.11 |
| Add: Revenue gap/(surplus) during the year | - | 156.39 | 186.42 |
| Deletion | - | | |
| Closing cumulative (surplus)/gap | (97.28) | 59.11 | 245.53 |
| Average of opening and closing cumulative (surplus)/gap | - | (19.09) | 152.32 |
| Rate of Interest (SBI MCLR) | - | 8.00% | 9.50% |
| Carrying cost on Simple Interest | - | (1.53) | 14.47 |
| Total Carrying cost | | | 12.94 |

15/6/24




- 1) The attached documents giving detailed reasons, grounds and conditions are the integral part of this order.

Ordered accordingly.

Sd/-
(Jyoti Prasad)
Member (Law)

Sd/-
(Alok Tandon)
Chairperson

(Certified Copy)


15/6/26

(Rajesh Dangi)
Secretary I/c



Place: Gurugram, Haryana
Date: 15th June, 2026

Chapter 1: Introduction

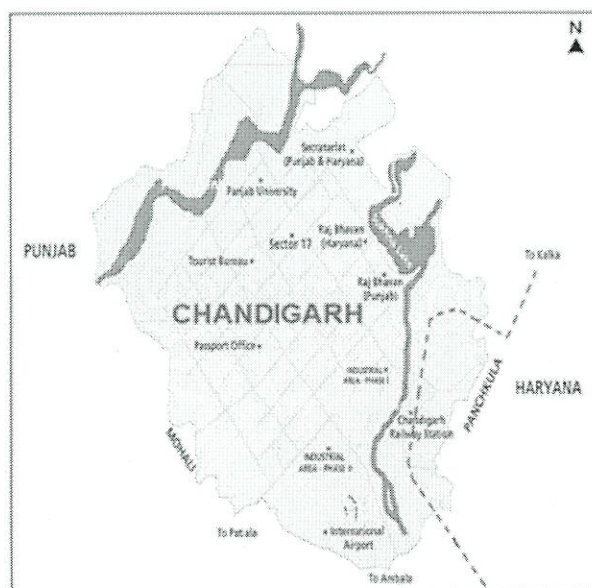
1.1 About Joint Electricity Regulatory Commission for the State of Goa and UT's (JERC)

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted the Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as “Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated 2nd May 2005. Later, with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated 30th May 2008.

JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Daman & Diu and Dadra & Nagar Haveli and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity etc. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting the interests of consumers and ensuring supply of electricity to all areas.

1.2 About Chandigarh

Chandigarh is a city, district and union territory in India that serves as the capital of the two neighbouring states of Punjab and Haryana. It is bordered by the state of Punjab to the north, the west and the south, and by the state of Haryana to the east. The city is unique as it is not a part of either of the two states but is governed directly by the Union Government, which administers all such territories in the country. Chandigarh is located near the foothills of the Shivalik range of the Himalayas in northwest India. It covers an area of approximately 114 km². The metropolitan area of Chandigarh-Mohali-Panchkula collectively forms a Tri-city, with a combined population of over 2 million.



1.3 About Electricity Wing of Engineering Department, Chandigarh (EWEDC)

The Electricity Wing of Engineering Department of UT Administration of Chandigarh, hereinafter referred to as 'EWEDC' or as the 'Petitioner', a deemed licensee under Section 14 of the Electricity Act 2003, is carrying out the business of transmission, distribution and retail supply of electricity in Chandigarh (UT). EWEDC is functioning as an integrated distribution licensee of the Union Territory of Chandigarh. EWEDC procures most of its power through its allocation from Central Generating Stations (CGS) such as NTPC, NHPC, NPCIL BBMB, SJVNL and THDC. The EWEDC also buys short-term power for meeting the demand-supply shortfall during peak hours.

Chandigarh has been divided into various sectors and all the sectors of Chandigarh are electrified and any desiring consumer can avail power supply by submitting a requisition in the prescribed form to the appropriate office of the Department subject to fulfilment of the requisite conditions and payment of charges. The EWEDC is under the control of the Administration of the Union Territory of Chandigarh.

1.4 Regulations Governing the Tariff of EWEDC (Multi Year Tariff Regulations, 2021)

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 (hereinafter referred to as 'MYT Regulations, 2021') on 22nd March 2021. These Regulations are applicable in the 3rd MYT Control Period comprising of three financial years from FY 2022-23 to FY 2024-25. 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, Dadra & Nagar Haveli and Daman & Diu and Puducherry.

1.5 Filing and Admission of the Present Petition

The present Petition was admitted on 8th January 2026 and marked as Petition No. 168 of 2026. The Commission and the Petitioner subsequently uploaded the Petition on their respective websites.

1.6 Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted, and certain deficiencies were observed. Accordingly, discrepancy notes were issued to the Petitioner. Further, additional informations/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, power purchase, capital expenditure and capitalisation, revenue from retail tariff etc. The Petitioner submitted its response to the issues through various letters/emails.

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

Table 4: Timelines of the interaction with the Petitioner

| S. No | Subject | Date |
|-------|--|--------------------------------|
| 1 | Issue of 1 st Deficiency Note | 7 th January 2026 |
| 2 | Reply received from Petitioner | 21 st January 2026 |
| 3 | Issue of 2 nd Deficiency Note | 5 th February 2026 |
| 4 | Reply received from Petitioner | 27 th February 2026 |
| 5 | Public Hearing | 18 th March 2026 |
| 6 | TVS (Technical Validation Session) | 25 th March 2026 |
| 7 | Issue of Deficiency Note (Technical Validation Session) | 30 th March 2026 |
| 8 | Reply received from the Petitioner with regard to MOM of TVS | 6 th April 2026 |

1.7 Notice for Public Hearing

Public notices were published by the Petitioner for inviting suggestions/ comments from stakeholders on the Tariff Petition as per details given below:

Table 5: Details of 1st Public Notices published by the Petitioner

| S. No. | Date | Name of Newspaper | Language | Place of Circulation |
|--------|-----------------------------|-------------------|----------|----------------------|
| 1 | 04 th March 2026 | Hindustan Times | English | Chandigarh |
| 2 | | The Tribune | English | Chandigarh |
| 3 | | Amar Ujala | Hindi | Chandigarh |
| 4 | | Ajit | Punjabi | Chandigarh |

Table 6: Details of 2nd Public Notices published by the Petitioner

| S. No. | Date | Name of Newspaper | Language | Place of Circulation |
|--------|-----------------------------|--------------------|----------|----------------------|
| 1 | 12 th March 2026 | The Tribune | English | Chandigarh |
| 2 | | Chandigarh Bhasker | Hindi | Chandigarh |
| 3 | | Ajit | Punjabi | Chandigarh |

The Commission also published Public Notices in the leading newspapers as tabled below, giving due intimation to the stakeholders, consumers and the public at large about the Public Hearings conducted by the Commission.

Table 7: Details of 1st Public Notices published by the Commission

| S. No. | Date | Name of Newspaper | Language | Place of Circulation |
|--------|---------------------------|-------------------|----------|----------------------|
| 1. | 20 th Feb 2026 | The Pioneer | English | Chandigarh |
| 2. | | Jag Marg | Hindi | Chandigarh |
| 3. | | Ajit | Punjabi | Chandigarh |

Table 8: Details of 2nd Public Notices published by the Commission

| S. No. | Date | Name of Newspaper | Language | Place of Circulation |
|--------|-----------------------------|--------------------|----------|----------------------|
| 1. | 16 th March 2026 | The Times of India | English | Chandigarh |
| 2. | | Dainik Jagran | Hindi | Chandigarh |
| 3. | | Ajit | Punjabi | Chandigarh |

1.8 Public Hearing

The Public Hearing was held on 18th March 2026 at 10:30 AM at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector -10C, Chandigarh. 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 list of stakeholders is attached at Annexure-I of this Order.

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

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 also publish the same in the newspapers duly inviting comments/ objections from the public as per the provisions of the MYT Regulations, 2021.

The Public Hearing was held on 18th March 2026 at 10:30 AM at Lecture Hall/Auditorium of the Govt. Museum and Art Gallery, Sector -10C, Chandigarh 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-I.

2.2 Suggestions/ Objections, Response of the Petitioner and Commission's Views

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/comments/ observations to make the process responsive and efficient. The relevant observations of the stakeholders have been suitably considered by the Commission while finalizing this Order. However, in some cases due to overlapping of the queries, same have been combined to minimize repetition. While the Commission has summarised the objections/comments briefly, specific findings have not been made in all the cases as were found to be outside the scope of process related to true-up. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

Suggestions/Objections, Response related to True-Up

2.2.1 Revenue Gap

Stakeholder's Comment

The Stakeholder has highlighted that the Petitioner has shown a Revenue Gap i.e. loss of Rs. 692 Crore over 3 years, which busts the myth that it was a profit-making department of Chandigarh government. The Stakeholder has further submitted that this may have led to consumers being misinformed and requested the Commission to examine and approve the correct profit/loss position of the department without passing any undue burden onto consumers.

Petitioner's Response

The Petitioner has submitted that the petition for True-Up for FY 2022-23, FY 2023-24 and FY 2024-25 (for the period from 01.04.2024 to 31.01.2025 only) of the Distribution business of Chandigarh, on the basis of the principles outlined in the JERC MYT Regulations, (as amended from time to time) notified by the Commission. Based on the principles outlined in JERC MYT Regulations (as amended from time to time), the Petitioner has worked cumulative Revenue (Gap) of Rs. 692.41 Cr. till 31.01.2025. The treatment of cumulative Revenue Gap as determined in the True-Up Petition shall be as per the applicable JERC Regulations.

Commission's View

The Commission has noted the submission of the Stakeholder and reply of the Petitioner. The Commission has determined the gap based on the principles outlined in JERC MYT Regulations.

2.2.2 Energy sales

Stakeholder's Comment

The Stakeholder has submitted that the Department has shown more electricity sales for 2022-23 than what was earlier expected but hasn't shared proper reason to explain why. The sales are about 200 MU higher, and no clear reason has been given for this increase. For 2023-24, the sales are shown to be lower than 2022-23, and then in 2024-25 the sales are shown as 1620.81. All this feels a bit confusing. Overall, the numbers don't seem very clear or consistent. It would be better if only the actual and correct sales figures are taken into account.

Petitioner's Response

The Petitioner has submitted that the Energy Sales for FY 2022-23, FY 2023-24 and FY 2024-25 as submitted in the True-Up Petitions are as per the Commercial Accounts duly audited by AG UT Chandigarh.

Further, the Petitioner has also submitted information and clarifications as sought by the Commission from time to time with regard to the Energy Sales for prudence check.

Commission's View

The Commission has noted the submission of the Stakeholders and response of the Petitioner.

2.2.3 Power Purchase Quantum and Cost for FY 2022-23

Stakeholder's comment

The Stakeholder has submitted that the Power Purchase cost claimed in the True-Up for FY 2022-23 is not reconciled with the audited accounts of the said period, as mandated in the Tariff Regulations, 2021.

The quantum of power purchased from NTPC (including MUNPL) and NHPC stations, as shown in Table 2-2 of the Petition, are 451.68 MUs and 309.18 MUs respectively, which do not reconcile with the power purchase units reflected in the audited accounts (NTPC - 441.53 MUs and NHPC - 308.88 MUs). The quantum as per Table 2-2 of the Petition is higher than that reflected in Schedule-11 of the audited accounts by 10.45 MU.

Further, in Table 2-2 of the Petition, the total power purchase cost for FY 2022-23 is shown as Rs. 765.95 crore. However, the total sum of plant-wise cost in the same table comes to Rs. 765.37 crore, resulting in a difference of Rs. 0.58 crore.

Petitioner's Response

The Petitioner has submitted that as per the audited accounts for FY 2022-23, the power purchase quantum for FY 2022-23 is 1,897.39 MU after adjusting the UI/Exchange sale quantum. The same is based on Regional Energy Accounts (REA) prepared by the Northern Region Power Committee (NRPC).

Accordingly, the Petitioner has requested the Commission to consider the power purchase quantum of 1,897.39 MU and the corresponding power purchase cost for FY 2022-23 as per the audited accounts submitted in the Petition.

Commission's analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. The Commission has considered the Regional Energy Accounts (REA) prepared by the Northern Region Power Committee (NRPC) along with the audited accounts for computation of the power purchase quantum and power purchase cost.

2.2.4 Power Purchase Quantum and Cost 2023-24

Stakeholder's comment

The Stakeholder has submitted that the Power Purchase quantum claimed in the True-Up for FY 2023-24 is not reconciled with that shown in the audited accounts of the said period.

The quantum of power purchased from NTPC (including MUNPL), as shown in Table 3-2, is 505.27 MU, which does not reconcile with the power purchase units reflected in the audited accounts (566.40 MU). The quantum as per Table 3-3 of the Petition is higher than that reflected in Schedule-11 of the audited accounts by 20.28 MU.

Petitioner's Response

The Petitioner has submitted that the power purchase quantum of 1,924.63 MU, as submitted in the Petition for FY 2023-24, is based on the REA prepared by NRPC and Eastern RPC. The Petitioner further submitted that there is some deviation between the accounts and REA data, as the REA data is subject to revision from time to time. However, the audited accounts are prepared as per the timelines specified considering the REA data available as on the date of finalization of accounts. Accordingly, the Petitioner requested the Commission to consider the power purchase quantum of 1,924.63 MU and the corresponding power purchase cost for FY 2023-24 as submitted in the Petition and audited accounts.

Commission's analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. The Commission has considered the Regional Energy Accounts (REA) prepared by the Northern Region Power Committee (NRPC) along with the audited accounts for computation of the power purchase quantum and power purchase cost.

2.2.5 Increase in Power Purchase Cost

Stakeholder's comment

The Stakeholder has submitted that the Electricity department has shown 765.95 Crore of power purchase cost in 2022-23 and then shown 808.91 Crore in 2023-24. This increase in power purchase cost has not been explained by the department. On one hand, the sale of energy is decreasing and on the other hand power purchase cost is increasing, which has no logical explanation. The Stakeholder requests the Commission to conduct thorough analysis whether any expensive power is being purchased by the department which will be put as burden on the consumers.

Petitioner's Response

The Petitioner has submitted that the Power Purchase Cost and the quantum have been submitted to the Commission as per the Commercial Accounts duly audited by AG UT Chandigarh. Further, any information pertaining to T&D losses or others as sought by the Commission with regard to the Power Purchase Cost and Quantum has been duly provided by the Petitioner to the Commission for prudence check.

Commission's analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. Upon examination, the Commission observed that the increase in power purchase cost during FY 2023-24, despite a decline in sales, is primarily attributable to the increase in intra-state and inter-state transmission losses as compared to FY 2022-23. Accordingly, the higher power purchase requirement and associated cost have been considered during the prudence check process.

2.2.6 T&D losses

Stakeholder's Comment

The Stakeholder has submitted that the T&D losses of the Department have increased from 10.57% in FY 2022-23 to 13.47% in FY 2023-24, indicating operational inefficiencies, for which no adequate justification has been provided. Further, the Stakeholder has pointed out that the losses for FY 2024-25 have been projected at 9.15%, which appears inconsistent with the increasing trend observed earlier. The Stakeholder has therefore expressed concern regarding the reliability of the data and submitted that such inefficiencies should not be passed on as a burden to the consumers.

Petitioner's Response

The Petitioner has submitted that it has provided details of Distribution losses of FY 2022-23, FY 2023-24 and FY 2024-25 to the Commission. Based on the actual energy sales and power procurement and audited accounts, the T&D losses as 9.15% have been worked out for FY 2024-25. The T&D loss calculation has already been submitted in the petition before Commission for prudence check. Further, it is intimated that T&D losses has reduced from 20.20% to 9.15% from FY 2011-12 to FY 2024-25 (up to 31.01.2025). This evidently reflects that average reduction in transmission and distribution losses is ~0.80% on annual basis.

Commission's analysis

The Commission has examined the Energy Audit Reports submitted by the Petitioner and observed that there exists a significant variation between the REA data and the division-wise data. The Commission has noted that the primary reasons for such discrepancies include absence of energy meters at certain feeders, non-functional meters at some locations, and lack of proper calibration of installed meters as per field study observations.

2.2.7 O&M Expenses

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner has shown in table 2.12 that 115.68 crore was approved for Employee, A&G and R&M expenses in FY 2023, against which actual expenses are shown as 144.23 Crore and claimed are shown as 137.56 crore. There is absolutely no need to allow higher expenses when the department has failed to operate efficiently and when the sales are decreasing and power purchase cost is increasing. Same is the case with 2023-24, in table 3.12, approved expenses are Rs. 119.11 crore and claimed are Rs. 132.78 crore.

Petitioner's Submission

The Petitioner has submitted that the Operations & Maintenance Expenses comprising of Employee, A&G and R&M expenses have been submitted to the Commission as per the principles outlined in the JERC MYT Regulations and as per Commercial Accounts duly audited by AG UT Chandigarh. Further, any information pertaining to O&M expenses as sought by the Commission has been duly provided by the Petitioner to the Commission for prudence check. Regarding the efficient operations, it is submitted that T&D losses has reduced from 20.20% to 9.15% from FY 2011-12 to FY 2024-25 (up to 31.01.2025). This evidently reflects that average reduction in transmission and distribution losses is ~0.80% on annual basis.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. Further, the Commission has computed the O&M expenses as per the MYT Regulations, 2021 which has been addressed under the O&M section of this order.

2.2.8 GFA and Depreciation for FY 2022-23

Stakeholder's Comment

The Stakeholder has submitted that the Petitioner has not provided asset-wise details of capitalisation amounting to Rs. 10.55 crore for FY 2022-23.

Upon perusal of the computation of depreciation in Table 2-14 and 2-15 of the Petition, the assets depreciated up to 90% during FY 2022-23 amount to Rs. 200.07 crore. However, as per the FAR as on 31.03.2023 (officially received by CPDL from EWEDC), the value of assets depreciated up to 90% appears to be approximately Rs. 233 crore. The Stakeholder requests the Commission to examine the computation of depreciation before allowing the same.

Petitioner's Submission

The Petitioner submitted that the asset-wise capitalisation details for FY 2022-23 have been provided to the Commission in response to the data sought by the Commission from time to time.

Further, the Petitioner submitted that the depreciation for FY 2022-23 has been estimated based on asset additions during the year as per the annual accounts and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The details of calculations for estimation of depreciation for FY 2022-23 have also been submitted in the True-Up Petition to the Commission.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. The Commission has computed depreciation for the year in

Depreciation Section of FY 2022-23 based on the Audited Accounts and detailed FAR submitted by the Petitioner.

2.2.9 GFA and depreciation for FY 2023-24

Stakeholder's Comment

CPDL has submitted that the Petitioner has not provided asset-wise details of capitalisation amounting to Rs. 20.04 crore for FY 2023-24.

Upon perusal of the computation of depreciation in Table 3-14 and 3-15 of the Petition, the assets depreciated up to 90% during FY 2022-23 amount to Rs. 200.07 crore. However, as per the FAR as on 31.03.2023 (officially received by CPDL from EWEDC), the value of assets depreciated up to 90% appears to be approximately Rs. 244 crore. The Stakeholder requests the Commission to examine the computation of depreciation before allowing the same.

Petitioner's Submission

The Petitioner submitted that the asset-wise capitalisation details for FY 2023-24 have been provided to the Commission in response to the data sought by the Commission from time to time.

Further, the Petitioner submitted that the depreciation for FY 2023-24 has been estimated based on asset additions during the year as per the annual accounts and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The details of calculations for estimation of depreciation for FY 2023-24 have also been submitted in the True-Up Petition to the Commission.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and the response of the Petitioner. The Commission has computed depreciation for the year in Depreciation Section of FY 2023-24 based on the Audited Accounts and detailed FAR submitted by the Petitioner.

2.2.10 Capital expenditure

Stakeholder's Comment

The Stakeholder has submitted that the capital expenditure plan approved for 2022-23 was Rs. 37.13 crore but department has submitted actual figure of Rs. 18 Crore. Similarly in 2023-24, the amount approved was Rs. 50.94 Crore, whereas the actual capital expenditure is only Rs. 11.49 crore. Also in 2024-25, the approved amount was 37.26 Crore against which only 8 crore has been actually submitted. This shows that department has not even spent the amount approved by the Commission. The department has charged tariff from all consumers based on higher amount but has

not spent the same on its system. This higher recovery from tariff needs to be refunded to the consumers.

Petitioner's Submission

The Petitioner has submitted that it has provided Asset wise Capitalisation details of FY 2022-23, FY 2023-24 and FY 2024-25 to the Commission in response to the data sought by the Commission from time to time in line with MYT Regulation. The Capitalisation has been claimed as per the Commercial Accounts of the Petitioner duly audited AG UT Chandigarh.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission agrees with the statement of Stakeholder and directs the Petitioner to achieve its capitalisation targets as it is necessary for efficient and reliable operations of the system.

2.2.11 Interest on consumer security deposit

Stakeholder's Comment

The Stakeholder has submitted that there is discrepancy in the interest on consumer security deposit claimed in True Up Petition (Rs. 11.14 Crore) and actual interest paid as per Audited Accounts for FY 2022-23 (Rs. 4.98 Crore).

Similarly for FY 2023-24 there is discrepancy in the interest on consumer security deposit claimed in True Up Petition (Rs. 11.15 Crore) and actual interest paid as per Audited Accounts for FY 2023-24 (Rs. 11.58 Crore).

In terms of Regulation 29.11 of the Tariff Regulations 2021, the actual interest on consumer security deposit shall be considered at the time of True Up.

The Stakeholder has submitted that the interest on consumer security deposit claimed by the Petitioner appears inconsistent, as the amount approved for FY 2022-23 and FY 2023-24 was approximately Rs. 7 Crore, whereas the Petitioner has now claimed around Rs. 11 Crore. Further, for FY 2024-25, the approved amount was Rs. 11 Crore, while the claimed amount is Rs. 9.65 Crore. The Stakeholder has contended that such variations are not substantiated and has raised concerns regarding the authenticity of the claims, particularly in the absence of corresponding credits reflected in consumer bills. The Stakeholder has therefore requested the Commission to examine the matter and disallow any unjustified claims.

Petitioner's Submission

The Petitioner has submitted that as specified in Regulation 29 of the MYT Regulations, 2021, the Interest on Consumer Security Deposit has been calculated

for FY 2022-23, FY 2023-24 and FY 2024-25 (upto 31.01.2025). The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“29.11 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 opening balance of consumer security deposit and net addition during the year as per the annual accounts and RBI Bank Rate applicable on 1st April has been considered to calculate the interest on consumer security deposit. However, the actual interest on consumer security deposit paid during the year has been claimed. The details of calculations for estimating the Interest on Security Deposit for FY 2022-23, FY 2023-24 and FY 2024-25 (till 31.01.2025) has already been submitted to the Commission for prudence check.

Commission’s Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission has noted that the Petitioner has claimed actual interest on consumer security deposit paid during the year as per audited accounts. The Commission has addressed the issue under the interest on consumer deposit section of this order.

2.2.12 Prior period items

Stakeholder’s Comment

The Stakeholder has submitted that the Department has claimed Rs. 10.10 Crore in 2022-23, Rs. 0.52 Crore in 2023-24 and 0.05 crore as prior period items, with no proper reason. The Commission has to allow only correct and justified expenses and not to burden the consumers.

Petitioner’s submission

The Petitioner has submitted that the details pertaining to prior period expenses in True Up for FY 2022-23, FY 2023-24 and FY 2024-25 have already been submitted to the Commission in response to the data Gaps from time to time for prudence check.

Commission’s Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. Further, the Commission after prudence check has approved prior period expenses for FY 2022-23 and FY 2023-24 under section 3.18 and section 4.18 of this order.

2.2.13 Revenue

Stakeholder's Comment

The Stakeholder has submitted that the revenue figures reported by the Electricity Department appear inconsistent and lack proper justification. The actual revenue has been stated as Rs. 780 Crore for FY 2022-23, which declines to Rs. 760 Crore in FY 2023-24 and then increases to Rs. 805 Crore in FY 2024-25 (for a period of 10 months), indicating irregular trends. The Stakeholder has therefore raised concerns regarding the accuracy of the data and requested the Commission to undertake a prudent verification and consider only the duly validated figures.

Petitioner's Submission

The Petitioner has submitted that the Revenue for FY 2022-23, FY 2023-24 and FY 2024-25 as submitted in the True-Up Petitions are as per the Commercial Accounts duly audited by AG UT Chandigarh. Further, the Petitioner has also submitted information and clarifications as sought by the Commission from time to time with regard to the Revenue billed for prudence check.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.14 Late payment surcharge

Stakeholder's Comment

The Stakeholder has requested the Commission to examine whether the Department is incurring 'Late Payment' penalties or any other such charges arising from internal inefficiencies, and to ensure that such costs are not passed on to consumers.

Petitioner's Submission

The Petitioner has submitted that all information pertaining to Late Payment Surcharge and other related aspects, as sought by the Commission with respect to Power Purchase Cost and quantum, has been duly furnished for the purpose of prudence check.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

2.2.15 Unjustified Financial Charges and Return Claims by the Department

Stakeholder's Comment

The Stakeholder has submitted that the Electricity Department is primarily funded through government grants, i.e., public funds, and therefore should not be entitled to claim interest on loans or return on equity. The Stakeholder has further raised concern regarding the inclusion of 'bank charges' despite the absence of any actual borrowings. It has also been submitted that since the Department has not fully utilized the funds and is not incurring interest on loans, such costs should not be included in the tariff. Accordingly, the Stakeholder has requested the Commission to examine the matter and disallow any unwarranted charges being passed on to consumers.

Petitioner's Submission

The Petitioner has submitted that the True-Up Petitions for FY 2022-23, FY 2023-24, and FY 2024-25 (for the period from 01.04.2024 to 31.01.2025) have been prepared in accordance with the principles specified under the JERC MYT Regulations, 2021 notified by the Commission. Further, the Petitioner has submitted that all requisite information and clarifications, as sought by the Commission from time to time, have been duly furnished.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. Further, the Commission has examined the submission of the Petitioner and notes that the True-Up Petitions for FY 2022-23, FY 2023-24, and FY 2024-25 (up to 31.01.2025) have been filed in accordance with the provisions of the JERC MYT Regulations, 2021.

