TARIFF ORDER

True-up of ARR of FY 2012-13,
Review of ARR of FY 2013-14
and
Determination of Aggregate Revenue Requirement
&
Retail Tariff for FY 2014-15,

Petition no.120/2013

For
Electricity Department, Dadra & Nagar Haveli
&
DNH Power Distribution Corporation Limited

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories

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5th May 2014

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S. No.	Annexure
1	Admission Letter dated 27th November 2013 issued by the Commission
2	Public Notices published by the Petitioner for inviting objections/suggestions on the ARR & tariff petition FY 2014-15 (Petition no. 120 of 2013)
3	Public Notices published by the Commission for intimation of public hearing on the ARR & tariff petition FY 2014-15 (Petition No. 120 of 2013)

List of Abbreviations

Abbreviation		Full Form
A&G	:	Administration & General Expenses
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
CAGR	:	Compound Annualized Growth rate
Capex	:	Capital Expenditure
CAG	:	Comptroller and Auditor General of India
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
COD	:	Commercial Operation Date
Commission/JERC	:	Joint Electricity Regulatory Commission for the State of Goa and Union territories
CKt. Km	:	Circuit Kilometer
DNHIA	:	Dadra & Nagar Haveli Industries Association
DISCOM/DNH	:	Electricity Department, Dadra and Nagar Haveli
D/C	:	Double Circuit
DS	:	Domestic Supply
EA 2003	:	The Electricity Act, 2003
FC	:	Fixed Charges
FPA	:	Fuel Price Adjustment
FPPCA	:	Fuel & Power Purchase Cost adjustment
FY	:	Financial Year
GFA	:	Gross Fixed Assets
HP	:	Horse Power
HSD	:	High Speed Diesel Engines
HT	:	High Tension
JERC/ Commission	:	Joint Electricity Regulatory Commission for the State of Goa and Union territories
KVA	:	Kilo Volt Ampere
KWh	:	Kilo Watt Hour
LPS	:	Late Payment Surcharge
LT	:	Low Tension
LIG / LIGH	:	Low Income Group Housing

Abbreviation		Full Form
PPCA	:	Power Purchase Cost Adjustment
MU	:	Million Unit
MW	:	Mega Watt
MYT	:	Multi Year Tariff
NDS	:	Non Domestic Supply
O/H	:	Over head
O&M	:	Operation & Maintenance
PLF	:	Plant Load Factor
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SCL	:	Sanctioned Connected Load
S/C	:	Single Circuit
SBI PLR	:	SBI Prime Lending Rate
SIA	:	Silvassa Industries Association
SIMA	:	Silvassa Industries & Manufacturing Association
T&D	:	Transmission & Distribution
UoM	:	Unit of Measurement
VAR	:	Volt Ampere Reactive
VC	:	Variable Charges

Before the

Joint Electricity Regulatory Commission for the State of Goa and Union Territories

Gurgaon

CORAM[1]

Sh. S.K. Chaturvedi, Chairman

Petition No. 120 of 2013

In the matter of

True-up of Aggregate Revenue Requirement for FY 2012-13, Review of ARR of FY 2013-14 and Aggregate Revenue Requirement (ARR) & Retail Tariff for the Financial Year 2014-15, of the Electricity Department, Union Territory of Dadra and Nagar Haveli and Dadra and Nagar Haveli Power Distribution Corporation Limited.

And in the matter of

Dadra and Nagar Haveli Power Distribution Corporation Limited

&

Electricity Department, Union Territory of Dadra and Nagar Haveli …...Petitioner

[1] As per section 93 of the Electricity Act, 2003; no act or proceedings of the Appropriate Commission shall be questioned or shall be invalidated merely on the ground of existence of any vacancy or defect in the constitution of the Appropriate Commission. Therefore, Shri S K Chaturvedi constituted the valid Coram for the 1st public hearing in respect of the determination of the ARR & tariff for FY 2014-15, due to vacancy in the position of Chairperson at that time. Shri S.K. Chaturvedi, who was the Member of the Commission at the time of 1st public hearing, was the Chairperson of the Commission at the time of 2nd Public Hearing.

ORDER

Date: 5th May 2014

1. INTRODUCTION

1.1 JERC Formation

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

1.2 Electricity Department, UT of Dadra and Nagar Haveli

Earlier the Electricity Department, UT of Dadra and Nagar Haveli herein called ED-DNH, was responsible for procurement, transmission and distribution of electricity to the various consumer categories in the UT of Dadra and Nagar Haveli.

1.3 Notification of Transfer Scheme, Unbundling of ED-DHN and formation of DNHPDCL

The **Dadra and Nagar Haveli Electricity Reforms Transfer Scheme 2013** was notified by U.T. Administration vide **notification no. 1-1(594)ELE/2013/697 Dated 07th March 2013**. Further, UT Administration of DNH vide **notification no. 1-1(656)/ELE/2012/700 Dated 08th March 2013** notified the effective date as **01st April 2013** for the purpose of implementing the Dadra and Nagar Haveli Electricity Reforms Transfer Scheme 2013.

As per the provisions of the notified transfer scheme, clause 4(1) on page no 4, wherein it is stated that:

> *Subject to the provision of this scheme on and with effect from such date as may be notified by the Administration as effective date of transfer:*
>
> *(a)* ***The functions of Distribution and associated divisions of department as set out in Schedule A shall stand out and vested with DNH Power Distribution Corporation Limited*** *without any further act or things to be done by the Administration or the Company or any other person.*

Also as per the provisions of Schedule 'B' (Page 9), **the Assets of 66/11 kV and below have been transferred to DNHPDCL**.

Further, Point no 8 on page no. 5, it is stated that:

> ***(8) The functions, duties, personnel, assets , liabilities and proceedings as set out in schedule 'C' shall not be transferred to the company and vest with the Electricity Department.***

It is further detailed in schedule 'C' on Page 10 that:

> *Unless otherwise specified by the Administration, the assets, liabilities, personnel and proceedings in relation to* ***following shall not be transferred to the Company:***
>
> 1. *Function of generation of electricity except non-conventional source of energy.*
> 2. *Functions of transmission of electricity.*
> 3. *Functions of policy making, Planning and Coordination.*
> 4. *Functions which are not transferred to the Company under this scheme.*

It is also mentioned on page 5, point no 4 that,

> *(4) The balance sheet of the company shall be drawn as on the Effective Date of Transfer giving effect to the provisions contained herein above, as per the opening balance sheet to be notified by the Administration separately.*

The DNH Power Distribution Corporation Limited, herein referred as DNHPDCL, was incorporated with the Registrar of Companies, Gujarat under the Companies Act, 1956 on 13th July 2012 and started its functioning as a separate distribution company (Discom) from 01st April 2013 in pursuance to the provisions laid down in transfer scheme.

As submitted by the petitioner,

Quote "*The present distribution system of DNHPDCL consists of 48.5 circuit km of 220 kV double circuit (D/C) lines, 154. 6 km of 66 kV D/C lines, 637 circuit km of 11 kV lines and 1786 kms of LT lines along with 1930 transformers.*

At present, the UT of Dadra & Nagar Haveli gets power from 400/220 kV PGCIL Vapi and 100 MW from 220/66 kV Bhilad sub-station of GETCO.

The present firm and non-firm power allocation of Dadra & Nagar Haveli is 1049.77 MW in the peak hours and 940.60 MW in the off-peak hours from the various Generating Stations, which includes 647.77 MW and 538.60 MW from the Central Generating stations during peak and off-peak hours respectively, 164 MW from NTPC-SAIL plant at Bhilai, 38 MW from Ratnagiri gas based power plant (RGPPL) and 200

MW from EMCO Energy Limited (GMR). The power supply from the EMCO has been stated from April 2013.

Earlier in FY 12-13, the peak electricity demand of 660 MVA was recorded in DNHPDCL periphery. The total energy requirement recorded during FY 2012-13 was 4572 MU, against that 4399 MU was available, resulting in a power deficit of 173 MU (3.8%) during FY 12-13. DNHPDCL has made the necessary arrangement with various power generation companies to meet the energy requirement is the UT of Dadra & Nagar Haveli for FY 13-14 and FY 14-15.

The power demand is primarily dependent on the HT and LT industrial consumers contributing approximately 98% of the total sales in FY 12-13. The high demand from industrial consumers is primarily due to tax holiday benefit extended by the Govt of India in UT of Dadra & Nagar Haveli, which has attracted a large number of industries to set up their industry in this region.

Considering the increase in demand from large industries, the demand is likely to increase around 5000 MUs by the end of FY 2014-15. In view of this huge power requirements, DNHPDCL had proposed a number of schemes to be implemented during FY 13-14 to FY 14-15 for strengthening and augmentation of the transmission and distribution system in the territory.

DNHPDCL has already signed power purchase agreements (PPAs) with NTPC for allocation of power from North Karanpura Super Thermal Power Station (NKSTP) and Barh Super Thermal Power Project (BSTPP). Besides, DNHPDCL has also shown its willingness for allocation of power for Vindyachal Super Thermal Power Project (VSTPP) – V, Lara Super Thermal Power Project (LSTTP) and RGPPL Expansion II of NTPC. DNHPDCL has also shown its interest for allocation of 50 MW power from the Ultra Mega Power Projects from Ministry of Power. DNHPDCL has already signed PPA with EMCO Energy (GMR) to supply 200MW of power in the next seven years. The supply from the said plant has been started from April 2013.

In addition to this willingness is also given for 50 MW power each from expansion of NSPCL Bhilai power plant, Jagdishpur Thermal Power Plant and Rourkela Thermal Power Plant.

DNHPDCL has total sub-transmission capacity of 720 MVA, including 400 MVA in Kharadpada and 320 MVA Khadoli sub-stations. Further, DNHPDCL is also utilizing 100 MVA capacity of GETCO. Total installed capacity at 66/11 kV sub-stations are 592 MVA. DNHPDCL is continuously striving for increasing its distribution capacity on account of increasing electricity demand from the HT/EHT consumers." **unquote**

1.4 Filing of Petition

DNHPDCL has filed its petition for determination of Aggregate Revenue Requirement (ARR) & Retail Tariff for distribution and retail sale of electricity for FY 2014-15 under section 61, 62 & 64 of the Electricity Act, 2003, DNHPDCL has submitted its ARR and Tariff petition for FY 2014-15 on November 25'2013.

The Electricity Department, UT of Dadra and Nagar Haveli has prayed to the Hon'ble Commission:-

Quote

a) Admit and approve the Aggregate Revenue Requirement of FY 2014-15 as submitted herewith.

b) Make the proposed Retail Supply Tariffs applicable from April 1, 2014.

c) Approve the proposal for Aggregate Revenue Requirement and Tariff Hike for FY 2014-15.

d) Admit and approve the Trued up ARR for FY 2012-13.

e) Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.

f) Submit necessary additional information required by the Commission during the processing of this petition.

g) And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case

Unquote

1.5 Admission of Petition

After initial scrutiny and analysis of the petition, the Commission, as per its letter dated 27th November 2013, admitted the petition for approval of Aggregate Revenue Requirement (ARR) and Tariff for FY 2014-15. The Petitioner was directed to publish the summary of the petition for proposed ARR and Tariff for FY 2014-15 in leading newspapers of the union territory and upload the petition on the website of the Petitioner. The copy of the admission order is enclosed as **Annexure 1** to this order.

DNHPDCL had published a public notice on 28th November 2013 in the leading newspapers of UT of Dadra and Nagar Haveli indicating there in the proposed ARR and Tariff for the FY 2014-15 inviting suggestions/objections from the public. The copies of the newspaper clippings wherein public notices were published by the petitioner for the information to the stakeholders, are enclosed as **Annexure 2** to this order.

1.6 Interaction with the petitioner

This Order has referred at numerous places to various actions taken by the "Commission". It is pertinent to mention for the sake of clarity, that the term "Commission", unless otherwise specified in most of the cases, also refers to the Staff of the Commission for carrying out the technical due diligence & validation of data of the petitions filed by the utilities, obtaining and analyzing information and clarifications received from the utilities and submitting relevant issues for consideration of the 'Commission'.

Subsequent to issuance of admission order, on detailed scrutiny of the petition submitted by DNHPDCL, the Commission observed the following:

1. Post the notification of Transfer Scheme, there was unbundling of ED-DNH into 2 separate entities, i.e. ED-DNH for Transmission Business and DNHPDCL for the Distribution Business.
2. The petition was filed by DNHPDCL only for Distribution Business and no separate petition was received from ED-DNH for the Transmission Business.
3. The petition was filed by DNHPDCL using the information of bundled utility only and projected accordingly. No information pertaining specifically to Distribution Business only was separately mentioned in the petition.

The Commission, in its letter dated 05th December 2013, requested the petitioner to clarify the above-mentioned discrepancies along with other data gaps/shortcomings in the petition. Simultaneously, the Commission discussed the matter with the Secretary (Power), UT Dadra and Nagar Haveli also.

The Secretary (Power), UT Dadra and Nagar Haveli (also MD DNHPDCL) vide its letter no. 1-1(56)/PDCL-AE(Commercial)/2013/3099 dated 20th December 2013, stated that the while Transfer Scheme has been made effective from 01st April 2013 only, ED-DNH is still in process of separation of assets, liabilities, man-power etc. and that same was targeted to be completed by end of FY 2014-15 only. It was further requested that the requirement of DNHPDCL and ED-DNH may be considered on consolidated basis only as filed in the petition and that ED-DNH will file the separate petition for approval of ARR and Tariff Proposal for next financial year i.e. FY 2015-16.

Considering the present status of process of segregation and consequential issue of availability of reliable segregated data in present scenario, the Commission took the letter on record and accepted the submission of ED-DNH and DNHPDCL and decided to proceed with processing of the ARR and Tariff Petition for FY 2014-15 filed by DNHPDCL on consolidated basis for ED-DNH and DNHPDCL. However, the Commission will true up the ARR separately for transmission and distribution business, and would take a prudent view at the time of true up.

The Commission's Staff held discussions with the Petitioner/Petitioner's representative, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.

Commission's staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the tariff petition. The Commission's staff and the Petitioner also discussed key issues related to the petition, which included Power purchase cost, estimated sales, gross fixed assets, security deposit and revenue submitted to the Commission, etc.

On 19th and 20th December 2013, the representatives of the Department along with the representatives of the Commission conducted the technical validation session at the Commission's office. The Commission sought clarifications/additional data on the issues/discrepancies during the technical validation session. This included clarifications on the compliance of directives, mismatch of Power purchase units with REA, month wise reconciled power purchase bills for FY 2012-13 and FY 2013-14, details of Non Tariff Income, details of consumer security deposit, availability from EMCO, detailed FPPCA computations for FY 2012-13 and FY 2013-14.

The Petitioner submitted its replies, in response to the queries raised by the Commission's office, which were necessary for computation of the ARR, the resultant tariff of the Petitioner thereof through letter and through email dated 16th January 2014, and reminder dated 28th January 2014.

Various queries were raised by the Commission; the petitioner clarified most of the queries vide various emails dated 16th January 2014, 24th January 2014, 03rd February 2014, 4th February 2014, 6th February 2014, 11th February 2014 and 13th February 2014. Commission has to rely on the information made available by the petitioner through emails and letters without waiting for affidavits, which, many times has been revised, by the petitioner in subsequent submissions.

Table 1.6.1 : Formal interaction with the petitioner

Sl. No.	Date	Action by	Subject
1.	26th November 2013	ED-DNH/DNHPDCL	Submission of Petition
2.	27th November 2013	Commission	Admission of the petition and request for uploading of revised petition and publishing of notice in newspapers
3.	02nd December 2013	ED-DNH/DNHPDCL	Publication of Public Notice on ARR and Tariff Petition for FY 2014-15 for inviting suggestions/comments of stakeholders.
4.	03rd December 2013	Commission	Deficiencies pointed out by the Commission on the ARR and Tariff Petition
5.	05th December 2013	Commission	Intimation of Technical validation on 19th and 20th December 2013 vide letter no. 14/31/2013-JERC/1564

Sl. No.	Date	Action by	Subject
6.	16th December 2013	Commission	Reminder letter no. 14/31/2013-JERC/1604
7.	17th December 2013	ED-DNH/DNHPDCL	Submission of replies to data gaps vide letter no. 1-1(56)/PDCL_AE(Comml)/2013/3068
8.	19th December 2013	Commission	Technical Validation Session held in JERC for FY 2014-15
9.	20th December 2013	ED-DNH/DNHPDCL	Letter from Secretary Power vide letter no. 1-1(56)PDCL-AE(Comml)2013/3099 requesting consideration of combined petition for both ED-DNH and DNHPDCL
10.	22nd December 2013	Commission	Deficiencies pointed out during the Technical Validation held in JERC for the ARR of FY 2014-15
11.	24th December 2013	ED-DNH/DNHPDCL	Submission of partial replies through email
12.	26th December 2013	ED-DNH/DNHPDCL	Letter from EE(Distt.) vide letter no. 1-1(56)PDCL-AE(Comml)2013/3175 for details of consumer security deposit
13.	03rd January 2014	ED-DNH/DNHPDCL	Partial reply of the Deficiencies pointed out during the Technical Validation held in JERC for the ARR of FY 2014-15
14.	16th January 2014	Commission	Intimation of non receipt of pending data gaps vide letter no. 14/31/2013-JERC/1728
15.	25th January 2014	ED-DNH/DNHPDCL	Submission of Partial replies to queries raised by JERC vide letter no. 1-1/56)/PDCL-AE(Comm)2013-224
16.	28th January 2014	Commission	Request for additional information vide letter no. 14/32/2013-JERC/1765-66
17.	01st February 2014	ED-DNH/DNHPDCL	Submission of Additional information vide letter no.1-1(56)/ PDCL-AE(Comml)/2013/339
18.	06th February 2014	ED-DNH/DNHPDCL	Submission of replies/clarifications through Email
19.	11th February 2014	ED-DNH/DNHPDCL	Submission of replies through Email
20.	13th February 2014	ED-DNH/DNHPDCL	Submission of Affidavit through Email
21.	**13th February 2014**	**Commission**	**Intimation of Critical issues with reliability of information provided by DNHPDCL in support of claims in the petition vide letter no. 14/31/2013-JERC/1811-12 and direction to petitioner to submit revised petition.**
22.	**26th March 2014**	**ED-DNH/DNHPDCL**	**Submission of revised petition**
23.	04th April 2014	Commission	Request for uploading of revised petition and publishing of notice in newspapers
24.	21st April 2014	ED-DNH/DNHPDCL	Submission of Replies

1.7 Critical Issues leading to submission of revised petition by the petitioner

The Commission noticed various computational errors the format 28A for FY 2013-14 submitted by the petitioner wherein the sum total of energy charges in HT(A) and HT(B) categories were wrongly mentioned/computed as Rs 1496.32 Crores and Rs 286.62 Crores, whereas the actual sum total of slab-wise energy charges (i.e. slab wise estimated energy sales multiplied by slab wise approved per unit energy charges) is coming out as Rs 1463.70 Crores and Rs 273.46 Crores only, thereby reducing the revenue from retail sale/ increasing estimated revenue gap for FY 2013-14 by Rs 45.79 Crores.

The Commission also noticed that the projections of energy sales (in MUs) in HT(A) and HT(B) categories had absolutely no correlation with the past trends, which is evident from the table below:

Sales HT	FY 2010-11		FY 2011-12		FY 2012-13		FY 2013-14		FY 2013-14		FY 2014-15	
	Actuals	% Share	Actuals	% Share	Actuals	% Share	H1	% Share	R.E.	% Share	Proj	% Share
HTA	*3340.25*	*91.06%*	*3676.88*	*92.15%*	*3334.25*	*77.13%*	*2149.14*	*93.14%*	*3861.73*	*77.12%*	*4170.67*	*77.12%*
HTB	*328.03*	*8.94%*	*313.27*	*7.85%*	*988.43*	*22.87%*	*158.37*	*6.86%*	*1145.57*	*22.88%*	*1237.22*	*22.88%*
Total HT Supply	3668.28	*100%*	3990.15	*100%*	4322.68	*100%*	2307.51	*100%*	5007.30	*100%*	5407.889	*100%*

It is evident from above table that while the trend of sales in HT(A) and HT(B) categories is pretty much similar in FY 2010-11, FY 2011-12, FY 2013-14 (H1) actuals, the petitioner has submitted the different ratio of sales in HT(A) and HT(B) categories for FY 2012-13 (Actuals), FY 2013-14 (R.E.) and FY 2014-15 (Proj) in the petition. The petitioner failed to explain the rationale for sudden change in pattern of the sales across various categories, especially in view of the fact that the actual sales in the FY 2013-14 (H1) as per petitioner's own submission is in line with past trends only. Similar discrepancies have also been observed in Connected Load. Considering the fact that HT Sales constitute almost 95% of the total sales along with the fact that the average-billing rate of HT(B) category is more than HT(A) category, the higher projection of sales and connected load in HT(B) resulted in higher projection of revenue realization/ lower projection of revenue gap by the petitioner.

The petitioner, vide its email dated 06th February 2014 and affidavit dated 13th February 2014 in response to various queries raised by the Commission, clarified the following:

Quote:

The DNHPDCL would like to submit that in the other charges recovered from consumers, UI sales was erroneously booked amounting to Rs. 50.06 Crores. Hence, the UI sale was booked twice both in the form of UI sales and other charges recovered from consumers in the Profit and Loss account. The DNHPDCL requests the Hon'ble Commission to condone the error. The Profit and Loss account has now

been revised by Rs. 50.06 Crores. The explanation of the same has been given in point no. 6 of the Notes on Accounts of the revised Audited Annual Accounts…"
Unquote.

The revision of balance sheet for FY 2012-13 by the petitioner resulted in the increase of revenue gap by Rs 50.06 Crores.