2.2.16 Discrepancies in Figures Claimed in True-Up Petition vis-à-vis Audited Accounts and FAR

Stakeholder's Comment

The Stakeholder has submitted that discrepancies have been observed in the figures claimed in true up petition filed by the Petitioner with the audited accounts and FAR for FY 2022-23 and FY 2023-24.

Petitioner's Submission

The Petitioner has submitted that the information pertaining to all discrepancies as observed by the Commission from time to time has been clarified and provided by the Petitioner.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission has prudently examined the discrepancies observed between the figures submitted in the true-up petition, audited accounts, and FAR for FY 2022-23 and FY 2023-24. The issue-wise analysis and treatment of such discrepancies have been dealt with in the relevant sections of this Order.

2.2.17 Non-submission of True-Up Formats for FY 2022-23 and FY 2023-24

Stakeholder's Comment

The Stakeholder has submitted that the Petition is incomplete in terms of JERC for the State of Goa and UTs (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 ("Tariff Regulations 2021") as the True Up formats of FY 2022-23 and FY 2023-24 have not been submitted and uploaded as part of the True Up Petition.

Petitioner's Submission

The Petitioner in response has submitted all excel formats as sought by the Commission from time to time and as specified in the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, amended from time to time.

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner. The Commission directs the Petitioner to upload all the formats, Annexures and informations submitted with the petition in timely manner on website before any Public Hearing.

2.2.18 Compliance to Directives

Stakeholder's Comment

The Stakeholder has submitted that in Chapter-4 "Compliance to Directives", the Petitioner has not furnished the status of compliance with respect to the directives issued by the Commission. The Petitioner has stated that, pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the responsibility for compliance may lie with CPDL.

In this regard, it is submitted that the Petitioner cannot be relieved of its obligations and responsibilities for the period during which it was discharging the distribution functions. The restructuring process under the Transfer Scheme does not eliminate

the Petitioner's responsibility to report compliance for the period prior to the transfer date i.e. 01.02.2025. Accordingly, the Petitioner is required to submit the compliance status for the period up to 31.01.2025.

As per above submission of the Petitioner, the statement that '*CPDL is overlooking the Distribution business in Chandigarh*' is factually incorrect. It is pertinent to note that CPDL is a deemed Distribution Licensee under the Transfer Scheme and in terms of the Fifth Proviso to Section 14 read with Section 131 of the Electricity Act, 2003, w.e.f. 01.02.2025. Accordingly, CPDL is duly complying with all directives issued by the Commission and the requisite submissions are being made within the prescribed timelines.

Petitioner's Submission

The Petitioner has submitted "Compliance to Directives" in the True-Up Petition for FY 2022-23 & FY 2023-24. Further, in the True-Up Petition for FY 2024-25 also, the Petitioner has submitted "Compliance to Directives" to the Commission.

The Petitioner has further submitted that pursuant to the Transfer Scheme and SPA both dated 31.01.2025, CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025.

So, CPDL has taken over the distribution and retail supply functions of the EWEDC with effect from 01.02.2025. Further, Hon'ble Punjab & Haryana High Court vide order dated 06.11.2024 in CWP 20439 of 2020 stated that "Section 131(2) is dependent upon sub-Section (1) because it provides that the property which has vested in the State Government under sub-Section (1) shall be re-vested by the State Government in a government company or in a company or companies in accordance with the transfer scheme. Hence, Section 131(2) of the 2003 Act is also not applicable". Moreover, as per Policy Direction dated 07.02.2025 issued by Chandigarh Administration, "the Commission shall provide for a license period of twenty-five (25) years to the Distribution Company, in accordance with its applicable regulation."

Commission's Analysis

The Commission has noted the submission of the Stakeholder and response of the Petitioner.

Chapter 3: True-Up for FY 2022-23

3.1 Regulatory Provisions

The True up for the FY 2022-23 has been carried out by the Commission in accordance with Regulation 12 of the JERC MYT Regulations, 2021, as stated below:

“12.1 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.

12.2 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.

12.3 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.*

12.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 13 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 13.1 below shall not ordinarily be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable factors:

Provided further that, where the Petitioner believes, for any variable not specified under Regulation 13.1, that there is a material variation or expected variation in performance for any year on account of uncontrollable factors, it may apply to the Commission for inclusion of such variable.

12.5 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 14 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 15 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 the True-Up of FY 2022-23

The Petitioner has prepared the True-Up for FY 2022-23 based on the annual accounts for FY 2022-23 and applicable provisions of the MYT Regulations, 2021. The audit of annual account for FY 2022-23 has already conducted by the AG UT. Also, response to the final findings and comments of AG (Auditor General) UT on the annual accounts for FY 2022-23 has already been supplied by the Petitioner.

3.3 Energy Sales

Petitioner’s Submission

The Petitioner has submitted the Energy Sales for FY 2022-23 as per the annual accounts are higher than the energy sales approved in APR for FY 2022-23 in the Tariff Order dated 30th March 2023.

The energy sales for FY 2022-23 on category wise basis actual vis-à-vis approved are detailed below:

Table 9: Energy Sales (MUs) submitted by Petitioner for FY 2022-23

| Sr. No. | Categories | Approved for FY 2021-22 (T.O. dt 25.07.2024) | Approved for FY 2022-23 (T.O. dt 11.07.2022) | Approved for FY 2022-23 (T.O. dt 30.03.2023) | Actual |
|--------------------|-----------------------------------|---|---|---|-----------------|
| 1 | Domestic – (LT+HT) | 706.19 | 798.15 | 796.50 | 792.22 |
| 2 | Commercial – (LT+HT) | 401.06 | 406.67 | 486.80 | 495.17 |
| 3 | Large Industrial Supply | 116.66 | 118.77 | 126.45 | 123.85 |
| 4 | Medium Industrial Supply | 98.29 | 98.26 | 103.30 | 104.13 |
| 5 | Small Industrial Supply | 16.36 | 16.35 | 18.42 | 18.85 |
| 6 | Agriculture | 1.33 | 1.49 | 1.57 | 1.57 |
| 7 | Public Lighting | 14.26 | 14.75 | 15.22 | 15.93 |
| 8 | Bulk Supply | 76.96 | 78.25 | 84.71 | 84.58 |
| 9 | Temporary Supply | 4.01 | 3.56 | 3.57 | 4.60 |
| 10 | Electric Vehicle Charging Station | 0.68 | - | 0.68 | 1.77 |
| Grand Total | | 1,435.80 | 1,536.24 | 1,637.23 | 1,642.66 |

Commission’s analysis

The JERC MYT Regulations, 2021 stipulate that the variation in sales constitutes “uncontrollable factors” that are beyond the control of the Petitioner and cannot be

mitigated by the Petitioner. The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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) *Inter- State 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.”

The Commission has approved energy sales for FY 2022-23 based on the Audited Account, as provided below:

Table 10: Energy Sales (MUs) approved by the Commission

| Sr. No. | Categories | Approved for FY 2022-23 (T.O. dt 11.07.2022) | Approved for FY 2022-23 (T.O. dt 30.03.2023) | Actual (Petitioner’s submission) | Approved by the Commission |
|----------------|--------------------|---|---|---|-----------------------------------|
| 1 | Domestic – (LT+HT) | 798.15 | 796.50 | 792.22 | 792.22 |

| Sr. No. | Categories | Approved for FY 2022-23 (T.O. dt 11.07.2022) | Approved for FY 2022-23 (T.O. dt 30.03.2023) | Actual (Petitioner's submission) | Approved by the Commission |
|--------------------|-----------------------------------|--|--|----------------------------------|----------------------------|
| 2 | Commercial – (LT+HT) | 406.67 | 486.80 | 495.17 | 495.17 |
| 3 | Large Industrial Supply | 118.77 | 126.45 | 123.85 | 123.85 |
| 4 | Medium Industrial Supply | 98.26 | 103.30 | 104.13 | 104.13 |
| 5 | Small Industrial Supply | 16.35 | 18.42 | 18.85 | 18.85 |
| 6 | Agriculture | 1.49 | 1.57 | 1.57 | 1.57 |
| 7 | Public Lighting | 14.75 | 15.22 | 15.93 | 15.93 |
| 8 | Bulk Supply | 78.25 | 84.71 | 84.58 | 84.58 |
| 9 | Temporary Supply | 3.56 | 3.57 | 4.60 | 4.60 |
| 10 | Electric Vehicle Charging Station | - | 0.68 | 1.77 | 1.77 |
| Grand Total | | 1,536.24 | 1,637.23 | 1,642.66 | 1,642.66 |

The Commission, therefore, approves energy sales for FY 2022-23 at 1642.66 MU.

3.4 Connected load

Petitioner's Submission

The Petitioner has submitted the category-wise connected load for FY 2022-23 as shown in the table below:

Table 11: Connected load (kW) submitted by the Petitioner

| Particulars | Petitioner's submission |
|----------------------------|-------------------------|
| Within state sale of power | |
| Domestic Supply | 899,312 |
| Non Domestic Supply | 230,652 |
| HT-Domestic Supply | 32,986 |
| HT-Non Domestic Supply | 261,396 |
| Large Supply | 68,230 |
| Medium Supply | 81,514 |
| Public Lighting | 4,535 |
| Small Power | 24,057 |
| Bulk Supply | 41,246 |
| Temp Supply | 4,775 |
| Agriculture | 924 |
| Misc.-Electric vehicle | 50 |
| Sub Total | 1,649,675 |

Commission's analysis

The JERC MYT Regulations, 2021 stipulate that the variation in connected load constitutes “uncontrollable factors” that are beyond the control of the Petitioner and cannot be mitigated by the Petitioner. The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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) Inter- State 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.”

The Commission notes that as per above provision, the variation in the number or mix of Consumers as well as quantities of electricity supplied to consumers is uncontrollable. Hence, the Commission has approved Connected load as given in the table below:

Table 12: Connected load (kW) approved by the Commission for FY 2022-23

| Particulars | Approved in T.O dated 11th July 2022 | Petitioner’s submission | Approved by the Commission |
|----------------------------|--|--------------------------------|-----------------------------------|
| Within state sale of power | | | |
| Domestic Supply | 941,699 | 899,312 | 899,312 |

| Particulars | Approved in T.O dated 11 th July 2022 | Petitioner's submission | Approved by the Commission |
|------------------------|--|-------------------------|----------------------------|
| Non Domestic Supply | 515,348 | 230,652 | 230,652 |
| HT-Domestic Supply | | 32,986 | 32,986 |
| HT-Non Domestic Supply | | 261,396 | 261,396 |
| Large Supply | 73,244 | 68,230 | 68,230 |
| Medium Supply | 80,859 | 81,514 | 81,514 |
| Public Lighting | 4,709 | 4,535 | 4,535 |
| Small Power | 25,039 | 24,057 | 24,057 |
| Bulk Supply | 42,648 | 41,246 | 41,246 |
| Temp Supply | 1,539 | 4,775 | 4,775 |
| Agriculture | 950 | 924 | 924 |
| Misc.-Electric vehicle | | 50 | 50 |
| Sub Total | 1,686,035 | 1,649,675 | 1,649,675 |

The Commission has approved 1,649,675 kW as connected load for FY 2022-23.

3.5 Number of consumers

Petitioner's Submission

The Petitioner has submitted the category-wise number of consumers for FY 2022-23 as shown in the table below:

Table 13: Number of consumers (Nos) submitted by the Petitioner

| Particulars | Petitioner submission |
|----------------------------|-----------------------|
| Within state sale of power | |
| Domestic Supply | 225,781 |
| Non Domestic Supply | 28,722 |
| HT-Domestic Supply | 70 |
| HT-Non Domestic Supply | 491 |
| Large Supply | 95 |
| Medium Supply | 1,488 |
| Public Lighting | 1,551 |
| Small Power | 1,538 |
| Bulk Supply | 521 |
| Temp Supply | 1,064 |
| Agriculture | 121 |
| Misc.-Electric Vehicles | 1 |
| Sub Total | 261,443 |

Commission's analysis

The JERC MYT Regulations, 2021 stipulate that the variation in number of consumers constitutes "uncontrollable factors" that are beyond the control of the

Petitioner and cannot be mitigated by the Petitioner. The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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) Inter- State 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.”

The Commission notes that as per above provision, the variation in the number or mix of Consumers as well as quantities of electricity supplied to Consumers is uncontrollable. Hence, the number of consumers approved by the Commission are provided in the table below:

Table 14: Number of consumers (Nos) approved by the Commission

| Particulars | Approved in T.O dated 11 th July 2022 | Petitioner submission | Approved by the Commission |
|----------------------------|--|-----------------------|----------------------------|
| Within state sale of power | | | |
| Domestic Supply | 203,356 | 225,781 | 225,781 |
| Non Domestic Supply | 27,461 | 28,722 | 28,722 |
| HT-Domestic Supply | | 70 | 70 |
| HT-Non Domestic Supply | | 491 | 491 |
| Large Supply | 111 | 95 | 95 |
| Medium Supply | 1,478 | 1,488 | 1,488 |
| Public Lighting | 1,633 | 1,551 | 1,551 |
| Small Power | 1,514 | 1,538 | 1,538 |
| Bulk Supply | 533 | 521 | 521 |
| Temp Supply | 446 | 1,064 | 1,064 |
| Agriculture | 122 | 121 | 121 |
| Misc.-Electric Vehicles | - | 1 | 1 |
| Sub Total | 236,654 | 261,443 | 261,443 |

The Commission has approved number of consumers as 261,443 for FY 2022-23.

3.6 Inter State transmission losses

Petitioner Submission

The Petitioner has submitted the actual Inter-State Transmission losses for FY 2022-23 as 3.74%.

Table 15: Inter-state transmission losses (%) submitted by the Petitioner

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2022-23 |
|-------------------------------|--------------------------------|-------------------|
| Inter-State Transmission Loss | 4.03% | 3.74% |

Commission's analysis

The Commission has verified the submission of the Petitioner from the DSM accounts and audited accounts of FY 2022-23 and observed that the Inter-State Transmission Loss are 3.21% for FY 2022-23. The table below provides the ISTS loss approved for FY 2022-23:

Table 16: Inter-state transmission losses (%)

| Sr. No. | Particulars | FY 2022-23 |
|---------|--------------------------------------|--------------------|
| | | True-up Submission |
| 1 | Energy Input at Chandigarh Periphery | 1825.56 |
| 2 | Total Power Scheduled/ Purchased | |
| | Total Schedule Billed Drawal - CGS | 1959.17 |

| Sr. No. | Particulars | FY 2022-23 |
|--------------|--|--------------------|
| | | True-up Submission |
| | Add: Power purchased from traders/open market | 41.77 |
| | Add: Renewable Power | 143.22 |
| | Less: Power diverted to Exchange | 237.91 |
| 3 | Net Power Scheduled (Ex-bus) | 1906.24 |
| 4 | Internal Generation | |
| (i) | CREST | 9.02 |
| (ii) | Gross Metering | 1.16 |
| (iii) | Net Metering | 1.15 |
| 5(i) | Add: Overdrawal | 66.46 |
| 5(ii) | Less: Underdrawal | 75.31 |
| 6 | PGCIL Losses - MUs (3 + 5(i) - 5(ii) - 4(i) - 4(ii) - 4(iii) - 1) | 60.50 |
| 7 | PGCIL Losses - % (6/(3 + 5(i) - 5(ii) - 4(i) - 4(ii) - 4(iii))) | 3.21% |

Table 17: Inter-state transmission losses (%) approved by the Commission

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2022-23 | Approved by the Commission |
|-------------------------------|--------------------------------|-------------------|----------------------------|
| Inter-State Transmission Loss | 4.03% | 3.74% | 3.21% |

The Commission, therefore, approves inter-state transmission losses at 3.21% for FY 2022-23.

3.7 Intra-state Transmission and Distribution (T&D) losses

Petitioner Submission

The Petitioner has submitted that based on the actual energy sales and power procurement, the T&D losses as 10.57% has been worked out against the 8.80% approved in Tariff Order dated 30th March, 2023. The details of calculations for estimating the T&D losses for FY 2022-23 are shown in the table below:

Table 18: Intra-state transmission & distribution losses (%) submitted by the Petitioner

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2022-23 |
|--|--------------------------------|-------------------|
| Intra-State Transmission & distribution Loss | 8.80% | 10.57% |

Commission's analysis

The Commission has verified the submission of the Petitioner from DSM Reports and audited accounts of FY 2022-23 and observed that the actual T&D losses are of 10.57% for FY 2022-23. The Table below provides the Intra-State T&D loss approved for FY 2022-23:

Table 19: Intra-state transmission & distribution losses (%)

| S. No | Particulars | FY 2022-23 |
|-----------|---|-----------------|
| 1. | Energy Required at Periphery from inter-state sources | 1,825.56 |
| 2. | Own state Generation | 11.33 |
| 3. | Energy Requirement @ Chandigarh periphery (MU) (1+2) | 1,836.89 |
| 4. | Total Sales | 1,642.66 |
| 5. | T&D loss (3-4) | 194.23 |
| 6. | Transmission and Distribution losses (%) (5/3) | 10.57% |

Table 20: Intra-state transmission & distribution losses (%) approved by the Commission

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2022-23 | Approved by the Commission |
|--|--------------------------------|-------------------|----------------------------|
| Intra-State Transmission & distribution Loss | 8.80% | 10.57% | 10.57% |

The Commission, therefore, approves intra-state transmission & distribution losses at 10.57% for FY 2022-23.

3.8 Energy Balance

Petitioner Submission

The Petitioner has submitted energy balance for FY 2022-23 as provided in the table given below:

Table 21: Energy balance submitted by the Petitioner

| Sr. No. | Particulars | Quantity |
|----------|---|-----------------|
| 1 | Net Energy Input Received/Required (Ex bus) | 2,112.84 |
| 1.a | Total Power Purchase from Inter State Sources | 2,101.51 |
| | Central Sector Power Stations (HYDRO) | 1354.12 |
| | Central Sector Power Stations (THERMAL/ GAS/ NUCLEAR) | 615.40 |
| | SECI (WIND) | 131.89 |
| | Short Term Purchase/Sale | (196.14) |
| | -IEX/PXIL Purchase | 41.77 |
| | -IEX/PXIL Sale | (237.91) |
| | Unscheduled Interchange | (8.85) |
| | -UI Purchase | 66.46 |
| | -UI Sale | (75.31) |
| 1.b | Total Power Purchase at UT periphery | 1,896.52 |
| 2 | CTU Losses – MU | 70.96 |
| | CTU Losses - % | 3.74% |
| 3 | Total Power Purchase availability after PGCIL Losses | 1,825.56 |
| 4 | Total Power Purchased within UT | 1,825.56 |
| | Add: Net-Metering/Within State Solar | 11.33 |

| Sr. No. | Particulars | Quantity |
|----------|---|-----------------|
| 5 | Power Purchase at DISCOM Periphery | 1,836.89 |
| | Less: Retail Sales to Consumers | 1,642.66 |
| | Distribution Losses – MU | 194.23 |
| 6 | Distribution Losses - % | 10.57% |

Commission’s analysis

The Commission has verified the submission of the Petitioner from the DSM accounts and audited accounts of FY 2022-23.

The Commission has considered the power purchase quantum for FY 2022-23 as per the audited accounts.

The Commission has approved energy balance for FY 2022-23 as shown in the table given below:

Table 22: Energy balance approved by the Commission

| Sr. No. | Particulars | Approved by the Commission |
|----------|---|----------------------------|
| 1 | Energy Input at Chandigarh Periphery | 1825.56 |
| 2 | Total Power Scheduled/ Purchased | |
| | Total Schedule Billed Drawal - CGS | 1959.16 |
| | Add: Power exchange (Buy) | 41.77 |
| | Add: Renewable Power | 143.22 |
| | Less: Power exchange (Sell) | 237.91 |
| | Less: Power Sell through Trader | - |
| | Total | 1,906.24 |
| 3 | PGCIL Losses - MUs | 60.50 |
| | PGCIL Losses - % | 3.21% |
| 4 | Add: Overdrawal | 66.46 |
| | Less: Underdrawal | 75.31 |
| 5 | Total Power Purchased within Chandigarh | |
| | Add: Pvt. solar (Net) | 1.15 |
| | Add: Pvt. solar (gross) | 1.16 |
| | Add: CREST | 9.02 |
| | Total | 11.33 |
| 6 | Less: Additional PP cost from Industrial Consumers | - |
| | Total Power Purchased | 1,897.39 |

| Sr. No. | Particulars | Approved by the Commission |
|----------|---|----------------------------|
| 7 | Total Power Purchase availability after PGCIL Losses | 1,836.89 |
| | Power Purchase required at Chandigarh periphery (MU) | 1,836.89 |
| 8 | Retail Sales to Consumers | 1,642.66 |
| 9 | Distribution Losses - MUs | 194.23 |
| | Distribution Losses - % | 10.57% |

3.9 Power Purchase Quantum and Cost

Petitioner's Submission

The annual energy requirement is met from power allocations from central generating stations (such as NTPC, NHPC, NPCIL), other generating stations (such as BBMB, SJVNL, THDC), bilateral agreements and banking arrangements. The power allocation from CGS consists are in two forms, firm share and share allocation from unallocated power pool. The unallocated power share keeps changing as per the allocation statement of unallocated power issued by the Govt. of India. Since, during peak summer season the allocation of power from various sources is inadequate, therefore the Petitioner procured power from short-term arrangement through power exchange.

The details of power purchase cost and quantum for FY 2022-23, actual vis-à-vis approved including Transmission Charges, UI charges and purchase from short term sources i.e. power exchange are shown in the table below:

Table 23: Power Purchase Quantum and Cost for FY 2022-23 submitted by the Petitioner

| Sr. No. | Source | PP Qty Approved in T.O. dt 11.07.2022 | PP Cost Approved in T.O. dt 11.07.2022 | PP-Qty Approved in T.O. dt 30.03.2023 | PP-Cost Approved in T.O. dt 30.03.2023 | Actual PP-Qty | Actual PP-Cost |
|---------|--------------------|---------------------------------------|--|---------------------------------------|--|---------------|----------------|
| | | MU | Rs Crore | MU | Rs Crore | MU | Rs Crore |
| 1 | NTPC Stations | 441.64 | 174.15 | 369.88 | 170.42 | 383.01 | 181.22 |
| 2 | MUNPL | 54.26 | 30.94 | 58.26 | 33.21 | 68.67 | 36.19 |
| 3 | NHPC Stations | 347.86 | 111.42 | 291.25 | 104.71 | 309.18 | 105.47 |
| 4 | NPCIL | 216.62 | 76.65 | 161.22 | 54.33 | 171.00 | 60.33 |
| 5 | SJVNL | 141.04 | 38.12 | 122.52 | 36.71 | 132.13 | 36.89 |
| 6 | BBMB | 618.72 | 155.76 | 494.08 | 147.38 | 667.45 | 171.63 |
| 7 | THDC | 185.98 | 77.33 | 154.22 | 70.30 | 197.18 | 83.95 |
| 8 | CREST | | | | | 9.02 | 6.36 |
| 9 | Pvt. Solar (gross) | 9.59 | 7.28 | 18.03 | 11.24 | 1.16 | 1.01 |
| 10 | Pvt. Solar (Net) | | | | | 1.15 | 0.40 |

| Sr. No. | Source | PP Qty Approved in T.O. dt 11.07.2022 | PP Cost Approved in T.O. dt 11.07.2022 | PP-Qty Approved in T.O. dt 30.03.2023 | PP-Cost Approved in T.O. dt 30.03.2023 | Actual PP-Qty | Actual PP-Cost |
|--------------------|------------------|---------------------------------------|--|---------------------------------------|--|-----------------|----------------|
| | | MU | Rs Crore | MU | Rs Crore | MU | Rs Crore |
| 11 | Aravali Power | 40.43 | 28.05 | 44.18 | 34.94 | 40.99 | 32.52 |
| 12 | PX (Buy) | - | - | - | - | 41.77 | 27.75 |
| 13 | PX (Sell) | (492.33) | (189.96) | (69.91) | (25.94) | (237.91) | (138.70) |
| 14 | UI (Overdrawl) | - | - | 35.83 | 21.18 | 66.46 | 42.97 |
| 15 | UI (Underdrawl) | - | - | (44.52) | (20.70) | (75.31) | (34.21) |
| 16 | Non-Solar (SECI) | 120.66 | 34.43 | 151.48 | 44.07 | 131.89 | 38.13 |
| 17 | PTC | - | - | - | - | - | - |
| 18 | RPO Obligation | 130.26 | 41.71 | - | - | - | - |
| 19 | PGCIL Charges | - | 105.79 | - | 112.26 | - | 125.92 |
| 20 | UPTCCL Charges | - | | - | | - | 1.00 |
| 21 | Rebate | - | - | - | - | - | (13.46) |
| 22 | Bill Adjustments | - | - | - | - | - | - |
| Grand Total | | 1,684.48 | 649.94 | 1786.51 | 794.10 | 1,907.84 | 765.95 |

The Petitioner has further submitted that the actual power purchase cost has marginally decreased than the approved power purchase cost for FY 2022-23. The Petitioner has submitted that Regulation 14 of the MYT Regulations, 2021, provides the variation in power purchase cost due to the variation in rate of power purchase from the approved sources and variation in fuel cost shall be treated as uncontrollable factors.

Commission's Analysis

The JERC MYT Regulations, 2021 stipulate that any variation in the cost of power generation and/or power purchase shall be treated as an uncontrollable factor. The relevant provisions of Regulation 13.1 of JERC MYT Regulations, 2021 is provided below:

“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:

..

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;

Variation in fuel cost;

Change in power purchase mix;

Inflation;

Transmission Charges for a Distribution Licensee;”

The Commission has noted that the Petitioner procures power mainly from NTPC stations, Hydro Stations, NPCIL stations, and IPPs. The Petitioner has submitted the overall power purchase cost as Rs. 765.95 Crore against a procurement of 1907.84 MUs.

The Commission observed that there were discrepancies in the Power Purchase quantum and cost as submitted by the Petitioner and as given in the audited accounts. In response to the query raised by the Commission during Technical Validation Session, the Petitioner submitted that Power Purchase Quantum for FY 2022-23 is 1,897.39 MU, after adjusting the UI/Exchange sale quantum. The same is based on Regional Energy Accounts (REA) prepared by Northern Region Power Committee (NRPC). The Commission has considered power purchase cost as per the audited account.