The resultant revenue gap, owing to above mentioned discrepancies, increased to Rs 188.74 Crores from Rs 97.55 Crores originally projected by the petitioner in the petition as detailed in the table below:

Table 1.7.1 : : Brief Summary of ARR for FY 2014-15, Review of FY 2013-14 and True-up of ARR for FY 2012-13 submitted by the petitioner across various submissions (Rs. in Crores)

Sr. No.	Particulars	True-Up of FY 2012-13		Review of FY 2013-14		ARR for FY 2014-15	
		Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/13
1	Cost of fuel	-	-		-		-
2	Cost of power purchase for full year	1869.04	1869.04	2220.78	2220.78	2409.74	2409.74
3	Employee costs	7.82	7.82	8.52	8.52	12.24	12.24
4	Administration and General Expenses	3.00	3.00	3.27	3.20	3.56	3.48
5	Repair and Maintenance Expenses	4.45	4.45	4.85	4.85	5.28	5.28
6	Depreciation	19.91	19.91	26.99	26.99	31.74	31.74
7	Interest and Finance charges	6.64	6.64	11.01	11.01	19.64	19.64
8	Interest on Security Deposit & Interest on Working Capital	20.44	20.44	25.80	24.17	26.97	25.23
9	Return on NFA /Equity	13.79	13.79	6.40	6.40	6.40	6.40
10	Provision for Bad Debt	19.34	19.34	22.75	22.75	24.57	24.57
11	Payment of contingency liability	41.86	41.86	-	-	-	-
12	Incentive on achievement of norm of T&D loss	-	-	-	-	-	-
13	**Total Revenue Requirement**	**2006.30**	**2006.30**	**2330.36**	**2328.67**	**2540.14**	**2538.33**
14	Less: Non Tariff Income[2]	53.69	11.11	0.75	0.75	0.12	0.76
15	Less: Revenue from Surplus Power Sale/UI	54.05	54.05	20.84	20.84	38.90	38.90

2 As the meter rent and other charges are the part of Non Tariff Income as per the JERC Terms and condition for determination of Tariff Regulations 2009, the Commission has considered the revenue in the Non Tariff Income only and reduced the revenue from retail sales accordingly.

Sr. No.	Particulars	True-Up of FY 2012-13		Review of FY 2013-14		ARR for FY 2014-15	
		Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/13
16	Less: Revenue from Short term sale	-	-	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**	**1898.56**	**1941.14**	**2308.77**	**2307.08**	**2501.12**	**2498.67**
18	Revenue from Retail Sales at Existing Tariff	1714.19	1792.63	2139.19	2093.26	2456.48	2456.48
19	**Net Gap / (Surplus) (17-18)**	**184.36**	**148.51**	**169.59**	**213.82**	**44.64**	**42.19**
20	Recovery on account of PPC variations[3]	165.72	80.54	135.23	135.23	0.00	0.00
21	**Gap after adjusting PPC variations**	**18.65**	**67.97**	**34.36**	**78.59**	**44.54**	**42.19**
22	Gap/(Surplus) for the previous year			18.65	67.97	53.01	146.56
23	Carrying Cost						
24	Past Arrears/Refunds to Consumers						
25	**Total Gap/ (Surplus) (21+22+23+24)**	**18.65**	**67.97**	**53.01**	**146.56**	**97.55**	**188.74**
26	Additional revenue from proposed tariff					97.55	97.55
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**18.65**	**67.97**	**53.01**	**146.56**	**0.00**	**91.19**
28	Budgetary Support from Government						
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**18.65**	**67.97**	**53.01**	**146.56**	**0.00**	**91.19**

The Commission took a serious note of the above-mentioned discrepancies, especially the change of balance sheet by the petitioner. The Commission is of view that such unusual variations in the revenue gap/ change in balance sheet during the course of processing of ARR and Tariff Petition are required to be put in public domain along with the fresh public hearing on the revised information.

Therefore, the Commission, vide its letter no. 14/31/2013-JERC Dated 13th February 2014 to the Secretary (Power), directed the petitioner the following:

Quote

"It may kindly be noted that the public hearing took place on 09th January 2014 on the data furnished in the initial petition whereby all the original data has now changed with the subsequent submissions made by DNHPDCL after the public hearing. The Commission is of view that in case the recent

3 The Commission has considered the recovery on account of FPPCA separately as per the information submitted in Form 28A and accordingly reduced the revenue from retail sales.

submissions made by the utility is considered correct and final, the substantial variations from the original submission is of serious concern and it must go in the public domain and reheard in the public hearing.

Thus, the Commission hereby directs DNHPDCL to submit to the Commission, revised petition with correct data, publishing the abridged form in the daily newspaper and seeking objections/comments from the stakeholders."

Unquote

The revised petition was filed by the petitioner on 26th March 2014.

1.8 Public hearing process

A public notice was published by the Petitioner for inviting objections/ suggestions from its stakeholders on the ARR and Tariff petition in the leading newspapers as detailed below.

Table 1.8.1 : Public Notice published by the Petitioner for Original Petition

Sl. No.	Date	Language	Name of Newspaper
1.	04th December 2013	English	Indian Express
2.	03rd December 2013	Hindi	Nispaksh Jan Sanskar
3.	03rd December 2013	Gujarati	Vartaman Pravah

Table 1.8.2 : Public Notice published by the Petitioner for Revised Petition

Sl. No.	Date	Language	Name of Newspaper
1.	04th April 2014	English	Hindustan Times
2.	04th April 2014	Hindi	UT Today
3.	03rd April 2014	Gujarati	Gujarat Darpan

The petitioner also uploaded the petition on Electricity Department, DNH website (http://www.dnhpdcl.in/) for inviting objections and suggestions on their petition.

Interested parties / stakeholders were requested to file their objections / suggestions on the petition. The copies of newspaper cutting of public notice are attached as **Annexure 2** to this order.

1.9 Notice for public hearing

Commission published public notices in the leading newspapers giving due intimation to stakeholders, consumers, objectors and the public at large about the public hearing to be conducted by the Commission as per the mentioned schedule:

Table 1.9.1 : Schedule of Public hearing at Dadra and Nagar Haveli for Original Petition

S.No	Date	Venue of Hearing	Time & Category of Consumers	Subject
1.	10th January 2014	Town Hall, Silvassa – 396230	**From 10:30 AM onwards** For all consumers – domestic /non-domestic Commercial), LT industries and HT Industries.	**Original Petition for True-up of FY 2012-13, Review of FY 2013-14 and ARR of FY 2014-15**

Table 1.9.2 : Schedule of Public hearing at Dadra and Nagar Haveli for Revised Petition

S.No	Date	Venue of Hearing	Time & Category of Consumers	Subject
1.	17th April 2014	Yatri Niwas, Naroli Road, Dadra and Nagar Haveli Silvassa 396230	**From 09:30 AM onwards** For all consumers – domestic /non-domestic Commercial), LT industries and HT Industries.	**Revised Petition for True-up of FY 2012-13, Review of FY 2013-14 and ARR of FY 2014-15**

Table 1.9.3 : Public Notice published by Commission for Original Petition

Sl. No.	Date	Language	Name of Newspaper
1.	07th January 2014	English	Free Press Journal
2.	07th January 2014	Hindi	Navbharat Times
3.	07th January 2014	Hindi	Nishpaksh Jan Sansaar

Table 1.9.4 : Public Notice published by Commission for Revised Petition

Sl. No.	Date	Language	Name of Newspaper
1.	05th April 2014	English	Free Press Journal
2.	05th April 2014	Hindi	Savera India Times

Table 1.9.5 : Repeat Public Notice published by Commission for Revised Petition

Sl. No.	Date	Language	Name of Newspaper
1.	16th April 2014	English	Free Press Journal
2.	16th April 2014	Hindi	Savera India Times

The copies of public notice published by the Commission for intimation of public hearing are attached as **Annexure 3** to this order.

Commission received 5 written objection / suggestion on the petition before the date of public hearing. The Commission forwarded those to the Petitioner for communicating their reply to the objections raised by the objector.

During the public hearing, each objector was provided an opportunity to present his views on the petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given an opportunity to express their views. Stakeholders who raised their concerns on the spot were replied to, by the officers of the utility orally on the spot. The list of all objectors is attached at **Annexure 4** to this order.

The list includes the objectors:

1. Those who gave their written objections & did not intend to present orally during the public hearing
2. Those who gave their written objections & expressed desire to present orally also during the public hearing
3. Those who gave their written objections but had not desired to express orally, but later chose to present orally also. They were also given an opportunity to present orally before the Commission during the public hearing;
4. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot
5. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot and also gave written submissions

All these objections/suggestions were heard by the Commission and the licensee during the hearing. Later Licensee submitted their written reply for all written objections/suggestions of the stakeholders.

The issues and concerns expressed by stakeholders have been examined by the Commission. The major issues discussed during the public hearing, the comments/replies of the utility and the views of the Commission thereon, have been summarized in **Chapter 4** of this order.

1.10 Adherence to Model Code of Conduct

The Commission had noted that in view of the General Elections 2014, the Model Code of Conduct has been imposed since 05th March 2014. In this context, the Principal Secretary, Secretariat of the Election Commission of India, vide its letter no. 437/6/Misc./2014-CC&BE/322 dated 17th February 2014, clarified to the CERC/FOR that the model code of conduct is applicable to the Electricity Regulatory Commissions also as had been done during the last Lok Sabha Elections and that in case any relaxation is required under model code of conduct, CERC/SERC may refer the matter to the Commission.

The FOR (Forum of Regulators) communicated the above mentioned clarification as received from the Election Commission to all SERCs vide its letter no. 15/2(39)/2013-FOR/CE dated 24th February 2014.
Accordingly, JERC, vide its D.O. No. 21/46/2014-Jerc/1876 dated 07th March 2014 to the Election Commission communicated the following:

Quote:

………………"While Public Hearings have already been held in respect of tariff petitions filed by GOA and three UTs, the Public Hearings are scheduled from second week of March '14 in respect of tariff petitions filed by Electricity Department of Puducherry (clubbed with the petition filed by State Generating Station

PPCL), Dadra & Nagar Haveli and Chandigarh. Subsequently, the Commission also is to issue the Tariff Orders for the generator and all the licensees situated in Goa and six Union Territories on or before 31st March 2014.

…………. As the election schedule has already been announced and Model Code of Conduct has been imposed, I earnestly request the Election Commission for grant of permission to JERC to discharge the statutory functions of holding the Public Hearings and issue of Tariff Orders as mentioned earlier and also as envisages in the Act."

Unquote

Subsequently, the Election Commission of India vide its letter no. 437/GOA-HP/2014/800 dated 18th March 2014, communicated its consent as follows:

Quote:

"I am directed to refer your DO. No. 21/46/2014-Jerc/1876 Dated 07th March 2014, on the subject cited and to state that the Commission has 'No Objection' for holding meetings and for fixing the revised tariff and for taking a final decision thereon. However, before implementing the same, prior concurrence of the Election Commission of India shall be taken."

Unquote

In view of above, the Commission conducted the public hearing on 17th April 2014. The Principal Secretary, Secretariat of the Election Commission of India, vide its letter no. 437/6/1//2014/-CC&BE/235 Dated 29th March 2014 further clarified to the CERC as follows:

Quote:

"The Commission has no objection to the continuance of the process required for the decision on the power tariff. However, tariff award shall be made only on the completion of poll in the relevant State, i.e. after the poll date/dates in that State'

Unquote

The FOR (Forum of Regulators) communicated the above mentioned clarifications as received from Election Commission to all SERCs vide its letter no. 15/2(39)/2013 – FOR/CERC/36750 dated 4th April 2014.

The poll date in Dadra and Nagar Haveli, which was on 30th April 2014, is over. Hence, in view of the consent and instructions received from the Election Commission of India as above, the Commission has finalized the tariff order and issued the current Tariff Order.

2. BRIEF SUMMARY OF ARR & TARIFF PETITION

2.1 Introduction

In exercise of powers conferred on Joint Electricity Regulatory Commission for the Goa and Union Territories under Section 61 read with Section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Joint State Electricity Regulatory Commission for the State of Goa and Union Territories notified the (Terms and Conditions for Determination of Tariff) Regulations, 2009. These regulations came into force from the date of their publication in the official Gazette i.e. February 9' 2010. These Regulations are applicable to the State of Goa and the Union Territories of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep and Puducherry.

As discussed in para no. 1.3, 1.4, 1.5 and 1.6 of Chapter no. 1, Dadra and Nagar Haveli Power Distribution Corporation Limited filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2014-15 to the Commission on 26th November 2013 under 61, 62 & 64 of the Electricity Act 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009. In accordance with the directions given by the Commission, the DNPDCL had submitted its true-up petition for FY 2012-13 and Review of FY 2013-14 along with audited accounts of FY 2012-13 were submitted on 26th November 2013.

After initial scrutiny & analysis of the information submitted with ARR and Tariff Petition filed by DNHPDCL, the petition was admitted subject to removal of infirmities to the extent possible. The Commission has taken the aforesaid petition on record as 'petition no. 120/2013' on 27th November 2013.

The petitioner has submitted the revised petition for the reasons explained at section 1.7, on 26th March 2014, which the Commission took on record on 27th March 2014.

2.2 Petition Summary for ARR for FY 2014-15, Review of FY 2013-14 and True-up of FY 2012-13

The Petition covers the truing up for FY 2012-13, revised estimates for FY 2013-14 and the basis, assumptions and projections of individual elements constituting the determination of ARR and proposal for retail tariff for FY 2014-15. Commission issued the first Tariff Order for Electricity Department of Dadra & Nagar Haveli (ED-DNH) on 01st November 2010 and subsequently the second, third and fourth Tariff Order for FY 2011-12, FY 2012-13 and FY 2013-14 were issued on 13th September 2011, 31st July 2012 and 25th March 2013 respectively. The Commission in its Tariff Order for FY 2013-14 has approved the ARR for FY 2013-14 based on the actual cost for FY 2011-12 and estimated expenses for FY 2012-13. Further, Commission has approved revision in retail tariff to meet the revenue deficit for FY 2013-14.

The Petitioner has submitted the ARR & Tariff petition for the determination of Tariff for FY 2014-15 on the basis of the principles outlined in Tariff Regulations notified by Commission. ED-DNH & DNHPDCL has considered the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2014-15. Based on the estimates and projections for FY 2014-15, the Aggregate Revenue Requirement excluding non-tariff income by ED-DNH & DNHPDCL for FY 2014-15 has been proposed at Rs. 2292.77 Crores. The brief summary of petitioner’s proposal as submitted in the petition for FY 2014-15 is presented below:

Table 2.2.1 : Brief Summary of ARR for FY 2014-15, Review of FY 2013-14 and True-up of ARR for FY 2012-13 submitted by the petitioner (Rs. in Crores)

Sr. No.	Particulars	True-Up of FY 2012-13				Review of FY 2013-14				ARR for FY 2014-15			
		Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Revised Petition Dated 27/03/2014	Submissions Post TVS dated 11/04/2014	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Revised Petition Dated 27/03/2014	Submissions Post TVS dated 11/04/2014	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/13	Revised Petition Dated 27/03/14	Submissions Post TVS dated 11/04/2014
1	Cost of fuel	-	-	-			-	-	-		-	-	-
2	Cost of power purchase for full year	1869.04	1869.04	1869.04	1869.04	2220.78	2220.78	2085.44	2085.44	2409.74	2409.74	2166.89	2166.89
3	Employee costs	7.82	7.82	7.82	7.82	8.52	8.52	8.52	8.52	12.24	12.24	12.24	12.24
4	Administration and General Expenses	3.00	3.00	3.00	3.00	3.27	3.20	3.27	3.27	3.56	3.48	3.56	3.56
5	Repair and Maintenance Expenses	4.45	4.45	4.45	4.45	4.85	4.85	4.85	4.85	5.28	5.28	5.28	5.28
6	Depreciation	19.91	19.91	19.91	19.91	26.99	26.99	26.99	26.99	31.74	31.74	31.74	31.74
7	Interest and Finance charges	6.64	6.64	6.64	6.64	11.01	11.01	11.01	11.01	19.64	19.64	19.64	19.64
8	Interest on Security Deposit & Interest on Working Capital	20.44	20.44	20.44	20.44	25.80	24.17	24.18	24.18	26.97	25.23	25.10	25.10
9	Return on NFA /Equity	13.79	13.79	13.79	13.79	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40
10	Provision for Bad Debt	19.34	19.34	18.74	18.74	22.75	22.75	21.11	21.11	24.57	24.57	22.86	22.86
11	Payment of contingency liability	41.86	41.86	-	-	-	-	-	-	-	-	-	-
12	Incentive on achievement of norm of T&D loss	-	-	-	-	-	-	-	-	-	-	-	-
13	**Total Revenue Requirement**	**2006.30**	**2006.30**	**1963.84**	**1963.84**	**2330.36**	**2328.67**	**2191.76**	**2191.76**	**2540.14**	**2538.33**	**2293.70**	**2293.70**

Sr. No.	Particulars	True-Up of FY 2012-13				Review of FY 2013-14				ARR for FY 2014-15			
		Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Revised Petition Dated 27/03/2014	Submissions Post TVS dated 11/04/2014	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/2013	Revised Petition Dated 27/03/2014	Submissions Post TVS dated 11/04/2014	Original Petition Dated 26/11/2013	Submissions Post TVS dated 20/12/13	Revised Petition Dated 27/03/14	Submissions Post TVS dated 11/04/2014
14	Less: Non Tariff Income[4]	53.69	11.11	11.11	11.11	0.75	0.75	0.75	0.75	0.12	0.76	0.76	0.76
15	Less: Revenue from Surplus Power Sale/UI	54.05	54.05	54.05	54.05	20.84	20.84	5.75	5.75	38.90	38.90	0.17	0.17
16	Less: Revenue from Short term sale	-	-	-	-	-	-	-	-	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**	**1898.56**	**1941.14**	**1898.68**	**1898.68**	**2308.77**	**2307.08**	**2185.26**	**2185.26**	**2501.12**	**2498.67**	**2292.77**	**2292.77**
18	Revenue from Retail Sales at Existing Tariff	1714.19	1792.63	1689.28	1689.29	2139.19	2093.26	1970.33	1970.33	2456.48	2456.48	2286.21	2132.60
19	**Net Gap / (Surplus) (17-18)**	**184.36**	**148.51**	**209.40**	**209.39**	**169.59**	**213.82**	**214.93**	**214.93**	**44.64**	**42.19**	**6.56**	**160.17**
20	Recovery on account of PPC variations[5]	165.72	80.54	184.51	184.51	135.23	135.23	140.64	140.64	0.00	0.00	0.00	153.60
21	**Gap after adjusting PPC variations**	**18.65**	**67.97**	**24.89**	**24.88**	**34.36**	**78.59**	**74.29**	**74.29**	**44.54**	**42.19**	**6.56**	**6.57**
22	Gap/(Surplus) for the previous year					18.65	67.97	24.89	24.88	53.01	146.56	99.18	99.17
23	Carrying Cost												
24	Past Arrears/Refunds to Consumers												
25	**Total Gap/ (Surplus) (21+22+23+24)**	**18.65**	**67.97**	**24.89**	**24.88**	**53.01**	**146.56**	**99.18**	**99.17**	**97.55**	**188.74**	**105.74**	**105.74**
26	Additional revenue from proposed tariff									97.55	97.55	107.61	107.66
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**18.65**	**67.97**	**24.89**	**24.88**	**53.01**	**146.56**	**99.18**	**99.17**	**0.00**	**91.19**	**(1.87)**	**(1.92)**
28	Budgetary Support from Government												
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**18.65**	**67.97**	**24.89**	**24.88**	**53.01**	**146.56**	**99.18**	**99.17**	**0.00**	**91.19**	**(1.87)**	**(1.92)**

4 As the meter rent and other charges are the part of Non Tariff Income as per the JERC Terms and condition for determination of Tariff Regulations 2009, the Commission has considered the revenue in the Non Tariff Income only and reduced the revenue from retail sales accordingly.

5 The Commission has considered the recovery on account of FPPCA separately as per the information submitted in Form 28A and accordingly reduced the revenue from retail sales.

The Commission would like to highlight that it has considered the latest submissions of petitioner post the Technical Validation Session held on 11th April 2014 for this order.

2.3 Summary of the Tariff Proposal for FY 2014-15

The Petitioner had submitted that the

Quote "*DNHPDCL submits to the Commission that the sales to LT industrial and HT/EHT category form approximately 98% of the total sales within the UT of Dadra & Nagar Haveli. However, the per unit revenue realization from this category is below the average cost of supply leading to revenue losses for DNHPDCL. Further, the average cost of supply has also increased over the past years due to increase in power purchase cost. Therefore, the current two-part Tariff structure is inadequate to compensate for the loss of revenue.***" Unquote***

The table mentioned below summarizes the existing and proposed tariff structures for various consumer categories.

Table 2.3.1 : Brief Summary of Tariff Proposal for FY 2014-15 submitted by the petitioner

Tariff Structure	Existing FY 13-14		K Factor for FPPCA formula for FY 2013-14	Proposed FY 14-15	
	Energy Charges (Rs/kWh)	Fixed Charges		Energy Charges (Rs/kWh)	Fixed Charges
LT-D/Domestic					
1st 50 Units	1.10		0.28	1.10	
51 to 200 Units	1.70		0.45	1.70	
201 to 400 Units	2.20		0.57	2.20	
Beyond 401 Units	2.50		0.64	2.50	
LIGH		Rs. 5 per connection per month	N.A		Rs. 5 per connection per month
LT-C/Commercial					
1st 100 Units	2.25		0.57	2.25	Rs. 45 per connection per month
Beyond 100 Units	3.00		0.76	3.00	Rs. 60 per connection per month
LT- Ag/ Agriculture					
Up to 10 HP	0.65		0.00	0.65	
10 HP to 99 HP	0.95		0.00	0.95	
LTP Motive Power					
Up to 20 HP	3.00	0.00	0.77	3.00	Rs. 20/HP
Above 20 HP	3.00	Rs. 20/HP	0.81	3.00	Rs. 50/HP
LT-PL/Public Lighting					

Tariff Structure	Existing FY 13-14		K Factor for FPPCA formula for FY 2013-14	Proposed FY 14-15	
	Energy Charges (Rs/kWh)	Fixed Charges		Energy Charges (Rs/kWh)	Fixed Charges
Public Lighting	1.60		0.42	3.00	
HT					
HTA: Industrial & Motive power-11KV or 66KV having CMD above 100 KVA					
50000 units	3.70	Rs. 75/KVA	0.98	3.70	Rs. 150 KVA
50000 to 5 lakh units	3.80	Rs. 75/KVA	1.00	3.80	Rs. 150 KVA
Beyond 5 lakh units	3.85	Rs. 75/KVA	1.02	3.85	Rs. 150 KVA
HTB: Ferro Metallurgical/ Steel Melting/ Steel Rolling/ Power Intensive					
First 300 Units per KVA	2.70	Rs. 500/KVA	0.94	2.70	Rs. 750/KVA
Next 200 units per KVA	3.40	Rs. 500/KVA	1.11	3.40	Rs. 750/KVA
Above 500 units per KVA	3.70	Rs. 500/KVA	1.19	3.70	Rs. 750/KVA

2.4 Prayer to the Commission

The petitioner has submitted the following to the Commission:

Quote”

- *Admit and approve the Aggregate Revenue Requirement of FY 2014-15 as submitted herewith.*
- *Extend the validity of the existing retail tariff beyond 31st March, 2014 till the time the new retail tariff is issued.*
- *Approve the proposal for Aggregate Revenue Requirement and Tariff Hike for FY 14-15.*
- *Admit and approve the Trued up ARR for FY 2012-13.*
- *Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.*
- *Submit necessary additional information required by the Commission during the processing of this petition.*
- *And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case*

Unquote

3. APPROACH OF THE ORDER FOR DETERMINATION OF ARR & TARIFF FOR FY 2014-15

3.1 Introduction

As discussed in earlier Chapter of this order, ED-DNH and DNHPDCL had filed its petition for determination of Aggregate Revenue Requirement and Tariff for FY 2014-15 to the Commission on 26th November 2013 under section 61, 62 & 64 of the Electricity Act, 2003 and relevant provisions mentioned in JERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2009.

3.2 Approach for True-up of FY 2012-13 and Review of FY 2013-14

The Petitioner in its petition has requested for the True-up of FY 2012-13 and review of the ARR for FY 2013-14 (based on the half yearly actuals), which was determined earlier by the Commission in its ARR order dated 25th March 2013. The True-up of ARR for FY 2012-13 and Review of ARR for FY 2013-14 are to be carried out as per the provisions of regulation 8 of JERC Tariff Regulations, 2009, which is as under:

Quote

"The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments/ changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review''.

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

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

The revenue gap of the ensuing year shall be adjusted as a result of review and truing up exercises.

While approving such expenses/revenues to be adjusted in the future years as arising out of the Review and / or Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenues. Carrying costs shall be limited to the interest rate approved for working capital borrowings.

For any revision in approvals, the licensee would be required to satisfy the Commission that the revision is necessary due to conditions beyond its control.

In case additional supply is required to be made to any particular category, the licensee may, any time during the year make an application to the Commission for its approval. The application will demonstrate the need for such change of consumer mix and additional supply of power and also indicate the manner in which the licensee proposes to meet the cost for such change of consumer mix and additional supply of power.
The Commission may consider granting approval to such proposals provided the cost of additional supply is ordinarily met by the beneficiary category"
Unquote

In view of the above, the Commission has reviewed the variations between approvals and actuals of sale of electricity, income and expenditure for FY 2012-13; and also the revised estimates based on half yearly actuals for sale of electricity, income and expenditure for FY 2013-14 as submitted by the petitioner and permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

While the petitioner has submitted that the revised petition has been based on the 9 months actuals, the Commission has considered 6 months actuals in line with the provisions of JERC Terms and Conditions for Determination of Tariff Regulations, 2009 for determination of revised estimates for the review of FY 2013-14.

The detailed analysis & treatment of each component is provided in Chapter 5 (True-Up of ARR for FY 2012-13) and Chapter 6 (Review of ARR for FY 2013-14) of this Order.

3.3 Approach for Determination of ARR & Retail Tariff for FY 2014-15

In this regard, various provisions of the JERC's Tariff Regulations 2009 pertaining to business of the integrated utility are relevant and Commission is guided by the principles contained in Section 61 of the Act among others to examine the Sales forecast, Power purchase quantum, and other income & expenditure.

The Commission, while determining the tariff is guided by the principles contained in Section 61 of the Act, namely

a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

b) The generation, transmission, distribution and supply of electricity are conducted on commercial principles;

c) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

d) Safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

e) The principles rewarding efficiency in performance;

f) Multi-year tariff principles;

g) That the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;

h) The promotion of co-generation and generation of electricity from renewable sources of energy;

i) The National Electricity Policy and Tariff Policy;

j) In addition to above, the Commission is bound by the Renewable Energy purchase obligations, as specified in JERC (Procurement of Renewable Energy) Regulations, 2010.

k) Relevant directions given by the Hon'ble APTEL in the judgment in O.P. no. 1 of 2011.

The Commission has considered the audited figures of income & expenditure submitted by the Petitioner for FY 2012-13 and half-yearly actuals for FY 2013-14 to form the basis for projection of income and expenditure for FY 2014-15. Further, the Commission has relied on the actual data of FY 2012-13 and FY 2013-14 (actuals for 6 months) provided by the petitioner during technical validation sessions held after the submission of petition. The detailed analysis & treatment of each component is provided in Chapter 7 (Aggregate Revenue Requirement for FY 2014-15) of this Order.

4. SUMMARY OF OBJECTIONS RAISED, PETITIONER's RESPONSE AND COMMISSION'S VIEWS

4.1 Public response to the Petition

Before admission of the ARR & Tariff Petition for the FY 2014-15, the Petitioner had published the summary of ARR and Tariff proposal in the newspapers and the copies of the petition made available to the general public, posted the petition on their website duly inviting comments/objections from public as per provision of the JERC (Conduct of Business) regulations 2009.

4.2 Public Hearing

A public hearing was held at Dadra and Nagar Haveli as per the below mentioned schedule:

Table 4.2.1 : Schedule of Public hearing at Dadra and Nagar Haveli for Original Petition

S.No	Date	Venue of Hearing	Time & Category of Consumers	Subject
2.	10th January 2014	Town Hall, Silvassa – 396230	**From 10:30 AM onwards** For all consumers – domestic /non-domestic Commercial), LT industries and HT Industries.	**Original Petition for True-up of FY 2012-13, Review of FY 2013-14 and ARR of FY 2014-15**

Table 4.2.2 : Schedule of Public hearing at Dadra and Nagar Haveli for Revised Petition

S.No	Date	Venue of Hearing	Time & Category of Consumers	Subject
2.	17th April 2014	Yatri Niwas, Naroli Road, Dadra and Nagar Haveli Silvassa 396230	**From 09:30 AM onwards** For all consumers – domestic /non-domestic Commercial), LT industries and HT Industries.	**Revised Petition for True-up of FY 2012-13, Review of FY 2013-14 and ARR of FY 2014-15**

The objections were submitted by the objectors on the day of hearing itself. Each objector was provided an opportunity to present his views on the petition filed by the Petitioner. All those present in the hearing, irrespective of whether they had given a written objection or not, were given equal opportunity to express their views.

The list includes the objectors:

1. Those who gave their written objections & did not intend to present orally during the public hearing
2. Those who gave their written objections & expressed desire to present orally also during the public hearing

3. Those who gave their written objections but had not desired to express orally, but later chose to present orally also. They were also given an opportunity to present orally before the Commission during the public hearing;
4. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot
5. Stakeholders who did not give their written objection or prior intimation, but participated in the hearing on the spot and also gave written submissions

4.3 Objections/Suggestions, of stakeholders and response of DNHPDCL and Electricity Department, UT of Dadra & Nagar Haveli there to and Commission's views on petition no. 120/2013, previous year review and True-up

PART 1: General Issues and Comments

4.3.1 Allowing Load up to 4000 KVA on 11 kV feeder

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

In the point no 3 of the general terms and conditions, petitioner has not taken cognizance of the order issued by the Hon'ble Commission that the 11 kV lines can be used up to 4000 kVA. Petitioner should make necessary corrections.

Petitioner's response:

No response was received from the petitioner on this issue.

Views of the Commission:

The Commission would like to highlight that during the public hearing held on 07th February 2013 while determining the tariff for FY 2013-14, the consumer associations have suggested that load up to 4000 kVA on 11 kV feeders should be allowed. The licensee, after noting the suggestions of the consumers industry, had agreed to the request of the industry.

The Commission had, therefore, directed that the licensee may agree to provide load up to 4000 kVA on 11 kV feeders provided appropriate technical steps are taken to safeguard the interest of the consumers and the equipment as this satisfies the grievances of 97% of the total consumers having connected load above 1500 kVA.

The Commission, once again, would like to reiterate its direction that the licensee should provide load up to 4000 kVA on 11 kV feeders on case to case basis after taking into consideration various technical requirements like over loading of transformer and other associated equipments etc.

4.3.2 Seller/Purchaser's Role in clearing of Electricity Dues

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

The procedure proposed in point no 5 is cumbersome. First, there should not be any scope of arrears pending is unclear. Petitioner always has the security from the consumer's equivalent to 2 months of average bills. If the petitioner will be vigilant and take timely actions, there will never be the case of default.

Even if, there us case of escape, petitioner should initiate prompt actions of recovering of its land revenue by getting issued certificate of recovery. In that case, there will be any entry in the land record of the property and any prospective buyer will come to know about it in the process of title search.

It is incorrect and unjustified that the prospective buyer should suffer to the cumbersome procedure for inactions on behalf of the petitioner. Hence, Hon'ble Commission should not approve terms and conditions as proposed in Sl. No. 5

Petitioner's response:

The petitioner has submitted that the recovery of dues of electricity from the consumers to be made in the interest of the petitioner and the public at large and the same is necessary to be recovered through all means. There can be no objection to the same. The objectors cannot take the position that the consumers would default on the payment of the dues and it ought not to be recovered by the petitioner as proposed. The petitioner is not concerned with inter se transactions between consumers and subsequent purchasers of the premises, but is a public utility and dues are required to be paid to the petitioner.

Views of the Commission:

The Commission has noted the concerns of the stakeholders and submissions of the petitioner in this regard. The Commission directs the petitioner to maintain the updated list of defaulters against the permanently disconnected connections and display the same prominently on its website for the information of public at large.

4.3.3 Increase in the Fixed Charges

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association, and Silvassa Industries & Manufacturers Association in brief are as under:

The term at Sl. No. 9 is unjustified. Petitioner is likely to collect revenue more than the requirement. It will have huge surplus. Hence, it does not require increase in the fixed charges for any category. Hon'ble Commission should not approve the terms proposed under Sl. No. 9. However, in case Hon'ble Commission finds it logically justified to increase the fixed charge, then the existing unit rate should be reduced to that extent to ensure that consumer does not suffer as well petitioner should not get undue surplus. In view of the submission of the respondent, the term mentioned in Sl. No. 10 also becomes irrelevant and hence the Hon'ble Commission should not approve it.

Petitioner's response:

The petitioner has submitted that they have proposed an increase in the fixed charges to be paid to the consumers to progressively bring it in line with the corresponding obligation on the part of the petitioner to pay fixed charges to the generator. In the electricity sector, it is not desirable but also necessary that the fixed charges are in higher proportion to the energy charges so that the unavoidable cost of distribution licensee, recover the cost in the efficient manner and that also the consumers maintain their contract demand on corresponding to the proposed use of electricity.

Lower proportion of demand charges in fact promote inefficient use of electricity as the consumers would maintain higher contract demand while drawing lower quantum of electricity. The petitioner as a licensee has to keep electricity available to the consumers to the extent of contract demand and incur cost and expenditure to that extent which are not recovered in the form of fixed charges form the consumers. In the circumstances, as a part of tariff rationalization exercise, petitioner has proposed increasing the fixed charges to better compensate the costs and expenses incurred by the petitioner and also promote the efficient use of electricity in the Union Territory.

Views of the Commission:

The Commission has noted the concern of the stakeholders and the submission made by the petitioner. Commission likes to clarify that revision in the demand charges and energy charges will be done as per the provisions of Electricity Act 2003, tariff regulations and the National Electricity Policy.

4.3.4 Supervision charge of 15% should only be on the labor component

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association, and Silvassa Industries & Manufacturers Association in brief are as under:

In the tariff schedule set under the term 19, respondent objects to the supervision charges of 15% proposed at VIII(e)

Respondent views that it should not be on the total cost but it should be on the labor component. This is line with the Hon'ble Commission's guidelines.

Petitioner's response:

No response has been received from the petitioner in this context.

Views of the Commission:

The Commission has noted the comments and has retained the schedule of charges as approved in previous orders.

4.3.5 Incentive for supply at 220 kV

Public Comments/Suggestions:

The main points raised by the Alok Industries Limited:

To demark the power losses given and to give the incentives for the establishment of 220 kV lines at its own cost and compensate the answering respondents for establishment of huge investment to switch over to 220 kV.

Petitioner's response:

The petitioner has submitted that at present there is only one industrial tariff in the union territory. Also, it is not possible to provide separate voltage wise tariffs for all categories in view of the highly skewed nature of the electrical consumption in the Union Territory and predominantly being industrial consumption.

It is also an accepted fact that the additional burden should not be placed on the domestic and industrial consumers of the Union Territory. Subject to the above, even if there is reduction in tariff at 220 kV, same should be cast on other industrial consumers in the UT. While the Hon'ble Commission may take the view on same, it is submitted that considering the nature of consumption in the UT, it may not be appropriate to introduce separate tariff of supply being taken at 220 kV.

The Comparison made by the objectors with regards to the voltage wise tariffs being provided in other states does not project the correct picture. In the other states, the distribution to the consumers is over various categories and the unique situation as applicable in DNH is not present, namely that the predominant industrial consumption with very small portion of domestic and agricultural consumption. In the circumstances, the tariff is possible to be determined voltage wise across various voltage levels in other states.

It is also relevant to mention that even as per the comparison being made by the objectors, the tariff in the other states even after the voltage rebate is much higher than the tariff at present being made applicable in the UT. The objector is already getting substantial benefit by operating in the UT as compared to other states where tariff is much higher. In the circumstances, it is not correct to contend that further benefit is given to the objectors for taking electricity supply at 220 kV.

Merely because the objector has spent money on 220 kV lines does not entitle the objector to any additional benefits. The lines have been erected to comply with the provisions of the law and also resulted in the better use of electricity by the objector. There should not be any additional burden placed on the other consumers of the UT.

Views of the Commission:

Commission has noted the concerns of the stakeholders and submissions made by the petitioner in this regard.

The Commission has dealt the issue in detail in the Chapter 9 Tariff Philosophy.

PART 2: ARR related

4.3.6 Depreciation

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Amount of depreciation worked out by Petitioner is erroneous. Petitioner has worked it as Rs. 19.91 Cr, considering the GFA as Rs. 474.40 Cr. In fact, Hon'ble Commission had approved it only to the extent as Rs. 273.64 Cr. If, this error is corrected depreciation amount would come down to Rs. 14.63 Crs. Hence, Hon'ble Commission should not approve 19.91 Cr. as depreciation, but should approve maximum Rs. 14.63 Cr. However, respondent reserve, its submission that petitioner during the period of true up was a government department and was not using any commercial investment but it was using budget grant for creating assets, hence was not entitled to any depreciation.

   Even for logic, depreciation amount is to be considered on the value of assets created by Government of India by budget grant that it cannot go beyond Rs. 14.63 Cr as stated in foregoing paragraphs.

2. Computation of depreciation is enormous. The GFA computed is not correct. Hon'ble Commission had approve GFA for 12 -13 as only Rs.273.64 by adding Rs. 27.46 Cr on account of additions during the year 12 -13, the closing GFA for FY 12 -13 will be Rs. 301.1 Cr, which will be opening GFA for FY 13 -14. Adding Rs. 66.86 because of additions during the FY 13-14 closing GFA should be estimated as Rs. 367.96 Cr. Average Assets during FY 13-14 will be Rs. 334.53 Crs and admissible depreciation amount will be Rs. 16.88 Crs.

3. Opening GFA taken by the Petitioner is not correct. Considering the approval by Hon'ble Commission in their order dated 25.03.2013 and after addition of assets during the FY 13-14, the closing balance for FY 13-14 will be Rs 367.96 cr. Petitioner has considered it at Rs. 568.12 cr. Even, if it is considered that Hon'ble Commission will approve the addition of assets of Rs 114.74, the closing balance, average asst during the year and depreciation will be as under:.

Unquote

Petitioner's response:

Quote

It is submitted that the claim of the petition made by the Petitioner is in accordance with its books of accounts and the total assets at are used, operated and capitalized by the Petitioner.

The claim of the Petitioner is strictly in terms of the Regulations of the Hon'ble Commission and the approved figures in the previous tariff orders, the only addition being the assets capitalized during the year. The Petitioner reiterates the claim made in the petition..

Unquote

Views of the Commission:

The Commission has noted the concern of the stakeholders and the submission made by the petitioner. Further it is to be noted that the Petitioner had submitted the audited accounts for FY 2012-13 and has seen the assets and depreciation registers submitted by the petitioner. Having considered the findings of the Commission in the review order dated 24th January 2013 and tariff order dated 25th March 2013 as mentioned below:

Quote

"2.1.9. In view of the above, even if the typographical errors are ignored, the auditor's report, notes to the accounts, comment on the fixed assets & depreciation registers, does not specify that the opening value of gross fixed assets & importantly, the assets and depreciation registers furnished by the department could not provide the crucial information to ascertain the assets that are effectively/actually deployed for the year for which tariff is being fixed or claimed. Therefore, the Commission rejects the contention of the petitioner and directed to submit the verified & required information for consideration by the Hon'ble Commission as stated in the tariff order dated July 31'2012.

2.1.10. ED- DNH is directed to indicate the value list of Assets being used for rendering the services in the ARR of 2013-14 or alternatively indicate as to what % of Gross block be considered on ad hoc basis & the basis thereof which can be considered in the true up which is due in the ARR for FY 2013-14."

Unquote

In view of the directions gave by the Commission in Review order dated 24th January 2013 to the petitioner to indicate the value list of assets being used for rendering the services in the ARR of 2013-14 or alternatively indicate as to what % of Gross block be considered on ad hoc basis & the basis thereof which can be considered in the true up which is due in the ARR for FY 2013-14. The Commission has taken a prudent view and is of the opinion that though it is to be allowed on the basis of audited accounts, but that do not clearly indicate for which tariff is being charged, though Commission as per the tariff regulation may not have considered this but to avoid accumulation of depreciation or resulting in a tariff shock to a consumer; If being charged in any single year in future or creation of regulatory asset. The Commission considers it prudent to allow depreciation on 50% of opening value of gross fixed assets as on April 1'2010 being the first year (FY 2010-11) for which ARR and tariff petition was filed by the petitioner, subject to adjustment in true-up depending upon the certificate to be submitted by 30th September 2013.

As the certificate provided by the petitioner along with this petition does not specifically mentions any details of actual assets in use, the Commission finds it appropriate to continue with its existing methodology.

4.3.7 Return on Equity

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Reserving respondent's objections in previous years that the erstwhile department was not entitled to any return on equity, it is submitted that an objection has now proved correct. For the newly created corporate body, its equity has been considered at Rs. 40 Crores only. How, it can be considered at higher score during the preceding years. And, therefore no return is admissible on "return on Equity" as claimed by the Petitioner. Saving this preposition submitted above, even for logic, it is considered that a normative return is to be provided for preceding years, it will have to be restricted on equity of Rs. 40 Cr. Hon'ble Commission had approved return on equity for the year 12 - 13 as 8.98 Cr while department has claime1 it as Rs. 13.79 Cr. However, in any case it will be have to be restricted at Rs. 6.40 Cr. @ 16% on equity of Rs 40 Crs.

Unquote

Petitioner's response:

Quote

The objectors have objected to any return on equity to be allowed to the Petitioner. This stand taken is unfortunate. It cannot be expected that the industrial consumers operate without expecting any investment on the capital. On the other hand, the industrial consumers seek to derive maximum benefit and profits, while the return on investment to the Petitioner is regulated to the extent of 16% return on equity. The objection taken by the objectors that no return on equity ought to be allowed to the Petitioner is incorrect. Return on equity is a regulatory practice allowed to all the utilities in the country and the same ought not to be disallowed to the Petitioner only because industrial consumers want to benefit out of it by slight reduction in tariff.

The only objection taken by the industrial consumers is that they are paying various other taxes to the Central Government and their profits are being affected. This cannot be the ground for disallowing the legitimate cost and expenses to the Petitioner, including the return on equity allowable in terms of the Regulations of the Hon'ble Commission.

The Petitioner is now a corporate entity and ought to be treated as a commercial entity in the business of distribution and retail supply of electricity. Return on equity is a general regulatory practice allowed to all utilities in the sector and the same also ought to be allowed to the Petitioner.

Unquote

Views of the Commission:

The Commission has taken a prudent view as per relevant provisions of the JERC tariff regulations, audited accounts and the reasonableness of the expenditure for True-up of FY 2012-13, Review of FY 2013-14 and estimation of Aggregate Revenue Requirement for FY 2014-15 and the same has been discussed in detail in Chapter 5, 6 and 7 of this order.