Further, the Petitioner has submitted monthly power purchase quantum and cost in reply of query raised by the Commission. It has been noted that the Petitioner has considered LPS (Late Payment Surcharge) amounting to Rs. 0.09 Crores. The Commission has disapproved the same.

Table 24: Power Purchase Quantum and Cost approved by the Commission as per Audited Accounts

| Particulars | 2022-23 Qty (Units) | 2022-23 (Rupees) (Cr.) |
|--|---------------------|------------------------|
| Bhakra Beas Management Board | 667.45 | 171.63 |
| NTPC Limited | 441.53 | 217.41 |
| NHPC Limited | 308.88 | 105.47 |
| Power Grid Corporation of India/Central Transmission Utility of India Ltd. | - | 125.92 |
| Nuclear Power Corporation of India Limited. (NPCIL NAPS) | 171.00 | 60.33 |
| SJVN Limited | 132.13 | 36.89 |
| THDC India Limited | 197.18 | 83.95 |
| Aravali Power Company Private Limited | 40.99 | 32.52 |
| PTC India Limited | 41.77 | 27.75 |
| Chandigarh Renewal Energy, Science & Technology Promotion Society | 9.02 | 6.36 |
| Mittal Processors Private Limited | - | - |
| Pvt. Solar | 2.31 | 1.41 |
| Bilateral J&K | - | - |
| Northern Regional Power Committee | 66.46 | 42.97 |
| Power System Operation Corporation Limited (POP) | - | 0.27 |
| Uttar Pradesh Power Transmission Corporation Limited | - | 1.00 |
| Solar Energy Corporation India Limited (SECI) | 131.89 | 38.13 |
| Punjab State Power Corporation Limited | - | 0.29 |
| Rebate | - | -13.46 |
| Power System Operation Corporation Limited | - | 0.02 |
| Less: UI/Exchange Sale | 313.22 | 172.91 |
| Less: LPS (Late Payment Surcharge) | | 0.09 |

| Particulars | 2022-23 Qty (Units) | 2022-23 (Rupees) (Cr.) |
|--------------|------------------------|---------------------------|
| Total | 1897.39 | 765.86 |

The Commission, therefore, approves power purchase quantum at 1897.39 MU and power purchase cost at Rs. 765.86 Crore respectively for FY 2022-23.

3.10 Renewable Purchase Obligation

Petitioner Submission

The Petitioner has submitted that the Commission had notified fourth amendment to the JERC (Procurement of Renewable Energy) (fourth amendment) Regulations, 2022 on 24th March, 2022. As per the aforesaid amendment, 18.35% of total energy is to be procured from renewable sources for FY 2022-23 which includes 9.00% from Solar, 9.00% from Non-Solar and 0.35% from Large Hydro Plants (commissioned after 08.03. 2019).

The Petitioner has submitted details of compliance to RPO targets for FY 2022-23 along with the backlog of previous years in the table below:

Table 25: Effective Energy Sales (Excluding Hydro) for FY 2022-23 submitted by the Petitioner

| Sr. No. | Particular | Formula | FY 2022-23 |
|----------|--|--------------|---------------|
| 1 | Energy Sales within UT (In MU) | A | 1642.66 |
| 2 | Hydro Power Purchase (In MU) | B | 1354.12 |
| 3 | Inter-State Loss (In Percentage) | C | 3.74% |
| 4 | Inter-State Loss (In MU) | d=b*c | 50.66 |
| 5 | Intra-State Loss (In Percentage) | e | 10.57% |
| 6 | Intra-State Loss (In MU) | f=e*(b-d) | 137.82 |
| 7 | Hydro Power Consumed (In MU) | g=b-d-f | 1,165.63 |
| 8 | Conventional Power Consumed (In MU) | h=a-g | 477.03 |

Table 26: RPO Requirement (Solar and Non-Solar) for FY 2022-23 submitted by the Petitioner

| Sr. No. | Particulars | Target | | | Backlog | RE Procured |
|--------------|---------------------|---------------|----------------------------|---------------|---------------|---------------|
| | | RPO % | Conventional Power (in MU) | Units (in MU) | Units (in MU) | Units (in MU) |
| 1 | Solar | 9.00% | 477.03 | 42.93 | | 11.33 |
| 2 | Non-Solar | 9.35% | | | | |
| A | HPO | 0.35% | 477.03 | 1.67 | | - |
| B | Other Non-Solar RPO | 9.00% | 477.03 | 42.93 | | 131.89 |
| Total | | 18.35% | | | | 143.22 |

Table 27: Power Procurement sources for RPO compliance in FY 2022-23 submitted by the Petitioner

| Particulars | FY 2022-23 (in MU) |
|---|-----------------------|
| Solar | |
| Power/procured from Gross Metering and Net Metering | 2.31 |
| Power procured from CREST | 9.02 |
| Total (A) | 11.33 |
| Non-Solar | |
| SECI Wind | 131.89 |
| Total (B) | 131.89 |
| Total RPO Met (A+B) | 143.22 |

Commission’s analysis

The Commission observed that Regulation 3, Sub-regulation (1) of the JERC (Procurement of Renewable Energy) Regulations, 2010 provides as under:

“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), (Fourth Amendment) Regulations, 2022 on 24th March 2022 and revised the RPO targets, according to which for FY 2022-23 the Petitioner is obligated to purchase power from renewable sources at minimum percentage of 18.35% of its total annual consumption, out of which 9% must be from the Solar Power and 9% from non-solar and 0.35% from large hydro plants commissioned after 08.03.2019. Based on the above, the Commission has computed the cumulative RPO compliance and the pending backlog at the end of the FY 2022-23 as shown in the following table:

Table 28: RPO target approved by the Commission

| Sr. No. | Particular | Formula | FY 2022-23 |
|----------|--|---------------------------|---------------|
| 1 | Energy Sales within UT (In MU) | A | 1642.66 |
| 2 | Hydro Power Purchase (In MU) | B | 1354.12 |
| 3 | Inter-State Loss (In Percentage) | C | 3.21% |
| 4 | Inter-State Loss (In MU) | $d=b*c$ | 43.44 |
| 5 | Intra-State Loss (In Percentage) | e | 10.57% |
| 6 | Intra-State Loss (In MU) | $f=e*(b-d)$ | 138.59 |
| 7 | Hydro Power Consumed (In MU) | $g=b-d-f$ | 1,172.09 |
| 8 | Conventional Power Consumed (In MU) | $h=a-g$ | 470.57 |

The Commission has approved the annual compliance for FY 2022-23 achieved by the Petitioner vide Suo moto RPO order dated 10.04.2024.

The cumulative RPO target for FY 2022-23 has been provided in the following table:

Table 29: Summary of Renewable Purchase Obligation (RPO) (MU)

| Particulars | FY 2022-23 |
|--|-------------------|
| Conventional Power Consumed (A) as derived in the above table | 470.57 |
| | |
| RPO obligation (%) | 18.35% |
| <i>Solar (X)</i> | 9.00% |
| <i>Non-Solar (Y)</i> | 9.00% |
| <i>Large Hydro Power (commissioned after 08.03.2019) (Z)</i> | 0.35% |
| | |
| RPO obligation for the year (MUs) | 86.35 |
| <i>Solar (A * X)</i> | 42.35 |
| <i>Non-Solar (A * Y)</i> | 42.35 |
| <i>Large Hydro Power (A*Z)</i> | 1.65 |
| | |
| Backlog upto previous FY | 0 |
| <i>Solar</i> | 0 |
| <i>Non-Solar</i> | 0 |
| <i>Large Hydro</i> | 0 |
| | |
| Cumulative RPO target to be fulfilled in FY 2022-23 (MUs) | 86.35 |
| <i>Solar</i> | 42.35 |
| <i>Non-Solar</i> | 42.35 |
| <i>Large Hydro Power</i> | 1.65 |
| | |
| RPO Compliance in FY 2022-23 (MUs) | 189.16 |
| <i>Solar</i> | 57.27 |
| <i>Non-Solar</i> | 131.89 |
| <i>Large Hydro Power</i> | - |
| | |
| Standalone RPO Shortfall/(Surplus) (MUs) | (102.81) |
| <i>Solar</i> | (14.92) |
| <i>Non-Solar</i> | (89.54) |
| <i>Large Hydro Power</i> | 1.65 |
| | |
| Cumulative RPO Shortfall/(Surplus) (MUs) | (102.81) |
| <i>Solar</i> | (14.92) |
| <i>Non-Solar</i> | (89.54) |
| <i>Large hydo</i> | 1.65 |

3.11 Capitalisation, GFA and Depreciation

3.11.1 Capitalisation

Petitioner's Submission

The Petitioner has submitted that the capital expenditure plan and capitalisation during the year has been considered as per the accounts for FY 2022-23. The details of capital expenditure plan and capitalisation for FY 2022-23, actual vis a vis approved are shown in the table below:

Table 30: Capital Expenditure and Capitalisation for FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|--------------------------|----------------------------------|--------|
| Capital Expenditure Plan | 37.13 | 18.28 |
| Capitalisation | 64.48 | 10.55 |

Commission's analysis

The Commission has considered the capitalisation amount as per audited account submitted by the Petitioner and has approved the Capitalisation as provided below:

Table 31: Funding (Rs. Crore) approved by the Commission

| Particular | Approved in T.O dated 30.03.2023 | Petitioner's Submission | Approved by the Commission |
|----------------|-------------------------------------|----------------------------|----------------------------------|
| Capitalisation | 64.48 | 10.55 | 10.55 |
| Debt (%) | 70% | 70% | 70% |
| Equity (%) | 30% | 30% | 30% |
| Normative Loan | 45.14 | 7.39 | 7.39 |
| Equity | 19.34 | 3.17 | 3.17 |

3.11.2 GFA

Petitioner's Submission

The Petitioner has submitted that the closing balance of Gross Fixed Assets for FY 2021-22 approved in Tariff Order dated 25th July 2024 has been considered as the opening balance of GFA for FY 2022-23.

Commission's analysis

The Commission has approved capitalisation of Rs. 10.55 Crore for FY 2022-23. The Commission has considered opening balance for FY 2022-23 same as closing balance for FY 2021-22 as approved on 25.07.2024.

Table 32: GFA (Rs. Crore) approved by the Commission

| Particular | Approved in T.O dated 30.03.2023 | Actual (Petitioner submission) | Petitioner's Submission | Approved by the Commission |
|----------------------------|----------------------------------|--------------------------------|-------------------------|----------------------------|
| Opening Gross Fixed Assets | 479.22 | 479.22 | 279.14 | 479.22 |
| Addition During the FY | 64.48 | 10.55 | 10.55 | 10.55 |
| Adjustment during the FY | 200.03 | | | |
| Closing Gross Fixed Assets | 343.67 | 489.77 | 289.69 | 489.77 |

3.11.3 Depreciation

Petitioner's Submission

The Petitioner has submitted that the depreciation for FY 2022-23 has been estimated based on assets addition during the year as per the annual account and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“31 Depreciation

31.1 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:

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

31.2 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.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 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.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 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.

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

31.7 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 these Regulations.

31.8 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 upto 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.

31.9 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.

31.10 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 details of calculations for estimating the depreciation for FY 2022-23 are shown in the table below:

Table 33: Asset wise and overall effective Depreciation Rate (%) submitted by the Petitioner

| Particulars | Rate | Opening Depreciable GFA (T.O. dt 25.07.2024) | Asset Addition | Closing Depreciable GFA | Average Depreciable GFA | Effective Rate |
|----------------------|--------|--|----------------|-------------------------|-------------------------|----------------|
| Land | 0.00% | - | - | - | - | |
| Buildings | 1.80% | 27.17 | 0.16 | 27.33 | 27.25 | |
| Plant & Machinery | 3.60% | 251.19 | 10.39 | 261.58 | 256.38 | |
| Vehicles | 18.00% | 0.39 | - | 0.39 | 0.39 | |
| Furniture & Fixtures | 6.00% | - | - | - | - | |
| Computers & Others | 6.00% | 0.39 | - | 0.39 | 0.39 | |
| Total | | 279.14 | 10.55 | 289.69 | 284.41 | 3.45% |

Table 34: Depreciation during FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Normative |
|--|--|---------------|------------------|
| Opening Gross Fixed Assets | 479.22 | 479.22 | 279.14 |
| Addition During the FY | 64.48 | 10.55 | 10.55 |
| Adjustment/Retirement during the FY | 200.03 | - | - |
| Closing Gross Fixed Assets | 343.67 | 489.76 | 289.69 |
| Average Gross Fixed Assets | 311.43 | 484.49 | 284.41 |
| Weighted Avg. rate of Depreciation (%) | 3.51% | 2.76% | 3.45% |
| Depreciation | 10.94 | 13.36 | 9.81 |

Commission's analysis

Regulation 31 of the MYT Regulations, 2021 stipulates the following with respect to depreciation:

“31 Depreciation

31.1 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:

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

31.2 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.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 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.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 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.

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

31.7 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 these Regulations.

31.8 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 upto 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.

31.9 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.

31.10 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 considered weighted average rate of depreciation as per the Audited Accounts.

The Commission had raised a query during the Technical Validation Session regarding the details of assets that have been depreciated up to 90%. In response, the Petitioner submitted that assets amounting to Rs. 200.17 crore have reached 90% depreciation.

The Commission has computed the depreciation on the depreciable GFA separately. The net depreciation worked by the Commission for the FY 2022-23 is as detailed here under in table below:

Table 35: Calculation of weighted average rate of depreciation as per audited accounts (%)

| Particulars | FY 2022-23 |
|---|--------------|
| Opening Gross Fixed Assets | 479.22 |
| Less: Assets depreciated upto 90% | 200.17 |
| Revised opening Gross Fixed Assets | 279.05 |
| Add: Addition During the FY | 10.55 |
| Closing Gross Fixed Assets | 289.60 |
| Average Gross Fixed Assets | 284.33 |
| Depreciation | 13.36 |
| Weighted Average Rate of Depreciation (%) | 4.70% |

Table 36: GFA and depreciation (Rs. Crore) approved by the Commission

| Sr No | Particular | FY 2022-23 | | | | |
|----------|---|---------------|-------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | | FY 2021-22 | Approved in T.O dt 30.03.2023 | Actual submitted by the Petitioner | Petitioner's submission (Normative) | Approved by the Commission |
| 1 | Opening Gross Fixed Assets | 475.85 | | | | 479.22 |
| 2 | Less: Assets depreciated upto 90% | 200.17 | | | | 200.17 |
| 3 | Opening Gross Fixed Assets | 275.78 | 479.22 | 479.22 | 279.14 | 279.05 |
| 4 | Add: Assets added during the year | 3.37 | 64.48 | 10.55 | 10.55 | 10.55 |
| 5 | Less: Adjustment/Retirement During the FY | | 200.03 | | | |
| 6 | Closing Gross Fixed Asset | 279.14 | 343.67 | 489.76 | 289.69 | 289.60 |
| 7 | Average Gross Fixed Asset | 277.46 | 311.43 | 484.49 | 284.415 | 284.33 |
| 8 | Average Depreciation Rate | 3.45% | 3.51% | 2.76% | 3.45% | 4.70% |
| 9 | Total Depreciation for year | 9.56 | 10.94 | 13.36 | 9.81 | 13.36 |

3.12 Operation and Maintenance expenses

Operation & Maintenance Expenses consists of three elements viz. Employee Expenses, A&G Expenses and R&M Expenses. Operation and Maintenance expenses for FY 2022-23 has been submitted based on the norms specified under the Regulations 61 & 15 of the MYT Regulation, 2021, and the approach followed by the Commission in True Up Orders of previous years. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

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

61.1 The Operation and Maintenance Expenses for the Retail Supply Business shall be computed in accordance with this Regulation.

61.2 O&M Expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;
- b) Administrative and General expenses including insurance charges if any; and
- c) Repairs and Maintenance expenses.

61.3 The Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved

by the Commission taking into account the latest available audited accounts, business plan filed by the Distribution Licensee, estimates of the actuals for the Base Year, prudence check and any other factors considered appropriate by the Commission.

61.4 O&M expenses for the *n*th Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GF_{An-1} \times (1 + WPInflation)$$

$$EMP_n = (EMP_{n-1}) \times (1 + G_n) \times (1 + CPIinflation)$$

$$A\&G_n = (A\&G_{n-1}) \times (1 + CPIinflation)$$

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPIinflation – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WPInflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Distribution Licensee for the *n*th Year;

A&G_n – Administrative and General expenses of the Distribution Licensee for the *n*th Year;

R&M_n – Repair and Maintenance expenses of the Distribution Licensee for the *n*th Year;

GF_{An-1} – Gross Fixed Asset of the Distribution Licensee for the *n-1*th Year;

X_n is an efficiency factor for *n*th Year. Value of X_n shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the *n*th Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that in case the Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, the O&M Expenses shall be determined on a case to case basis.

61.5 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be

established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

61.6 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.

Provided that at the time of truing up, the variation in the normative and actual O&M expenses shall be dealt in accordance with Regulation 15.”

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

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

15.2 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.

15.3 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.”

The Petitioner submits that the O&M expenses trued-up for FY 2021-22 in Tariff Order dated 25th July 2024, has been considered for estimating the normative O&M Expenses for FY 2022-23.

3.12.1 Employee expenses

Petitioner’s submission

The Petitioner has submitted that it has incurred significant expenses related to arrears payouts resulting from salary revisions due to the implementation of Pay Revision in FY 2022-23. The total arrears paid during the financial year amount to Rs. 8.51 crore. These arrears represent a one-time expense and are therefore claimed as an additional cost above the Normative Expenses, after applying the sharing of gains and losses. It is respectfully highlighted that the Normative Expenses permitted to the Petitioner do not account for such one-time payouts. Further the Petitioner has submitted that the admissibility of these expenses is explicitly supported by Regulation 52.5 and Regulation 61.5 of the Tariff Regulations 2021.

The Petitioner has submitted that the actual Employee Expenses incurred during the FY 2022-23 are provided in the table given below:

Table 37: Computation of CPI Inflation submitted by the Petitioner

| Particulars | Average of (Apr-Mar) | CPI Inflation |
|-------------|----------------------|---------------|
| FY 2021-22 | 356.1 | 5.90% |
| FY 2020-21 | 338.7 | |
| FY 2019-20 | 322.5 | |

Table 38: Computation of WPI Inflation submitted by the Petitioner

| Particulars | Average of (Apr-Mar) | WPI Inflation |
|-------------|----------------------|---------------|
| FY 2021-22 | 139.4 | 5.32% |
| FY 2020-21 | 123.4 | |
| FY 2019-20 | 121.8 | |

Table 39: Employee Expenses for FY 2022-23 (Rs Crore) submitted by the Petitioner

| Particulars | Approved | Actual | Norm |
|--|--------------|---------------|---------------|
| Employee Expenses for Previous Year | 81.29 | | 93.5 |
| Growth Factor (Gn) approved in MYT Order | 7.83% | | 2.49% |
| CPI Inflation | 5.89% | | 5.90% |
| Employee Expenses | 92.82 | 117.35 | 101.48 |

Commission's analysis

The Commission notes that Regulation 6 of the JERC MYT Regulations, 2021 stipulates the following:

“6. Values for Base Year

“6.1 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.”

The Commission has considered the approved figure of employee expenses for FY 2021-22 as a base figure to determine the normative employee expenses for FY 2022-23. The base year expenses have been escalated by Growth Rate determined based on the manpower plan as submitted by the Petitioner and CPI Inflation to arrive upon the normative employee expenses of FY 2022-23.

The Commission has also approved impact of pay revision amounting to Rs. 8.51 Crore.

The details are provided below:

Table 40: Growth rate of Employees approved by the Commission

| FY | Employees | Increase/(Decrease) in employees |
|------------|-----------|----------------------------------|
| FY 2021-22 | 1,086 | |
| FY 2022-23 | 1,113 | 2.49% |

Table 41: CPI Inflation Index

| FY | Average of (April - March) | Increase in CPI Index |
|------------|----------------------------|-----------------------|
| FY 2021-22 | 356.06 | |
| FY 2022-23 | 377.62 | 6.05% |

Table 42: Computation of Employee expenses (Rs. Crore) for FY 2022-23

| S. No | Particulars | (Base Year) | Approved |
|-------|---|---------------------|------------|
| | | Trued up FY 2021-22 | FY 2022-23 |
| 1 | Employee Expenses for Previous Year (Normative as approved by the Commission) | 87.07 | 93.50 |
| 2 | Gn (Growth factor) | 1.40% | 2.49% |
| 3 | CPI Increase | 5.90% | 6.05% |
| 4 | Expenses with inflation and growth | 93.50 | 101.62 |
| 5 | Employee Expenses | 93.50 | 101.62 |
| 6 | Add: Impact of pay revision | | 8.51 |
| 7 | Total Employee Expenses | | 110.13 |

Accordingly, the employee expenses approved by the Commission for FY 2022-23 have been provided in the following table:

Table 43: Employee expenses approved by Commission for FY 2022-23 (Rs Crore)

| S. No | Particulars | Approved in T.O dated 30.03.2023 | Revised normative employee expenses | Employee expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------|--|----------------------------------|-------------------------------------|--|-----------------------|------------------------|
| 1 | Employee Expenses (excluding impact of pay revision) | 92.82 | 101.62 | 108.84 | 101.48 | 101.62 |
| 2 | Impact of pay revision | - | 8.51 | 8.51 | 8.51 | 8.51 |
| 3 | Total Employee Expenses including impact of pay revision | 92.82 | 110.13 | 117.35 | 109.99 | 110.13 |

The Commission has approved the employee expenses of Rs. 110.13 Crore in the True-up of FY 2022-23.

3.12.2 Repair and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the actual repair and maintenance Expenses incurred during the FY 2022-23 are provided in the table given below:

Table 44: Repairs & Maintenance Expenses for FY 2022-23 (Rs Crore)

| Particulars | Approved | Actual | Norm |
|------------------------------------|----------|--------|--------|
| GFA for Previous Year (n-1) | 479.22 | | 479.22 |
| K factor approved (K) in MYT Order | 3.21% | | 3.21% |
| WPI Inflation | 5.32% | | 5.32% |

| Particulars | Approved | Actual | Norm |
|----------------------------------|----------|--------|-------|
| Repairs and Maintenance Expenses | 16.21 | 12.60 | 16.20 |

Commission's analysis

The Commission has considered the K factor of 3.21% as approved in the MYT Tariff Order dated 11th July 2022 and the same has been multiplied with the opening GFA for FY 2022-23 including consumer contribution and grants for the (n-1)th year. The opening GFA is then escalated by WPI Inflation for FY 2022-23 to arrive upon the normative R&M Expenses for FY 2022-23. The WPI Inflation has been computed as follows:

Table 45: WPI inflation index (%)

| FY | Average of (April - March) | Yearly increase |
|------------|----------------------------|-----------------|
| FY 2021-22 | 139.41 | |
| FY 2022-23 | 152.53 | 9.41% |

Table 46: Computation of R&M Expenses worked out by the Commission (Rs. Crore)

| S. No | Particulars | FY 2022-23 |
|-------|---|------------|
| 1 | Opening GFA (GFAn-1) | 479.22 |
| 2 | K factor approved (K) (%) | 3.21% |
| 3 | WPI Inflation (Actuals for FY 2022-23) (%) | 9.41% |
| 4 | R&M Expenses = K x (GFA n-1) x (1+WPIinflation) | 16.83 |

The R&M expenses approved by the Commission for FY 2022-23 have been provided in the following table:

Table 47: Repair and Maintenance (Rs. Crore) expenses approved by the Commission

| S. No | Particulars | Approved in T.O dated 30.03.2023 | Revised normative R&M expenses | R&M expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------|-------------------------------|----------------------------------|--------------------------------|---|-----------------------|------------------------|
| 1 | Repair & Maintenance Expenses | 16.21 | 16.83 | 12.60 | 14.40 | 12.60 |

As the actual R&M expenses submitted by the Petitioner are less than re-estimated normative R&M expenses, the Commission approves the R&M Expenses of Rs. 12.60 Crore in the True-up of FY 2022-23 before sharing of gain/(loss). The sharing of gain/(loss) has been dealt in later section of this Order.

3.12.3 Administrative and General expenses

Petitioner's submission

The Petitioner has submitted that it has incurred Rs. 5.01 crore towards Property Tax, as per Schedule 14 of the Accounts. Since this includes arrears from previous

years, it qualifies as a one-time, non-recurring expense. The normative A&G Expenses approved by the Commission are based on FY 2018-21 actuals, which did not include such costs.

The Petitioner has submitted that the actual administrative and general expenses incurred during the FY 2022-23 are provided in the table given below:

Table 48: Administrative & General Expenses submitted by the Petitioner for FY 2022-23 (Rs Crore)

| Particulars | Approved | Actual | Norm. |
|--|-------------|--------------|-------------|
| A&G Expenses for Previous Year | 6.28 | | 7.71 |
| CPI Inflation | 5.89% | | 5.90% |
| Administrative & General Expenses | 6.65 | 14.29 | 8.16 |

Commission's analysis

The Commission has considered the approved figure of FY 2021-22 (under true-up) as a base figure to determine the normative A&G expenses for FY 2022-23. The base year expenses have been escalated by CPI Inflation for FY 2022-23 to arrive upon the normative A&G expenses of FY 2022-23.

The Commission has approved impact attributable to property tax amounting to Rs. 5.01 Crore as one-time expense.

Table 49: Revised normative A&G expenses computed by the Commission

| S. No | Particulars | Approved by the Commission |
|----------|---|----------------------------|
| 1 | Approved A&G expenses of FY 2021-22 (base value) | 5.76 |
| 2 | CPI (%) | 6.05% |
| 3 | A&G Expenses | 6.11 |
| 4 | Add: Impact attributable to property tax (one time) | 5.01 |
| 5 | Total A&G expenses | 11.12 |

The A&G expenses approved by the Commission for FY 2022-23 have been provided in the following table:

Table 50: Administrative and General expenses approved by the Commission (Rs. Crore)

| S. No | Particulars | Approved in T.O dated 30.03.2023 | Revised normative A&G expenses | A&G expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------|---|----------------------------------|--------------------------------|---|-----------------------|------------------------|
| 1 | Administrative & General Expenses | 6.65 | 6.11 | 9.27 | 8.16 | 6.11 |
| 2 | Add: Impact attributable to property tax (one time) | - | 5.01 | 5.01 | 5.01 | 5.01 |

| S. No | Particulars | Approved in T.O dated 30.03.2023 | Revised normative A&G expenses | A&G expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------|-------------------------------|----------------------------------|--------------------------------|---|-----------------------|------------------------|
| 3 | Total A&G expenses | 6.65 | 11.12 | 14.28 | 13.17 | 11.12 |

The Commission has approved the Administrative & General (A&G) expenses of Rs. 11.12 Crore in the True-up of FY 2022-23.