4.3.8 Contingent Liability

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Petitioner has asked for a provision for Contingent liability of Rs. 41.86 Crores. It is neither lawful nor reasonable to plead for this provision as matter is subjudice and pending before Hon'ble APTEL, New Delhi is for refund of Rs. 41.86 Crores. It pertains to excess surcharge, recovered from consumers by Erstwhile Electricity department during FY 11 - 12. No provision can be made for it now in FY 12 -13. The excess charged money will have to be refunded from

the source where it was appropriated. It was transferred to Government of India during the year 11-12, hence refunds of Rs 41.86 cr should also come from Government of India, which was wrongly recovered from the consumers during FY 2011-12 and transferred to the Government of India. If it is allowed, it would be in reality, further penalizing the consumers. First, the Petitioner wrongly recovered Rs 41,86 cr and for refund, again he wants to charge the consumers. Thus, refund will have no meaning. It will make Hon'ble Commission's order and proceedings before Hon'ble APTEL, redundant. Since refund has to be done from wrongly recovered surcharge, in year 11 - 12, no provision for this liability should be approved by Hon'ble Commission. Hon'ble Commission while answering the appeal before APTEL in appeal No. 175 of 2013, have viewed the excess recovery as "illegal profit". Hon'ble Commission in their reply in para 8 have answered as under:

"It is submitted that argument of Appellant that merely refund consumers shall create cash crunch for the Appellant, the same cannot be ground for illegally making profit at the expense of consumers and as such, such an argument of Appellant cannot be accepted."

Illegal profit cannot be refunded back by recovering again by the consumers. Petitioner in the revised Petition has retained its claim for 'Payment of Contingency Liability" at Para 12 page 20, but while computing ARR FY 12-12it has removed the claim form table 14 page 22. Association understands that Petitioner has agreed to the analogy submitted by the Objector Association. However, keeping the description of same at page 20 is objectionable. Hon'ble Commission should not consider it as it has not been claimed in table 14.

Unquote

Petitioner's response:

Quote

The objectors have objected to the contingent liability of Rs. 41.86 Crores claimed by the Petitioner in its petition. The primary ground for objection is that the issue is pending before the Hon'ble Appellate Tribunal and a provision cannot be made from the same.

It is submitted that the entire amount of Rs. 41.86 Crores is not available with the Petitioner and needs to be allowed as a contingent liability in its annual revenue requirements if the same is to be passed on to the consumers as per the orders of the Hon'ble Commission. The Petitioner is now a corporate entity and is not a department of the Government of India.

When the above amount of Rs. 41.86 Crores was determined by the Hon'ble Commission, the same related to the account of the Government department.

The Government Department accounts are on cash receipt basis and all the amounts that are received are transferred to the consolidated fund of India.

No amount was retained by the Electricity Department or any amount remaining to be transferred to Petitioner. When the Petitioner has been incorporated as a separate corporate entity, its accounts have been as provided by the Government in the transfer scheme.

This alleged surplus of Rs. 41.86 Crores is not with the Petitioner and there is no means for the Petitioner to make any such adjustments to the consumers without providing for the same on its revenue requirements.

It is also incorrect on the part of the objectors to alleged that illegal profits have been made by the Petitioner or its predecessor. The Electricity Department and now the Petitioner have always charged and collected tariff strictly in accordance with the terms and conditions and tariff as determined by the Hon'ble Commission. Under the circumstances, the objections raised by the objectors is incorrect.

Unquote

Views of the Commission:

As the matter is subjudice and as the petitioner has not claimed this amount in revised petitioner, the Commission has not considered the provision of Contingent liability in the present tariff order.

4.3.9 Bad and Doubtful Debts

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Petitioner In the original Petition bad debts for FY 12-13 were Rs. 19.30 cr while in the revised petition it has marginally brought down to Rs 18.74 cr. Still it is very high. When 98% percent consumers are industrial, possibility of Rs. 18.74 Cr as bad and doubtful debt is phenomenally high. It is unprecedented. In the previous year, it was nil.

   Erstwhile Department had bank guarantees fixed deposits cash deposit of two months from industrial consumers. No explanation has been given as under what circumstances and why the bank guarantees fixed deposits were not encashed realized in case of default by any consumer. The prudency of this unusual sum should be thoroughly checked. Responsibility should be fixed for non-recovery when safety measures were available. Electrical consumers should not be made to pay for fault of others.

2. Looking to past trends, provision @ 1% is very high. Petitioner always has bank guarantees, which can be used against defaulters. Hence, there should not be any provision for bad debts.

Unquote

Petitioner's response:

Quote

It is submitted that bad unlawful debts is a normal industry practice and is allowed calculated as a part of the total revenues of the utility. In the present case of the total amount is only Rs. 19.30 Crores, which is a miniscule sum as compared to the total revenues that are generated towards the sale of electricity by the Petitioner.

It is not correct on the part of the objectors to alleged that there should be no bad or doubtful debts allowed to the Petitioner. As stated above, it is a general industry practice and allowed to all other distribution licensees in the country.

The concept of bad and doubtful debts in accordance with the Regulations of the Hon'ble Commission has also been accepted and directed to be implemented by the Hon'ble Appellate Tribunal in its judgment dated 25/05/2012 in Appeal No. 35 of 2012. In the circumstances, the contentions raised on behalf of the objectors is not correct.

Unquote

Views of the Commission:

The regulation no. 28 of JERC Tariff regulations read with the format is given below.

"28. Bad and Doubtful Debts

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

Format -18

S.No.	***Particulars***	***Amount (Rs. in Crores)***
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Thus it, can be observed, that the regulation allows a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement. It is seen that the licensee has not actually written off any bad and doubtful debts for FY 2012-13. The Commission therefore has not considered any expenditure on this account for true up of FY 2012-13 and FY 2013-14. However, for FY 2014-15, provisions have been made as per the provisions of the regulations which will be trued-up considering actual write off limited to 1% of receivable on availability of audited accounts (subject to availability at the time of true up of audited accounts & auditor's certificate of write off sanction of written off bad & doubtful debts, which is a normal commercial accounting practice.)

4.3.10 Non Tariff Income

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Hon'ble Commission had approved non - tariff income as Rs. 10.76 Cr. while erstwhile department has shown it only Rs. 10 L. No reason for such a steep drop has been explained. There is no major change occurred during the year, which, can be attributed to such sharp decline. In the absence of any satisfactory explanation, Hon'ble Commission should consider the non-tariff income as Rs. 10.76 Cr only.

2. Petitioner does not disclose the reason for sharp decline of Non- Tariff Income from Rs. 11 cr to Rs. 12 lakh. In the absence of any explanation, Hon'ble Commission should approve it as Rs. 11 cr in place of Rs 0.12 or as proposed by the Petitioner.

Unquote

Petitioner's response:

Quote

The contentions raised on behalf of the objectors that the non-tariff income of Rs. 10 Lacs is too low is not correct. The issue has arisen on account of the accounting practice of treating meter rent separate from the non-tariff income. The Petitioner has provided the full details of the actual non-tariff income received during the respective years. Merely because it is not as per the expectation of the objector is no reason for the same to the increased, when same is as per the accounts of the Petitioner which is a public utility.

The non-tariff income being an uncontrollable factor, the same may be allowed by the Hon'ble Commission on actual basis. There is no specific aspect alleged wherein the non-tariff income has not been recovered by the Petitioner. In the circumstances, merely because the same is not as much as was expected is not reason to increase the non-tariff income to the prejudice of the Petitioner.

Unquote

Views of the Commission:

The Commission has taken a prudent view as per the JERC tariff regulations, audited accounts and its reasonableness for True-up of FY 2012-13, Review of FY 2013-14 and estimation of Aggregate Revenue Requirement for FY 2014-15 and the same has been discussed in detail in Chapter 5,6 and 7 of this order. Further the Commission also agrees with the fact that the surplus power if any should be managed in an efficient and economic manner whereby avoiding losses. The utility is directed to explore means to engage in a banking arrangement whereby such risks of commercial losses can be mitigated and the power can be utilized during the peak hours

4.3.11 Interest on Long Term/ Capital Loans

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Petitioner has not disclosed that it had secured any long-term loan capital loan hence providing for interest on it on normative basis will not be justified. Saving the above submission, it is stated that, Petitioner has not clarified as why it has not considered approved normative loan during the year as 43.12 Cr, and the approved normative repayment pegged at depreciation as Rs. 17.97 cr, in place of that it considered only Re. 2.71 Cr. If it is considered, closing normative loan will be Rs. 66.7 Cr, and interest on normative loan including bank charges will be R.s 9.64 Cr instead of 11.01 Cr.

2. In the previous years, in spite of Objections of the Respondent, Hon'ble Commission had allowed interest on long term / capital loan on normative basis. Now, Petitioner is corporate body and normative concept should not prevail except that it had used its equity fully or partly instead of securing long term / capital loan. In the instant case, Petitioner has not disclosed the source whether they are going to secure long term/capital loan from the financial institutions or fund from their own equity. Since there is no disclosure about the use of equity, the application of Regulation 23 of Hon'ble Commissions Tariff Determination Regulations, 2009 is not attracted. Hence, Hon'ble Commission should not approve interest cost of Rs 19.64 cr as provided in table 54.

Unquote

Petitioner's response:

Quote

The Petitioner has claimed interest on loan capital city in accordance with the practice followed by the Hon'ble Commission. The opening loan was taken as per the approval granted by the Hon'ble Commission in the previous tariff orders. For the additional capital deployed by the Petitioner, 70% has been taken to its loan on normative basis which is also as per the Regulations of the Hon'ble Commission.

Further, in accordance with the previous tariff orders of the Hon'ble Commission, 10% has been taken to the repayment of loan. It is very unfair on the part of the objectors to expect that more than half of the loan should be repaid in one particular year. It is stated that the petitioner is a public utility and the objectors ought not to make unreasonable demands only because it is more convenient for the objectors and reduces the tariff. As stated above, the total other expenditure excluding power purchase cost of the Petitioner is only about 5% and the same ought not to be interfered with to the prejudice of the Petitioner.

Unquote

Views of the Commission:

The Commission appreciates the concern of the stakeholders and the submission of the petitioner. The Commission has taken a prudent view in view of the relevant provisions of the JERC tariff regulations, audited accounts and the reasonableness of the expenditure for True-up of FY 2012-13, Review of FY 2013-14 and estimation of Aggregate Revenue Requirement for FY 2014-15 and the same has been discussed in detail in Chapter 5, 6 and 7 of this order.

4.3.12 T&D Losses

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief are as under:

Quote

1. Respondent deny that there is no scope to reduce the T&D losses. Though it is true that Petitioner the Utility have lowest T&D losses in the country, but Respondent views that there still scope. PGCIL's Kala substation is likely to be commissioned during the year. With that substation T&ND losses are likely to come down by 3%. Even, if, Hon'ble Commission considers it only at 1% loss reduction due to PGCIL's Kala Substation, the losses will be reduced by 53 MUs and total T&D losses will come down to 214.99 MUs from 282.89 i'v1Us. This will reduce cost of power purchase by Rs, 19.55 Cr.

Unquote

Petitioner's response:

Quote

It is submitted that the T&D losses of the Petitioner as claimed is 4.7%, which is probably the lowest in the country. It is submitted that there is no scope whatsoever for reduction as claimed by the objectors. Merely because one substation is commissioned does not mean the loss levels reduces by 1%.

It is submitted that it is close to impossible to reduce the loss level below 4.7%, and these said loss level in fact shows the efficiency in the operations of the Petitioner. The objections raised are incorrect.

Unquote

Views of the Commission:

The Commission appreciates the concern of the stakeholders and the submission of the petitioner. The Commission has taken a prudent view in view of the relevant provisions of the JERC tariff regulations for True-up of FY 2012-13, Review of FY 2013-14 and estimation of Aggregate Revenue Requirement for FY 2014-15 and the same has been discussed in detail in Chapter 5, 6 and 7 of this order.

4.3.13 Compliance of Directives

Public Comments/Suggestions:

The main points raised by the Silvassa Industries Association, Dadra & Nagar Haveli Industries Association and Silvassa Industries & Manufacturers Association in brief is the utility has not complied with most of the directives.

Petitioner's response:

The petitioner has submitted the compliance of directives along with the petition.

Views of the Commission:

The Commission appreciates the concern of the stakeholders and the submission of the petitioner. The Commission has taken a prudent view in view of the relevant provisions of the JERC tariff regulations and the same has been discussed in detail in Chapter 8 of this order.

5. TRUE-UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2012-13

5.1 Preamble

The Petitioner, in their true-up petition for FY 2012-13 has submitted the details of expenditure and revenue for FY 2012-13 based on the audited accounts submitted by the petitioner for FY 2012-13. The petitioner provided the comparison of actual revenue and expenditure against each head with the revenue and expenditure approved by the Commission. The petitioner has not submitted reasons for deviations against each component of ARR along with the true-up petition for FY 2012-13.

It is to be noted that the Petitioner had submitted the True-up Petition for FY 2012-13 along with audited accounts for FY 2012-13, though not audited by CAG. The audit of accounts by CAG is an important requirement to ascertain the validated information for true up. However, the Commission feels that the Tariff determination process should not be stalled in the absence of CAG audit in larger interest of the consumer and the utility. The Commission, therefore decided to carry out true up for FY 2012-13 based on the accounts audited by Chartered Accountant, pending CAG audit, which is a statutory requirement for ED-DNH, being Govt. Department. The petitioner is required to file an affidavit before the Commission on completion of CAG audit bringing out the outcome of the same and any change in true up of ARR of FY 2012-13.

In this Chapter, the Commission has analyzed all the elements of actual revenue and expenses for FY 2012-13 based on the audited accounts submitted by the petitioner, and have carried out the true up of expenses and revenue with reference to the final actual figures as per the audited accounts, after prudence check.

5.2 True-up and Analysis of performance for FY 2012-13

The True-up of FY 2012-13 is to be carried out as per the provisions of regulation 8 of JERC Tariff Regulations, 2009. As per the regulation 8 of JERC Tariff Regulations, 2009:

Quote

"The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments/ changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review''.

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

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

The revenue gap of the ensuing year shall be adjusted as a result of review and truing up exercises.

While approving such expenses/revenues to be adjusted in the future years as arising out of the Review and / or Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenues. Carrying costs shall be limited to the interest rate approved for working capital borrowings.

For any revision in approvals, the licensee would be required to satisfy the Commission that the revision is necessary due to conditions beyond its control.

In case additional supply is required to be made to any particular category, the licensee may, any time during the year make an application to the Commission for its approval. The application will demonstrate the need for such change of consumer mix and additional supply of power and also indicate the manner in which the licensee proposes to meet the cost for such change of consumer mix and additional supply of power.

The Commission may consider granting approval to such proposals provided the cost of additional supply is ordinarily met by the beneficiary category."
Unquote

The Commission has reviewed the variations between approvals and actuals of sale of electricity, power purchase expenses, other income and expenditure for FY 2012-13 with reference to the final actual figures as per the audited accounts submitted by the petitioner along with Asset and Depreciation Registers and has permitted necessary adjustments in cases where variations are for reasonable and justifiable reasons.

5.3 Energy Sales

Petitioner's submission

The petitioner has submitted the category-wise actual energy sales of 4591.81 million units for FY 2012-13 as per the audited accounts during the technical validation session held on 19th and 20th December 2013.

Table 5.3.1 : Energy Sales approved by the Commission and actuals submitted by the petitioner for FY 2012-13

(in Million Units)

S.No.	Category/Consumption Slab	FY 2012-13					
		(Petitioner's submission)	Approved in T.O. 31.07.12 for FY 2012-13	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved By Commission
A	**Domestic**	**71.30**	**59.79**	**57.06**	**80.22**	**70.81**	**70.13**
1	0-50 units	15.23	9.07	11.03	12.92	14.27	14.27
2	51-200 units	24.64	23.41	22.35	31.41	25.48	25.48
3	201 - 400 units	11.04	10.18	9.71	13.63	11.20	11.20
4	401 and above	20.39	14.64	13.97	19.80	16.75	16.75
5	Low Income Group (LIG)	0.00	2.49	0.00	2.47	3.11	2.43
B	**Commercial**	**26.72**	**33.47**	**30.19**	**26.32**	**26.87**	**26.87**
1	1- 100 units	12.29	5.06	4.56	3.99	3.24	3.24
2	101 and above units	14.43	28.42	25.63	22.33	23.63	23.63
C	**Industrial (LT)**	**164.76**	**152.19**	**161.01**	**160.88**	**161.66**	**161.66**
1	Up to 20 HP	0.00	0.00	144.91	144.78	5.23	5.23
2	Above 20 HP	0.00	0.00	16.10	16.10	156.43	156.43
D	**Agriculture & Poultry**	**2.40**	**3.01**	**3.82**	**3.43**	**3.36**	**3.36**
1	Connected Load up to 10 HP	1.00	0.63	3.44	3.05	0.44	0.44
2	Connected Load above 10 HP to 99 HP	1.40	2.37	0.38	0.37	2.92	2.92
E	**Public Lighting**	**4.55**	**7.09**	**4.33**	**4.67**	**4.45**	**4.45**
F	**High Tension Supply**	**4358.38**	**4420.26**	**4358.19**	**4488.98**	**4322.68**	**4322.68**
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	3922.54	4073.10	4017.35	4078.77	3980.68	3980.68
1	Up to 50000 units	1019.86	404.85	401.11	297.16	370.52	370.52
2	50001-500000 units	2157.40	1200.68	1184.24	1090.45	1093.10	1093.10
3	Above 500000 units	745.28	2467.58	2432.00	2691.15	2517.05	2517.05
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	435.84	347.16	340.85	410.21	342.00	342.00
1	First - 300 units/KVA	7.20	238.78	234.88	129.54	226.76	226.76
2	301-500 units/KVA	64.80	89.40	87.40	55.85	93.35	93.35
3	Above 500 units/KVA	363.84	18.97	18.57	224.82	21.89	21.89
G	**Temporary Supply**	**1.70**	**3.59**	**0.00**	**2.18**	**1.97**	**1.97**
Total		**4629.81**	**4679.41**	**4614.61**	**4766.68**	**4591.80**	**4591.12**

Commission's analysis

The petitioner had forecasted the energy sales of 4629.81 million units in its ARR and tariff petition for FY 2012-13, and the Commission had approved sales of 4679.41 million units in its ARR and tariff order dated 31st July 2012. Commission had considered an overall increase of 8.42% based on the actual consumption in FY 2011-12 as per the petitioner's submission. Further, the Commission during the approval for the ARR of FY 2012-13 had approved sales for the period FY 2012-13 at 4614.61 MU at para 6.3 of Commission's order for FY 2013-14 dated 25th March 2013. The petitioner has submitted the energy sales of 4591.80 million units to be considered for truing up of FY 2012-13.

The Commission has observed that the Petitioner has submitted the sales for the LIG category as 3.11 MU. The Petitioner has submitted the number of consumers for the LIG category as 13870.

The Commission has computed the consumption of consumers under the LIG category considering 2X40W bulbs/ 6 hours per day/consumer adopting the guidelines as considered by the Commission in previous orders.

On the basis of above, the Commission approves the normative sales for the LIG consumers as 2.43 MUs.

It is observed that the overall variation in the sales as against the approval of the Commission is negligible. Further, the Commission finds the energy sales for the other consumer categories (other than the LIG category) to be an uncontrollable factor at the hands of the utility. The variation in sales from the approved values (as per tariff order dated 31st July 2012) is majorly on account of reduction in energy sales in industrial HT category, which comprises about 94.13% of the total energy consumption of UT of ED-DNH and energy sales to the commercial category. Therefore, the Commission approves the total sales of 4591.12 million units for FY 2012-13 based on actual submitted by the Petitioner and after adjusting the consumption of LIG consumers as explained in the previous Para.

5.4 Surplus Energy Sale/UI sales

Petitioner's submission

The petitioner has submitted the actual under drawl of 206 million units under UI mechanism for FY 2012-13.

Commission's analysis

As discussed in para 2.2.10 of Review Order dated 24th January 2013, Commission has verified the weekly summary sheets/bills of UI from the WRPC (submitted by the petitioner) for the complete year of FY 2012-13 and for the purpose of this order has considered the over drawl and under drawl of UI separately. The Commission has considered the UI over-drawl of 1.35 million units and UI under-drawl of 171.49 million units for FY 2012-13 as per the UI bills for FY 2012-13. The petitioner has submitted the NIL million units under UI over-drawl and 201.71 million units under UI under-drawl for true up of FY 2012-13. For the purpose of the true-up of FY 2012-13, Commission has considered the surplus energy sale of 171.49 million units (as verified from the UI bills as submitted by the petitioner); under UI mechanism for FY 2012-13.

5.5 Inter-State Transmission losses

Petitioner's submission

The petitioner has submitted the energy balance for FY 2012-13, wherein the petitioner has considered the actual pool losses as 215.73 million units at 4.11%.

Commission's analysis

Commission in its ARR and tariff order for FY 2012-13 dated 31st July 2012 had approved the loss level of 6% considering the actual figures of regional pool losses of 3.56% for FY 2012-13 as inter-state loss of ED-DNH based on the pooled losses of the Western Region as per the data available on the WRLDC site. Now with the introduction of the new POC transmission charges and losses, the methodology for the apportionment of losses of the region to beneficiaries has undergone a change. Accordingly, the Commission has considered inter-state transmission losses based on energy scheduled by the licensee and the energy scheduled at the generation end.

The gross energy purchase of 5251.64 million units including UI over-drawl of 1.35 million units as analyzed by the Commission and as discussed in 5.6 of this order. Further, as per the weekly UI bills, the actual drawl at UT periphery is 4875.60 MUs and the sale through unscheduled interchange is 171.49 MUs resulting in gross availability at UT periphery of 5047.10 MUs. This result in the inter-state transmission losses of 204.54 million units, which is 3.89% of the gross energy purchased.

The Commission considers the inter-state transmission loss level of 3.89% as reasonable and approves the same for True up of FY 2012-13 as same is beyond the control of utility.

5.6 Intra-State Transmission and Distribution losses

Petitioner's submission

The petitioner has submitted that the actual loss level achieved in FY 2012-13 was 5.52% as against the loss level of 4.80% approved by the Commission in its ARR and tariff order dated 25th March 2013.