3.12.4 Total Operation and Maintenance Expenses

Petitioner's submission

The Petitioner has submitted total operation and maintenance expenses as provided in the table below:

Table 51: O&M Expenses for FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Sr. No. | Particulars | Approved (TO dt 30.03.2023) | Actual | Normative | Claimed |
|---------|---|-----------------------------|---------------|---------------|---------------|
| 1 | Employee Expenses | 92.82 | 108.85 | 101.48 | 101.48 |
| 2 | A & G Expenses | 6.65 | 9.27 | 8.16 | 8.16 |
| 3 | R & M Expenses | 16.21 | 12.60 | 16.20 | 14.40 |
| | O&M Expenses | 115.68 | 130.72 | 125.84 | 124.04 |
| 4 | Add: Impact of Pay revision | - | 8.51 | - | 8.51 |
| 5 | Add: Impact attributable to property tax (one time) | - | 5.01 | - | 5.01 |
| | O&M Expenses | 115.68 | 144.23 | 125.84 | 137.56 |

Commission's analysis

The following table provides the O&M expenses approved in the ARR of FY 2022-23, Petitioner's submission and now approved by the Commission in True-up of FY 2022-23.

Table 52: Total operation and maintenance expenses (Rs. Crore) approved by the Commission for FY 2022-23

| Sr. No. | Particulars | Approved (TO dt 30.03.2023) | Revised normative computed by the Commission | Actual | Claimed by the Petitioner | Approved by the Commission |
|---------|-------------------------|-----------------------------|--|---------------|---------------------------|----------------------------|
| 1 | Employee Expenses | 92.82 | 101.62 | 108.85 | 101.48 | 101.62 |
| 2 | R & M Expenses | 16.21 | 16.83 | 12.60 | 14.40 | 12.60 |
| 3 | A & G Expenses | 6.65 | 6.11 | 9.27 | 8.16 | 6.11 |
| 4 | O&M Expenses | 115.68 | 124.56 | 130.72 | 124.04 | 120.33 |

| Sr. No | Particulars | Approved (TO dt 30.03.2023) | Revised normative computed by the Commission | Actual | Claimed by the Petitioner | Approved by the Commission |
|-------------------------|---|-----------------------------|--|---------------|---------------------------|----------------------------|
| 5 | Add: Impact of Pay revision | - | 8.51 | 8.51 | 8.51 | 8.51 |
| 6 | Add: Impact attributable to property tax (one time) | - | 5.01 | 5.01 | 5.01 | 5.01 |
| O&M Expenses | | 115.68 | 138.08 | 144.23 | 137.56 | 133.85 |

The Commission approves the Operation & Maintenance (O&M) Expenses of Rs. 133.85 Crore in the True-up of FY 2022-23. The gain/(loss) after comparing the actual values and normative values has been addressed separately in Section 3.22.2 of this Order.

3.13 Interest and finance charges

Petitioner's submission

The Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 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-capitalisation 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 decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 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 31.

29.4 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 after prudence check:

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.

29.5 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 capitalisation approved by the Commission for the Year.

29.6 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.

29.7 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.

29.8 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.

29.9 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 or Distribution 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.

29.10 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; i.e., the Transmission Licensee and the Distribution Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.”

The Petitioner submits that the closing balance of the loans approved for FY 2021-22 in Tariff Order dated 25th July 2024 is considered as normative opening balance of the loans for FY 2022-23. The addition in loans @70% of assets capitalisation as per annual accounts and repayment of loans equivalent to the depreciation during the year has been considered for calculating the closing balance of the loans for FY 2022-23.

Interest rate equivalent to 1 Year SBI MCLR rate applicable on 1st April plus 100 basis points and average amount of normative loans have been considered for determining the Interest on Loans for FY 2022-23.

The bank charges paid in actual as per the annual accounts for FY 2022-23 has also been considered as part of interest and finance charges.

The details of calculations for estimating the Interest and Finance Charges for FY 2022-23 are shown in the table below:

Table 53: Interest on Normative Loan for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Normative |
|---|-------------------------------|-------------|-------------|
| Opening Normative Loan | - | | - |
| Add: Normative Loan During the year | 45.13 | | 7.38 |
| Less: Normative Repayment= Depreciation | 10.94 | | 9.81 |
| Closing Normative Loan | 34.19 | | - |
| Average Normative Loan | 17.10 | | - |
| Rate of Interest (%) | 8.00% | | 8.00% |
| Interest on loans | 1.37 | - | - |
| Add: Bank and financing Charges | - | 1.68 | 1.68 |
| Interest and Finance Charges | 1.37 | 1.68 | 1.68 |

Commission’s analysis

Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 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.

29.2 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.

29.3 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 31.

29.4 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 after prudence check:

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.

29.5 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.

29.6 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.

29.7 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.

29.8 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.

29.9 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.

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.

29.10 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.”

Hence, the rate of interest to be considered while determining the ARR shall be the weighted average interest rate of the actual loan portfolio. However, the Petitioner has submitted that capitalisation during each year has been funded by the

Petitioner's equity and no loan has been taken against any of the capitalised assets. In absence of any actual loans, the Commission has considered the SBI MCLR rate, as on 1st April 2022 (7.00%), plus 100 basis points as Rate of Interest, in accordance with the JERC MYT Regulations, 2021.

As per the JERC MYT Regulations 2021, if the equity actually deployed is more than 30% of the capital cost, then equity in excess of 30% would be considered as normative loan. Further, the Commission has considered the capitalisation of assets as approved in the foregoing paragraphs. The Commission for the purpose of funding of the capitalisation has considered the normative debt equity ratio of 70:30.

The Interest on Loan has been calculated on the average loan during the year with the opening loan considered equivalent to the closing loan approved for FY 2021-22 in the True-Up. The total normative loan has been considered to be repaid through depreciation during the year.

The Commission has approved finance charges amounting to Rs. 1.68 Crore as reflected in the audited account.

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

Table 54: Interest and finance charges (Rs. Crore) approved by the Commission for FY 2022-23

| Particular | FY 2022-23 | | |
|---|-------------------------------|-------------------|----------------------------|
| | Approved (T.O dtd 30.03.2023) | Actual FY 2022-23 | Approved by the Commission |
| Opening Normative Loan | | | |
| Less Opening Consumer contribution loan portion | | | |
| Net Opening Loan | | | |
| Add: Normative Loan During the year | | | 7.39 |
| Less: Normative Repayment = Depreciation | | | 13.36 |
| Closing Normative Loan | | | (5.97) |
| Average Normative Loan | | | |
| Rate of Interest (%) | 8.00% | | 8.00% |
| Interest on Loan | | - | - |
| Finance Charges | 1.37 | 1.68 | 1.68 |
| Total finance charges | 1.37 | 1.68 | 1.68 |

The Commission has approved Rs. 1.68 Crore towards interest and finance charges for FY 2022-23.

3.14 Interest on Consumer Security deposit

Petitioner's submission

The Petitioner has submitted that as specified in Regulation 29 of the MYT Regulations, 2021, the Interest on Consumer Security Deposit has been calculated for FY 2022-23. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“29.11 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 opening balance of consumer security deposit and net addition during the year as per the annual accounts and RBI Bank Rate applicable on 1st April has been considered to calculate the interest on consumer security deposit for FY 2022-23. However, the actual interest on consumer security deposit paid during the year has been claimed for FY 2022-23. The details of calculations for estimating the Interest on Security Deposit for FY 2022-23 are shown in the table below:

Table 55: Interest on Consumer Security Deposit for FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Claimed |
|--|----------------------------------|--------------|
| Opening Consumer Security Deposit | 173.23 | 173.23 |
| Net Addition During the year | 1.69 | (3.56) |
| Closing Consumer Security Deposit | 174.92 | 169.67 |
| Average Security Deposit | 174.07 | 171.45 |
| Rate of Interest (%) (RBI Bank Rate @ 1st Apr) | 4.25% | 6.50% |
| Interest on Security Deposit as per norms | 7.40 | 11.14 |

Commission's analysis

Regulation 29.11 of the JERC MYT Regulations, 2021 stipulates the following about security deposit:

“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 opening security deposit for FY 2022-23 has been considered based on the closing security deposit as approved in the True-up of FY 2021-22. The addition

during the year has been considered as per the audited account of Petitioner. The rate of interest has been considered at 4.25%, equivalent to the prevailing RBI Bank rate as on 01.04.2022.

The Commission raised a query regarding the variation in interest on consumer security deposit claimed by the Petitioner which is Rs. 11.14 Crore and the interest on consumer security deposit provided in Annual Accounts for the FY 2022-23 which is Rs. 4.98 Crore to which the Petitioner has submitted that Rs. 4.98 Crore is provision created for the payment of interest against Security Deposit for FY 2022-23. The Petitioner has submitted the following table in reply of the data gap:

Table 56: Interest on consumer security deposit (Rs. Crore)

| S. No | Particulars | FY 2022-23 | Remarks |
|-----------------|---|-------------|-------------------------|
| A | Opening liability of Interest on Security Deposit | 5.45 | Schedule 7 of Accounts |
| B | Interest on Security Deposit payable during the year | 4.98 | Schedule 17 of Accounts |
| C= A+B-D | Interest on Security Deposit actually paid during the year | 5.25 | |
| D | Closing liability of Interest on Security Deposit | 5.18 | Schedule 7 of Accounts |

The table below provides the calculation of interest on consumer security deposits for the year:

Table 57: Interest on Consumer security deposit (Rs. Crore) approved by the Commission for FY 2022-23

| Sr. No. | Particulars | FY 2022-23 | | |
|----------|---|---------------------------------|-------------------------|----------------------------|
| | | Approved in T.O dtd 30/03.2023) | Petitioner's Submission | Approved by the Commission |
| 1 | Opening Security Deposit | 173.23 | 173.23 | 173.23 |
| 2 | Add: Deposits during the Year | 1.69 | -3.56 | 0 |
| 3 | Less: Deposit refunded | | 0 | 3.56 |
| 4 | Closing Security Deposit | 174.92 | 169.67 | 169.67 |
| 5 | Average Security Deposit | 174.07 | 171.45 | 171.45 |
| 6 | Rate on Interest (%) (RBI Bank Rate @ 1st April) | 4.25% | 6.50% | 4.25% |
| 7 | Interest on Security Deposit as per norms | 7.40 | 11.14 | 7.29 |

| Sr. No. | Particulars | FY 2022-23 | | |
|---------|---|---------------------------------|-------------------------|----------------------------|
| | | Approved in T.O dtd 30/03.2023) | Petitioner's Submission | Approved by the Commission |
| 8 | Interest on Security Deposit paid in actual | | 5.25 | 5.25 |

The Commission has approved Rs. 5.25 Crore as interest paid on security deposit for FY 2022-23.

3.15 Interest on Working Capital

Petitioner's submission

Regulation 64 of the JERC MYT Regulations, 2021 stipulates following regarding the norms of working capital for retail supply business:

“64 Norms of Working Capital for Retail Supply Business

64.1 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) Power Purchase cost for one (1) month; plus
- e) 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 recalculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

The 1 Year SBI MCLR Rate applicable on 1st April plus 200 basis points and the working capital requirement are considered for calculating Interest of Working Capital for FY 2022-23. The details of calculation for estimating the Interest on Working Capital for FY 2022-23 are shown in the table below:

Table 58: Interest on Working Capital for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|-----------------------------|-------------------------------|--------|
| Two months receivables | 155.79 | 157.51 |
| Add: One month O&M Expenses | 9.64 | 11.46 |

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---|----------------------------------|-------------|
| Add: 40% of repair & maintenance expenses for one month | 0.54 | 0.48 |
| Less: Consumer Security Deposit excl. BG | 174.07 | 171.45 |
| Less: Power Purchase cost for one (1) month | 66.18 | 63.83 |
| Total Working Capital after deduction of Consumer Security Deposit | (74.27) | - |
| SBI MCLR plus 200 Basis Point (%) | 9.00% | 10.65% |
| Interest on Working Capital | 0.00 | 0.00 |

Commission's analysis

The Commission observed that Regulation 53 of the JERC MYT Regulations, 2021 stipulates the following regarding norms of working capital requirement:

“53. Norms of Working Capital for Distribution Wires Business

53.1 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 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 64 of the JERC MYT Regulation, 2021 stipulates the following:

“64.1 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:

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 Consumers at the prevailing tariff;

Less

Power Purchase cost for one (1) month; plus

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 32.3 of the JERC MYT Regulation, 2021 stipulates the following:

“32.3 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.

32.4 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.”

The Commission has considered the O&M Expense for 1 month, Maintenance spares at 40% of R&M expenses for one (1) month and Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff.

The Commission has considered the SBI Base rate as on 1st April 2022 for calculation of interest plus 200 basis points i.e. 9.00% (7.00% + 200) basis points), as stipulated in the MYT Regulations, 2021.

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

Table 59: Interest on Working Capital (Rs. Crore) approved by the Commission

| S. No. | Particulars | FY 2022-23 | | |
|----------|--|-------------------------------|-------------------|----------------------------|
| | | Approved (T.O dtd 30.03.2023) | Actual FY 2022-23 | Approved by the Commission |
| 1 | Two Months Receivable | 155.79 | 157.51 | 130.01 |
| 2 | O&M Expense - 1 month | 9.64 | 11.46 | 10.74 |
| 3 | Maintenance Spare @ 40% of R&M Expenses of one month | 0.54 | 0.48 | 0.42 |
| 4 | Less: Amount held as Security Deposit (Average of Opening & Closing) | 174.07 | 171.45 | 171.45 |
| 5 | Less: Power Purchase cost for one (1) month | 66.18 | 63.83 | 63.83 |
| 6 | Total | -74.27 | - | -94.11 |
| 7 | Interest Rate | 9.00% | 10.65% | 9.00% |
| 8 | Interest on Working Capital | 0.00 | 0.00 | - |

Accordingly, the Commission approves the NIL Interest on Working Capital in the True-up of FY 2022-23. Since, there is negative working capital requirement.

3.16 Return on equity

Petitioner's submission

The Regulations 28 of the JERC MYT Regulations, 2021 stipulate the following regarding the return of equity:

“28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system.

28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.

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

The closing equity approved for FY 2021-22 in Tariff Order dated 25th July 2024 is considered as the opening Equity for FY 2022-23. The addition in equity during the year @30% of the capitalisation claimed for FY 2022-23 has been considered. Details of calculations for estimating the Return on Equity for FY 2022-23 are shown in the table below:

Table 60: Return on Equity for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---|--|---------------|
| Opening Equity | 137.82 | 137.81 |
| Addition in Equity | 19.34 | 3.16 |
| Closing Equity | 157.16 | 140.97 |
| Average Equity | 147.49 | 139.39 |
| Average Equity (Wire Business) | 132.74 | 125.45 |
| Average Equity (Retail Supply Business) | 14.75 | 13.94 |
| Return on Equity for Wire Business (%) | 15.50% | 15.50% |
| Return on Equity for Retail Supply Business (%) | 16.00% | 16.00% |
| Return on Equity for Wire Business | 20.57 | 19.45 |
| Return on Equity for Retail Supply Business | 2.36 | 2.23 |
| Return on Equity | 22.93 | 21.68 |

Commission's analysis

The Regulations 28.2 and 28.3 of the JERC MYT Regulations, 2021 stipulate the following with respect to RoE:

“28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.”

RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 16% (for retail supply) and 15.50% (for wire business), as applicable, (on post-tax basis) with an opening equity considered equivalent to the closing equity of FY 2021-22 as approved in the True-up of FY 2021-22. Further, the Commission considers 90% of average equity corresponds to the wire business and remaining for retail supply. The following table provides the RoE now approved by the Commission under true-up for FY 2022-23.

Table 61: Return on equity (Rs. Crore) approved by the Commission for FY 2022-23

| S. No | Particulars | FY 2022-23 | | |
|-----------|--|--------------------------------|--------------|----------------------------|
| | | Approved in T.O dtd 30.03.2023 | Actual | Approved by the Commission |
| 1 | Opening Net Normative Equity | 137.82 | 137.81 | 137.81 |
| 2 | Equity Addition during year (30% of Net Addition to GFA) | 19.34 | 3.16 | 3.16 |
| 3 | Closing Balance of Normative Equity | 157.16 | 140.97 | 140.97 |
| 4 | Average Equity | 147.49 | 139.39 | 139.39 |
| 5 | Average Equity (Wires Business) (90%) | 132.74 | 125.45 | 125.45 |
| 6 | Average Equity (Retail Supply Business) (10%) | 14.75 | 13.94 | 13.94 |
| 7 | Rate of Return on Equity for Wire Business % | 15.50% | 15.50% | 15.50% |
| 8 | RoE Wire Business | 20.57 | 19.45 | 19.45 |
| 9 | Rate of Return on Equity for Retail Supply Business % | 16.00% | 16.00% | 16.00% |
| 10 | RoE on Retail Supply business | 2.36 | 2.23 | 2.23 |
| 11 | RoE (Wire and Retail Supply business) | 22.93 | 21.68 | 21.68 |

The Commission has approved Rs. 21.68 Crore as return on equity for FY 2022-23.

3.17 Provision for Bad and doubtful debts

Petitioner's submission

Provision for bad and doubtful debts as per provisions specified in Regulation 63 of the MYT Regulation, 2021 has been claimed for FY 2022-23. The extract of aforesaid Regulation is reproduced below:

“63 Provision for bad and doubtful debts

63.1 The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of bad debts written off 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 bad and doubtful debts written off during the year is nil as per the accounts for FY 2022-23. Hence, no claim for Bad and Doubtful Debts for FY 2022-23 has been proposed.

Commission's analysis

The Commission noted the provisions given under Regulation 63 of the JERC MYT Regulations, 2021, which are as follows:

63.1 “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.”

Accordingly, the Commission considers the impact on Annual Revenue Requirement based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to the provision that the bad and doubtful debts shall be limited to 1% of the Annual Revenue Requirement of the Distribution Licensee. The Petitioner has not claimed any provision for bad and doubtful debt.

Therefore, the Commission has not approved provision for bad & doubtful debts for true-up of FY 2022-23.

3.18 Prior Period items

Petitioner's submission

The Petitioner has submitted that the Prior period items of Rs. 10.10 Crore has been booked as per the Audited Accounts for the FY 2022-23. The details of item wise breakup of Prior period expenses are shown in the table below:

Table 62: Prior Period Expenses for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| SN. | Particulars | Amount |
|-----|---|--------------|
| 1 | Misc. Receipt | 2.07 |
| 2 | Purchase of Power - B.B.M.B. | (2.08) |
| 3 | Rebate B.B.M.B. | 0.40 |
| 4 | Rebate B.B.M.B. | 8.92 |
| 5 | Rebate-NTPC Ltd. | (0.14) |
| 6 | Purchase of Power - Gross Metering Solar Power (Pvt.) | 0.01 |
| 7 | Rebate Gross Metering Solar Power (Pvt.) | (0.00) |
| 8 | Purchase of Power - Net Metering Power Solar (Pvt.) | 0.10 |
| 9 | Salary Expenses - Bill due for the month of March, 2022 | 0.82 |
| 10 | Salary Expenses - Bill due for the month of March, 2022 | (0.00) |
| | Total | 10.10 |

Commission's analysis

The Salary expenses amounting to Rs. 0.82 Crore and Rs. (0.00) Crore forms part of O&M expenses, which the Commission allows on a normative basis. Accordingly, the same has been disallowed by the Commission. The Commission has approved prior period items as provided in the table below:

Table 63: Prior period items (Rs. Crore) approved by the Commission

| SN. | Particulars | Amount |
|-----|------------------------------|--------|
| 1 | Miscellaneous receipt | 2.07 |
| 2 | Purchase of Power - B.B.M.B. | (2.08) |
| 3 | Rebate B.B.M.B. | 0.40 |
| 4 | Rebate B.B.M.B. | 8.92 |
| 5 | Rebate-NTPC Ltd. | (0.14) |

| SN. | Particulars | Amount |
|----------|---|-------------|
| 6 | Purchase of Power - Gross Metering Solar Power (Pvt.) | 0.01 |
| 7 | Rebate Gross Metering Solar Power (Pvt.) | (0.00) |
| 8 | Purchase of Power - Net Metering Power Solar (Pvt.) | 0.10 |
| 9 | Total | 9.28 |

The Commission has approved prior period items of Rs. 9.28 Crore for FY 2022-23

3.19 Non-Tariff Income

Petitioner's Submission

Non-Tariff Income as per the specified in Regulation 65 of the MYT Regulations, 2021, has been claimed for FY 2022-23. The extract of aforesaid Regulation is reproduced below,

“65 Non-Tariff Income

65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contactors and others;*
- h) Income from advertisements, etc.;*
- i) Meter/metering equipment/ service line rentals;*
- j) Service charges;*
- k) Consumer charges;*
- l) Recovery for theft and pilferage of energy;*
- m) Rebate availed on account of timely payment of bills;*
- n) Miscellaneous receipts;*
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- p) Prior period income, etc.:*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee’s Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.”

The Petitioner submits that delayed payment surcharges commensurate the interest burden of working capital drawn in excess by the Licensee to counterbalance the revenue shortfall created due to non-receipt of electricity charges. Hence, the recovery of delay payment surcharges has not been considered as Non-Tariff Income for FY 2022-23.

Further, the Petitioner submits that Provision for Bad and Doubtful debts was not approved in ARR for FY 2022-23, hence the recovery of the same has not been considered as Non-Tariff income for FY 2022-23. Details of Non-Tariff Income for FY 2022-23 are shown in the table below:

Table 64: Non-Tariff Income for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|------------------------|--|---------------|
| Miscellaneous Charges | 17.66 | 9.20 |
| Miscellaneous Receipts | | 3.64 |
| Total | 17.66 | 12.83 |

Commission’s Analysis

Regulation 65 of JERC MYT Regulation, 2021 states the following about non- tariff income:

“65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue

Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of non-tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*

- e) Rental from staff quarters;
- f) Rental from contractors;
- g) Income from hire charges from contactors and others;
- h) Income from advertisements, etc.;
- i) Meter/metering equipment/service line rentals;
- j) Service charges;
- k) Consumer charges;
- l) Recovery for theft and pilferage of energy;
- m) Rebate availed on account of timely payment of bills;
- n) Miscellaneous receipts;
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- p) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time."

The Commission has considered the submission of the Petitioner and has verified from its audited accounts and accordingly, approved NTI for FY 2022-23 as shown in the following table:

Table 65: Non-tariff income (Rs. Crore) approved by the Commission

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|------------------------|--|---------------|---------------------------------------|
| Miscellaneous Charges | 17.66 | 9.20 | 9.20 |
| Miscellaneous Receipts | | 3.64 | 3.64 |
| Total | 17.66 | 12.83 | 12.83 |

The Commission has approved a non-tariff income of Rs. 12.83 Crore for FY 2022-23.

3.20 FPPCA billed during the year

Petitioner's Submission

The Fuel and Power Purchase Cost Adjustment Charges as per the annual accounts has been claimed for FY 2022-23. The details of the FCCA charges for FY 2022-23 is shown in the table below:

Table 66: FPPCA for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|-------------|----------------------------------|--------|
| FPPCA | - | (5.59) |

Commission's Analysis

The Commission has noted that the Petitioner has refunded an amount of Rs. 5.59 Crore to consumers; therefore, the amount has been considered as a negative. The Commission has approved FPPCA as per the Audited Account which is provided in the table given below:

Table 67: FPPCA for FY 2022-23 (Rs. Crore) approved by the Commission

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|-------------|----------------------------------|--------|-------------------------------|
| FPPCA | - | (5.59) | (5.59) |

3.21 Regulatory surcharge billed during the year

Petitioner's Submission

Regulatory Surcharge as per the annual accounts has been claimed for FY 2022-23. Details of Regulatory Surcharge is shown in the table below:

Table 68: Regulatory Surcharge for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|----------------------|----------------------------------|--------|
| Regulatory Surcharge | - | 0.00 |

Commission analysis

The Commission has approved Regulatory surcharge as per the Audited Account:

Table 69: Regulatory surcharge (Rs. Crore) approved by the Commission

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|----------------------|----------------------------------|--------|-------------------------------|
| Regulatory Surcharge | - | 0.00 | 0.00 |

3.22 Incentive/Disincentive towards over/under-achievement of norms

3.22.1 Incentive/Disincentive towards over/under-achievement of norms for T&D Loss

Petitioner's submission

No submission has been made in this regard.

Commission analysis

In the ARR Tariff order dated 11th July 2022 for FY 2022-23, the Commission had approved the T&D loss level of 8.80%. The Petitioner has achieved T&D loss of 10.57% against the approved loss level of 8.80%.

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

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

15.2 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 Commission has further observed that one of the Stakeholder dealing in Regulatory Advocacy and research organization operating under the aegis of Ministry of Power, has raised an issue, in one of the hearing of the other utility's True-Up under the jurisdiction of this Commission, on the methodology for calculation of gain sharing on the basis of APPC and suggested that the calculation of sharing of gain of distribution loss should be considered on the basis of variable charge instead of APPC which includes fixed charges also. Hence, under such circumstances the fixed charges towards the power procurement are not a relevant cost as the same is to be incurred irrespective of drawl of power from generation sources. Therefore, the excess power procurement units towards under-achievement of distribution losses should not be linked to fixed cost of the generating plants. The actual expense incurred to the distribution business is only the energy charge spent over and above on higher procurement resulting in lower achievement of distribution loss. The Commission further noted that the applicable MYT Regulations, 2021 does not prescribe

specifically for the consideration of APPC rate for calculation of gain sharing. The Commission has to devise an appropriate methodology for the same.

The Commission agrees with the point made by the stakeholders and thus the Commission links the loss to be borne by the distribution licensee on account of under-achievement distribution loss target to variable charges only. Therefore, the Commission has considered the calculation of excess power procurement of units due to under-achievement in distribution loss on the basis of variable cost.