Commission's analysis

The Commission in its ARR and tariff order for FY 2012-13 had approved the targeted T&D loss level of 6.00%. The petitioner did not furnish the actual T&D loss for first half of FY 2012-13. However based on the final actual figures of Sales, Power purchased units as per the audited accounts of FY 2011-12 and the inter-state transmission loss the Commission has estimated from the available data the actual loss level for FY 2011-12 at 5.98%. Further, the Petitioner had submitted that the energy audit is completed for five feeders on pilot basis and ED-DNH has initiated on the recommendations given by the energy-auditing firm.

In view of the fact that the loss levels in DNH are at optimal levels and the petitioner's estimates for FY 2012-13 the Commission considered the loss levels of 5.98% achieved by the petitioner in FY 2011-12 (as against the submission of 4.94% achieved by the petitioner for FY 2011-12) and based on the petitioner's submission of reduction of loss level from 4.94% in FY 2011-12 to 4.80% in FY 2012-13. Commission has considered the reduced loss level of 4.80% as submitted by the petitioner for FY 2012-13 for the purpose of Review of FY 2012-13. The Commission further specified that the sharing of gain on account of over-achievement of target specified by the Commission will be dealt in the true up of FY 2012-13 on the basis of actual T&D loss level and audited figures of Quantum of Power purchase and Sales for FY 2012-13. Accordingly, the Commission had considered the loss level of 4.80% as the T&D loss level for the purpose of Review of ARR of FY 2012-13.

Table 5.6.1 : Variation of Intra-State Transmission and Distribution Losses (in% age)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
A)	**ENERGY REQUIREMENT (in MUs.)**						
1	Energy sales within the State/UT (in MUs.)	4629.81	4679.41	4614.61	4766.68	4591.80	4591.12
2	**Total sales within the State/UT**	**4629.81**	**4679.41**	**4614.61**	**4766.68**	**4591.80**	**4591.12**
3	**Distribution losses**						
i)	%	6.30%	6.00%	4.80%	4.80%	5.52%	5.83%
ii)	MU	311.29	298.69	232.67	240.34	268.40	284.48
4	**Energy required at State Periphery for Sale to Retail Consumers**	**4941.10**	**4978.10**	**4847.28**	**5007.02**	**4860.20**	**4875.60**

In view of the audited accounts submitted for the truing up of FY 2012-13, Commission approves the intra-state transmission and distribution loss level of **5.83%** with reference to the audited figures as per the audited accounts, of quantum of power purchase, energy sales (including separate effect of UI over-drawl / under-drawl as per the bills) and actual energy drawl of FY 2012-13. Commission therefore in accordance with the regulation 9 of JERC tariff regulations, 2009 (reproduced below) finds it reasonable to allow 30% of the gain arising from over-achievement of the norms laid down by the Commission to be retained by the ED-DNH.

Quote

"

9. Excess or Under Recovery with Respect to Norms and Targets

1) *The generating company or the licensee, as the case may be, shall pass on to the consumers, the 70 % of the gain arising from over achievement of the norms laid down by the Commission in these Regulations or targets set by the Commission from time to time and retaining balance 30% with themselves.*

2) *The generating company or the licensee, as the case may be, shall bear the entire loss on account of its failure to achieve the norms laid down by the Commission or targets set by the Commission from time to time."*

Unquote

Thus the 30% of total estimated gain to be shared with ED-DNH and is allowed as an expense in the Aggregate Revenue Requirement of FY 2012-13.

Table 5.6.2 : Assessment of gain for FY 2012-13

Particulars	FY 2012-13	
	Approved	Actual
Retail sales within the UT	4591.12	4591.12
T&D Loss within the UT	6.00%	5.83%
Energy required at UT Periphery for Sale to Retail Consumers	4884.17	4875.60
Add UI Sale	171.49	171.49
Gross Power Purchase Requirement at UT Periphery	5055.66	5047.10
Interstate Transmission Losses	3.89%	3.89%
Gross Power Purchase Requirement at Generator End	5260.55	5251.64
Savings in Power Purchase	8.91	
Approved Per unit Power Purchase Cost	354	
Incentive for Overachievement	**3.15**	
30% of total estimated gain to be shared with ED-DNH	**0.95**	

The Commission considers the loss level of 5.83% as reasonable and approves the same for True up of FY 2012-13 and allows the gain of Rs. 0.95 Crores, which shall be considered as expenditure in the Aggregate Revenue Requirement of FY 2012-13, for the purpose of truing up of FY 2012-13.

5.7 Energy Requirement

Petitioner's submission

The petitioner has submitted the energy requirement for FY 2012-13, based on the actual sales, power purchase quantum and actual losses for FY 2012-13.

Commission's analysis

The Commission has approved the T&D losses and the inter-state transmission losses as elaborated in the foregoing paragraphs. Commission has considered the actual drawl of 4875.60 MUs at the ex-bus periphery of the licensee as per the weekly UI sheets of WRPC for FY 2012-13. The Energy requirement for the FY 2012-13 is drawn based on the approved inter-state and intra-state transmission & distribution losses and the approved energy sales. The gross energy requirement approved for FY 2012-13 is shown in the table below, along with the energy requirement submitted by the petitioner in its true-up petition for ARR of FY 2012-13.

Table 5.7.1 : Energy Requirement approved by the Commission and actuals submitted by the petitioner for FY 2012-13 (in Million Units)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
4	**Energy required at State Periphery for Sale to Retail Consumers**	**4941.10**	**4978.10**	**4847.28**	**5007.02**	**4860.20**	**4875.60**
5	Add: Sales to common pool consumers/ UI (in MUs.)	63.21	0.00	342.24	99.97	206.00	171.49
A	Sales outside state/UT: UI/ (in MUs.)	63.21	0.00	342.24	99.97	206.00	171.49
B	Sales (in MUs.)	0.00	0.00	0.00	0.00	0.00	0.00
	a) To electricity traders (in MUs.)						
	b) Through PX (in MUs.)						
C	Sales to other distribution licensees	0.00	0.00	0.00	0.00	0.00	0.00
	a) Bilateral Trade (in MUs.)						
	b) Banking Arrangement (in MUs.)						
6	**Total Energy Requirement for State (5+6)**	**5004.31**	**4978.10**	**5189.53**	**5106.98**	**5066.20**	**5047.10**
7	Transmission losses						
i)	%	3.90%	3.56%	3.61%	3.56%	4.08%	3.89%
i)	MU	203.09	183.76	194.36	188.52	215.73	204.54
B)	**ENERGY REQUIRED AT GENERATOR END**	**5207.40**	**5161.86**	**5383.89**	**5295.50**	**5281.93**	**5251.64**

5.8 Power Purchase Quantum & Cost for FY 2012-13

Petitioner's submission

The petitioner has submitted that the actual power purchase for FY 2012-13 is Rs. 1869.04 Crores to procure 5281.93 million units of energy for FY 2012-13 (including energy purchased through UI overdrawl), as against the power purchase cost of Rs. 1764.93 Crores to procure 5207.40 million units as approved by the Commission in its ARR and tariff order dated 31st July 2012.

Commission's analysis

Commission had approved the Power purchase cost including transmission charges at Rs. 1764.93 Crores for purchase of 5207.40 million units in its ARR and tariff order dated 31st July 2012. Further, the Commission during the approval for the ARR of FY 2012-13 in its ARR and tariff order dated 25th March 2013 had also recorded the revised estimates of power purchase units for the period FY 2012-13 at 5295.50 million units at table 7.7.2 of the said order.

The petitioner in its true-up petition has submitted that the actual power purchase for FY 2012-13 is Rs. 1869.04 Crores including transmission costs during FY 2012-13 to procure 5281.93 million units for FY 2012-13 (including UI over-drawl). The petitioner has submitted that it has considered the source-wise Power purchase cost including transmission charges as per the audited accounts of FY 2012-13. The total Power purchase cost as submitted by the Petitioner in true-up includes the arrears on account of revision in CERC regulations, revision in Income tax and increase in coal charges along with rebate on the prompt payment, received by the utility. The Commission as part of prudence check verified the station-wise bills of Power purchase Cost submitted by the petitioner for FY 2012-13 on sample selection basis and had considered the submissions made by the petitioner after sample verification of power purchase bills.

As mentioned in Para 5.4 of this order, Commission has considered the separate effect of UI over-drawl / under-drawl for FY 2012-13; therefore the UI over-drawl of 1.35 million units and UI under-drawl of 171.49 million units (verified from the weekly UI bills as available with WRPC) under UI mechanism for FY 2012-13 is considered for the purpose of true-up.

The Commission allowed the power purchase cost including the additional arrears attributed to revision of charges due to CERC regulations, Income Tax and coal prices applicable for the financial year 2012-13 after verification from the Power purchase bills and the audited accounts. In accordance with the Power purchase cost as per the audited accounts, auditor's report, and JERC tariff regulations,2009; Commission has found it reasonable and therefore considers Rs. 1882.62 Crores (excluding rebate) with reference to the final actual figures as per the audited accounts for the purpose of further analysis of true-up.

The summary of Power purchase quantum and costs, for FY 2012-13 as approved by the Commission after the true-up including UI overdrawl, is given in the following table:

Table 5.8.1 : Power Purchase Units approved by the Commission and actuals submitted by the petitioner for FY 2012-13 (in Million Units)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	**Gross Availability (in MUs)**	**5207.40**	**5161.86**	**5384.01**	**5295.50**	**5281.93**	**5251.64**
a	Power Purchase from Renewable Sources	150.84	140.38	0.00	0.00	0.00	0.00
b	NPCIL	416.35	345.31	407.92	393.18	410.23	410.23
c	Unscheduled Interchange	0.00	0.00	6.71	0.84	36.47	1.35
d	Power Purchase from other sources	4640.21	4676.17	4969.38	4901.48	4835.23	4840.05
2	**PXIL (Buy) to match the energy requirement**						
	Net power purchase (in MUs)	5207.40	5161.86	5384.01	5295.50	5281.93	5251.64
3	**Gross Purchase including PX (in MUs)**	**5207.40**	**5161.86**	**5384.01**	**5295.50**	**5281.93**	**5251.64**

Renewable Purchase Obligations

As per JERC (Procurement of Renewable Energy) Regulations 2010 regulation 1 sub clause (1):

Quote

"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."

Unquote

The petitioner had to purchase 3% of total power purchase from renewable sources for FY 2012-13 including 0.40% for Solar and 2.60% for Non-Solar. The petitioner in its submission has submitted that they have procured Renewable Energy Certificates for FY 2012-13 of 128 million units and total cost has been given at Rs. 25.98 Crores. Commission has observed that in order to comply with the RPO obligation, the petitioner has to procure 138 million units from the Renewable Energy Sources.

In accordance with the JERC (Procurement of Renewable Energy) Regulations 2010 regulation 4:

Quote

"4. Consequences of default

If the obligated entity does not fulfill the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by State Agency, such amount as the Commission may determine on the basis of the shortfall in units of RPO and the forbearance price. It shall also be liable for penalty as may be provided by the Commission under Section 142 of Electricity Act, 2003.

Provided

1. *That the fund so created shall be utilized as may be directed by the Commission for purchase of the certificates.*
2. *Further that the Commission may empower an officer of the State Agency to operate the fund and procure from the Power Exchange the required number of certificates to the extent of the shortfall in the fulfillment of the obligations, out of the amount in the fund.*
3. *That the obligated entities shall be in breach of its license condition if it fails to deposit the amount directed by the Commission within 15 days of the communication of such direction.*
4. *That in case of genuine difficulty in complying with the renewable purchase obligation because of non-availability of certificates, the obligated entity can approach the Commission for carry forward of compliance requirement to the next year."* **Unquote**

The treatment of shortfall in RPO Obligation is detailed in review of FY 2013-14. The source wise actual power purchase cost approved for FY 2012-13 is detailed below.

Table 5.8.2 : Actual Power Purchase expenses as approved by the Commission for FY 2012-13 (in Rs. Crores)

Sr. No.	Source	FY 2012-13 (Actuals)						Per Unit Charges (Rs/P.U.)
		Energy Units (MU)		Charges (In Crores)				
		Petitioner	Approved	Fixed	Variable	Other	Gross Total	Total
A	Power purchase from other sources							
	(2.60% for - Non Solar) RPO (IEX)				25.98		25.98	
	(0.40% for Solar)						0.00	
B	NPCIL							
	KAPS	90.48	90.48	0.00	21.27	0.14	21.41	237
	TAPS	319.76	319.76	0.00	90.66	0.13	90.80	284
C	Unscheduled Interchange	36.47	1.35		1.06		1.06	782

Sr. No.	Source	FY 2012-13 (Actuals)						Per Unit Charges (Rs/P.U.)
		Energy Units (MU)		Charges (In Crores)				
		Petitioner	Approved	Fixed	Variable	Other	Gross Total	Total
D	NTPC & Other Stations							
	KSTPS 3	185.27	185.27	27.01	16.95	1.44	45.40	245
	KSTPP 1&2	502.69	502.69	28.60	46.34	14.59	89.53	178
	VSTPP- IV	4.16	4.16	1.53	0.42	-0.76	1.18	284
	VSTPP-II	294.06	294.06	22.54	34.33	8.71	65.58	223
	VSTPP- III	329.53	329.53	35.52	38.60	9.44	83.56	254
	Sipat-II	260.88	260.88	34.74	31.49	1.28	67.52	259
	VSTPP-I	365.45	358.00	22.71	44.41	12.04	79.15	221
	Sipat-I	489.10	489.10	66.91	64.67	4.22	135.81	278
	KHSTPP-II	18.40	18.43	2.33	3.70	-0.02	6.01	326
	JGPP	246.39	248.97	50.56	57.22	1.69	109.47	440
	KAWAS	251.33	251.33	55.29	59.30	1.53	116.12	462
	NSPCL - Bhilai	1230.29	1232.69	203.61	318.89	-3.91	518.59	421
	RGPPL	91.81	91.81	26.31	25.40	-0.39	51.32	559
	MSTPL 1	0.37	0.07	0.99	0.11	-0.90	0.20	2875
	Tata Power - Haldia	565.49	573.06	0.00	218.23	0.07	218.30	381
	Power Purchase Cost	**5281.93**	**5251.64**	**578.66**	**1099.04**	**49.30**	**1727.00**	**329**
	PGCIL and Other Charges							
	PGCIL CHARGES						120.20	
	POSOCO						0.70	
	MAHATRANSCO						3.21	
	CGRF						0.00	
	Open Access Charges						4.24	
	Reactive charges						1.04	
	WRPC						0.18	
	WRLDC						1.53	
	Others Charges						0.17	
	Arrears						24.35	
	Less: Rebate						25.56	
	Less: Penal UI						0.23	
	Grand Total of Charges	**5281.93**	**5251.64**	**578.66**	**1099.04**	**49.30**	**1856.84**	**354**

Power Purchased from UI and Power Exchanges

The Petitioner in its true-up petition has submitted that they had procured Power from short-term sources like Power exchanges, and UI mechanism to meet the peak demand. As per the bills generated by WRLDC on UI, it has been found that the Petitioner has drawn energy below the specified frequency of 49.5 Hz from 01st April 2012 to 31st March 2013 and additional UI charges of Rs. 0.23 Crores paid by the petitioner. Therefore as per the CERC (Unscheduled Interchange charges and related matters)

Principle Regulations and its amendments thereof applicable for FY 2012-13 and Press Notification issued by Ministry of Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, **Commission has disallowed the additional UI charges of Rs. 0.23 Crores against the UI drawl below the specified frequency during FY 2012-13**, imposed on the utility as per the UI regulations of CERC (as amended from time to time) for drawl during the period when the frequency was below 49.2 (amended to 49.5 w.e.f. May 03'2010 and later on amended to 49.7 w.e.f. March 5' 2012) and it will not be a pass through in the true-up of aggregate revenue requirement of the Petitioner for FY 2012-13. As such penal rate which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of penal charges should not be shown as purchase of Power because it is on account of improper management of Load by ED-DNH.

Trued Up Power Purchase Cost for FY 2012-13

The Commission, after verification of power purchase bills submitted by the petitioner and the audited accounts, approves the rebate of Rs 25.56 Crores as submitted by the petitioner.

Further, on consideration of the disallowed amount towards penal charges paid for UI overdrawl/under drawl as discussed, above the approved drawl from UI (separate effect of under drawl/overdrawl), and incentive of overachievement of loss trajectory, the Power purchase cost comes out to be Rs. 1856.84 Crores for the purpose of True-up of ARR for FY 2012-13 for purchase of 5251.64 million units as summarized below:

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009**, Commission has considered the final actual figures of Power purchase cost and has approved Rs. 1856.84 Crores (after deducting penal charges of Rs. 0.23 Crores) as per the audited accounts as reasonable and approves the same for true-up of FY 2012-13.**

5.9 Operation and Maintenance Expenses

Petitioner's submission

The petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

- **Employees Expenses** which includes the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and

- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

The petitioner has submitted the Operation and Maintenance expenses of Rs. 15.27 Crores in its true-up petition for FY 2012-13 as compared to the Operation and Maintenance expenses of Rs. 11.50 Crores approved by the Commission in its ARR and tariff order dated 31st July 2012 and Rs. 12.69 Crores for FY 2012-13 in its ARR and tariff dated 25th March 2013.

The petitioner has submitted the detailed break-up of Operation and Maintenance expenses on each of the expenditure heads for consideration by Hon'ble Commission.

Commission's analysis

The petitioner submitted that the actual employee expenses in FY 2012-13 was Rs. 7.82 Crores as compared to the employee expenses of Rs. 3.12 Crores approved by the Commission in the ARR and tariff order dated 31st July 2012. Commission in its tariff order dated 25th March 2013 approved Rs. 5.09 Crores for Review of ARR for FY 2012-13; in view of the expenditure recorded in the audited accounts of the FY 2011-12. The actual expenses for FY 2011-12 were escalated by the WPI[6] factor of 8.94% to determine the expenses for FY 2012-13 for Review of ARR of FY 2012-13.

The Commission acknowledged the submission of the petitioner that the actual employee expenses of DNHPDCL had exceeded the approved values due to change in salary revision and payment to the contract employees. These factors are uncontrollable factors and need to be trued-up at actual. The Commission had acknowledged the fact in its tariff order dated 31st July 2012 that the impact of 6th Pay Commission implementation would be uncontrollable at the hands of the petitioner and such expenses would be treated as a pass through during the true-up process based on the actual payout in this regard for the FY 2012-13.

Further, Commission noticed that there is no change in the number of employees from 01st April 2012 to 31st March 2013.

The employee expenses of the utility are at prudent levels and are less than 0.43% of the total ARR of the petitioner the Commission finds the variation in employee expenses against the approved to be

[6] WPI- Wholesale price index as available on the website of Economic Advisor, Ministry of Commerce and Industry

acceptable. The **Commission has therefore considered the final actual figures of employee expenses of Rs. 7.82 Crores as per the audited accounts as reasonable and approves the same for true-up of FY 2012-13.**

Administration and General Expenses

The petitioner submitted that the actual Administration and General expenses in FY 2012-13 was Rs. 3.00 Crores as compared to the Administration and General expenses of Rs. 1.32 Crores approved by the Commission in the ARR and tariff order dated 31st July 2012.

Commission in its tariff order dated 25th March 2013 approved Rs. 2.10 Crores for Review of ARR for FY 2012-13 based on the audited data of FY 2011-12. The actual expenses for FY 2011-12 were escalated by the WPI factor of 8.94% to determine the expenses for FY 2012-13 for Review of ARR of FY 2012-13.

During the technical validation session, the Commission observed that the petitioner had inadvertently missed on the expense of Rs. 0.03 Crores on account of computers peripherals and equipments as mentioned in the audited accounts. The petitioner, thus, has recorded Rs 3.03 Crores as the A&G expense in its audited account, which is a variation of 0.97 Crores from the approval in the order for Review of FY 2012-13. **The Commission has considered the final actual figures of administration and general expenses of Rs. 3.03 Crores as per audited accounts as reasonable and approves the same for the purpose of true-up of FY 2012-13.**

Repair and Maintenance Expenses

The petitioner submitted that the actual Repair and Maintenance expenses in FY 2012-13 was Rs. 4.45 Crores as compared to the Repair and Maintenance expenses of Rs. 7.06 Crores approved by the Commission in the ARR and tariff order dated 31st July 2012.

The Commission in its ARR and tariff order for FY 2012-13 dated 31st July 2012 had approved higher Repair and Maintenance expenses on account of major maintenance proposed to be carried out by the petitioner on EHV/LT substations as the capitalization proposed during FY 2012-13 was more than that during FY 2011-12.

Repair & Maintenance expenditure in general shall increase in proportion to increased capitalization. Commission in its ARR and tariff order dated 25th March 2013 recognized the requirement of the maintenance activities and also observes that the R&M expenses proposed by the petitioner amounting to Rs 5.59 Crores were lower than that approved in the order dated 31st July 2012 and had approved Rs. 5.50 Crores for review of ARR of FY 2012-13. As can be observed from the above, the actual expenditure recorded in the books of accounts is less than the approved (vide order dated 25th

March 2013) expenditure on Repair and Maintenance activities. In view of the less expenditure incurred, it is directed that the petitioner should carry out the expenditure as a must exercise for maintenance of the sub-transmission and distribution system including meters & metering equipments. As it forms the backbone of the entire system. Any slippages in this direction shall be viewed seriously.

The actual R&M expenses as per the audited accounts are lower than approved therefore **the Commission has considered the final actual figures of repair and maintenance expense of Rs. 4.45 Crores as per the audited accounts as reasonable and approves the same for true-up of FY 2012-13.**

5.10 Capitalization, GFA & Depreciation

Petitioner's submission

The petitioner in its true-up petition for FY 2012-13 has submitted the actual capital expenditure incurred by the utility is Rs. 41.57 Crores and capitalization achieved during FY 2012-13 is Rs. 27.46 Crores which is very much less than the capitalization of Rs. 43.72 Crores approved by the Commission for FY 2012-13 in its tariff order dated 31st July 2012.