The Commission has computed the dis-incentive at Rs. 2.63/kWh, which is Average Variable Rate of the FY 2022-23.

The Petitioner has submitted the monthly power purchase details in Annexure 2 of the response to the query raised by the Commission in Technical Validation Session dated 25.03.2026. Based on the monthly variable power purchase cost of Rs. 498.25 Crore and quantum approved by the Commission at ex-bus, the Average Variable Rate has been derived. Further, the energy at the State/UT periphery has been computed by grossing up the retail energy sales for the entire financial year (1,642.66 MUs) with the actual intra-State T&D loss of 10.57%, as shown below:

Table 70: AVR for the FY 2022-23 approved by the Commission (Rs. Cr.)

| Average Variable Rate | Value |
|---------------------------------|----------|
| Total Variable charges | 498.25 |
| Power Purchase Quantum | 1,897.39 |
| Average Variable Rate (Rs/Unit) | 2.63 |

Table 71: Dis-incentive due to under-achievement of Intra-State T&D Loss target (Rs. Cr.)

| S. No | Particulars | | Normative | Approved under True-up |
|-------|--|----------|-----------|------------------------|
| 1 | Retail Sales (in MUs) | A | 1,642.66 | 1,642.66 |
| 2 | T&D Loss | B | 8.80% | 10.57% |
| 3 | At Periphery (in MUs) | C=A-B | 1,801.16 | 1,836.89 |
| 4 | Gain/(Loss) (in MUs) | D | | (35.73) |
| 5 | Average Energy Charge (VC) | E | | 2.63 |
| 6 | Gain/(Loss) | F=D*E/10 | | (9.38) |
| 7 | Sharing of 100% of loss with the Petitioner | | | (9.38) |

3.22.2 Incentive/Disincentive towards over/under-achievement of norms for Operation and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the sharing of gains and losses has been computed in accordance with Regulation 15 of the MYT Regulations, 2021.

Table 72: O&M Expenses for FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Sr No | Particulars | Approved (TO dt 30.03.2023) | Actual | Normative | Gains/Losses Sharing | Claimed |
|----------|---|-----------------------------|---------------|---------------|----------------------|---------------|
| 1 | Employee Expenses | 92.82 | 108.85 | 101.48 | (7.37) | 101.48 |
| 2 | R & M Expenses | 16.21 | 12.60 | 16.20 | 3.60 | 14.40 |
| 3 | A & G Expenses | 6.65 | 9.27 | 8.16 | (1.11) | 8.16 |
| 4 | O&M expenses | 115.68 | 130.72 | 125.84 | (4.87) | 124.04 |
| 5 | Add: Impact of Pay revision | | 8.51 | | | 8.51 |
| 6 | Add: Impact attributable to Property tax (one time expense) | | 5.01 | | | 0.32 |
| | O&M Expenses | 115.68 | 144.23 | 125.84 | (4.87) | 137.56 |

Commission analysis

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. The Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

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

15.2 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.”

Considering the above provisions, the Commission has carried out the gain and loss of O&M expenses, which are controllable parameters. The details are provided below.

Table 73: Sharing of gain/losses approved by the Commission (Rs. Crore)

| Particulars | Approved by the Commission | Revised normative expenses | Actual | Gain/Loss | Sharing of gain/losses |
|---|----------------------------|----------------------------|---------------|-------------|------------------------|
| Employee Expenses | 101.62 | 101.62 | 108.85 | - | - |
| A&G Expenses | 6.11 | 6.11 | 9.27 | - | - |
| R&M Expenses | 12.60 | 16.83 | 12.60 | 4.23 | 2.12 |
| O&M expenses | 120.33 | 124.56 | 130.72 | - | - |
| Add: Impact of Pay revision | 8.51 | 8.51 | 8.51 | - | - |
| Add: Impact attributable to Property tax (one time expense) | 5.01 | 5.01 | 5.01 | - | - |
| Total | 133.85 | 138.08 | 144.24 | 4.23 | 2.12 |

3.23 Aggregate Revenue Requirement (ARR) for FY 2022-23

Petitioner's submission

The Aggregate Revenue Requirement for FY 2022-23 based on estimates submitted in the above sections are tabulated below:

Table 74: Aggregate Revenue Requirement for FY 2022-23 (in Rs. Crore) submitted by the Petitioner

| Sr. No. | Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|-----------|--|----------------------------------|-----------------|
| 1 | Power Purchase Cost | | 765.95 |
| 1a | - Power purchase | 794.10 | 638.44 |
| 1b | -Transmission Charges | | 126.92 |
| 1c | -SLDC Fees & Charges | | 0.58 |
| 2 | O&M Expenses | | 137.56 |
| 2a | -Employee costs | 115.68 | 101.48 |
| 2b | -Administration and General expenses | | 8.16 |
| 2c | -R&M expenses | | 14.40 |
| 2d | -One-time expenses (Pay revision) | - | 8.51 |
| 2e | -One-time expenses (Property Tax) | - | 5.01 |
| 3 | Depreciation | 10.94 | 9.81 |
| 4 | Interest & Finance Charges | 8.77 | 12.82 |
| 4a | -Interest and finance charges | 1.37 | - |
| 4b | -Interest on working capital | - | - |
| 4c | -Bank Charges | - | 1.68 |
| 4d | -Interest on Consumer Security Deposit | 7.40 | 11.14 |
| 5 | Return on Equity | 22.93 | 21.68 |
| 6 | Provision for Bad Debt | - | - |
| 7 | Prior Period Expenses | - | 10.10 |
| 8 | Total Revenue Requirement | 952.43 | 957.92 |
| 9 | Less: Non-Tariff Income | 17.66 | 12.83 |
| 10 | Net Revenue Requirement | 934.77 | 945.08 |
| 11 | Revenue from retail sales at Existing Tariff | 840.05 | 780.06 |
| 12 | FPPCA billed during the year | - | (5.59) |
| 13 | Regulatory Surcharge billed during the year | - | 0.00 |
| 14 | Revenue Surplus/(Gap) for the Year | (94.72) | (170.61) |

Commission analysis

The Commission on the basis of the detailed analysis of the cost parameters of the ARR has approved the revenue requirement for the True-up of FY 2022-23 as given in the following table:

Table 75: Aggregate Revenue Requirement (ARR) approved by the Commission (Rs. Crore)

| Particulars | FY 2022-23 | | |
|---|---------------------------------|---|----------------------------|
| | Approved in T.O dtd 30.03.2023) | Actual FY 2022-23 (Submitted by the Petitioner) | Approved by the Commission |
| Power Purchase Cost | 794.10 | 765.95 | 765.86 |
| O&M Expenses | 115.68 | 137.56 | 133.85 |
| -Employee costs | | 101.48 | 101.62 |
| -Administration and General expenses | | 8.16 | 6.11 |
| -R&M expenses | | 14.40 | 12.60 |
| One-time expenses (Pay revision) | | 8.51 | 8.51 |
| One-time expenses (Property tax) | | 5.01 | 5.01 |
| Depreciation | 10.94 | 9.81 | 13.36 |
| Interest & Finance Charges | 8.77 | 12.82 | 6.93 |
| -Interest and finance charges | 1.37 | - | - |
| -Interest on working capital | - | - | - |
| -Bank Charges | | 1.68 | 1.68 |
| -Interest on Consumer Security Deposit | 7.40 | 11.14 | 5.25 |
| Return on Equity | 22.93 | 21.68 | 21.68 |
| Provision for Bad Debt | - | - | - |
| Prior Period Expenses | - | 10.10 | 9.28 |
| Sharing of gain on account of O&M expenses | | | 2.12 |
| Disincentive on under achievement of T&D losses | | | -9.38 |
| Total Revenue Requirement | 952.43 | 957.92 | 943.69 |
| Less: Non-Tariff Income | 17.66 | 12.83 | 12.83 |
| Net Revenue Requirement | 934.77 | 945.08 | 930.86 |

3.24 Revenue at Current Tariff

Petitioner's Submission

The Petitioner has submitted that the Revenue Billed at Current Tariff as per the annual accounts has been claimed for FY 2022-23. The details of Revenue Billed at current tariff, actual vis-à-vis approved for FY 2022-23 are shown in the table below:

Table 76: Revenue at Current Tariff for FY 2022-23 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---------------------------|----------------------------------|---------------|
| Domestic – LT | 350.76 | 301.13 |
| Domestic – HT | 13.88 | 12.96 |
| Domestic – Total | 364.65 | 314.08 |
| Commercial – LT | 138.11 | 135.84 |
| Commercial – HT | 145.60 | 142.63 |
| Commercial – Total | 283.70 | 278.46 |
| Large Supply | 71.06 | 66.39 |
| Medium Supply | 57.51 | 59.97 |
| Small Power | 8.72 | 8.79 |
| Agriculture | 0.41 | 0.41 |
| Public Lighting | 7.85 | 8.21 |
| Bulk Supply | 43.01 | 40.13 |
| Others Temporary Supply | 2.89 | 2.95 |
| EV Charging Stations | 0.24 | 0.66 |
| Total | 840.05 | 780.06 |

Commission’s Analysis

The Commission has considered the revenue as per the audited account, as submitted by the Petitioner. Accordingly, the revenue now Trued-up by the Commission is shown in the following table:

Table 77: Revenue (Rs. Crore) approved by the Commission

| Particulars | Petitioner’s Submission | | Trued-up by the Commission | |
|---------------|-------------------------|---------------------|----------------------------|---------------------|
| | Sales (MUs) | Revenue (Rs. Crore) | Sales (MUs) | Revenue (Rs. Crore) |
| Total Revenue | 1,642.66 | 780.06 | 1,642.66 | 780.06 |

3.25 Standalone Revenue Gap/(Surplus)

Petitioner’s submission

The Petitioner has submitted that the Revenue Gap/ Surplus so determined herein shall be to the account of UT Chandigarh as per the 4.4(a) of the Government Policy Direction.

Table 78: Revenue gap/(surplus) submitted by the Petitioner (Rs Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023) | Petitioner’s submission |
|-------|--|---------------------------------|-------------------------|
| 1 | Net Revenue Requirement | 934.77 | 945.08 |
| 2 | Revenue from retail sales at Existing Tariff | 840.05 | 780.06 |

| S. No | Particular | Approved in T.O dtd 30.03.2023) | Petitioner's submission |
|----------|---|---------------------------------|-------------------------|
| 3 | Less: FPPCA during the year | - | (5.59) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 94.72 | 170.61 |

Commission analysis

The Commission considered their audited account and approved the standalone Revenue Gap/Surplus as follows:

Table 79: Revenue gap/(surplus) approved by the Commission (Rs. Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023 | Petitioner's submission | Approved by the Commission |
|----------|--|--------------------------------|-------------------------|----------------------------|
| 1 | Net Revenue Requirement | 934.77 | 945.08 | 930.86 |
| 2 | Revenue from retail sales at Existing Tariff | 840.05 | 780.06 | 780.06 |
| 3 | FPPCA billed during the year | - | (5.59) | (5.59) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 94.72 | 170.61 | 156.39 |

Chapter 4: True-up for FY 2023-24

4.1 Regulatory Provisions

The True up for the FY 2023-24 has been carried out by the Commission in accordance with Regulation 12 of the JERC MYT Regulations, 2021, as stated below:

“12.1 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.

12.2 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.

12.3 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.*

12.4 Upon completion of the exercise, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 13 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 13.1 below shall not ordinarily be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable factors:

Provided further that, where the Petitioner believes, for any variable not specified under Regulation 13.1, that there is a material variation or expected variation in performance for any year on account of uncontrollable factors, it may apply to the Commission for inclusion of such variable.

12.5 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 14 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 15 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 the True-Up of FY 2023-24

The Petitioner has submitted that the True-up petition for FY 2023-24 has been prepared as per the regulatory provisions envisaged in the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 (hereinafter referred to as MYT Regulations, 2021) and directions issued in the subsequent Tariff Order for revision of ARR of the relevant year.

The Commission in its MYT Order dated 30th March, 2023 has approved the ARR for FY 2023-24. The Annual Performance Review of ARR for FY 2023-24 has subsequently been approved by the Commission in its Order dated 25th July, 2024. The Petitioner has prepared the True-Up petition for FY 2023-24 based on the annual accounts for FY 2023-24 and applicable provisions of the MYT Regulations, 2021. The audit of the Annual Accounts for FY 2023-24 has already been conducted by the AG UT. Also, response to the final findings and comments of AG (Auditor General) UT on the Annual Accounts for FY 2023-24 has been supplied by the Petitioner.

4.3 Energy Sales for FY 2023-24

Petitioner’s submission

The Petitioner has submitted the Energy Sales for FY 2023-24 as per the annual accounts are less than the energy sales approved in APR for FY 2023-24 in the Tariff Order dated 25th July 2024.

The energy sales for FY 2023-24 on category wise basis actual vis-à-vis approved are detailed below:

Table 80: Energy Sales (MUs) submitted by the Petitioner for FY 2023-24

| Sr. No. | Categories | Approved for FY 2023-24 (T.O. dt 30.03.2023) | Approved for FY 2023-24 (T.O. dt 25.07.2024) | Submitted by the Petitioner |
|----------------|--------------------------|---|---|------------------------------------|
| 1 | Domestic – (LT+HT) | 825.34 | 804.86 | 749.78 |
| 2 | Commercial – (LT+HT) | 492.25 | 497.60 | 495.85 |
| 3 | Large Industrial Supply | 127.84 | 124.67 | 122.72 |
| 4 | Medium Industrial Supply | 103.30 | 104.13 | 96.89 |
| 5 | Small Industrial Supply | 18.42 | 18.85 | 15.21 |
| 6 | Agriculture | 1.62 | 1.60 | 17.75 |
| 7 | Public Lighting | 15.22 | 15.93 | 81.04 |
| 8 | Bulk Supply | 85.90 | 85.53 | 5.44 |
| 9 | Temporary Supply | 3.57 | 4.45 | 1.26 |

| Sr. No. | Categories | Approved for FY 2023-24 (T.O. dt 30.03.2023) | Approved for FY 2023-24 (T.O. dt 25.07.2024) | Submitted by the Petitioner |
|--------------------|-----------------------------------|---|---|------------------------------------|
| 10 | Electric Vehicle Charging Station | 0.68 | 4.51 | 0.13 |
| Grand Total | | 1,674.13 | 1,662.12 | 1,586.08 |

Commission's analysis

The JERC MYT Regulations, 2021 stipulate that the variation in sales constitutes “uncontrollable factors” that are beyond the control of the Petitioner and cannot be mitigated by the Petitioner. The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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:

Force Majeure events;

Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;

Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;

Inter- State Transmission loss;

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;

Variation in fuel cost;

Change in power purchase mix;

Inflation;

Transmission Charges for a Distribution Licensee;

Variation in market interest rates for long-term loans;

Employee expenses limited to one time payment owing requirements of a pay commission and terminal liability of employees;

Taxes and Statutory levies;

Taxes on income;

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:”

The Commission has observed a variation in the category-wise energy sales submitted by the Petitioner vis-à-vis the audited accounts, although the total energy sales are matching. Accordingly, the Commission has approved the energy sales for FY 2023-24 based on the audited accounts and the Energy Audit Report, wherein the overall figures are largely matching, as provided below:

Table 81: Energy sales (MUs) approved by the Commission

| Sr. No. | Categories | Approved for FY 2023-24 (T.O. dt 30.03.2023) | Approved for FY 2023-24 (T.O. dt 25.07.2024) | Actual | Approved by the Commission |
|--------------------|-----------------------------------|--|--|-----------------|----------------------------|
| 1 | Domestic – (LT+HT) | 825.34 | 804.86 | 749.78 | 749.78 |
| 2 | Commercial – (LT+HT) | 492.25 | 497.60 | 495.85 | 495.85 |
| 3 | Large Industrial Supply | 127.84 | 124.67 | 122.72 | 122.72 |
| 4 | Medium Industrial Supply | 103.30 | 104.13 | 96.89 | 96.89 |
| 5 | Small Industrial Supply | 18.42 | 18.85 | 17.75 | 17.75 |
| 6 | Agriculture | 1.62 | 1.60 | 1.26 | 1.26 |
| 7 | Public Lighting | 15.22 | 15.93 | 15.21 | 15.21 |
| 8 | Bulk Supply | 85.90 | 85.53 | 81.04 | 81.04 |
| 9 | Temporary Supply | 3.57 | 4.45 | 5.44 | 5.44 |
| 10 | Electric Vehicle Charging Station | 0.68 | 4.51 | 0.13 | 0.13 |
| Grand Total | | 1,674.13 | 1,662.12 | 1,586.08 | 1,586.08 |

The Commission, therefore, approves energy sales for FY 2023-24 at 1586.08 MU.

4.4 Connected load

Petitioner’s Submission

The Petitioner has submitted the category-wise connected load for FY 2023-24 as shown in the table below:

Table 82: Connected load (kW) submitted by the Petitioner

| Particulars | Petitioner’s submission |
|----------------------------|-------------------------|
| Within state sale of power | |
| Domestic Supply | 909,902 |
| Non Domestic Supply | 228,605 |
| HT-Domestic Supply | 32,986 |
| HT-Non Domestic Supply | 263,199 |
| Large Supply | 69,607 |
| Medium Supply | 77,517 |
| Public Lighting | 4,452 |

| Particulars | Petitioner's submission |
|------------------------|--------------------------------|
| Small Power | 24,025 |
| Bulk Supply | 41,362 |
| Temp Supply | 4,754 |
| Agriculture | 936 |
| Misc.-Electric vehicle | 916 |
| Sub Total | 1,658,261 |

Commission's analysis

The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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) Inter- State 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.”

The Commission notes that as per above provision, the variation in the number or mix of Consumers as well as quantities of electricity supplied to consumers is uncontrollable. Hence, the Commission has approved Connected load as given in the table below:

Table 83: Connected load (kW) approved by the Commission for FY 2023-24

| Particulars | Approved in T.O dtd 11 th July 2022 | Petitioner’s submission | Approved by the Commission |
|----------------------------|--|----------------------------|-------------------------------|
| Within state sale of power | | | |
| Domestic Supply | 960,910 | 909,902 | 909,902 |
| Non Domestic Supply | 526,634 | 228,605 | 228,605 |
| HT-Domestic Supply | | 32,986 | 32,986 |
| HT-Non Domestic Supply | | 263,199 | 263,199 |
| Large Supply | 73,244 | 69,607 | 69,607 |
| Medium Supply | 80,859 | 77,517 | 77,517 |
| Public Lighting | 4,709 | 4,452 | 4,452 |
| Small Power | 25,663 | 24,025 | 24,025 |
| Bulk Supply | 42,648 | 41,362 | 41,362 |
| Temp Supply | 1,539 | 4,754 | 4,754 |
| Agriculture | 977 | 936 | 936 |
| Misc.-Electric vehicle | | 916 | 916 |
| Sub Total | 1,717,183 | 1,658,261 | 1,658,261 |

The Commission has approved connected load as 1,658,261 kW for FY 2023-24.

4.5 Number of consumers

Petitioner’s Submission

The Petitioner has submitted the category-wise number of consumers for FY 2023-24 as shown in the table below:

Table 84: Number of consumers (Nos) submitted by the Petitioner

| Particulars | Petitioner submission |
|----------------------------|-----------------------|
| Within state sale of power | |
| Domestic Supply | 225,579 |
| Non Domestic Supply | 29,046 |
| HT-Domestic Supply | 68 |
| HT-Non Domestic Supply | 495 |
| Large Supply | 93 |
| Medium Supply | 1,409 |

| Particulars | Petitioner submission |
|-------------------------|------------------------------|
| Public Lighting | 1,551 |
| Small Power | 1,524 |
| Bulk Supply | 515 |
| Temp Supply | 851 |
| Agriculture | 122 |
| Misc.-Electric Vehicles | 13 |
| Sub Total | 261,266 |

Commission's analysis

The Commission notes that Regulation 13.1 of the JERC MYT Regulations, 2021, stipulates the following:

“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) Inter- State 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.”

The Commission notes that as per above provision, the variation in the number or mix of Consumers as well as quantities of electricity supplied to Consumers is uncontrollable. Hence, the number of consumers approved by the Commission are provided in the table below:

Table 85: Number of consumers (Nos) approved by the Commission for FY 2023-24

| Particulars | Approved in T.O dtd 11 th July 2022 | Petitioner submission | Approved by the Commission |
|----------------------------|--|-----------------------|----------------------------|
| Within state sale of power | | | |
| Domestic Supply | 205,797 | 225,579 | 225,579 |
| Non Domestic Supply | 28,323 | 29,046 | 29,046 |
| HT-Domestic Supply | | 68 | 68 |
| HT-Non Domestic Supply | | 495 | 495 |
| Large Supply | 111 | 93 | 93 |
| Medium Supply | 1,483 | 1,409 | 1,409 |
| Public Lighting | 1,755 | 1,551 | 1,551 |
| Small Power | 1,527 | 1,524 | 1,524 |
| Bulk Supply | 533 | 515 | 515 |
| Temp Supply | 446 | 851 | 851 |
| Agriculture | 122 | 122 | 122 |
| Misc.-Electric Vehicles | | 13 | 13 |
| Sub Total | 240,097 | 261,266 | 261,266 |

The Commission has approved number of consumers as 2,61,266 for FY 2023-24.

4.6 Inter-State transmission losses

Petitioner Submission

The Petitioner has submitted the actual Inter-State Transmission losses for FY 2023-24 as 4.80%.

Table 86: Inter-state transmission losses (%) submitted by the Petitioner

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2023-24 |
|-------------------------------|--------------------------------|-------------------|
| Inter-State Transmission Loss | 4.03% | 4.80% |

Commission’s analysis

The Commission has verified the submission of the Petitioner from the DSM account and audited account of FY 2023-24 and observed that the Inter-State Transmission Loss are 3.78% for FY 2023-24. The table below provides the ISTS loss approved for FY 2023-24:

Table 87: Inter-state transmission losses (%)

| Sr. No. | Particulars | FY 2023-24 |
|---------|--|-----------------|
| | | True-up |
| 1 | Energy Input at Chandigarh Periphery | 1823.72 |
| 2 | Total Power Scheduled/ Purchased | |
| | Total Schedule Billed Drawal - CGS | 2058.73 |
| | Add: Power purchased from traders/open market | 49.66 |
| | Add: Renewable Power | 122.45 |
| | Less: Power diverted to Exchange | 338.08 |
| 3 | Net Power Scheduled (Ex-bus) | 1,892.75 |
| 4 | Internal Generation | |
| (i) | CREST | 7.57 |
| (ii) | Gross Metering | 1.19 |
| (iii) | Net Metering | 0.50 |
| 5(i) | Add: Overdrawal | 78.95 |
| 5(ii) | Less: Underdrawal | 67.08 |
| 6 | PGCIL Losses - MUs (3 + 5(i) - 5(ii) - 4(i) - 4(ii) - 4(iii) - 1) | 71.65 |
| 7 | PGCIL Losses - % (6/(3 + 5(i) - 5(ii) - 4(i) - 4(ii) - 4(iii))) | 3.78% |

Table 88: Inter-state transmission losses (%) approved by the Commission

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2023-24 | Approved by the Commission |
|-------------------------------|--------------------------------|-------------------|----------------------------|
| Inter-State Transmission Loss | 4.03% | 4.80% | 3.78% |

The Commission, therefore, approves inter-state transmission losses at 3.78% for FY 2023-24.

4.7 Intra-state transmission & distribution losses

Petitioner Submission

The Petitioner has submitted that based on the actual energy sales and power procurement, the T&D losses as 13.47% has been worked out against the 8.40% approved in Tariff Order dated 30th March, 2023. The details of calculations for estimating the T&D losses for FY 2023-24 are shown in the table below:

Table 89: Intra-state transmission & distribution losses (%) submitted by the Petitioner

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2023-24 |
|-------------------------------|--------------------------------|-------------------|
| Intra-State Transmission Loss | 8.40% | 13.47% |

Commission’s analysis

The Commission has verified the submission of the Petitioner from the DSM accounts and audited account of FY 2023-24 and observed that the actual T&D losses are of 13.47% for FY 2023-24. The Table below provides the Intra-State T&D loss approved for FY 2023-24:

Table 90: Intra-state transmission & distribution losses (%)

| S. No | Particulars | FY 2023-24 |
|-----------|---|-----------------|
| 1. | Energy Required at Periphery from inter-state sources | 1,823.72 |
| 2. | Own state Generation | 9.26 |
| 3. | Energy Requirement @ Chandigarh periphery (MU) (1+2) | 1,832.98 |
| 4. | Total Sales | 1,586.08 |
| 5. | T&D loss (3-4) | 246.90 |
| 6. | Transmission and Distribution losses (%) (5/3) | 13.47% |

Table 91: Intra-state transmission & distribution losses (%) approved by the Commission

| Particulars | Approved in T.O. dt 30.03.2023 | Actual FY 2022-23 | Approved by the Commission |
|-------------------------------|--------------------------------|-------------------|----------------------------|
| Intra-State Transmission Loss | 8.80% | 13.47% | 13.47% |

The Commission, therefore, approves intra-state transmission & distribution losses at 13.47% for FY 2023-24.

4.8 Energy Balance

Petitioner Submission

The Petitioner has submitted energy balance for FY 2023-24 as provided in the table given below:

Table 92: Energy balance submitted by the Petitioner

| Sr. No. | Particulars | Petitioner’s submission |
|----------|--|-------------------------|
| 1 | Net Energy Input Received/Required (Ex bus) | 2,201.47 |
| 1.a | Total Power Purchase from Inter State Sources | 2,192.22 |
| | Central Sector Power Stations (HYDRO) | 1,317.99 |
| | Central Sector Power Stations (THERMAL/GAS/NUCLEAR) | 744.08 |
| | SECI (WIND) | 113.19 |
| | Short Term Purchase/Sale | (288.42) |
| | -IEX/PXIL Purchase | 49.66 |
| | -IEX/PXIL Sale | (338.08) |
| | Unscheduled Interchange | 11.87 |
| | -UI Purchase | 78.95 |

| Sr. No. | Particulars | Petitioner's submission |
|---------|---|-------------------------|
| | -UI Sale | (67.08) |
| 1.b | Total Power Purchase at UT periphery | 1,915.67 |
| 2 | CTU Losses – MU | 91.95 |
| | CTU Losses - % | 4.80% |
| 3 | Total Power Purchase availability after PGCIL Losses | 1,823.72 |
| 4 | Total Power Purchased within UT | |
| | Add: Net-Metering/Within State Solar | 9.26 |
| 5 | Power Purchase at DISCOM Periphery | 1,832.97 |
| | Less: Retail Sales to Consumers | 1,586.08 |
| | Distribution Losses – MU | 246.89 |
| 6 | Distribution Losses - % | 13.47% |

Commission's analysis

The Commission has verified the submission of the Petitioner from the DSM accounts and audited accounts of FY 2023-24.