The Petitioner has computed the depreciation at Rs. 19.91 Crores as against the depreciation of Rs. 6.11 Crores approved by the Commission in its ARR and tariff order dated 31st July 2012 for FY 2012-13. The petitioner has submitted that the depreciation has been computed by applying the depreciation rates as given in the depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009 on the opening Gross Fixed Assets and the subsequent additions to it in FY 2012-13 as shown in annual accounts of Electricity Department of Dadra and Nagar Haveli for FY 2012-13.

Commission's analysis

The Commission had approved the capitalization of Rs. 43.72 Crores for the purpose of Aggregate Revenue Requirement in its ARR and tariff order dated 31st July 2012 and further approved the capitalization of Rs. 46.52 Crores for FY 2012-13 as part of Review in its tariff order dated 25th March 2013. The Commission did not accepted the opening gross fixed assets of FY 2010-11 as projected by the department for the reasons while determining the tariff for FY 2010-11 and FY 2011-12 as mentioned in its previous tariff order for FY 2010-11 dated 1st November 2010 and FY 2011-12 dated 13th September 2011.

The petitioner furnished the verified asset register for the FY 2012-13 as part of ARR and Tariff Petition for FY 2013-14 where it is submitted that the assets have been audited by the statutory auditor, which confirms the value of the opening value of gross fixed assets for the FY 2012-13 contained in the audited accounts of FY 2012-13.

In view of the findings of the Commission **as discussed in para 2.1.2 to para 2.1.10 of Review Order dated 24th January 2013.** The relevant excerpts are mentioned below:

Quote

"2.1.9. In view of the above, even if the typographical errors are ignored, the auditor's report, notes to the accounts, comment on the fixed assets & depreciation registers, does not specify that the opening value of gross fixed assets & importantly, the assets and depreciation registers furnished by the department could not provide the crucial information to ascertain the assets that are effectively/actually deployed for the year for which tariff is being fixed or claimed. Therefore the Commission rejects the contention of the petitioner and directed to submit the verified & required information for consideration by the Hon'ble Commission as stated in the tariff order dated July 31'2012.

2.1.10. ED- DNH is directed to indicate the value list of Assets being used for rendering the services in the ARR of 2013-14 or alternatively indicate as to what % of Gross block be considered on ad hoc basis & the basis thereof which can be considered in the true up which is due in the ARR for FY 2013-14."

Unquote

Commission gave directions in para 2.1.10 of review order dated 24th January 2013 to the petitioner to indicate the value list of assets being used for rendering the services in the ARR of 2013-14 or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof which can be considered in the true up which was due in the ARR for FY 2013-14. As the petitioner did not respond to the directions of the Commission and has not indicated even as to what %age of gross block be considered on ad hoc basis, the Commission, in view of the non-submission of the required certificate/confirmation from the petitioner, emphasized it could not be inferred that the assets ascertained in the asset registers furnished by the petitioner are actually/effectively deployed for which the tariff is being claimed or fixed.

Considering the present facts, the fixed assets acquired by the UT of Dadra and Nagar Haveli since its inception as UT, had UT written off some of the assets and provided write off sanctions could have considered as the base but there is also no write off sanction mentioned in the fixed asset registers. It means the entire stock is in use which is not correct. As such entire stock could not be considered as 'assets in use'; For the same and the sole purpose of third party verification through a Chartered Accountant is also completely set aside by the utility and has once again re-produced the unverified information for consideration of the Commission under the seal of Chartered Accountant and has also not submitted the required certificate/confirmation as per the directions gave by the Commission in review order dated 24th January 2013.

Having considered the findings of the Commission in the review order dated 24th January 2013 and the non-submission of the required certificate/confirmation from the petitioner; the Commission has taken a prudent view and is of the opinion that though it is to be allowed on the basis of audited accounts, but that do not clearly indicate, for which tariff is being charged. Though Commission as per the tariff regulation may not have considered this, but to avoid accumulation of depreciation or resulting in a tariff shock to a consumer; if being charged in any single year in future, or creation of regulatory asset; the Commission considers it prudent to allow depreciation on 50% of opening value of gross fixed assets as on 1st April 2010 being the first year (FY 2010-11) for which ARR and tariff petition was filed by the petitioner, subject to adjustment in true-up depending upon the certificate to be submitted by 30th September 2013.

As the petitioner has not submitted the requisite certificate along with the current petition and subsequent submissions, Commission therefore considered the approved capitalization of Rs. 273.64 Crores for FY 2011-12 as the opening value of assets at the beginning of FY 2012-13 for the purpose of Depreciation and Return on Equity. Further the capitalization of Rs. 27.46 Crores was already been done during FY 2012-13, Commission considers it admissible as an addition of Rs. 27.46 Crores in the gross block for the purpose of true-up of FY 2012-13.

Table 5.10.1 : Calculation of Depreciation for FY 2012-13 approved by the Commission (in Rs. Crores)

Sr. No.	Particulars	Value of assets at the beginning of FY 2012-13	Addition during FY 2012-13	Closing balance at the end of FY2012-13	Rate of Depreciation	Depreciation for FY 2012-13
1	2	3	4	5	6	7
1	Plant & Machinery	260.35	22.16	282.51	5.28%	14.33
2	Buildings	3.54	4.28	7.82	3.34%	0.19
3	Vehicles	0.16	0.00	0.16	9.50%	0.02
4	Furniture and Fixtures	0.03	0.04	0.07	6.33%	0.00
5	Computers and Others	0.10	0.30	0.40	6.33%	0.02
6	Land	9.46	0.68	10.14	0.00%	0.00
7	Total	**273.64**	**27.46**	**301.10**		**14.56**

Keeping in view of the above, Commission considers the depreciation of Rs. 14.56 Crores for true up of ARR of FY 2012-13 on the gross block during FY 2012-13.

5.11 Interest and Finance Charges

Petitioner's submission

The petitioner has considered the Opening Balance of Loans for FY 2012-13 as approved by the Commission in its Tariff Order dated 25th March 2013 for the Review of the ARR for FY 2012-13. The normative loan addition in FY 2012-13 has been computed as 70% of the capitalization for FY 2012-13 which works out to Rs. 19.22 Crores. The capitalization for FY 2012-13 was Rs. 27.46 Crores as per the annual accounts for FY 2012-13 In line with the approach adopted by the Hon'ble Commission in its previous Tariff Orders, 10% of the opening loans have been considered as the repayment during the year. Further the rate of interest has been considered as equal to the SBI PLR of 14.45%. The petitioner has claimed the interest and finance charges of Rs. 6.64 Crores to be considered for true up of FY 2012-13.

Commission's analysis

The Commission in its ARR and tariff order dated 31st July 2012 for FY 2012-13 had not considered the notional interest charges projected by the petitioner. As the petitioner had not borrowed any loans to meet the capital expenditure for FY 2012-13, therefore the interest charges computed by the petitioner were on the basis of notional loan without any external borrowings.

However as per Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009

Quote"

1) *For existing loan capital interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the rate of interest and schedule of repayment as per the terms and conditions of relevant agreements.*

2) *Interest and finance charges on loan capital for new investments shall be computed on the loans, duly taking into account the rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall, however, be restricted to the prevailing Prime Lending Rate of the State Bank of India. "* **Unquote**

The ED-DNH being an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009; as the ED-DNH is not restructured and corporatized in FY 2012-13. Considering this an integrated utility and its entitlement to return on its capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of interest on loans is the value of fixed assets in service or actually/ effectively deployed (net fixed assets) by the utility at the beginning of such year and **funding pattern as well as terms & conditions of funding of capital assets**.

The Commission places reliance on the Section 23 of the JERC Tariff regulations which is reproduced below:

Quote

"23. Debt-Equity Ratio

For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:

Provided that the Commission may, in appropriate cases, consider equity higher than 30% for the purpose of determination of tariff, where the generating company or the licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of the general public: .

(2) The debt and equity amounts arrived at in accordance with sub-regulation (1) above shall be used for all purposes including for determining interest on loan, return on equity, Advance against Depreciation and Foreign Exchange Rate Variation.

Provided that in the case of an Integrated Utility, till the time it remains Integrated Utility, it shall be entitled to return on its capital base as per Schedule VI to the repealed Electricity (Supply) Act, 1948."

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for the FY 2010-11, wherein the Commission had determined Tariff as per the JERC Tariff Regulations, 2009. The Commission has also perused the accounts certified by a chartered accountant submitted by the petitioner for FY 2010-11, FY 2011-12 & FY 2012-13. It has been observed that the petitioner does not have any opening loan portfolio and the entire capital base is funded through government budgetary support.

As discussed above, the normative interest under the JERC Tariff Regulations could therefore be considered on the assets created during the year FY 2010-11 onward excluding the opening capital base as projected by the petitioner in FY 2010-11 or considered by the Commission as discussed in para 5.10 of this order. Commission has considered an addition of Rs. 68.22 Crores in Gross Fixed Assets for FY 2010-11 which were considered funded through normative debt to the tune of 70% i.e. Rs. 47.75 Crores. Further, the Commission has considered the actual capitalization of assets as proposed by the petitioner at Rs 3.99 Crores during FY 2011-12 and Rs 27.46 Crores during the FY 2012-13. The Commission for the purpose of funding of the capitalization has considered the normative debt equity ratio of 70:30, whereby it has considered the normative loan at Rs. 19.22 Crores for the FY 2012-13 and the opening normative loan of Rs. 36.76 Crores. The calculation for the interest on the normative loan is given below:

Table 5.11.1 : Normative Interest on Loan approved in the true up for FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	Opening Normative Loan	0.00	61.99	48.15	36.76	36.76	36.76
2	Add: Normative Loan during the year	30.60	30.60	32.57	32.57	19.22	19.22
3	Less: Normative Repayment	1.53	6.68	2.41	15.12	1.84	3.68
4	Closing Normative Loan	29.07	85.92	78.31	54.21	54.14	52.31
5	**Average Normative Loan**	**14.54**	**73.95**	**63.23**	**45.49**	**45.45**	**44.53**
6	Rate of Interest (@SBAR rate)	14.75%	14.75%	14.75%	14.61%	14.61%	14.75%
7	**Interest on Normative Loan including bank charges**	**2.14**	**10.91**	**9.33**	**6.65**	**6.64**	**6.57**

In view of the submissions made by the petitioner and the capitalization considered for FY 2012-13 in the para 5.10 of this order, the Commission has considered the Normative Interest on loans at Rs. 6.57 Crores (including Rs 57,585/- Bank Charges paid by ED-DNH) as reasonable and approves the same for true-up of FY 2012-13.

5.12 Interest on Working Capital

Petitioner's submission

The petitioner has computed the interest on working capital for FY 2012-13 on the normative principles outlined by the Commission in the JERC (Terms and Conditions for determination of Tariff), Regulations, 2009.

ED-DNH has computed interest on working capital at 14.61% as equal to the SBI PLR as Rs. 20.19 Crores as against Rs. 21.84 Crores approved by the Commission in its ARR and tariff order dated 31st July 2012 for FY 2012-13 and Rs. 23.53 Crores in its ARR and Tariff order dated 25th March 2013.

Commission's analysis

As per the regulation 29 of JERC tariff regulations

Quote

"

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

1) *For generation and transmission business, the working capital shall be as per CERC norms.*
2) *Subject to prudence check, the working capital for distribution business shall be the sum of one month requirement for meeting:*
    a. *Power purchase cost.*
    b. *Employees cost.*
    c. *Administration & general expenses and*
    d. *Repair & Maintenance expenses.*
3) *Subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting :*
    a. *Power purchase cost*
    b. *Employees cost*
    c. *Administration & general expenses*
    d. *Repair & Maintenance expenses.*
    e. *Sum of two-month requirement for meeting Fuel cost.*
4) *The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures."* ***Unquote***

The Commission has considered the calculation of the different components of the interest on working capital as per JERC Tariff Regulations

Further, as the consumer security deposit has not been kept in any separate account and is available to the petitioner to meet its working capital requirements, the Commission has therefore considered that the amount against the consumer security deposit available till 31st March 2013 to meet the working capital required for FY 2012-13.

In the reply to queries raised by the Commission, the petitioner in its reply dated 24th January 2014 has submitted the following:

Consumer Security Deposit	As on 01.04.2011	As on 01.04.2012	As on 01.04.2013	As on date
In Bank Guarantee	144.25	157.28	112.73	163.53
In Fixed Deposits	0.00	0.00	60.97	18.03
In Cash	0.00	0.00	0.00	42.94
Interest paid to consumers.	0.00	0.00	0.00	0.00

As during the FY 2012-13, the Consumer Security Deposit was available in the form of Bank Guarantee and Fixed Deposits only. As “NIL” Consumer Security Deposit was available in the form of cash, accordingly, the Commission has considered “Nil” security deposit available with the petitioner, as a source to meet its working capital requirement and has made no deduction on this account from the working capital requirement for FY 2012-13. The petitioner simultaneously has a liability to pay interest to the consumers on the security deposit held, which the Commission has allowed as pass through in the expenses approved.

The Commission has considered the SBI advance rate of 14.75%[7] as on 1st April 2012 for true up of ARR of FY 2012-13. The detailed calculation for the calculation of interest on working capital is mentioned below:

Table 5.12.1 : Interest on Working Capital approved by the Commission for FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	Fuel Cost for 2 months	0.00	0.00	0.00	0.00	0.00	0.00
2	Power Purchase Cost for one month	160.31	147.08	160.50	159.91	155.75	151.28
3	Employee Cost for one month	0.31	0.27	0.43	0.43	0.65	0.65
4	A&G Expenses for one month	0.20	0.11	0.18	0.18	0.25	0.25
5	R&M Expenses for one month	0.68	0.60	0.47	0.47	0.37	0.37
6	**Total Working Capital for one month**	**161.50**	**148.06**	**161.57**	**160.98**	**157.03**	**152.56**
7	**Total Working after deduction of Security Deposit from Working Capital Requirement**	**161.50**	**148.06**	**161.57**	**160.98**	**139.93**	**152.56**
8	SBAR Rate	14.75%	14.75%	14.75%	14.61%	14.61%	14.75%
9	**Interest on Working Capital**	**23.82**	**21.84**	**23.83**	**23.53**	**20.44**	**22.50**

Accordingly, the Commission has considered the Interest on Working Capital at Rs. 22.50 Crores as reasonable and approves the same for true up of FY 2012-13.

[7] SBI advance rate notified on 14.02.2011; Thereafter four revisions in the SBI advance rate was notified in FY 2011-12 and are as under: 25.04.2011-13.25%; 12.05.2011-14%; 11.07.2011-14.25%; 13.09.2011 – 14.75%. No further revision has been notified

5.13 Interest on Security Deposit

Petitioner's submission

The petitioner has not claimed the interest on security deposit from consumers for FY 2012-13

Commission's analysis

In terms of the section 47 (4) of the Electricity Act, 2003 '*the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission.'* The Commission in its previous order had directed to follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from that provided in the Regulation, the same be replaced by those as specified therein. Further, the petitioner has to comply with the provisions of the above-referred section of the Electricity Act 2003.

The Commission in its ARR and tariff order dated 13th September 2011 had directed the petitioner should follow the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of consumer security deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003. Further the Commission reiterated its direction in its tariff order dated July 31'2012.

The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2012-13. Though Commission appreciates the effort made by the petitioner for conversion of BGs into Deposits but still this mode of consumer security deposit is different from those provided in the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003. The Commission would like to reiterate its direction that the distribution licensee should deliver its obligation under the Section 47(4) of the Electricity Act, 2003 and it must pay the interest on security deposit and was directed to pay interest of FY 2011-12 in the consumer bills during FY 2011-12. It is observed with reference to the final figures as per audited accounts of FY 2012-13, the petitioner has not paid any interest to the consumers on the security deposit held during FY 2012-13. Therefore **Commission considers it appropriate to not to consider any interest on security deposits for the purpose of true-up of ARR of FY 2012-13.**

5.14 Return on Capital Base/Return on Equity

Petitioner's submission

The petitioner has computed the return at 16% on the equity base as per the tariff regulations of the Commission on the average equity based upon the opening balance of equity for FY 2012-13 and additions during the year as equal to 30% of the capitalization during FY 2012-13. The return on equity of Rs. 13.79 Crores has been claimed by the petitioner for true up of FY 2012-13.

Commission's analysis

The Commission in its ARR and tariff order dated 13th September 2011 for FY 2011-12 had noted the following:

Quote

"The ED-DNH it is an integrated utility in its present form as defined in Regulation 2 (9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement either for return on capital base or return on equity is the audited accounts and register of assets and depreciation. The ED - DNH has not prepared the statement of accounts viz profit and loss account, balance sheet etc. ED-DNH has submitted in their letter dated 30/06/2010 that audited accounts are unavailable at the moment and the ED - DNH has initiated the process of appointing auditors and will be in a position to submit the details thereafter only.

In the absence of audited accounts, assets and depreciation registers the Commission is not in favor of any return on capital base till such time the asset register, depreciation registers and accounting statements are prepared and got duly audited for considering the return on capital base." ***Unquote***

Having considered the submission of the petitioner with regard to audited accounts, the Commission is of the view that the petitioner as being an integrated utility in its present form is eligible for the return on capital base and it is entitled to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity is the value of assets actually/effectively deployed for which the tariff is being fixed or claimed. The petitioner has furnished the audited accounts and asset registers to the Commission. As discussed in foregoing para no. 5.10, the gross opening block in the asset registers and audited accounts is based on the assumptions and is not physically verified. Further the Commission in para 2.1.10 of its review order dated 24th January 2013, directed the petitioner to indicate the value list of assets being used for rendering the services in the ARR of 2013-14 or alternatively indicate as to what % of Gross block be considered on ad hoc basis & the basis thereof which can be considered in the true up which is due in the ARR for FY 2013-14.

As can be observed from the assets and depreciation registers furnished by the department, the same could not provide the crucial information to ascertain the assets that are effectively/actually deployed for the year for which tariff is being fixed or claimed. Further in the absence of required certificate/confirmation to be furnished by the department, in compliance to the directions of the Commission in review order dated 24th January 2013.

As discussed in para 5.10, Commission has therefore taken a pragmatic view in this regard and has considered the capital base equal to 50% of opening value of gross fixed assets as on 01st April 2010 being the first year (FY 2010-11) for which ARR and tariff petition was filed by the petitioner for the purpose of allowing return on capital base, subject to adjustment in true-up depending upon the certificate to be submitted by 30th September 2013.

As the petitioner has not submitted the requisite certificate along with the current petition and subsequent submissions, Commission has therefore considered Rs. 8.98 Crores as a 3% return on net block of approved assets/capitalization at the beginning of the FY 2012-13.

Table 5.14.1 : Return on Equity approved for true-up of FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	Gross block at beginning of the Year/Opening GFA or equity	0.00	95.38	1.20	273.64		273.64
2	Less accumulated depreciation/Addition in Equity	13.11	6.01	13.96	25.70		25.70
3	Net block at beginning of the year /Closing Equity	13.11	89.37	15.16	299.34		299.34
4	Less accumulated consumer contribution						
5	**Net fixed assets at beginning of the year /Average Equity Amount**	**6.56**	**89.37**	**8.18**	**299.34**		**299.34**
6	**Reasonable return @3% of NFA /Return on Equity @16%**	**1.05**	**2.68**	**1.31**	**8.98**	**13.79**	**8.98**

Commission considers the Return on Capital Base of Rs. 8.98 Crores as reasonable and approves the same for true up of FY 2012-13.

5.15 Provision for bad and doubtful debts

Petitioner's submission

The petitioner has claimed Rs 19.34 Crores against the bad and doubtful debts in its true-up petition for FY 2012-13.

Commission's analysis

As specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

"28. Bad and Doubtful Debts

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

Format -18

S.No.	***Particulars***	***Amount (Rs. in Crores)***
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

JERC tariff regulation allows a provision for bad and doubtful debts up to 1% of receivables in the revenue requirement. It is seen that the licensee has not actually written off any bad and doubtful debts for FY 2012-13 with reference to the final actual figures as per the audited accounts of FY 2012-13. The Commission therefore has not considered any bad and doubtful debts for true up of FY 2012-13.

The Commission has, therefore, not considered any expenses on account of bad & doubtful debt for true-up of ARR for FY 2012-13.

5.16 Non-Tariff Income

Petitioner's submission

The Non-tariff income comprises of metering, late payment charges, interest on staff loans, reconnection fee, miscellaneous revenue etc. The petitioner claimed actual Non-Tariff Income of ED-DNH for FY 2012-13 was Rs. 0.10 Crores as against Rs. 3.99 Crores approved by the Commission in its tariff order dated 31st July 2012 and Rs 10.76 Crores approved in the tariff order dated 25th March 2013. The petitioner has further submitted that variation in non-tariff income is uncontrollable and accordingly requested the Commission to allow the variation in Non Tariff Income as uncontrollable for the purpose of truing up.

Commission's analysis

As can be observed the submissions of the petitioner with regard to non-tariff income are at variance, the petitioner submitted the actual non-tariff income of Rs. 10.76 Crores as part of review of ARR of FY

2012-13 which were considered by the Commission in tariff order dated 25th March 2013. Now as part of true up of FY 2012-13, the petitioner submitted that the actual non-tariff income of the department is far less than the figure approved by the Commission. It is noted by the Commission that the variance is not only in the figure of non-tariff income but also in the sources of non-tariff income as was submitted by the petitioner during review of ARR for FY 2012-13. Further it can be inferred from the audited accounts that the petitioner has under-stated the non-tariff income and overstated the tariff income by Rs. 60.34 Crores (other charges recovered from the consumers), which later on clarified by the petitioner vide their affidavit dated 13th February 2013 in response to clarifications sought by the Commission that the UI sales of Rs 50.06 Crores was erroneously accounted in the other charges recovered from the Consumers and that there was double accounting of these charges. The petitioner has also submitted the revised balance sheet rectifying this mistake.

The petitioner also provided the details of the other charges recovered from the consumers which is summarized below.

S.No.	Particulars	Amount (Rs. Cr)
1	Capacitor Charges	0.392
2	Meter Testing Charges	0.046
3	Name Change Charges	0.015
4	Reconnection Charges	0.013
5	Service Connection Charges	0.240
6	Supervision Charges	7.045
7	Development Charges	0.591
8	Burnt Meter Fees	0.001
9	Cash Payment	0.003
10	Deposit Work	0.142
11	Extra Meter Length	0.046
12	Final Bill	0.001
13	Interest on Bonds	0.123
14	Refund of Bill to ED-DNH by NIC	0.030
15	Registration Fees	1.490
16	Shifting of Poles	0.023
17	Test Report Fees	0.020
18	Transformer Centre	0.059
19	**Total**	**10.279**

It is evident from the table above that income from these charges of are primarily of non – tariff nature as per the provision 33 of the JERC Terms and Conditions of tariff regulations 2009. Further, it has also been observed by the Commission that the petitioner had consider income from meter rent as part of Income from Retail Sale while this income should be classified as the Non Tariff Income by the petitioner.

The Commission has taken the submission of the petitioner on record and accordingly considered the revised submission of the petitioner.

The Non Tariff Income for FY 2012-13 is summarized below:

Table 5.16.1 : Non-tariff income approved for true up of FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	House Rent Recovery				0.01	0.01	0.01
2	Interest Income				0.01	0.01	0.01
3	Fees for RTI application				0.00		
4	Tender Fees/EMD					0.01	0.01
5	Meter/Service Rent/Testing			0.65	0.65	0.63	0.63
6	Late payment surcharge			10.09	10.09		
7	Misc. Receipts/Income					10.38	10.28
8	Others	3.99	3.99		0.00	0.08	0.08
9	**Total income**	**3.99**	**3.99**	**10.74**	**10.76**	**11.11**	**11.01**
10	Add: prior period income						
Total Non-Tariff Income		**3.99**	**3.99**	**10.74**	**10.76**	**11.11**	**11.01**

The Commission would like to highlight that while the petitioner has submitted other charges recovered as Rs 10.38 Crores in the format 28A, the Commission has considered Rs 10.28 Crores on this account as per the audited accounts and bifurcated details of these charges as per the subsequent submissions of the petitioner.

Apart from above, the Commission has also considered the Meter Rent of Rs 0.63 Crores as submitted by petitioner in format 28(A) as Non Tariff Income as per the provision of tariff regulations. Further, the Commission has also considered the submission of petitioner of House Rent Recovery (Rs 0.01 Crores), Interest Income (Rs 0.01 Crores), Tender fees/EMD (Rs 0.01 Crores) & Others (Rs 0.08 Crores) as other sources of Non Tariff Income as per the provisions of Tariff Regulations 2009.

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has taken a pragmatic view and has considered the final actual figures of Non-tariff Income of Rs. 11.01 Crores as per audited accounts (after inclusion of meter rent and other charges recovered from consumers) as reasonable and approves the same for true-up of ARR of FY 2012-13.**

5.17 Payment of Contingency liability

Petitioner's submission

The petitioner has initially submitted in the original petition that the Commission had passed an order to refund an amount of Rs. 81.11 Crores to the consumers with an interest at the rate of 9.50% in regards to the excess PPCA charges recovered from the consumers which has been subsequently reduced to Rs. 41.86 Crores with interest. The Interest has also been waived by the APTEL till the date of signing the Balance Sheet and the department is still in appeals for the waiver of Rs. 41.86 Crores in the APTEL. If the order comes against the department then the liability of payment of Rs. 41.86 Crores may arise. In this regard, petitioner has made a provision of Rs. 41.86 Crores in the Truing up of FY 2012-13.

The petitioner has not claimed this payment in the revised petition.

Commission's analysis

As the matter is sub-judice in the Hon'ble Appellate Tribunal for Electricity and as the petitioner has not claimed this amount in the revised petition, **the Commission has not the considered the submission of the petitioner and has not approved the payment of contingency liability for true-up of FY 2012-13. The Commission will address this issue separately on the basis of directions/orders to be issued by Hon'ble Appellate Tribunal for Electricity in the pending appeal.**

5.18 Revenue from Sale of Surplus Power

Petitioner's submission

The petitioner has submitted that revenue from sale of surplus energy of Rs. 54.05 Crores for FY 2012-13.

Commission's analysis

As discussed in para 5.4, Commission has verified the UI bills for the complete year of FY 2012-13 and the Commission for the purpose of approval has considered the over drawl and under drawl of UI separately as per weekly sheets/bills of energy transacted under UI mechanism for FY 2012-13. Commission has considered the UI under-drawl or actual sale under UI of 171.49 million units (verified from the UI bills as submitted by the petitioner) under UI mechanism for FY 2012-13 for the purpose of true up;

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **the Commission considers the final actual figures of revenue from sale of surplus Power at Rs. 41.47 Crores as per the audited accounts as reasonable and approves the same for true-up of FY 2012-13.**

5.19 Revenue at approved retail tariff of FY 2012-13

Petitioner's submission

The petitioner has submitted the actual revenue to Rs. 1,884.17 Crores (including the amount received on account of FPPCA charges) as against Rs. 1,513.35 Crores and Rs. 1,812.80 Crores as approved by the Hon'ble Commission vide its Tariff Order dated 31st July 2012 and 25th March 2013 respectively. The petitioner in its subsequent submissions has submitted the detailed reconciled statement of revenue from sale of power at existing tariff with reference to the final actual figures of income & expenditure as per the audited accounts of FY 2012-13.

Commission's analysis

The petitioner has submitted the final actual figures of revenue from sale of power at approved tariff of FY 2012-13; therefore Commission has considered the final actual figures of revenue from sale of power as per the audited accounts of FY 2012-13 for true up of FY 2012-13.

As per the revised detailed submissions made by the petitioner on affidavit dated 13th February 2014, the petitioner had claimed meter rent of Rs 0.63 Crores and other charges recovered from consumers Rs 10.38 Crores as a part of revenue from retail sale of the tariff. Further, the petitioner had submitted the recovery on account of FPPCA variations as Rs 184.51 Crores. The Commission has already considered the meter rent and other charges recovered from consumers as detailed in the para 5.16 above.

Table 5.19.1 : Revenue from retail sale approved for true up of FY 2012-13 (in Rs. Crores)

S.No.	Category/Consumption Slab	FY 2012-13					
		(Petitioner's submission)	Approved in T.O. 31.07.12 for FY 2012-13	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved By Commission
A	**Domestic**	**13.50**	**10.07**	**10.64**	**8.49**	**15.77**	**15.77**
1	0-50 units		0.91	1.21	0.91	1.82	1.82
2	51-200 units		3.75	3.80	2.90	4.89	4.89
3	201 - 400 units		2.04	2.14	1.63	2.95	2.95
4	401 and above		3.29	3.49	2.70	4.89	4.89
5	Low Income Group (LIG)		0.09	0.00	0.04	1.22	1.22
B	**Commercial**	**8.19**	**8.71**	**8.72**	**4.67**	**8.20**	**8.20**
1	1- 100 units		1.04	1.03	0.39	1.04	1.04
2	101 and above units		7.67	7.69	2.88	7.16	7.16
C	**Industrial (LT)**	**47.62**	**39.25**	**48.48**	**22.98**	**48.34**	**48.34**
1	Up to 20 HP		0.00	43.47	21.72	1.54	1.54
2	Above 20 HP		0.00	5.01	2.54	46.80	46.80

S.No.	Category/Consumption Slab	FY 2012-13					
		(Petitioner's submission)	Approved in T.O. 31.07.12 for FY 2012-13	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved By Commission
D	**Agriculture & Poultry**	**0.19**	**0.24**	**0.26**	**0.26**	**0.46**	**0.46**
1	Connected Load up to 10 HP		0.03	0.22	0.10	0.07	0.07
2	Connected Load above 10 HP to 99 HP		0.20	0.04	0.02	0.39	0.39
E	**Public Lighting**	**1.32**	**0.85**	**0.69**	**1.07**	**1.12**	**1.12**
F	**High Tension Supply**	**1439.54**	**1452.66**	**1765.07**	**794.89**	**1614.29**	**1614.29**
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA		**1332.65**	**1617.84**	**0.00**	**1487.78**	**1487.78**
1	Up to 50000 units		125.76	148.41	58.98	134.73	134.73
2	50001-500000 units		391.00	450.01	221.97	409.09	409.09
3	Above 500000 units		815.89	936.32	554.65	943.97	943.97
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive		**120.01**	**147.23**	**0.00**	**126.51**	**126.51**
1	First - 300 units/KVA		74.44	63.42	10.08	75.17	75.17
2	301-500 units/KVA		36.81	29.71	18.99	40.49	40.49
3	Above 500 units/KVA		8.76	6.87	79.44	10.85	10.85
G	**Temporary Supply**	**0.74**	**1.57**	**0.00**	**0.50**	**1.11**	**1.11**
Total		**1511.10**	**1513.35**	**1833.87**	**1812.80**	**1689.29**	**1689.29**

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the final actual figures of Revenue from the sale of Power including the revenue from retail tariff and recovery on account of FPPCA variations only as per audited accounts and approved Rs. 1689.29 Crores as revenue from retail sales and Rs 184.51 Crores as recovery from FPPCA variations for true-up of FY 2012-13.**

5.20 Aggregate Revenue Requirement and Revenue Surplus/Deficit for true-up of FY 2012-13

Petitioner's submission

The petitioner has submitted the gross revenue requirement of Rs. 1,909.70 Crores for FY 2012-13 and has estimated the gap of Rs. 25.52 Crores for the purpose of true up of FY 2012-13.

Commission's analysis

The Commission has considered and approved the true-up of ARR for FY 2012-13 based on the items of expenditure discussed in the preceding Chapters and the same has been summarized in the table below vis-à-vis petitioner's claim in the true-up petition for FY 2012-13.

As per the sub-regulation 2 (i) of regulation 8 of JERC tariff regulations 2009, **Commission has considered the final actual figures as per audited accounts and regulations for the purpose of true-up of FY 2012-13.**

Table 5.20.1 : Aggregate Revenue Requirement approved for true up of FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
1	Cost of fuel	-	-	-	-	-	-
2	Cost of power purchase for full year	1923.73	1764.93	1925.97	1918.92	1869.04	1856.84
3	Employee costs	3.74	3.22	5.17	5.17	7.82	7.82
4	Administration and General Expenses	2.38	1.36	2.13	2.13	3.00	3.03
5	Repair and Maintenance Expenses	8.10	7.17	5.59	5.58	4.45	4.45
6	Depreciation	22.91	6.11	25.24	15.12	19.91	14.56
7	Interest and Finance charges	2.14	10.91	9.33	6.65	6.64	6.57
8	Interest on Security Deposit & Interest on Working Capital	23.82	20.91	23.83	22.60	20.44	22.50
9	Return on NFA /Equity	1.05	2.68	1.31	8.98	13.79	8.98
10	Provision for Bad Debt	7.65	7.57	19.22	9.06	18.74	0.00
11	Payment of contingency liability	-	-	-	-	-	-
12	Incentive on achievement of norm of T&D loss	-	-	-	-	-	0.95
13	**Total Revenue Requirement**	**1995.52**	**1824.86**	**2017.79**	**1994.21**	**1963.84**	**1925.70**
14	Less: Non Tariff Income	3.99	3.99	10.74	10.76	11.11	11.01
15	Less: Revenue from Surplus Power Sale/UI	18.96		102.67	31.61	54.05	41.47
16	Less: Revenue from Short term sale	-	-	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**	**1972.57**	**1820.87**	**1904.38**	**1951.84**	**1898.68**	**1873.22**

The estimated (surplus)/gap have been mentioned in the following table.

Table 5.20.2 : Estimated (Surplus)/gap for true-up of FY 2012-13 (in Rs. Crores)

Sr. No.	Particulars	2012-13					
		Petitioner Submission (FY 2012-13)	Approved in T.O. 31.07.2012	Petitioner's submission for review	Approved in T.O. 25.03.13	Petitioner's Submission for True-Up	True-Up Approved by the Commission
17	**Net Revenue Requirement (13-14-15-16)**	**1972.57**	**1820.87**	**1904.38**	**1951.84**	**1898.68**	**1873.22**
18	Revenue from Retail Sales at Existing Tariff	1511.10	1513.35	1833.87	1812.80	1689.29	1689.29
19	**Net Gap / (Surplus) (17-18)**	**461.47**	**307.52**	**70.51**	**139.04**	**209.39**	**183.94**
20	Recovery on account of PPC variations			144.17	144.17	184.51	184.51
21	**Gap after adjusting PPC variations**	**461.47**	**307.52**	**(73.66)**	**(5.13)**	**24.88**	**(0.57)**
22	Gap/(Surplus) for the previous year	-	(53.73)	(38.71)	(45.05)		(45.05)
23	Carrying Cost	-	-	-	(6.96)		(6.69)
24	Past Arrears/Refunds to Consumers	-	-	-	-		
25	**Total Gap/ (Surplus) (21+22+23+24)**	**461.47**	**253.79**	**(112.37)**	**(57.14)**	**24.88**	**(52.31)**
26	Additional revenue from proposed tariff	502.97	338.33				
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**(41.50)**	**(84.54)**	**(112.37)**	**(57.14)**	**24.88**	**(52.31)**
28	Budgetary Support from Government						
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**(41.50)**	**(84.54)**	**(112.37)**	**(57.14)**	**24.88**	**(52.31)**

While the petitioner, has not considered carry forward of the surplus of Rs 45.05 Crores (approved during true-up of FY 2011-12) during the true-up of FY 2012-13, the Commission, considering the carry forward of the surplus of Rs 45.05 Crores along with holding cost, has estimated the surplus of Rs. 52.31 Crores as reasonable and approves the same for true-up of FY 2012-13. This estimated surplus is carried over to next year and has accordingly been considered in Review of ARR of FY 2013-14.

6. REVIEW OF ARR FOR FY 2013-14

6.1 Background

The Commission had approved the Aggregate Revenue Requirement for FY 2013-14 vide its ARR and tariff order dated 25th March 2013 as per the provisions of the JERC tariff regulations 2009. The petitioner had submitted the revised estimates of sale of electricity, income and expenditure of FY 2013-14 for the review of ARR of FY 2013-14 which included the actuals of first half of FY 2013-14 and estimates of the balance year as per the Regulation 8 of JERC Tariff Regulations 2009, in ARR and tariff petition for FY 2013-14 on 26th November 2013.

The Commission had considered the following for ARR of FY 2013-14 as per the JERC tariff regulations, prior to the submission of Petition for Performance Review:

i. Actual Performance in FY 2012-13 (audited[8] figures);

ii. Revised estimates of FY 2013-14 based on the data of first half of the year and projections for second half of the year.

Commission for this Review of FY 2013-14 has considered the following:

a. Actual Performance in FY 2012-13 (audited figures);

b. Actual Power Purchase Quantum and Cost for FY 2013-14 from April 2013 to September 2013;

c. Category wise sales & Revenue, Consumers and Connected Load for FY 2013-14 from April 2013 to September 2013.

d. Revised estimates of FY 2013-14 of O&M expenses, Capital Expenditure based on 6 month actuals of FY 2013-14;

e. Non-Tariff Income

f. Depreciation, Interest and Finance Charges, Interest on Working Capital, Interest on Security Deposit, and Return on Net Fixed Assets has been computed as per the JERC tariff regulations 2009.

[8] *Audited Accounts of FY 2012-13 provided by the Petitioner.*

6.2 Review for FY 2013-14

The review of aggregate revenue requirement requires assessment of quantum of energy sales, energy loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. This has been done based on actual data for 6 months for power purchase cost, and sales, and revised estimates of FY 2013-14 based on six months actuals for O&M expenses, interest and depreciation submitted by the petitioner. As regards to various components of ARR, the Commission's analysis thereon and decision in respect of items given below is discussed in the following paras:

- Review of Energy Requirement
  - i. Sales Projections
  - ii. Loss Trajectory
  - iii. Energy Balance
  - iv. Power Purchase Sources
- Review of the Aggregate Revenue Requirement
  - i. Power Purchase Costs & Transmission Charges;
  - ii. Operation and Maintenance Expenses;
    - Employee Expenses
    - Administration & General expenses
    - Repairs & Maintenance Expenses
  - iii. Capital Expenditure and Asset Capitalization
  - iv. Gross Fixed Assets;
  - v. Depreciation;
  - vi. Interest on Long Term Loans;
  - vii. Interest on Working Capital & Security Deposits;
  - viii. Return on Capital Base/ Net Fixed Assets;
  - ix. Provision for Bad and Doubtful Debts
  - x. Other expenses.

xi. Non-Tariff Income

6.3 DNH Electricity Reforms Transfer Scheme 2013

Post the notification of Transfer Scheme, there was unbundling of ED-DNH into 2 separate entities, i.e. ED-DNH for Transmission Business and DNHPDCL for the Distribution Business. The separate entities are functional since 01st April 2013.

The petition was filed by DNHPDCL only for Distribution Business and no separate petition was received from ED-DNH for the Transmission Business. The petition was however filed by DNHPDCL using the information of bundled utility only and projected accordingly. No information specifically pertaining to Distribution Business only was separately mentioned in the petition.

The Commission, in its letter dated 05th December 2013, requested the petitioner to clarify the above-mentioned discrepancies along with other data gaps/shortcomings in the petition. Simultaneously, the Commission discussed the matter with the Secretary (Power), UT Dadra and Nagar Haveli also.

The Secretary (Power), UT Dadra and Nagar Haveli (also MD DNHPDCL) vide its letter no. 1-1(56)/PDCL-AE (Commercial)/2013/3099 dated 20th December 2013, stated that the while Transfer Scheme has been made effective from 01st April 2013 only, ED-DNH is still in process of separation of assets, liabilities, man-power etc. and that same was targeted to be completed by end of FY 2014-15 only. It was further requested that the requirement of DNHPDCL and ED-DNH may be considered on consolidated basis only as filed in the petition and that ED-DNH will file the separate petition for approval of ARR and Tariff Proposal for next financial year i.e. FY 2015-16.

Considering the current status of process of segregation and consequential issue of availability of reliable segregated data in present scenario, the Commission took the letter on record and accepted the submission of ED-DNH and DNHPDCL and decided to proceed with processing of the ARR and Tariff Petition for FY 2014-15 filed by DNHPDCL on consolidated basis for ED-DNH and DNHPDCL.

Accordingly, the Commission is currently undertaking the review for FY 2013-14 and determination of ARR for FY 2014-15 considering the ED-DNH and DNHPDCL as a single entity only and not as separate entities for the present order and review the same once the separate information is made available by these entities.

6.4 Consumers, Connected Load and Energy Sales

Petitioner's Submission

The actual energy sale in the DNH periphery in the first nine months of the FY 2013-14 was 3,721.75 MUs. The energy sales for FY 2013-14 have accordingly been determined and the petitioner submitted the revised estimates of 4,977.33 million units for FY 2013-14.

Commission's Analysis

As per the sub-regulation (2) (ii) of regulation 13 of JERC tariff regulations 2009,

Quote

"(ii) Estimated figures for the current financial year should be based on actual figures for the first six months and the estimated figures for the second six-months of the year. The estimated figures for the second half year of the current financial year should be based on the actual audited figures for the second half of the previous year with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified."

Unquote

Commission has considered the actual audited figures for the first half of FY 2011-12 and FY 2012-13 and has accordingly estimated the second half of the current financial year based on the actual audited figures of second half of FY 2011-12 and FY 2012-13 with overall adjustments which is reflective and measurable change is expected to occur between them.

The Commission has observed that the Petitioner has submitted the sales for the LIG category as 2.94 MUs. The Petitioner has submitted the number of consumers for the LIG category as 14009.

The Commission has computed the consumption of consumers under the LIG category considering 2X40W bulbs/ 6 hours per day/consumer adopting the guidelines as considered by the Commission in previous orders.

On the basis of above, the Commission approves the normative sales for the LIG consumers as 2.44 MUs considering the approved no. of consumers of 13930 in LIG category for FY 2013-14.