The Commission has considered the power purchase quantum for FY 2023-24 as per the audited accounts.

The Commission has approved energy balance for FY 2023-24 as shown in the table given below:

Table 93: Energy balance approved by the Commission

| Sr. No. | Particulars | Approved by the Commission |
|---------|--|----------------------------|
| 1 | Energy Input at Chandigarh Periphery | 1823.72 |
| 2 | Total Power Scheduled/ Purchased | |
| | Total Schedule Billed Drawal - CGS | 2058.73 |
| | Add: Power exchange (Buy) | 49.66 |
| | Add: Renewable Power | 122.45 |
| | Less: Power exchange (Sell) | 338.08 |
| | Less: Power Sell through Trader | - |
| | Total | 1,892.75 |
| 3 | PGCIL Losses - MUs | 71.65 |
| | PGCIL Losses - % | 3.78% |
| 4 | Add: Overdrawal | 78.95 |
| | Less: Underdrawal | 67.08 |
| 5 | Total Power Purchased within Chandigarh | |
| | Add: Pvt. solar (Net) | 0.50 |

| Sr. No. | Particulars | Approved by the Commission |
|----------|---|----------------------------|
| | Add: Pvt. solar (gross) | 1.19 |
| | Add: CREST | 7.57 |
| | Total | 9.26 |
| 6 | Less: Additional PP cost from Industrial Consumers | - |
| | Total Power Purchased | 1,904.63 |
| 7 | Total Power Purchase availability after PGCIL Losses | 1,832.98 |
| | Power Purchase required at Chandigarh periphery (MU) | 1,832.98 |
| 8 | Retail Sales to Consumers | 1,586.08 |
| 9 | Distribution Losses - MUs | 246.90 |
| | Distribution Losses - % | 13.47% |

4.9 Power Purchase Quantum and Cost

Petitioner's submission

The Petitioner met its annual energy requirement from power allocations from central generating stations (such as NTPC, NHPC, NPCIL), other generating stations (such as BBMB, SJVNL, THDC), bilateral agreements and banking arrangements. The power allocation from CGS consists are in two forms, firm share and share allocation from unallocated power pool. The unallocated power share keeps changing as per the allocation statement of unallocated power issued by the Govt. of India. Since, during peak summer season the allocation of power from various sources is inadequate, therefore the EWEDC procured power from short-term arrangement through power exchange.

The details of power purchase cost and quantum for FY 2023-24, actual vis-à-vis approved including Transmission Charges, UI charges and purchase from short term sources i.e. power exchange are shown in the table below:

Table 94: Power Purchase Quantum and Cost for FY 2023-24 submitted by the Petitioner

| Sr. No. | Source | PP Qty Approved in T.O. dt 30.03.2023 | PP Cost Approved in T.O. dt 30.03.2023 | Actual PP-Qty | Actual PP-Cost |
|---------|---------------|---------------------------------------|--|---------------|----------------|
| | | MU | Rs Crore | MU | Rs Crore |
| 1 | NTPC Stations | 313.53 | 132.07 | 505.27 | 220.43 |
| 2 | MUNPL | 47.34 | 29.88 | 81.41 | 42.32 |
| 3 | NHPC Stations | 280.81 | 101.39 | 280.96 | 120.82 |
| 4 | NPCIL | 162.27 | 12.37 | 161.77 | 57.32 |
| 5 | SJVNL | 121.31 | 36.21 | 111.50 | 34.17 |

| Sr. No. | Source | PP Qty Approved in T.O. dt 30.03.2023 | PP Cost Approved in T.O. dt 30.03.2023 | Actual PP-Qty | Actual PP-Cost |
|--------------------|-------------------------|---------------------------------------|--|-----------------|----------------|
| | | MU | Rs Crore | MU | Rs Crore |
| 6 | BBMB | 590.58 | 142.04 | 686.98 | 172.64 |
| 7 | THDC | 167.25 | 72.93 | 192.97 | 82.76 |
| 8 | CREST | 18.03 | 11.49 | 7.57 | 5.08 |
| 9 | Pvt. Solar (gross) | | | 1.19 | 1.04 |
| 10 | Pvt. Solar (Net) | | | 0.50 | 0.16 |
| 11 | Aravali Power | 28.57 | 26.19 | 58.17 | 37.76 |
| 12 | PX (Buy) | (69.13) | (22.74) | 49.66 | 29.56 |
| 13 | PX (Sell) | | | (338.08) | (175.89) |
| 14 | UI (Overdrawl) | - | - | 78.95 | 58.29 |
| 15 | UI (Underdrawl) | | | (67.08) | (28.62) |
| 16 | Non-Solar (SECI) | 151.48 | 43.92 | 113.19 | 32.71 |
| 17 | Reactive/ NRLDC charges | - | - | - | 1.03 |
| 18 | PGCIL Charges | - | 117.87 | - | 126.39 |
| 19 | UPTCCL Charges | | | - | 1.43 |
| 20 | Rebate | - | 7.43 | - | (10.51) |
| 21 | Bill Adjustments | - | - | - | - |
| Grand Total | | 1,827.66 | 742.52 | 1,924.63 | 808.91 |

As shown in the above table, the Petitioner submits that the actual power purchase cost has marginally increased compared to the approved power purchase cost for FY 2023-24. The Petitioner submits that Regulation 14 of the MYT Regulations, 2021, provides that the variation in power purchase cost due to the variation in rate of power purchase from the approved sources and variation in fuel cost shall be treated as uncontrollable factors. Therefore, EWEDC humbly prays the Hon'ble Commission that the entire actual power purchase cost may kindly be approved in True of ARR for FY 2023-24.

Commission's analysis

The JERC MYT Regulations, 2021 stipulate that any variation in the cost of power generation and/or power purchase shall be treated as an uncontrollable factor. The relevant provisions of Regulation 13.1 of JERC MYT Regulations, 2021 is provided below:

“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:

..

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;

Variation in fuel cost;

Change in power purchase mix;

Inflation;

Transmission Charges for a Distribution Licensee;”

The Commission has noted that the Petitioner procures power mainly from NTPC stations, Hydro Stations, NPCIL stations, and IPPs. The Petitioner has submitted the overall power purchase cost as Rs. 808.91 Cr. against a procurement of 1924.63 MUs.

The Commission observed that there were discrepancies in the Power Purchase quantum and cost as submitted by the Petitioner and as given in the audited accounts. In response to the query raised by the Commission during Technical Validation Session, the Petitioner submitted that Power Purchase Quantum for FY 2023-24 is 1,904.63 MU, after adjusting the UI/Exchange sale quantum. The same is based on Regional Energy Accounts (REA) prepared by Northern Region Power Committee (NRPC). The Commission has considered power purchase cost as per audited account.

Further, the Petitioner has submitted monthly power purchase quantum and cost in reply of query raised by the Commission. It has been noted that the Petitioner has considered LPS (Late Payment Surcharge) amounting to Rs. 1.00 Crores. The Commission has disapproved the same.

Table 95: Power Purchase Cost and Quantum approved by the Commission as per Audited Account

| PARTICULARS | 2023-24 Qty (Units) | 2023-24 (Rs. Cr) |
|---|----------------------------|-------------------------|
| Bhakra Beas Management Board | 686.98 | 172.64 |
| NTPC Limited | 56.64 | 262.75 |
| NHPC Limited | 280.96 | 120.82 |
| Central Transmission Utility of India Ltd. | - | 126.39 |
| Nuclear Power Corporation of India Limited. (NPCIL NAPS) | 161.77 | 57.32 |
| SJVN Limited | 111.50 | 34.17 |
| THDC India Limited | 192.97 | 82.76 |
| Aravali Power Company Private Limited | 58.17 | 37.76 |
| PTC India Limited | 49.66 | 29.56 |
| Chandigarh Renewal Energy, Science & Technology Promotion Society | 7.57 | 5.08 |
| Mittal Processors Private Limited | - | - |
| Pvt. Solar | 1.69 | 1.21 |
| Bilateral J&K | - | - |
| Northern Regional Power Committee | 78.95 | 58.29 |
| Grid Controller Of India Limited | - | 0.38 |
| Uttar Pradesh Power Transmission Corporation Limited | - | 1.43 |
| Solar Energy Corporation India Limited (SECI) | 113.19 | 32.71 |

| PARTICULARS | 2023-24 Qty (Units) | 2023-24 (Rs. Cr) |
|--|----------------------------|-------------------------|
| Punjab State Power Corporation Limited | - | 0.59 |
| Rebate | - | -10.51 |
| Power System Operation Corporation Limited | | 0.06 |
| Less: UI and exchange | 405.16 | 204.50 |
| Less: Late Payment Surcharge (LPS) | | 1.00 |
| Total | 1,904.63 | 807.92 |

The Commission, therefore, approves power purchase quantum at 1904.63 MU and power purchase cost at Rs. 807.92 Crore for FY 2023-24.

4.10 RPO (Renewable Purchase Obligation)

Petitioner's submission

The Petitioner submitted that the amendment to the JERC (Procurement of Renewable Energy) (fourth amendment) Regulations, 2022 dated 24th March, 2022 provides RPO targets for FY 2023-24. As per the aforesaid amendment, 19.91% of total energy is to be procured from renewable sources for FY 2022-23 which includes 10.00% from Solar, 9.25% from Non-Solar and 0.66% from Large Hydro Plants (commissioned after 8th March,2019).

Details of compliance to RPO targets for FY 2023-24 along with the backlog of previous years are shown in the table below:

Table 96: Effective Energy Sales (Excluding Hydro) for FY 2023-24 submitted by the Petitioner

| Sr. No. | Particular | Formula | FY 2023-24 |
|----------------|--|---------------------------|-------------------|
| 1 | Energy Sales within UT (In MU) | A | 1,586.08 |
| 2 | Hydro Power Purchase (In MU) | B | 1,317.99 |
| 3 | Inter-State Loss (In Percentage) | C | 4.80% |
| 4 | Inter-State Loss (In MU) | $d=b*c$ | 63.26 |
| 5 | Intra-State Loss (In Percentage) | e | 13.47% |
| 6 | Intra-State Loss (In MU) | $f=e*(b-d)$ | 169.00 |
| 7 | Hydro Power Consumed (In MU) | $g=b-d-f$ | 1,085.72 |
| 8 | Conventional Power Consumed (In MU) | $h=a-g$ | 500.36 |

Table 97: RPO Requirement (Solar and Non-Solar) for FY 2023-24 submitted by the Petitioner

| Sr. No. | Particulars | Target | | | RE Procured |
|----------------|--------------------|---------------|-----------------------------------|----------------------|----------------------|
| | | RPO % | Conventional Power (in MU) | Units (in MU) | Units (in MU) |
| 1 | Solar | 10.00% | 500.36 | 50.04 | 9.26 |
| 2 | Non-Solar | 9.91% | | | |
| A | HPO | 0.66% | 500.36 | 3.30 | - |

| Sr. No. | Particulars | Target | | | RE Procured |
|--------------|---------------------|---------------|----------------------------|---------------|---------------|
| | | RPO % | Conventional Power (in MU) | Units (in MU) | Units (in MU) |
| B | Other Non-Solar RPO | 9.25% | 500.36 | 46.28 | 113.19 |
| Total | | 19.91% | | 99.62 | 122.45 |

Table 98: Power Procurement sources for RPO compliance in FY 2023-24 submitted by the Petitioner

| Particulars | FY 2023-24 (in MU) |
|------------------------------------|--------------------|
| Solar | |
| Power/procured from Gross Metering | 1.69 |
| Power procured from CREST | 7.57 |
| Total (A) | 9.26 |
| Non-Solar | |
| SECI Wind | 113.19 |
| Total (B) | 113.19 |
| Total RPO Met (A+B) | 161.92 |

Commission’s analysis

The Commission observed that Regulation 3, Sub-regulation (1) of the JERC (Procurement of Renewable Energy) Regulations, 2010 provides as under:

“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), (Fourth Amendment) Regulations, 2022 on 24th March 2022 and revised the RPO targets, according to which for FY 2022-23 the Petitioner is obligated to purchase power from renewable sources at minimum percentage of 19.91% of its total annual consumption, out of which 10.00% must be from the Solar Power and 9.25% from non-solar and 0.66% form large hydro plant commissioned after 08.03.2019. Based on the above, the Commission has computed the cumulative RPO compliance and the pending backlog at the end of the FY 2023-24 as shown in the following table:

Table 99: RPO (MU) approved by the Commission

| Sr. No. | Particular | Formula | FY 2023-24 |
|---------|----------------------------------|-----------|------------|
| 1 | Energy Sales within UT (In MU) | a | 1,586.08 |
| 2 | Hydro Power Purchase (In MU) | b | 1,317.99 |
| 3 | Inter-State Loss (In Percentage) | c | 3.78% |
| 4 | Inter-State Loss (In MU) | d=b*c | 49.83 |
| 5 | Intra-State Loss (In Percentage) | e | 13.47% |
| 6 | Intra-State Loss (In MU) | f=e*(b-d) | 170.82 |

| Sr. No. | Particular | Formula | FY 2023-24 |
|----------|--|---------------------------|---------------|
| 7 | Hydro Power Consumed (In MU) | $g=b-d-f$ | 1,097.34 |
| 8 | Conventional Power Consumed (In MU) | $h=a-g$ | 488.74 |

The Commission has approved the annual compliance for FY 2023-24 achieved by the Petitioner vide Suo moto RPO order dated 21.01.2025.

The cumulative RPO target for FY 2023-24 has been provided in the following table:

Table 100: Summary of Renewable Purchase Obligation (RPO) (MU)

| Particular | Amount |
|--|----------------|
| Conventional Power Consumed (X) as derived in the above table | 488.74 |
| RPO obligation (%) | 19.91% |
| Solar (Y) | 10.00% |
| Non-Solar (Z) | 9.25% |
| Large Hydro Power (commissioned after 08.03.2019) (Z) | 0.66% |
| RPO obligation for the year (MUs) | 97.31 |
| Solar (X* Y) | 48.87 |
| Non-Solar (X * Z) | 45.21 |
| Large Hydro Power (A*Z) | 3.23 |
| Backlog upto previous FY | 1.65 |
| Solar | 0 |
| Non-Solar | 0 |
| Large Hydro | 1.65 |
| Cumulative RPO target to be fulfilled in FY 2023-24 (MUs) | 98.96 |
| Solar | 48.87 |
| Non-Solar | 45.21 |
| Large Hydro Power | 4.87 |
| RPO Compliance in FY 2023-24 (MUs) | 161.92 |
| Solar | 48.73 |
| Non-Solar | 113.19 |
| Large Hydro Power | - |
| Standalone RPO Shortfall/(Surplus) (MUs) | (64.61) |
| Solar | 0.14 |
| Non-Solar | (67.98) |
| Large Hydro Power | 3.23 |
| Cumulative RPO Shortfall/(Surplus) (MUs) | (62.96) |
| Solar | 0.14 |
| Non-Solar | (67.98) |

| Particular | Amount |
|-------------------|--------|
| Large Hydro Power | 4.87 |

4.11 Capitalisation, GFA and Depreciation

4.11.1 Capitalisation

Petitioner's Submission

The Petitioner has submitted that the capital expenditure plan and capitalisation during the year has been considered as per the accounts for FY 2023-24. The details of capital expenditure plan and capitalisation for FY 2023-24, actual vis a vis approved are shown in the table below:

Table 101: Capital Expenditure and Capitalisation for FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|--------------------------|-------------------------------|--------|
| Capital Expenditure Plan | 50.94 | 11.49 |
| Capitalisation | 47.39 | 20.04 |

Commission's analysis

The Commission has considered the capitalisation amount as per audited account submitted by the Petitioner and has approved the Capitalisation as provided below:

Table 102: Funding (Rs. Crore) approved by the Commission

| Particular | Approved in T.O dated 30.03.2023 | Petitioner's Submission | Approved by the Commission |
|----------------|----------------------------------|-------------------------|----------------------------|
| Capitalisation | 47.39 | 20.04 | 20.04 |
| Debt (%) | 70% | 70% | 70% |
| Equity (%) | 30% | 30% | 30% |
| Normative Loan | 33.18 | 14.03 | 14.03 |
| Equity | 14.22 | 6.01 | 6.01 |

4.11.2 GFA

Petitioner's Submission

The Petitioner has submitted that the closing balance of Gross Fixed Assets for FY 2022-23 approved in the above section has been considered as the opening balance of GFA for FY 2023-24.

Commission’s analysis

The Commission has approved capitalisation of Rs. 20.04 Crore for FY 2023-24. The Commission has considered opening balance for FY 2023-24 same as closing balance for FY 2022-23 as approved in above section.

Table 103: GFA (Rs. Crore) approved by the Commission

| Particular | Approved in T.O dated 30.03.2023 | Actual (Petitioner submission) | Petitioner's Submission (Normative) | Approved by the Commission |
|-------------------------------------|----------------------------------|--------------------------------|-------------------------------------|----------------------------|
| Opening Gross Fixed Assets | 543.7 | 489.77 | 289.69 | 489.77 |
| Addition During the FY | 47.39 | 20.04 | 20.04 | 20.04 |
| Adjustment/Retirement During the FY | 200.03 | | | |
| Closing Gross Fixed Assets | 391.07 | 509.81 | 309.73 | 509.81 |

4.11.3 Depreciation

Petitioner’s Submission

The Petitioner has submitted that the Depreciation for FY 2023-24 has been estimated based on assets addition during the year as per the annual account and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“31 Depreciation

31.1 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:

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

31.2 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.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 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.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 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.

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

31.7 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 these Regulations.

31.8 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 upto 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.

31.9 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.

31.10 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.”

Depreciation for FY 2023-24 has been estimated based on assets addition during the year as per the annual account and depreciation rates specified in Appendix-I of the MYT Regulations, 2021. The details of calculations for estimating the depreciation for FY 2023-24 are shown in the table below:

Table 104: Asset wise and overall effective Depreciation Rate (%) submitted by the Petitioner

| Particulars | Rate | Opening Depreciable GFA) | Asset Addition | Closing Depreciable GFA | Average Depreciable GFA | Effective Rate |
|-------------|-------|--------------------------|----------------|-------------------------|-------------------------|----------------|
| Land | 0.00% | - | | - | - | - |
| Buildings | 1.80% | 27.33 | | 27.33 | 27.33 | 0.49 |

| Particulars | Rate | Opening Depreciable GFA) | Asset Addition | Closing Depreciable GFA | Average Depreciable GFA | Effective Rate |
|----------------------|--------------|--------------------------|----------------|-------------------------|-------------------------|----------------|
| Plant & Machinery | 3.60% | 261.58 | 20.04 | 281.62 | 271.60 | 9.78 |
| Vehicles | 18.00% | 0.39 | | 0.39 | 0.39 | 0.07 |
| Furniture & Fixtures | 6.00% | - | | - | - | - |
| Office Equipment | 6.00% | 0.39 | | 0.39 | 0.39 | 0.02 |
| Total | 3.46% | 289.69 | 20.04 | 309.72 | 299.70 | 10.36 |

Table 105: Depreciation during FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Normative |
|--|-------------------------------|--------------|--------------|
| Opening Gross Fixed Assets | 543.70 | 489.76 | 289.69 |
| Addition During the FY | 47.39 | 20.04 | 20.04 |
| Adjustment during the FY | 200.03 | - | - |
| Closing Gross Fixed Assets | 391.07 | 509.80 | 309.72 |
| Average Gross Fixed Assets | 367.37 | 499.78 | 299.70 |
| Weighted Avg. rate of Depreciation (%) | 3.51% | 2.62% | 3.46% |
| Depreciation | 12.91 | 13.08 | 10.36 |

Commission's analysis

Regulation 31 of the MYT Regulations, 2021 stipulates the following with respect to depreciation:

“31 Depreciation

31.1 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:

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

31.2 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.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 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.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 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 true-up for assets capitalised at the time of true 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.

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

31.7 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 these Regulations.

31.8 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 upto 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.

31.9 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.

31.10 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 considered weighted average rate of depreciation as per the Audited Accounts.

The Commission had raised a query during the Technical Validation Session regarding the details of assets that have been depreciated up to 90%. In response, the Petitioner submitted that assets amounting to Rs. 215.95 Crore have reached 90% depreciation.

The Commission has computed the depreciation on the depreciable GFA separately. The net depreciation worked by the Commission for the FY 2023-24 is as detailed here under in table below:

Table 106: Calculation of weighted average rate of depreciation as per audited accounts (%)

| Particulars | FY 2023-24 |
|---|------------|
| Opening Gross Fixed Assets | 489.77 |
| Less: Assets depreciated upto 90% | 215.95 |
| Revised opening Gross Fixed Assets | 273.82 |
| Add: Addition During the FY | 20.04 |
| Closing Gross Fixed Assets | 293.86 |
| Average Gross Fixed Assets | 283.84 |
| Depreciation | 13.08 |
| Weighted Average Rate of Depreciation (%) | 4.61% |

Table 107: GFA and depreciation (Rs. Crore) approved by the Commission

| Sr · No · | Particular | FY 2023-24 | | | | |
|--------------------|--|---------------|-------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | | FY 2022-23 | Approved in T.O dt 30.03.2023 | Actual submitted by the Petitioner | Petitioner's submission (Normative) | Approved by the Commission |
| 1 | Opening Gross Fixed Asset | 479.22 | | | | 489.77 |
| 2 | Less: Asset depreciated up to 90% | 200.17 | | | | 215.95 |
| 3 | Opening Gross Fixed Assets | 279.14 | 543.70 | 479.22 | 489.76 | 273.82 |
| 4 | Add: Assets added during the year | 10.55 | 47.39 | 10.55 | 20.04 | 20.04 |
| 5 | Less: Adjustment/Retirement During the FY | | 200.03 | | | |
| 6 | Less: Deposit Works | | | | | |
| 7 | Closing Gross Fixed Asset | 289.69 | 391.07 | 489.76 | 509.8 | 293.86 |
| 8 | Average Gross Fixed Asset | 284.42 | 367.37 | 484.49 | 499.78 | 283.84 |
| 9 | Average Gross Fixed Assets (Net of Land and Land Rights) | | | | | |
| 10 | Average Depreciation Rate | 3.45% | 3.51% | 2.76% | 2.62% | 4.61% |
| 11 | Total Depreciation for year | 9.81 | 12.91 | 13.36 | 13.08 | 13.08 |

4.12 Operation and Maintenance Expenses

Operation & Maintenance Expenses consists of three elements viz. Employee Expenses, A&G Expenses and R&M Expenses. Operation and Maintenance expenses for FY 2023-24 has been submitted based on the norms specified under the Regulations 61 & 15 of the MYT Regulation, 2021, and the approach followed by the Commission in True Up Orders of previous years. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

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

61.1 The Operation and Maintenance Expenses for the Retail Supply Business shall be computed in accordance with this Regulation.

61.2 O&M Expenses shall comprise of the following:

- a) Employee expenses - salaries, wages, pension contribution and other employee costs;*
- b) Administrative and General expenses including insurance charges if any; and*
- c) Repairs and Maintenance expenses.*

61.3 The Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the Distribution Licensee, estimates of the actuals for the Base Year, prudence check and any other factors considered appropriate by the Commission.

61.4 O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GF_{A_{n-1}} \times (1 + WPI_{inflation})$$

$$EMP_n = (EMP_{n-1}) \times (1 + G_n) \times (1 + CPI_{inflation})$$

$$A\&G_n = (A\&G_{n-1}) \times (1 + CPI_{inflation})$$

‘K’ is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee’s filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPI_{inflation} – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WPI_{inflation} – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Distribution Licensee for the nth Year;

A&G_n – Administrative and General expenses of the Distribution Licensee for the nth Year;

R&M_n – Repair and Maintenance expenses of the Distribution Licensee for the nth Year;

GFAn-1 – Gross Fixed Asset of the Distribution Licensee for the n-1th Year;

X_n is an efficiency factor for nth Year. Value of X_n shall be determined by the Commission in the Multi Year Tariff Order based on Licensee’s filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the nth Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee’s filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

Provided that in case the Licensee has been in operation for less than three (3) Years as on the date of effectiveness of these Regulations, the O&M Expenses shall be determined on a case to case basis.

61.5 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

61.6 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.

Provided that at the time of truing up, the variation in the normative and actual O&M expenses shall be dealt in accordance with Regulation 15.”

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

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

15.2 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.

15.3 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.”

The Petitioner has submitted that the O&M expenses trued-up for FY 2022-23 in the previous section of this petition, has been considered for estimating the normative O&M Expenses for FY 2023-24.

4.12.1 Employee expenses

Petitioner Submission

The Petitioner has submitted that it has incurred significant expenses related to arrears payouts resulting from salary revisions due to the implementation of Pay Revision in FY 2022-23. The total arrears paid during the financial year amount to Rs. 1.58 crore. These arrears represent a one-time expense and are therefore claimed as an additional cost above the Normative Expenses, after applying the sharing of gains and losses. The Petitioner has further highlighted that the Normative Expenses permitted to the Petitioner do not account for such one-time payouts. Moreover, the admissibility of these expenses is explicitly supported by Regulation 52.5 and Regulation 61.5 of the Tariff Regulations 2021.

The Petitioner has submitted that the actual Employee Expenses incurred during the FY 2023-24 are provided in the table given below:

Table 108: Computation of CPI Inflation (%) submitted by the Petitioner

| Particulars | Average of (Apr-Mar) | CPI Inflation |
|-------------|----------------------|---------------|
| FY 2022-23 | 377.6 | 5.40% |
| FY 2021-22 | 356.1 | |
| FY 2020-21 | 338.7 | |

Table 109: Computation of WPI Inflation (%) submitted by the Petitioner

| Particulars | Average of (Apr-Mar) | WPI Inflation |
|-------------|----------------------|---------------|
| FY 2022-23 | 152.5 | 7.89% |
| FY 2021-22 | 139.4 | |
| FY 2020-21 | 123.4 | |

Table 110: Employee Expenses for FY 2023-24 (Rs Crore) submitted by the Petitioner

| Particulars | Approved | Actual | Norm |
|--|--------------|---------------|---------------|
| Employee Expenses for Previous Year | 92.82 | | 101.48 |
| Growth Factor (Gn) approved in MYT Order | (4.70%) | | 0.72% |
| CPI Inflation | 5.89% | | 5.40% |
| Employee Expenses | 93.68 | 104.48 | 107.73 |

Commission's analysis

The Commission notes that Regulation 6 of the JERC MYT Regulations, 2021 stipulates the following:

“6. Values for Base Year

“6.1 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.”

The Commission has considered the approved figure of employee expenses for FY 2022-23 as a base figure to determine the normative employee expenses for FY 2023-24. The base year expenses have been escalated by Growth Rate determined based on the manpower plan as submitted by the Petitioner and CPI Inflation to arrive upon the normative employee expenses of FY 2023-24.

The Commission has also approved arrears towards Pay revision (one time expenses) amounting to Rs. 1.58 Crore.

The details are provided below:

Table 111: Growth rate of Employees (%) approved by the Commission

| FY | Employees | Increase/(Decrease) in employees |
|------------|-----------|----------------------------------|
| FY 2022-23 | 1113 | |
| FY 2023-24 | 1121 | 0.72% |

Table 112: CPI Inflation Index (%)

| FY | Average of (April - March) | Increase in CPI Index |
|------------|----------------------------|-----------------------|
| FY 2022-23 | 377.62 | |
| FY 2023-24 | 397.20 | 5.19% |

Table 113: Computation of Employee expenses (Rs. Crore) for FY 2023-24

| S. No | Particulars | (Base Year) | Approved by the Commission |
|-------|---|---------------------|----------------------------|
| | | Trued up FY 2022-23 | FY 2023-24 |
| 1 | Employee Expenses for Previous Year (Normative as approved by the Commission) | 93.50 | 101.62 |
| 2 | Gn (Growth factor) | 2.49% | 0.72% |
| 3 | CPI (Average of 3 Previous Years) | 6.05% | 5.19% |
| 4 | Expenses with inflation and growth | 101.62 | 107.66 |
| 5 | Add: Arrears towards pay revision | | 1.58 |
| 6 | Total Employee Expenses | 101.62 | 109.24 |

Accordingly, the employee expenses approved by the Commission for FY 2023-24 have been provided in the following table:

Table 114: Employee expenses approved by Commission for FY 2023-24 (Rs Crore)

| S. No | Particulars | Approved in T.O dated 30.03.2023 | Revised normative employee expenses | Employee expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------|--|----------------------------------|-------------------------------------|--|-----------------------|------------------------|
| 1 | Employee Expenses (excluding arrears towards Pay revision (one time expenses)) | 93.68 | 107.66 | 102.90 | 105.32 | 102.90 |
| 2 | Impact of pay revision | - | 1.58 | 1.58 | 1.58 | 1.58 |
| 3 | Total Employee Expenses (including arrears towards Pay revision (one time expenses)) | 93.68 | 109.24 | 104.48 | 106.90 | 104.48 |

As the actual employee expenses submitted by the Petitioner are less than re-estimated normative expenses, the Commission approves the Employee Expenses of Rs. 104.48 Crore before sharing of gain/(loss) in the True-up of FY 2023-24. The sharing of gain/(loss) is discussed in later part of this chapter.

4.12.2 Repair and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the actual repair and maintenance expenses incurred during the FY 2023-24 are provided in the table given below:

Table 115: Repairs & Maintenance Expenses for FY 2023-24 (Rs Crore)

| Particulars | Approved | Actual | Norm |
|---|--------------|--------------|--------------|
| GFA for Previous Year (n-1) | 543.70 | | 489.76 |
| K factor approved (K) in MYT Order | 3.21% | | 3.21% |
| WPI Inflation | 5.32% | | 7.89% |
| Repairs and Maintenance Expenses | 18.40 | 20.10 | 16.96 |

Commission's analysis

The Commission has considered the K factor of 3.21% as approved in the MYT Tariff Order dated 11th July 2022 and the same has been multiplied with the opening GFA for FY 2023-24 including consumer contribution and grants for the (n-1)th year. The opening GFA is then escalated by WPI Inflation for FY 2023-24 to arrive upon the normative R&M Expenses for FY 2023-24. The WPI Inflation has been computed as follows:

Table 116: WPI inflation index (%)

| FY | Average of (April - March) | Yearly increase |
|------------|----------------------------|-----------------|
| FY 2022-23 | 152.53 | |
| FY 2023-24 | 151.42 | -0.73% |

Table 117: Computation of R&M Expenses worked out by the Commission (Rs. Crore)

| S. No | Particulars | FY 2023-24 |
|-------|---|------------|
| 1 | Opening GFA (GFAn-1) | 489.77 |
| 2 | K factor approved (K) (%) | 3.21% |
| 3 | WPI Inflation (Actuals for FY 2023-24) (%) | -0.73% |
| 4 | R&M Expenses = K x (GFA n-1) x (1+WPIinflation) | 15.61 |

The R&M expenses approved by the Commission for FY 2023-24 have been provided in the following table:

Table 118: Repair and Maintenance (Rs. Crore) expenses approved by the Commission

| Particulars | Approved in T.O dated 30.03.2023 | Revised normative R&M expenses | R&M expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|-------------------------------|----------------------------------|--------------------------------|---|-----------------------|------------------------|
| Repair & Maintenance Expenses | 18.40 | 15.61 | 20.10 | 16.96 | 15.61 |

The Commission has approved the Repair & Maintenance (R&M) expenses of Rs. 15.61 Crore in the True-up of FY 2023-24.

4.12.3 Administrative and General expenses

Petitioner's submission

The Petitioner has submitted that it has incurred Rs. 0.32 Crore towards Property Tax, as per Schedule 14 of the Accounts. Since this includes arrears from previous years, it qualifies as a one-time, non-recurring expense. The normative A&G Expenses approved by the Commission are based on FY 2018-21 actuals, which did not include such costs.

The Petitioner has submitted that the actual administrative and general expenses incurred during the FY 2023-24 are provided in the table given below:

Table 119: Administrative & General Expenses for FY 2023-24 (Rs Crore) submitted by the Petitioner

| Particulars | Approved | Actual | Norm. |
|--------------------------------|----------|--------|-------|
| A&G Expenses for Previous Year | 6.65 | | 8.16 |
| CPI Inflation | 5.89% | | 5.40% |

| Particulars | Approved | Actual | Norm. |
|--|-------------|-------------|-------------|
| Administrative & General Expenses | 7.04 | 8.65 | 8.61 |

Commission's analysis

The Commission has considered the approved figure of FY 2022-23 (under true-up) as a base figure to determine the normative A&G expenses for FY 2023-24. The base year expenses have been escalated by CPI Inflation for FY 2023-24 to arrive upon the normative A&G expenses of FY 2023-24.

The Petitioner has submitted an impact attributable to property tax amounting to Rs. 0.32 Crore as one-time expense. Accordingly, the Commission has allowed the same. The details are given below.

Table 120: Revised normative A&G expenses computed by the Commission (Rs. Crore)

| S. No | Particulars | Approved by the Commission |
|----------|--|----------------------------|
| 1 | Approved A&G expenses of FY 2023-24 (base value) | 6.11 |
| 2 | CPI (%) | 5.19% |
| 3 | A&G Expenses | 6.43 |
| 4 | Add: Property tax (one-time expenses) | 0.32 |
| 5 | Total A&G expenses | 6.75 |

The A&G expenses approved by the Commission for FY 2023-24 have been provided in the following table:

Table 121: Administrative and General expenses approved by the Commission (Rs. Crore)

| Particulars | Approved in T.O dated 30.03.2023 | Revised normative A&G expenses | A&G expenses as per Audited Accounts (Actual) | Claimed by Petitioner | Approved by Commission |
|---------------------------------------|----------------------------------|--------------------------------|---|-----------------------|------------------------|
| Administrative & General Expenses | 7.04 | 6.43 | 8.33 | 8.61 | 6.43 |
| Add: Property tax (one-time expenses) | - | 0.32 | 0.32 | 0.32 | 0.32 |
| Total A&G expenses | 7.04 | 6.75 | 8.65 | 8.93 | 6.75 |

The Commission has approved the Administrative & General (A&G) expenses of Rs. 6.75 Crore in the True-up of FY 2023-24.

4.12.4 Total Operation & Maintenance (O&M Expenses)

Petitioner's submission

The Petitioner has submitted total operation and maintenance expenses as provided in the table below:

Table 122: O&M Expenses for FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Sr. No. | Particulars | Approved (TO dt 30.03.2023) | Actual | Normative | Claimed by the Petitioner |
|-------------------------|--|-----------------------------|---------------|---------------|---------------------------|
| 1 | Employee Expenses | 93.68 | 102.90 | 107.73 | 105.32 |
| 2 | R & M Expenses | 18.40 | 20.10 | 16.96 | 16.96 |
| 3 | A & G Expenses | 7.04 | 8.65 | 8.61 | 8.61 |
| 4 | Add: Arrears towards Pay revision (one time expense) | - | 1.58 | - | 1.58 |
| 5 | Add: Property tax (one time expense) | - | 0.32 | - | 0.32 |
| O&M Expenses | | 119.11 | 133.55 | 133.29 | 132.78 |

Commission's analysis

The Commission has approved total operation and maintenance expenses in the table given below:

Table 123: O&M Expenses approved by the Commission for FY 2023-24 (Rs. Crore)

| Particulars | Approved in T.O dtd 30.03.2023 | Normative as per Petitioner | Actual | Claimed as per petitioner | Revised normative | Approved by the Commission |
|---|--------------------------------|-----------------------------|---------------|---------------------------|-------------------|----------------------------|
| Employee Expenses | 93.68 | 107.73 | 102.90 | 105.32 | 107.66 | 102.90 |
| R&M Expenses | 18.40 | 16.96 | 20.10 | 16.96 | 15.61 | 15.61 |
| A&G Expenses | 7.04 | 8.61 | 8.33 | 8.61 | 6.43 | 6.43 |
| O&M expenses | | | 131.33 | 130.89 | 129.69 | 124.93 |
| Add: Impact of Pay revision | | | 1.58 | 1.58 | 1.58 | 1.58 |
| Add: Impact attributable to property tax (one time) | | | 0.32 | 0.32 | 0.32 | 0.32 |
| Overall O&M Expenses | 119.11 | 133.29 | 133.23 | 132.78 | 131.27 | 126.83 |

The Commission approves the Operation & Maintenance (O&M) Expenses of Rs. 126.83 Crore in the True-up of FY 2023-24. The gain/(loss) after comparing the actual values and normative values has been addressed separately in Section 4.22.2 of this Order.

4.13 Interest and Finance Charges

Petitioner's submission

The Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 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-capitalisation 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 decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 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 31.

29.4 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 after prudence check:

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.

29.5 *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 capitalisation approved by the Commission for the Year.

29.6 *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.*

29.7 *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.*

29.8 *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.*

29.9 *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 or Distribution 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.

29.10 *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; i.e., the Transmission Licensee and the Distribution Licensee or the Distribution Licensee and the Consumers of Distribution Licensee.”*

The Petitioner has submitted that the closing balance of the loans for FY 2022-23 in the above section is considered as normative opening balance of the loans for FY

2023-24. The addition in loans @70% of assets capitalisation as per annual accounts and repayment of loans equivalent to the depreciation during the year has been considered for calculating the closing balance of the loans for FY 2023-24.

Interest rate equivalent to 1 Year SBI MCLR rate applicable on 1st April plus 100 basis points and average amount of normative loans have been considered for determining the Interest on Loans for FY 2023-24.

The bank charges paid in actual as per the annual accounts for FY 2023-24 has also been considered as part of interest and finance charges.

The details of calculations for estimating the Interest and Finance Charges for FY 2023-24 are shown in the table below:

Table 124: Interest on Normative Loan for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Normative |
|--|-------------------------------------|-------------|-------------|
| Opening Normative Loan | 34.19 | | - |
| Add: Normative Loan During the year | 33.18 | | 14.03 |
| Less: Normative Repayment Depreciation | 12.91 | | 10.36 |
| Closing Normative Loan | 54.46 | | 3.66 |
| Average Normative Loan | 44.32 | | 1.83 |
| Rate of Interest (%) | 8.00% | | 9.50% |
| Interest on loans | 3.55 | 0.17 | 0.17 |
| Add: Bank and financing Charges | - | 1.95 | 1.95 |
| Interest and Finance Charges | 3.55 | 2.13 | 2.13 |

Commission's analysis

Regulation 29 of the JERC MYT Regulations, 2021 stipulates the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 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.

29.2 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.

29.3 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 31.

29.4 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 after prudence check:

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.

29.5 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.

29.6 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.

29.7 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.

29.8 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.

29.9 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.

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.

29.10 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.”

Hence, the rate of interest to be considered while determining the ARR shall be the weighted average interest rate of the actual loan portfolio. However, the Petitioner has submitted that capitalisation during each year has been funded by the Petitioner's equity and no loan has been taken against any of the capitalised assets. In absence of any actual loans, the Commission has considered the SBI MCLR rate, as on 1st April 2023 (8.50%), plus 100 basis points as Rate of Interest, in accordance with the JERC MYT Regulations, 2021.

As per the JERC MYT Regulations 2021, if the equity actually deployed is more than 30% of the capital cost, then equity in excess of 30% would be considered as normative loan. Further, the Commission has considered the capitalisation of assets as approved in the foregoing paragraphs. The Commission for the purpose of funding of the capitalisation has considered the normative debt equity ratio of 70:30.

The Interest on Loan has been calculated on the average loan during the year with the opening loan considered equivalent to the closing loan approved for FY 2022-23

in the True-Up. The total normative loan has been considered to be repaid through depreciation during the year.

The Commission has considered finance charges amounting to Rs. 1.95 Crore as reflected in the audited account.

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

Table 125: Interest and finance charges (Rs. Crore) approved by the Commission

| Particular | FY 2023-24 | | |
|---|--------------------------------|-------------------|----------------------------|
| | Approved (T.O dtd) 30.03.2023 | Actual FY 2023-24 | Approved by the Commission |
| Opening Normative Loan | 34.19 | | |
| Less Opening Consumer contribution loan portion | | | |
| Net Opening Loan | 34.19 | | 0.00 |
| Add: Normative Loan During the year | 33.18 | | 14.03 |
| Less: Normative Repayment = Depreciation | 12.91 | | 13.08 |
| Closing Normative Loan | 54.46 | | 0.95 |
| Average Normative Loan | 44.32 | | 0.475 |
| Rate of Interest (%) | 8.00% | | 9.50% |
| Interest on Loan | 3.55 | 0.17 | 0.045 |
| Finance Charges | | 1.95 | 1.95 |
| Total Interest on Loans | 3.55 | 2.12 | 1.995 |

The Commission has approved Rs. 1.995 Crore towards interest and finance charges.

4.14 Interest on Consumer security deposit

Petitioner's Submission

The Petitioner submits that as specified in Regulation 29 of the MYT Regulations, 2021, the Interest on Consumer Security Deposit has been calculated for FY 2023-24. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“29.11 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 opening balance of consumer security deposit and net addition during the year as per the annual accounts and RBI Bank Rate applicable on 1st April has been

considered to calculate the interest on consumer security deposit for FY 2023-24. However, the actual interest on consumer security deposit paid during the year has been claimed for FY 2023-24. The details of calculations for estimating the Interest on Security Deposit for FY 2023-24 are shown in the table below:

Table 126: Interest on Consumer Security Deposit for FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Claimed |
|--|----------------------------------|--------------|
| Opening Consumer Security Deposit | 174.92 | 169.67 |
| Net Addition During the year | 1.71 | 3.75 |
| Closing Consumer Security Deposit | 176.63 | 173.42 |
| Average Security Deposit | 175.77 | 171.54 |
| Rate of Interest (%) (RBI Bank Rate @ 1st April) | 4.25% | 6.50% |
| Interest on Security Deposit as per norms | 7.47 | 11.15 |

Commission's analysis

Regulation 29.11 of the JERC MYT Regulations, 2021 stipulates the following about security deposit:

“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 opening security deposit for FY 2023-24 has been considered based on the closing security deposit as approved in the True-up of FY 2022-23. The addition during the year has been considered as per the audited account of Petitioner. The rate of interest has been considered at 6.75%, equivalent to the prevailing RBI Bank rate as on 1.4.2023.

The Commission raised a query regarding the variation in interest on consumer security deposit claimed by the Petitioner which is Rs. 11.15 Crore and the interest on consumer security deposit provided in Annual Accounts for the FY 2023-24 which is Rs. 11.58 Crore to which the Petitioner has submitted that Rs. 11.58 Crore is provision created for the payment of interest against Security Deposit for FY 2023-24. The Petitioner has submitted the following table in reply of the data gap:

Table 127: Interest on consumer security deposit (Rs. Crore)

| S. No | Particulars | FY 2023-24 | Remarks |
|-------|---|------------|------------------------|
| A | Opening liability of Interest on Security Deposit | 5.18 | Schedule 7 of Accounts |

| S. No | Particulars | FY 2023-24 | Remarks |
|--------------------------|---|-------------|-------------------------|
| B | Interest on Security Deposit payable during the year | 11.58 | Schedule 17 of Accounts |
| C= A+B- D | Interest on Security Deposit actually paid during the year | 5.18 | |
| D | Closing liability of Interest on Security Deposit | 11.58 | Schedule 7 of Accounts |

The table below provides the calculation of interest on consumer security deposits for the year:

Table 128: Interest on consumer security deposit (Rs. Crore) approved by the Commission

| Sr. No. | Particulars | FY 2023-24 | | |
|---------|---|---------------------------------|-------------------------|----------------------------|
| | | Approved in T.O dtd 30/03.2023) | Petitioner's Submission | Approved by the Commission |
| 1 | Opening Security Deposit | 174.92 | 169.67 | 169.67 |
| 2 | Add: Deposits during the Year | 1.71 | 3.75 | 3.75 |
| 3 | Closing Security Deposit | 176.63 | 173.42 | 173.42 |
| 4 | Average Security Deposit | 175.77 | 171.54 | 171.55 |
| 5 | Rate on Interest (%) (RBI Bank Rate @ 1st Apr) | 4.25% | 6.50% | 6.75% |
| 6 | Interest on Security Deposit as per norms | 7.47 | 11.15 | 11.58 |
| 7 | Interest on Security Deposit paid in actual | | 5.17 | 5.18 |

The Commission has approved Rs. 5.18 Crore towards interest on consumer security deposit.

4.15 Interest on Working Capital

Petitioner's submission

Regulation 64 of the JERC MYT Regulations, 2021 stipulates following regarding the norms of working capital for retail supply business:

“64 Norms of Working Capital for Retail Supply Business

64.1 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) Power Purchase cost for one (1) month; plus
- e) 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 recalculated on the basis of the values of components of working capital approved by the Commission in the truing up.”

The 1 Year SBI MCLR Rate applicable on 1st April plus 200 basis points and the working capital requirement are considered for calculating Interest of Working Capital for FY 2023-24. The details of calculation for estimating the Interest on Working Capital for FY 2023-24 are shown in the table below:

Table 129: Interest on Working Capital for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---|----------------------------------|-------------|
| Two months receivables | 148.31 | 164.85 |
| Add: One month O&M Expenses | 9.93 | 11.06 |
| Add: 40% of repair & maintenance expenses for one month | 0.61 | 0.57 |
| Less: Consumer Security Deposit excl. BG | 175.77 | 171.54 |
| Less: Power Purchase cost for one (1) month | 62.60 | 67.41 |
| Total Working Capital after deduction of Consumer Security Deposit | (79.12) | - |
| SBI MCLR plus 200 Basis Point (%) | 9.00% | 10.50% |
| Interest on Working Capital | 0.00 | 0.00 |

Commission’s analysis

The Commission observed that Regulation 53 of the JERC MYT Regulations, 2021 stipulates the following regarding norms of working capital requirement:

“53. Norms of Working Capital for Distribution Wires Business

53.1 *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 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 64 of the JERC MYT Regulation, 2021 stipulates the following:

“64.1 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:

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 Consumers at the prevailing tariff;

Less

Power Purchase cost for one (1) month; plus

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 32.3 of the JERC MYT Regulation, 2021 stipulates the following:

“32.3 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.

32.4 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.”

The Commission has considered the O&M Expense for 1 month, Maintenance spares at 40% of R&M expenses for one (1) month and Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff based on the previous sections of this same Chapter.

The Commission has considered the SBI Base rate as on 1st April 2023 for calculation of interest plus 200 basis points i.e. 10.50% (8.50% + 200) basis points), as stipulated in the MYT Regulations, 2021.

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

Table 130: Interest on working capital (Rs. Crore) approved by the Commission

| S. No. | Particulars | FY 2023-24 | | |
|----------|--|-------------------------------|--------|----------------------------|
| | | Approved (T.O dtd 30.03.2023) | Actual | Approved by the Commission |
| 1 | Two Months Receivable | 148.31 | 164.85 | 126.77 |
| 2 | O&M Expense - 1 month | 9.93 | 11.06 | 10.54 |
| 3 | Maintenance Spare @ 40% of R&M Expenses of one month | 0.61 | 0.57 | 0.52 |
| 4 | Less: Amount held as Security Deposit (Average of Opening & Closing) | 175.77 | 171.54 | 171.55 |
| 5 | Less: Power Purchase cost for one (1) month | 62.60 | 67.41 | 67.41 |
| 6 | Total | -79.12 | | -101.12 |
| 7 | Interest Rate | 9.00% | 10.50% | 10.50% |
| 8 | Interest on Working Capital | - | - | 0.00 |

Accordingly, the Commission approves the NIL Interest on Working Capital in the True-up of FY 2023-24. Since, there is negative working capital requirement.

4.16 Return on Equity

Petitioner's submission

The Petitioner submits that as specified in Regulation 28 of the MYT Regulations, 2021, the Return on Equity has been calculated for FY 2023-24. The relevant extracts of the MYT Regulations, 2021, are reproduced below:

“28 Return on Equity

28.1 Return on equity shall be computed on the paid up equity capital determined in accordance with Regulation 27 for the assets put to use for the Transmission Licensee and shall be allowed in accordance with the prevalent CERC Tariff Regulations for transmission system.

28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.

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

The closing equity for FY 2022-23 in the above section is considered as the opening Equity for FY 2023-24. The addition in equity during the year @30% of the capitalisation claimed for FY 2023-24 has been considered. Details of calculations for estimating the Return on Equity for FY 2023-24 are shown in the table below:

Table 131: Return on Equity for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---|--|---------------|
| Opening Equity | 157.16 | 140.98 |
| Addition in Equity | 14.22 | 6.01 |
| Closing Equity | 171.38 | 147.00 |
| Average Equity | 164.27 | 143.99 |
| Average Equity (Wire Business) | 147.84 | 129.59 |
| Average Equity (Retail Supply Business) | 16.43 | 14.40 |
| Return on Equity for Wire Business (%) | 15.50% | 15.50% |
| Return on Equity for Retail Supply Business (%) | 16.00% | 16.00% |
| Return on Equity for Wire Business | 22.92 | 20.09 |
| Return on Equity for Retail Supply Business | 2.63 | 2.30 |
| Return on Equity | 25.54 | 22.39 |

Commission’s analysis

The Regulations 28.2 and 28.3 of the JERC MYT Regulations, 2021 stipulate the following with respect to RoE:

“28.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

28.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 27 for the assets put to use, at the rate of sixteen (16) per cent per annum.”

RoE has been calculated on normative basis on the average of opening and closing of equity during the year at the rate of 16% (for retail supply) and 15.50% (for wire business), as applicable, (on post-tax basis) with an opening equity considered equivalent to the closing equity of FY 2022-23 as approved in the True-up of FY 2022-23. Further, the Commission considers 90% of average equity corresponds to the wire business and remaining for retail supply. The following table provides the RoE approved in the MYT Tariff Order dated 30.03.2023, the Petitioner’s Submission and RoE now approved by the Commission under true-up for FY 2023-24.

Table 132: Return on equity (Rs. Crore) approved by the Commission

| S. No | Particulars | FY 2023-24 | | |
|-----------|--|--------------------------------|----------------------------------|----------------------------|
| | | Approved in T.O dtd 30.03.2023 | Actual (Petitioner's submission) | Approved by the Commission |
| 1 | Opening Normative Equity | 157.16 | 140.98 | 140.98 |
| 2 | Equity Addition during year (30% of Net Addition to GFA) | 14.22 | 6.01 | 6.01 |
| 3 | Closing Balance of Normative Equity | 171.38 | 147.00 | 146.99 |
| 4 | Average Equity | 164.27 | 143.99 | 143.98 |
| 5 | Average Equity (Wires Business) (90%) | 147.84 | 129.59 | 129.58 |
| 6 | Average Equity (Retail Supply Business) (10%) | 16.43 | 14.4 | 14.40 |
| 7 | Rate of Return on Equity for Wire Business % | 15.50% | 15.50% | 15.50% |
| 8 | RoE Wire Business | 22.92 | 20.09 | 20.09 |
| 9 | Rate of Return on Equity for Retail Supply Business % | 16.00% | 16.00% | 16.00% |
| 10 | RoE on Retail Supply business | 2.63 | 2.30 | 2.30 |
| 11 | RoE (Wire and Retail Supply business) | 25.54 | 22.39 | 22.39 |

The Commission has approved Rs. 22.39 Crore towards return on equity for FY 2023-24.

4.17 Provision for Bad and Doubtful debts

Petitioner's Submission

The Petitioner has submitted that the provision for bad and doubtful debts as per provisions specified in Regulation 63 of the MYT Regulation, 2021 has been claimed for FY 2023-24. The extract of aforesaid Regulation is reproduced below:

“63 Provision for bad and doubtful debts

63.1 The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of bad debts written off 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 provisioning towards doubtful debts for the year is Rs. 1.39 crore as per the accounts for FY 2023-24.

Commission’s analysis

The Commission noted the provisions given under Regulation 63 of the JERC MYT Regulations, 2021, which are as follows:

63.1 “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.”

Accordingly, the Commission shall true up the bad debts written off in the ARR, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to the provision that the bad and doubtful debts shall be limited to 1% of the Annual Revenue Requirement of the Distribution Licensee.

Therefore, the Commission has not approved provision for bad & doubtful debts for true-up of FY 2023-24.

4.18 Prior Period expenses

Petitioner’s Submission

The Petitioner has submitted that the Prior period items of Rs. (0.01) Crore has been booked as per the Audited Accounts for the FY 2023-24. The details of item wise breakup of Prior period expenses are shown in the table below:

Table 133: Prior Period Expenses for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| S. No. | Particulars | Amount |
|---------------|--|---------------|
| 1 | Purchase of Power – Net Metering Power Solar (Pvt.) | 0.00 |
| 2 | Maintenance of LD System – Amount adjusted with Deposit Work | (0.01) |
| 3 | Total | (0.01) |

Commission's analysis

The Commission has approved prior period expenses as per the annual audited accounts as provided in the table given below:

Table 134: Prior period expenses (Rs. Crore) approved by the Commission

| S N | Particulars | Petitioner's submission | Approved by the Commission |
|----------------|--|------------------------------------|---------------------------------------|
| 1 | Purchase of Power - Net Metering Power Solar (Pvt.) | 0.00 | 0.00 |
| 2 | Maintenance of LD System - Amount adjusted with Deposit Work | (0.01) | (0.01) |
| 3 | Total | (0.01) | (0.01) |

The Commission has approved Rs. (0.01) Crore towards prior period expenses for FY 2023-24.

4.19 Non-Tariff Income**Petitioner's Submission**

Non-Tariff Income as per the specified in Regulation 65 of the MYT Regulations, 2021, has been claimed for FY 2023-24. The extract of aforesaid Regulation is reproduced below,

“65 Non-Tariff Income

65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others;*
- h) Income from advertisements, etc.;*
- i) Meter/metering equipment/service line rentals;*
- j) Service charges;*
- k) Consumer charges;*
- l) Recovery for theft and pilferage of energy;*

- m) Rebate availed on account of timely payment of bills;
- n) Miscellaneous receipts;
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- p) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee’s Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.”

The Petitioner submits that delayed payment surcharges commensurate the interest burden of working capital drawn in excess by the Licensee to counterbalance the revenue shortfall created due to non-receipt of electricity charges. Hence, the recovery of delay payment surcharges has not been considered as Non-Tariff Income for FY 2023-24.

Further, the Petitioner submits that Provision for Bad and Doubtful debts was not approved in ARR for FY 2023-24, hence the recovery of the same has not been considered as Non-Tariff income for FY 2023-24. Details of Non-Tariff Income for FY 2023-24 are shown in the table below:

Table 135: Non-Tariff Income for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|------------------------|--|---------------|
| Miscellaneous Charges | 25.09 | 9.15 |
| Miscellaneous Receipts | | 3.18 |
| Total | 25.09 | 12.34 |

Commission’s analysis

Regulation 65 of JERC MYT Regulation, 2021 states the following about non- tariff income:

“65.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue

Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of non-tariff Income to the Commission along with its application for determination of tariff.

65.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contractors and others;*
- h) Income from advertisements, etc.;*
- i) Meter/metering equipment/service line rentals;*
- j) Service charges;*
- k) Consumer charges;*
- l) Recovery for theft and pilferage of energy;*
- m) Rebate availed on account of timely payment of bills;*
- n) Miscellaneous receipts;*
- o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
- p) Prior period income, etc.:*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time."

The Commission, in the first Deficiency Note, sought details of the miscellaneous charges amounting to Rs. 9.15 Crore and miscellaneous receipts of Rs. 3.18 Crore claimed under Non-Tariff Income. The Petitioner in response submitted the details of miscellaneous charges of Rs 9.15 Crore as follows:

Table 136: Details of Miscellaneous charges as submitted by the Petitioner

| S.No | Head of Accounts | Amount (In Rs.) |
|----------|----------------------------|--------------------|
| 1 | Lamp Mtc. & Renewal Charge | 2,05,91,772 |
| 2 | Meter Rental | 6,66,87,917 |
| 3 | Service Rentals | 1,926 |
| 4 | Solar Govt. Charges | 42,54,600 |
| 5 | Total | 9,15,36,215 |

Further, the Commission, vide its Order dated 22.04.2026, noted that an amount of Rs. 6.67 Crore was required to be refunded to the affected consumers. The Respondent has confirmed that the said amount was refunded to the affected consumers during the financial year.

Details of miscellaneous receipts of Rs. 3.18 Crore is submitted by the Petitioner is follows:

Table 137: Details of Miscellaneous receipt as submitted by the Petitioner

| S.No | Head of Accounts | Amount (In Rs.) |
|----------|---------------------------------|--------------------|
| 1 | Incentive on O&M | 7,35,730 |
| 2 | Misc Receipts | 2,16,52,043 |
| 3 | National SCED Interest Received | 48,99,236 |
| 4 | Reactive Charges Received | 27,65,107 |
| 5 | RTI Fees Received | 1,584 |
| 6 | Sale of Scrap | 15,96,903 |
| 7 | Solar Net Metering Fee | 1,72,025 |
| 8 | Total | 3,18,22,628 |

The Commission has considered the submission of the Petitioner and has verified from its audited accounts and accordingly, approved NTI for FY 2023-24 as shown in the following table:

Table 138: Non-tariff income (Rs. Crore) approved by the Commission

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|--|-------------------------------|--------------|----------------------------|
| Miscellaneous Charges (excluding meter rental) | 25.09 | 9.15 | 2.48 |
| Miscellaneous Receipts | | 3.18 | 3.18 |
| Total | 25.09 | 12.34 | 5.66 |

The Commission has approved Rs. 5.66 Crore towards non-tariff income for FY 2023-24.

4.20 FPPCA Billed during the year

Petitioner's Submission

The Fuel and Power Purchase Cost Adjustment Charges as per the annual accounts has been claimed for FY 2023-24. The details of the FPPCA charges for FY 2023-24 is shown in the table below:

Table 139: FPPCA for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|-------------|----------------------------------|--------|
| FPPCA | - | (0.48) |

Commission's analysis

The Commission has noted that the Petitioner has refunded an amount of Rs. 0.48 Crore to consumers; therefore, the amount has been considered as a negative. The Commission has approved FPPCA as per the annual audited accounts as provided in the table given below:

Table 140: FPPCA approved by the Commission for FY 2023-24

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|-------------|----------------------------------|--------|-------------------------------|
| FPPCA | - | (0.48) | (0.48) |

The Commission has approved Rs. (0.48) Crore towards FPPCA for FY 2023-24.

4.21 Regulatory surcharge billed during the year

Petitioner's Submission

Regulatory Surcharge as per the annual accounts has been claimed for FY 2023-24. Details of Regulatory Surcharge is shown in the table below:

Table 141: Regulatory Surcharge for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|----------------------|----------------------------------|--------|
| Regulatory Surcharge | - | 0.00 |

Commission's analysis

The Commission has approved regulatory surcharge as per the annual audited accounts for FY 2023-24 as provided in the table given below:

Table 142: Regulatory surcharge (Rs. Crore) approved by the Commission for FY 2023-24

| Particulars | Approved (T.O. dt 30.03.2023) | Actual | Approved by the Commission |
|----------------------|----------------------------------|--------|-------------------------------|
| Regulatory Surcharge | - | 0.00 | 0.00 |

4.22 Incentive/Disincentive towards over/under-achievement of norms

4.22.1 Incentive/Disincentive towards over/under-achievement of norms for T&D Loss

Petitioner's submission

No submission has been made in this regard.

Commission analysis

In the ARR Tariff order dated 30th March 2023 for FY 2023-24, the Commission had approved the T&D loss level of 8.40%. The Petitioner has achieved T&D loss of 13.47% against the approved loss level of 8.40%.

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

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

15.2 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.”

As discussed in the Truing-Up of FY 2022-23 under Section 3.22.1 of this Order regarding the incentive/disincentive for over-achievement or under-achievement of norms for T&D loss, the Commission has considered the Average Variable Rate of Rs. 2.71/kWh for FY 2023-24 for computation of the applicable dis-incentive.

The Petitioner has submitted the monthly power purchase details in Annexure 3 of the response to the query raised by the Commission in Technical Validation Session dated 25.03.2026. Based on the monthly variable power purchase cost of Rs. 516.58 Crore and quantum approved by the Commission at ex-bus, the Average Variable Rate has been derived. Further, the energy at the State/UT periphery has been computed by grossing up the retail energy sales for the entire financial year (1,586.08 MUs) with the actual intra-State T&D loss of 13.47%, as shown below:

Table 143: AVR for the FY 2023-24 approved by the Commission (Rs. Cr.)

| Average Variable Rate | Value |
|---------------------------------|----------|
| Total Variable charges | 516.58 |
| Power Purchase Quantum | 1,904.63 |
| Average Variable Rate (Rs/Unit) | 2.71 |

Table 144: Dis-incentive due to under-achievement of Intra-State T&D Loss target (Rs. Cr.)

| S. No | Particulars | | Normative | Approved under True-up |
|-------|--|----------|-----------|------------------------|
| 1 | Retail Sales | A | 1,586.08 | 1,586.08 |
| 2 | T&D Loss | B | 8.40% | 13.47% |
| 3 | At Periphery | C=A-B | 1,731.53 | 1,832.98 |
| 4 | Gain/(Loss) | D | | (101.45) |
| 5 | Average Energy Charge (VC) | E | | 2.71 |
| 6 | Gain/(Loss) | F=D*E/10 | | (27.52) |
| 7 | Sharing of 100% of loss with the Petitioner | | | (27.52) |

4.22.2 Incentive/Disincentive towards over/under-achievement of norms for Operation and Maintenance expenses

Petitioner's submission

The Petitioner has submitted that the sharing of gains and losses has been computed in accordance with Regulation 15 of the MYT Regulations, 2021.

Table 145: O&M Expenses for FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Sr No | Particulars | Approved (TO dt 30.03.2023) | Actual | Normative | Gains/Losses Sharing | Claimed |
|-------------------------|--|-----------------------------|---------------|---------------|----------------------|---------------|
| 1 | Employee Expenses | 93.68 | 104.48 | 107.73 | 3.24 | 105.32 |
| 2 | R & M Expenses | 18.40 | 20.10 | 16.96 | (3.13) | 16.96 |
| 3 | A & G Expenses | 7.04 | 8.65 | 8.61 | (0.04) | 8.61 |
| 4 | Add: Arrears towards Pay revision (one time expense) | - | 1.58 | - | - | 1.58 |
| 5 | Add: Property tax (one time expense) | - | 0.32 | - | - | 0.32 |
| O&M Expenses | | 119.11 | 133.52 | 133.29 | (0.71) | 132.78 |

Commission analysis

In accordance with the JERC MYT Regulations, 2021, the Commission has determined the sharing of gains/losses on account of controllable factors. The Regulation 15 of the JERC MYT Regulations, 2021 stipulates the following:

“15 Mechanism for sharing of gains or losses on account of controllable factors

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

15.2 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.”

Considering the above provisions, the Commission has carried out the gain and loss of O&M expenses, which are controllable parameters. The details are provided below.

Table 146: Sharing of gain/losses approved by the Commission (Rs. Crore)

| Particulars | Approved by the Commission | Revised Normative | Actual | Gain/Loss | Sharing of gain/loss |
|---|----------------------------|-------------------|---------------|-------------|----------------------|
| Employee Expenses | 102.90 | 107.66 | 102.90 | 4.76 | 2.38 |
| R&M Expenses | 15.61 | 15.61 | 20.10 | - | - |
| A&G Expenses | 6.43 | 6.43 | 8.65 | - | - |
| O&M expenses | 124.93 | 129.69 | 131.65 | 4.76 | 2.38 |
| Add: Arrears towards Pay revision (one-time expenses) | 1.58 | 1.58 | 1.58 | - | - |
| Add: Property tax (one-time expenses) | 0.32 | 0.32 | 0.32 | - | - |
| Total | 126.83 | 131.59 | 133.55 | 4.76 | 2.38 |

4.23 Aggregate Revenue Requirement (ARR)

Petitioner’s Submission

The Aggregate Revenue Requirement for FY 2023-24 based on estimates submitted in the above sections are tabulated below:

Table 147: Aggregate Revenue Requirement for FY 2023-24 (in Rs. Crore) submitted by the Petitioner

| Sr. No. | Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|----------|----------------------------|-------------------------------|---------------|
| 1 | Power Purchase Cost | | 808.91 |
| 1a | - Power purchase | 746.38 | 680.06 |
| 1b | -Transmission Charges | | 127.82 |
| 1c | -SLDC Fees & Charges | | 1.03 |
| 2 | O&M Expenses | | 132.78 |
| 2a | -Employee costs | 119.11 | 105.32 |

| Sr. No. | Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|-----------|--|-------------------------------|---------------|
| 2b | -Administration and General expenses | | 16.96 |
| 2c | -R&M expenses | | 8.61 |
| 3 | Depreciation | 12.91 | 10.36 |
| 4 | Interest & Finance Charges | 11.02 | 13.28 |
| 4a | -Interest and finance charges | 3.55 | 0.17 |
| 4b | -Interest on working capital | - | - |
| 4c | -Bank Charges | - | 1.95 |
| 4d | -Interest on Consumer Security Deposit | 7.47 | 11.15 |
| 5 | Return on Equity | 25.54 | 22.39 |
| 6 | Provision for Bad Debt | - | 1.39 |
| 7 | Prior Period Expenses | - | (0.01) |
| 8 | Total Revenue Requirement | 914.96 | 989.11 |
| 9 | Less: Non-Tariff Income | 25.09 | 12.34 |
| 10 | Net Revenue Requirement | 889.88 | 976.77 |
| 11 | Revenue from retail sales at Existing Tariff | 853.19 | 760.65 |
| 12 | FPPCA billed during the year | - | (0.48) |
| 13 | Regulatory Surcharge billed during the year | - | 0.00 |
| 14 | Revenue (Surplus)/Gap for the Year | 36.69 | 216.60 |

Commission's analysis

The Commission on the basis of the detailed analysis of the cost parameters of the ARR has approved the revenue requirement for the True-up of FY 2023-24 as given in the following table:

Table 148: ARR (Rs. Crore) approved by the Commission for FY 2023-24

| Particulars | FY 2023-24 | | |
|---------------------------------------|---------------------------------|---|----------------------------|
| | Approved in T.O dtd 30.03.2023) | Actual FY 2023-24 (Submitted by the Petitioner) | Approved by the Commission |
| Power Purchase Cost | 746.38 | 808.91 | 807.91 |
| O&M Expenses | 119.11 | 132.78 | 126.83 |
| -Employee costs | | 105.32 | 102.90 |
| -Administration and General expenses | | 8.61 | 6.43 |
| -R&M expenses | | 16.96 | 15.61 |
| One-time expenses (Pay revision) | | 1.58 | 1.58 |
| One-time expenses (Property tax) | | 0.32 | 0.32 |
| Depreciation | 12.91 | 10.36 | 13.08 |
| Interest & Finance Charges | 11.02 | 13.28 | 7.17 |
| -Interest and finance charges | 3.55 | 0.17 | 0.05 |

| Particulars | FY 2023-24 | | |
|---|---------------------------------|---|----------------------------|
| | Approved in T.O dtd 30.03.2023) | Actual FY 2023-24 (Submitted by the Petitioner) | Approved by the Commission |
| -Interest on working capital | | 0.00 | 0.00 |
| -Bank Charges | | 1.95 | 1.95 |
| -Interest on Consumer Security Deposit | 7.47 | 11.15 | 5.17 |
| Return on Equity | 25.54 | 22.39 | 22.39 |
| Provision for Bad Debt | | 1.39 | - |
| Prior Period Expenses | | -0.01 | -0.01 |
| Sharing of gain on account of O&M expenses | | | 2.38 |
| Disincentive on under achievement of norms of T&D loss target | | | -27.52 |
| Total Revenue Requirement | 914.96 | 989.11 | 952.24 |
| Less: Non-Tariff Income | 25.09 | 12.34 | 5.66 |
| Net Revenue Requirement | 889.88 | 976.77 | 946.58 |

4.24 Revenue at Current Tariff

Petitioner's Submission

The Petitioner has submitted that the Revenue Billed at Current Tariff as per the annual accounts has been claimed for FY 2023-24. The details of Revenue Billed at current tariff, actual vis-à-vis approved for FY 2023-24 are shown in the table below:

Table 149: Revenue at Current Tariff for FY 2023-24 (Rs. Crore) submitted by the Petitioner

| Particulars | Approved (T.O. dt 30.03.2023) | Actual |
|---------------------------|-------------------------------|---------------|
| Domestic – LT | 363.18 | 288.48 |
| Domestic – HT | 14.30 | 12.65 |
| Domestic – Total | 377.48 | 301.13 |
| Commercial – LT | 139.91 | 136.05 |
| Commercial – HT | 142.95 | 140.83 |
| Commercial – Total | 282.86 | 276.88 |
| Large Supply | 71.69 | 66.56 |
| Medium Supply | 57.51 | 56.84 |
| Small Power | 8.74 | 8.45 |
| Agriculture | 0.42 | 0.33 |
| Public Lighting | 7.85 | 8.00 |
| Bulk Supply | 43.51 | 38.36 |
| Others Temporary Supply | 2.89 | 4.06 |
| EV Charging Stations | 0.24 | 0.04 |
| Total | 853.19 | 760.65 |

Commission's analysis

The Commission has considered the revenue as per the audited account, as submitted by the Petitioner. Accordingly, the revenue now trued-up by the Commission is shown in the following table:

Table 150: Revenue (Rs. Crore) approved by the Commission

| Particulars | Petitioner's Submission | | Approved by the Commission | |
|---------------|-------------------------|---------------------|----------------------------|---------------------|
| | Sales (MUs) | Revenue (Rs. Crore) | Sales (MUs) | Revenue (Rs. Crore) |
| Total Revenue | 1586.08 | 760.65 | 1586.08 | 760.65 |

4.25 Standalone Revenue Gap/(Surplus)

Petitioner's submission

The Petitioner has submitted that the Revenue Gap/ Surplus so determined herein shall be to the account of UT Chandigarh as per the 4.4(a) of the Government Policy Direction.

Table 151: Revenue gap/(surplus) submitted by the Petitioner (Rs Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023) | Petitioner's submission |
|-------|--|---------------------------------|-------------------------|
| 1 | Net Revenue Requirement | 889.88 | 976.77 |
| 2 | Revenue from retail sales at Existing Tariff | 853.19 | 760.65 |
| 3 | Less: FPPCA during the year | - | (0.48) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 36.69 | 216.60 |

Commission analysis

The Commission considered their audited account and approved the standalone Revenue Gap/Surplus as follows:

Table 152: Revenue gap/(surplus) approved by the Commission (Rs. Crore)

| S. No | Particular | Approved in T.O dtd 30.03.2023 | Petitioner's Submission | Approved by the Commission |
|-------|--|--------------------------------|-------------------------|----------------------------|
| 1 | Net Revenue Requirement | 889.88 | 976.77 | 946.58 |
| 2 | Revenue from retail sales at Existing Tariff | 853.19 | 760.65 | 760.65 |
| 3 | Less: FPPCA during the year | - | (0.48) | (0.48) |
| 4 | Regulatory Surcharge billed during the year | - | 0.00 | 0.00 |
| 5 | Revenue (Surplus)/Gap for the Year | 36.69 | 216.60 | 186.42 |

4.26 Cumulative Gap

Regulation 12.5 (c) of the MYT Regulations 2021 provides to allow carrying cost on the gap from the date on which such gap become due till the date it is addressed at MCLR rate as on 1st April of the relevant year plus 100 basis points. The relevant excerpt is reproduced below:

"(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....

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;

..."

Further, considering the cumulative surplus approved by the Commission after true-up of FY 2021-22 of Rs 97.28 Crore, the cumulative gap with carrying cost at the end of FY 2022-23 and FY 2023-24 has been shown as below:

Table 153: Cumulative Gap/(Surplus) with carrying cost at the end of FY 2023-24 (Rs. Crore)

| Particulars | True-up FY 2021-22 | Approved for FY 2022-23 | Approved for FY 2023-24 |
|--|-----------------------|----------------------------|----------------------------|
| Opening cumulative (surplus)/gap | - | (97.28) | 59.11 |
| Add: Revenue gap/(surplus) during the year | - | 156.39 | 186.42 |
| Deletion | - | | |
| Closing cumulative (surplus)/gap | (97.28) | 59.11 | 245.53 |
| Average of opening and closing cumulative (surplus)/gap | - | (19.09) | 152.32 |
| Rate of Interest (SBI MCLR) | - | 8.00% | 9.50% |
| Carrying cost on Simple Interest | - | (1.53) | 14.47 |
| Total Carrying cost | | | 12.94 |

Chapter 5: Compliance to Directives

5.1 Metering/Replacement of non-functional or defective/11 kV meters)

Originally Issued in Tariff Order dated 16th July 2011

Commission's Directive in Tariff Order dated 25th July 2024

The Commission directed the Petitioner to submit the response from MoP regarding the approval within 15 days of issuance of this order and submit a Monthly Report.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.2 Energy Audit

Originally Issued in Tariff Order dated 16th July 2011

Commission's Directive in Tariff Order dated 25th July 2024

The Commission has noted with serious concern that the Petitioner is yet to submit the Energy Audit Reports for previous years despite repeated directions. The Commission directs the Petitioner to submit the consultant's report as soon as its prepared and meanwhile submit quarterly report of the action plan within one month of issuance of this Order and complete the Annual Energy Audit of the UT on priority.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.3 Demand Side Management and Energy Conservation

Originally Issued in Tariff Order dated 16th July 2011

Commission's Directive in Tariff Order Dated 25th July 2024

The Commission expresses its displeasure regarding no response from the Petitioner on the study related to Demand Side Management. Non submission of quarterly report regarding measures related to energy efficiency is a lapse on the part of the Petitioner, and it is expected

that the directives would be followed in true spirit and reports be submitted as directed.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.4 Creation of SLDC

Originally Issued in Tariff Order dated 28th March 2018

Commission's Directive in Tariff order dated 25th July 2024

The Commission directs the Petitioner to take up the matter with topmost priority and ensure that the process of creation of SLDC be expedited with help from Chandigarh Administration.

Petitioner's Response

Vide notification dated 31.01.2025, UT Administration has established State Load Despatch Centre (SLDC) within UT Chandigarh.

Commission's View

The Commission has noted the submission of the Petitioner.

5.5 Operational safety and policy for accidents and compensation

Originally Issued in Tariff Order dated 28th March 2018

Commission's Directive in Tariff Order 25th July 2024

The Commission expresses its dissatisfaction with the Petitioner's careless strategy. The initial directive was issued by the Commission in a Tariff Order dated March 28, 2018. The petitioner

hasn't made much headway since then. The staff members' safety and the dependability of the system are closely tied to their training. The department's casual attitude towards employee safety demonstrates the negligent conduct of the accountable officers. The petitioner is required to provide data on the number of human fatalities from 2018, as well as a breakdown of the number of incidents involving staff and outside parties and the compensation awarded to impacted individuals.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.6 Non-achievement of capitalization target

Originally Issued in Tariff Order dated 28th March 2018

Commission's Directive in Tariff Order dated 25th July 2024

The Commission directs the Petitioner to increase its efforts towards undertaking capital expenditure activities as envisaged in Business Plan Order to improve the service quality and target 24x7 supply to all consumers. Further, the Petitioner is directed to ensure that the capitalisation targets approved are completed in the MYT Period.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.7 Monthly Billing for Domestic and Commercial/ Non-Residential category consumers

Originally Issued in Tariff Order dated 20th May 2019

Commission's Directive Tariff Order dated 25th July 2024

The Petitioner is directed to submit the number of domestic consumers and Commercial/Non-domestic consumers. The electricity bills of consumers are to be issued on monthly basis. The Petitioner is directed to expedite the smart grid project and start monthly billing on priority.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's Analysis

The Commission has noted the submission and drops this directive.

5.8 Determination of Category wise/ Voltage wise Cost of supply

Originally Issued in Tariff Order dated 20th May 2019

Commission's Directive in Previous Tariff Order dated 25th July 2024

The Petitioner is directed to submit a progress report within one month from the issuance of this order and ensure the implementation.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

5.9 kVAh based tariff

Originally Issued in Tariff Order dated 20th May 2019

Commission's Directive in Tariff order dated 25th July 2024

The Petitioner is directed to submit the progress report along with a proposed timeline to complete the aforesaid work.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's Analysis

The Commission has noted the submission and drops this directive.

5.10 Hydro Purchase Obligation

Originally Issued in Tariff Order dated 11th July 2022

Commission's Directive in Tariff order dated 25th July 2024

The Petitioner is directed to comply RPO trajectory as specified under the JERC (Procurement of Renewable Energy) Regulations as amended from time to time.

Petitioner's Response

Pursuant to restructuring process in accordance with the Transfer scheme, CPDL is overlooking the Distribution business in Chandigarh, therefore the directive may be complied by CPDL.

Commission's View

The Commission has noted the submission and drops this directive.

Annexure 1: List of Stakeholders who attended the public hearing**Table 154: List of Stakeholders**

| S. No. | Name of Person (Mr./Ms.) | Organization/ Address |
|---------------|---------------------------------|-----------------------------------|
| 1. | Mr. Bittu | Sector 21, Chandigarh |
| 2. | Gp Captain R.C. Goyal | Sector-36 D, Chandigarh |
| 3. | S.K. Nayar | Chandigarh (Indian citizen Forum) |
| 4. | Narinder Sharma | Chandigarh (Indian citizen Forum) |
| 5. | B.B Sharma | 201, 44-A, Chandigarh |
| 6. | Naveen Goyal | 200/15-A |
| 7. | R. R. Singh (Press) | Danik Bhaskar |
| 8. | Gopal | 298, Vikas Nagar, Chandigarh |
| 9. | B.S Saini | Industrial Area 1, Chandigarh |
| 10. | Rajiv Kumar | Bharat Industry |
| 11. | Gurmeet Singh Bhalla | Sector 15-A, Chandigarh |
| 12. | Rakesh Gupta | 2297/35-C |
| 13. | Vinod | 215, Ind. Area, Phase-I |