The approved Sales, Connected load and number of consumers for the FY 2013-14 have been shown in the table below:

Table 6.4.1 : Category wise Sales approved by the Commission for FY 2013-14 (in million units)

S.No.	Category/Consumption Slab	FY 2013-14					
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	H1 (Submitted by Petitioner)	H2 (Approved by the Commission)	Total Sales Approved by the Commission
A	**Domestic**	**62.01**	**85.71**	**72.76**	**43.08**	**36.08**	**80.20**
1	0-50 units	11.99	11.77	14.68	7.92	6.86	14.77
2	51-200 units	24.28	34.62	26.22	8.05	6.97	15.02
3	201 - 400 units	10.56	15.02	11.52	14.63	12.67	27.29
4	401 and above	15.18	21.82	17.23	11.08	9.59	20.67
5	Low Income Group (LIG)	0.00	2.47	3.11	1.40	1.22	2.44
B	**Commercial**	**34.91**	**31.68**	**28.39**	**15.53**	**15.62**	**31.15**
1	1- 100 units	5.27	4.80	3.42	2.96	2.98	5.95
2	101 and above units	29.63	26.88	24.96	12.57	12.64	25.20
C	**Industrial (LT)**	**177.78**	**160.88**	**175.48**	**87.65**	**87.97**	**175.63**
1	Up to 20 HP	160.00	144.78	5.68	2.63	2.64	5.27
2	Above 20 HP	17.78	16.10	169.80	85.02	85.33	170.36
D	**Agriculture & Poultry**	**3.82**	**3.43**	**4.08**	**2.03**	**2.01**	**4.05**
1	Connected Load up to 10 HP	3.44	3.05	0.53	0.26	0.26	0.53
2	Connected Load above 10 HP to 99 HP	0.38	0.37	3.55	1.77	1.75	3.52
E	**Public Lighting**	**5.48**	**6.48**	**5.45**	**2.39**	**2.92**	**5.32**
F	**High Tension Supply**	**4906.40**	**4934.86**	**4689.26**	**2307.99**	**2360.02**	**4668.02**
HTA	Industrial & Motive power- 11KV or 66KV having CMD above 100 KVA	4522.59	4483.91	4318.25	2126.81	2173.31	4300.12
1	Up to 50000 units	451.29	326.68	401.94	638.04	202.29	840.34
2	50001-500000 units	1333.13	1198.77	1185.80	626.35	596.80	1223.14
3	Above 500000 units	2738.17	2958.46	2730.51	862.42	1374.22	2236.64
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	383.81	450.96	371.00	181.18	186.72	367.90
1	First - 300 units/KVA	264.48	142.41	256.03	125.03	123.80	248.83
2	301-500 units/KVA	98.41	61.40	94.83	46.31	50.97	97.27
3	Above 500 units/KVA	20.91	247.15	20.15	9.84	11.95	21.79
G	**Temporary Supply**	**0.00**	**2.18**	**1.92**	**0.97**	**1.56**	**2.52**
	Total	**5190.39**	**5225.22**	**4977.33**	**2459.65**	**2506.19**	**4966.89**

Table 6.4.2 : Category wise connected load approved by the Commission for FY 2013-14 (in KVA)

S.No.	Category/Consumption Slab	FY 2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
A	Domestic	64884.59	63002.04	78836.00	78836.00
B	Commercial	21077.28	20073.60	22321.00	22321.00
C	Industrial (LT)	78680.93	74934.22	77583.00	77583.00
D	Agriculture & Poultry	3864.18	3724.54	3885.00	3885.00
E	Public Lighting	1374.05	1308.62	1378.00	1378.00
F	High Tension Supply	1052172.45	1052172.45	1094950.00	1094950.00
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	969532.27	969532.27	1034258.00	1034258.00
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	82640.18	82640.18	60692.00	60692.00
G	Temporary Supply	0.00	0.00	1193.00	1193.00
Grand Total (in kVA)		**1222053.48**	**1215215.47**	**1280146.00**	**1280146.00**
Grand Total (in MVA)		**1222.05**	**1215.22**	**1280.15**	**1280.15**

The Commission has observed that load has substantially increased in FY 2013-14(H1), which is mainly due to release of additional load, post the agreement with EMCO. Further, the Commission has observed minimal variance in the Connected Load submitted for FY 2013-14 (9 Months) and FY 2013-14 (6 months) as submitted by petitioner. The Commission thus finds it appropriate to consider the same connected load for full year as submitted for FY 2013-14 (H1) which will be trued-up once the actual figures are available for FT14. For similar reasons, the Commission has considered 6 months actual consumers for full year for FY 2013-14.

Table 6.4.3 : Category wise number of consumers approved by the Commission for FY 2013-14 (in numbers)

S.No.	Category/Consumption Slab	FY 2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
A	Domestic	38402	38414	37023	37023
A1	Low Income Group	14110	14110	13930	13930
B	Commercial	7203	7203	7118	7118
C	Industrial (LT)	2010	2087	1923	1923
D	Agriculture & Poultry	1100	1100	1114	1114
E	Public Lighting	230	227	263	263
F	High Tension Supply	869	869	877	877
G	Temporary Supply	448	448	219	219
Grand Total		**64373**	**64459**	**62467**	**62467**

6.5 Intra-State Transmission & Distribution Loss

Petitioner's Submission

The petitioner has considered the distribution losses of 5.25% for FY 2013-14 as compared to 4.70% as approved by the Hon'ble Commission in its last Tariff Order.

Commission's Analysis

The Commission in its ARR and tariff order for FY 2013-14 had approved the targeted T&D loss level of 4.70%. The petitioner did not furnish the actual T&D loss for first half of FY 2013-14. However based on the final actual figures of Sales, Power purchased units as per the audited accounts of FY 2012-13 and the inter-state transmission loss the Commission has estimated from the available data the actual loss level for FY 2012-13 at 5.83%.

The Commission is of view that the T&D loss level in DNH, currently approved for FY 2013-14 i.e. 4.70%, is already at a very optimal level. Thus, the Commission has retained the loss level of 4.70% against the submission by the petitioner of 5.25% for FY 2013-14 for the purpose of Review of FY 2013-14. However, the sharing of gain on account of over-achievement of target specified by the Commission will be dealt in the true up of FY 2013-14 on the basis of actual T&D loss level and audited figures of Quantum of Power purchase and Sales for FY 2013-14.

Accordingly, the Commission has considered the loss level of 4.70% as the T&D loss level for the purpose of Review of ARR of FY 2013-14.

6.6 Inter-State Transmission Loss

Petitioner's Submission

The petitioner has considered the recent 52-week moving average of regional losses available at the level of 3.56% for estimating the power availability at the periphery.

Commission's Analysis

The Commission in its ARR & tariff order for FY 2013-14 had considered the recent 52-week moving average of regional losses and approved 3.56% as the inter-state transmission loss for FY 2013-14.

Since the recent 52 weeks moving average of regional losses is 3.67% for the week ending 20th October 2013, the Commission now considers the figures of regional pool losses of 3.67% as the inter-state loss and approves the same for review of ARR of FY 2013-14 which would be revised based on actual during the truing up exercise.

6.7 Energy Balance

Petitioner's Submission

The petitioner has considered the overall energy requirement at the state periphery for FY 2013-14 is 5486.17 million units.

Commission's Analysis

As discussed in foregoing para no. 6.3, 6.4. 6.5 and 6.6 of this order, the Energy balance approved for FY 2013-14 is as under

Table 6.7.1 : Energy Balance approved for FY 2013-14

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
A)	**ENERGY REQUIREMENT (in MUs.)**				
1	Energy sales within the State/UT (in MUs.)	5190.39	5225.22	4977.33	4966.89
2	**Total sales within the State/UT**	**5190.39**	**5225.22**	**4977.33**	**4966.89**
3	**Distribution losses**				
i)	%	4.70%	4.70%	5.25%	4.70%
ii)	MU	255.98	257.70	275.79	244.96
4	**Energy required at State Periphery for Sale to Retail Consumers**	**5446.37**	**5482.92**	**5253.12**	**5211.84**
5	Add: Sales to common pool consumers/ UI (in MUs.)	291.47	0.00	44.21	6.64
A	Sales outside state/UT: UI/ (in MUs.)	291.47		44.21	6.64
B	Sales (in MUs.)	0.00	0.00	0.00	0.00
C	Sales to other distribution licensees	0.00	0.00	0.00	0.00
6	**Total Energy Requirement for State (5+6)**	**5737.84**	**5482.92**	**5297.33**	**5218.49**
7	Transmission losses				
i)	%	3.61%	3.55%	3.56%	3.67%
i)	MU	214.86	201.97	188.83	198.58
B)	**ENERGY REQUIRED AT GENERATOR END**	**5952.70**	**5684.90**	**5486.17**	**5417.06**
1	**Gross Availability (in MUs)**	**5951.77**	**5684.90**	**5486.17**	**5417.06**
a	Power Purchase from Renewable Sources	0.00	156.76	0.00	0.00
b	NPCIL	416.91	388.50	362.38	363.39
c	Unscheduled Interchange	0.00	0.00	181.77	84.57
d	Power Purchase from other sources	5534.85	5139.64	4942.02	4969.10
2	**PXIL (Buy) to match the energy requirement**				
	Net power purchase (in MUs)	5951.77	5684.90	5486.17	5417.06
3	**Gross Purchase including PX (in MUs)**	**5951.77**	**5684.90**	**5486.17**	**5417.06**

Table 6.7.2 : Variation Analysis of Power Purchase Quantum of FY 2013-14

Sr. No.	Particulars	2013-14		
		Petitioner's submission for review	Approved by the Commission	Variation
A)	**ENERGY REQUIREMENT (in MUs.)**			
1	Energy sales within the State/UT (in MUs.)	4977.33	4966.89	-258.34
2	**Total sales within the State/UT**	**4977.33**	**4966.89**	-258.34
3	**Distribution losses**			
i)	%	5.25%	4.70%	0.00%
ii)	MU	275.79	244.96	-12.74
4	**Energy required at State Periphery for Sale to Retail Consumers**	**5253.12**	**5211.84**	**-271.08**
5	Add: Sales to common pool consumers/ UI (in MUs.)	44.21	6.64	6.64
A	Sales outside state/UT: UI/ (in MUs.)	44.21	6.64	6.64
B	Sales (in MUs.)	0.00	0.00	0.00
C	Sales to other distribution licensees	0.00	0.00	0.00
6	**Total Energy Requirement for State (5+6)**	**5297.33**	**5218.49**	**-264.43**
7	Transmission losses			
i)	%	3.56%	3.67%	0.11%
i)	MU	188.83	198.58	-3.40
B)	**ENERGY REQUIRED AT GENERATOR END**	**5486.17**	**5417.06**	**-267.83**
1	**Gross Availability (in MUs)**	**5486.17**	**5417.06**	**-267.83**
a	Power Purchase from Renewable Sources	0.00	0.00	-156.76
b	NPCIL	362.38	363.39	-25.11
c	Unscheduled Interchange	181.77	84.57	84.57
d	Power Purchase from other sources	4942.02	4969.10	-170.54
2	**PXIL (Buy) to match the energy requirement**			
	Net power purchase (in MUs)	5486.17	5417.06	-267.83
3	**Gross Purchase including PX (in MUs)**	**5486.17**	**5417.06**	**-267.83**

As such the difference between the total power purchase quanta approved in the tariff order for FY 2013-14 vis-à-vis review in this order is 267.83 MUs primarily is due to decrease in the estimated sales to retail consumers of UT of DNH.

Since the expense projections are based on six months actuals, therefore decrease in the power quanta is admissible in review subject to the final review at the true-up stage based on the final actual figures as per audited accounts of FY 2013-14.

6.8 Power Purchase Quantum and Cost

Petitioner's Submission

The petitioner has furnished the revised estimates of FY 2013-14 based on nine months actuals. For projection of remaining three months of power purchase for FY 2013-14, firm and infirm allocation from various generating stations has been considered. The petitioner had also submitted that the per unit variable cost, fixed cost and other charges for remaining period have been considered at the same level as actual from April 2013 to December 2013. The petitioner has also considered NIL power purchase arrears in remaining months owing to non-availability of prior information.

The petitioner has also submitted it has received 100 MW power from EMCO energy during April to June 2013 and 150 MW power from July to September 2013. THE PETITIONER received its full quota of 200 MW from EMCO for the month of October 2013 and 100 MW during November 2013 and December 2013. Therefore, the revised estimate for the period January 2014 to March 2014 for EMCO has been made by considering 100 MW supply.

The petitioner further submitted that the Government of India, Ministry of Power has allocated 2% (38 MW) power to the petitioner on a long-term basis from RGPPL. The petitioner has executed PPA with RGPPL and Transmission Service Agreement (TSA) with MSETCL for transmission of above allocated power of RGPPL. The state of Maharashtra has 95% share allocation from RGPPL and they are not scheduling power due to non-availability of natural gas to this project. Due to non-availability of technical minimum schedule to run the plant, presently there is no generation from the plant. Therefore, for the period January 2014 to March 2014 the petitioner has not considered any power purchase from RGPPL. However, as per the terms of the PPA signed with RGPPL, the petitioner will have to pay the capacity charges for the allocated capacity share from the plant. Therefore, the fixed charges have been considered by the petitioner for the period January 2014 to March 2014 as per the fixed charges paid during the first nine months of FY 2013-14. The petitioner had according projected the revised estimates of purchase of 5486.17 MUs at Rs. 2085.44 Crores.

Table 6.8.1 : Summary Sheet: Revised Estimates of Power Purchase Quantum and Cost submitted by the petitioner for FY 2013-14

Source	Units Purchased	Fixed Charges	Variable Charges	Arrears	Other Charges	Rebate	All Charges Total	Per Unit Cost
NTPC Stations								
KSTPS	456.75	27.62	43.76	0.00	6.67	0.00	78.04	1.71
KSTPS 3	170.42	26.77	16.44	0.00	3.65	0.00	46.87	2.75
VSTPP-I	326.23	22.66	44.69	0.00	5.36	0.00	72.71	2.23
VSTPP-II	270.90	19.10	34.84	0.00	4.12	0.00	58.05	2.14

Source	Units Purchased	Fixed Charges	Variable Charges	Arrears	Other Charges	Rebate	All Charges Total	Per Unit Cost
VSTPP- III	271.95	33.67	38.67	0.00	3.03	0.00	75.37	2.77
VSTPP- IV	163.05	25.52	21.26	0.00	0.85	0.00	47.62	2.92
KGPP	221.76	54.58	55.18	0.00	2.36	0.00	112.11	5.06
GGPP	167.10	47.21	42.96	0.00	(12.57)	0.00	77.60	4.64
Sipat-I	606.45	86.59	94.33	0.00	20.56	0.00	201.48	3.32
Sipat-II	251.84	33.60	40.67	0.00	3.92	0.00	78.19	3.10
Mauda	43.20	21.56	12.08	0.00	0.01	0.00	33.66	7.79
Mauda-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FSTPS	0.00	0.00	0.00	0.00	0.05	0.00	0.05	
KhSTPS I	0.00	0.00	0.00	0.00	0.03	0.00	0.03	
RSTPS	0.00	0.00	0.00	0.00	0.01	0.00	0.01	
TSTPS	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	
KHSTPP-II	16.55	2.54	4.23	0.00	0.58	0.00	7.35	4.44
Subtotal - NTPC	**2966.19**	**401.41**	**449.11**	**5.30**	**38.64**	**12.34**	**882.11**	**2.97**
NSPCL - Bhilai	**995.56**	**209.66**	**233.02**		**4.53**	**10.09**	**437.13**	**4.39**
NPCIL								
KAPS	92.59	0.00	21.34	0.00	0.01	0.00	21.35	2.31
TAPS	269.78	0.00	75.39	0.00	0.60	0.00	75.99	2.82
Subtotal	**362.38**	**0.00**	**96.73**	**0.00**	**0.61**	**0.00**	**97.34**	**2.69**
Others								
RGPPL	32.95	33.15	9.24	0.00	0.03	0.17	42.24	12.82
Tata Power - Haldia	1.65	0.00	0.65	0.00	0.00	0.00	0.65	3.95
EMCO Energy Ltd. (GMR Group)	945.67	249.88	167.18	0.00	2.64	3.56	416.14	4.40
Subtotal	**980.26**	**283.03**	**177.06**	**0.00**	**2.67**	**3.73**	**459.03**	**4.68**
Power purchase from Other Sources								
Indian E. Exchange/Bilateral	0.00	0.00	0.00	0.00	0.03	0.00	0.03	0.00
UI	181.77	0.00	28.45	0.00	0.00	0.00	28.45	1.56
RPO	0.00	0.00	31.90	0.00	0.00	0.00	31.90	0.00
Subtotal	**181.77**	**0.00**	**60.35**	**0.00**	**0.03**		**60.38**	**3.32**
Misc. Arrears								
Total Power Purchase	**5486.17**	**894.10**	**1016.27**	**5.30**	**46.45**	**26.16**	**1935.99**	**3.53**
Transmission Charge								
PGCIL CHARGES	0.00	0.00	139.77	2.85	0.00	0.00	142.62	
POSOCO	0.00	0.00	1.09	0.00	0.00	0.00	1.09	
WRPC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Reactive charges	0.00	0.00	2.23	0.00	0.00	0.00	2.23	
MSTCL	0.00	0.00	3.50	0.00	0.00	0.00	3.50	
Intra-state transmission charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Grand Total of Charges	**5486.17**	**894.10**	**1162.86**	**8.15**	**46.45**		**2085.44**	**3.80**

Commission's Analysis

As brought out in the section on energy balance, the power purchase quantum approved by the Commission in its last Tariff Order dated 25th March 2013 for FY 2013-14 was 5684.90 MU at an approved power purchase cost of Rs. 2057.71 Crores including transmission charges.

The Commission as part of prudence check verified the station-wise Power purchase bills shown by the petitioner for FY 2013-14 for first six months. Commission considered the submissions made by the petitioner after verification of power purchase bills of first six months of FY 2013-14. Commission noticed errors at some places and therefore has verified the actual quantum of Power purchase from the REA reports on actual basis. Commission has considered the actual rebate availed by DNHPDCL on power purchase bills of first six months and actual arrears paid as part of review of FY 2013-14. The verified quanta of Power Purchase units and cost including transmission charges are mentioned in the table below as per the Power purchase bills submitted by the petitioner for first six months of FY 2013-14:

Table 6.8.2 : Summary Sheet: Power Purchase Quantum and Cost for FY 2013-14 (April to September) as verified from power purchase bills

Sr. No.	Source	Procured till September 2013-Actuals (units and amount verified from bills excluding rebate)					
		Energy Units(MU)		Fixed Charges (Rs. Crores)	Variable Cost (Rs. Crores)	Other Charges (Rs. Crores)	Total (Rs. Crores)
		Petitioner	Approved				
A	**Power purchase from other sources**						
	(2.60% for - Non Solar) RPO (IEX)						0.00
	(0.40% for Solar)						0.00
B	**NPCIL**						
	KAPS	46.66	46.66	0.00	10.78	0.01	10.79
	TAPS	123.84	123.84	0.00	34.55	0.45	35.00
C	**Unscheduled Interchange**	**74.76**	84.57		**11.83**		11.83
D	**NTPC & Other Stations**						
	Tata Power - Haldia	1.65	0.00	0.00	0.65	0.00	0.65
	KSTPS 3	77.42	77.42	12.85	7.81	2.18	22.84
	KSTPP 1&2	244.11	244.10	13.73	23.99	3.23	40.95
	VSTPP-II	140.38	140.38	9.35	16.79	2.46	28.59
	VSTPP- IV	76.21	76.21	12.16	9.26	0.23	21.65
	VSTPP- III	152.43	152.43	16.77	18.22	0.95	35.94
	VSTPP-I	162.03	162.03	10.84	20.58	2.47	33.89
	Sipat-I	293.71	294.71	39.82	47.76	16.23	103.81
	EMCO-GMR	472.95	472.95	133.29	83.42	0.91	217.62
	Sipat-II	135.23	135.23	16.83	22.78	1.62	41.23

Sr. No.	Source	Procured till September 2013-Actuals (units and amount verified from bills excluding rebate)					
		Energy Units(MU)		Fixed Charges (Rs. Crores)	Variable Cost (Rs. Crores)	Other Charges (Rs. Crores)	Total (Rs. Crores)
		Petitioner	Approved				
	RGPPL	29.27	29.27	15.59	7.83	0.42	23.84
	NSPCL - Bhilai	460.95	460.95	101.67	111.33	1.38	214.37
	KHSTPP-II	5.67	9.79	1.22	1.35	0.17	2.73
	KAWAS	107.43	107.43	27.31	26.65	1.73	55.69
	JGPP	72.08	77.99	22.82	18.65	-9.92	31.56
	MSTPL 1	2.07	3.27	8.89	0.58	0.00	9.47
	Power Purchase Cost	**2678.83**	**2699.21**	**443.13**	**474.81**	**24.53**	**942.47**
	PGCIL and Other Charges						
	PGCIL CHARGES						72.46
	POSOCO						0.69
	MAHATRANSCO						1.75
	CGRF						
	Open Access Charges						0.00
	Reactive charges						1.10
	WRPC						
	WRLDC						0.00
	Others Charges						0.09
	Arrears						6.18
	Less: Rebate						5.64
	Less: Penal UI						
	Grand Total of Charges						**1019.11**

Power Purchase Quantum and Cost for remaining six months of FY 2013-14

- **Central Generating Stations –NTPC Ltd., NPCIL, NSPCL**

The petitioner has firm allocation in the Central Sector Generating Stations of NTPC, NPCIL, and NSPCL from the following stations

- Korba Super Thermal Power Station - I, II and III.
- Vindhyachal Super Thermal Power Station - I, II & III
- Kawas Gas Power Station
- Gandhar Gas Power Station
- Sipat Super Thermal Power Station- I &II
- Ratnagiri Gas and Power
- Kahalgaon Super Thermal Power Station - II (Eastern Region)

- Kakrapara Atomic Power Station (KAPS)
- Tarapur Atomic Power Station (TAPS)
- NSPCL-Bhilai

➢ **Other Power Stations**

- **EMCO-GMR**

The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations, except Kahalgaon STPS-II, as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2013/2061 dated 29th November 2013. The allocation for Kahalgaon STPS-II is considered as per the notification of the Eastern Region power Committee.
- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past years. The availability from each station has been considered based on merit order dispatch. However, the fixed charges are approved for full allocation. The Net energy sent out has been considered after considering the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. While it is submitted by the petitioner in the petition that there is availability of 200 MW as per the provisions of PPA from the EMCO-GMR station, petitioner in subsequent submissions mentioned that it is currently able to evacuate only 100/90 MW due to delay in commissioning of PGCIL substation. The petitioner also submitted that the substation is now expected to be commissioned by the May 2014 only. The energy availability from EMCO-GMR station has been considered accordingly at 90 MW only as per the petitioner's submission.
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the petitioner from respective stations.

The Commission has considered the following assumptions to arrive at the Power purchase cost for the remaining six months of FY 2013-14 from the NTPC stations:

- **Fixed Charges:** The fixed charges are considered based on the formula specified for the stations in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges for each station has been taken as per the latest Tariff orders for the respective stations as applicable. However, the fixed charges of EMCO have been taken as per the approved PPA only.

- **Variable Charges:** The Commission has considered the average variable cost for the period July 2013 to September 2013 verified by the Commission from the power purchase bills submitted by the petitioner for consideration of the per unit variable charges for remaining six months of FY 2013-14.

Accordingly, the Commission approves the following availability from above mentioned stations based on the merit order dispatch principles for remaining six months of FY 2013-14

Table 6.8.3: Approved Power purchase quantum from above mentioned stations under merit order dispatch

Sr. No.	Source	Type	Average PLF (%)	Gross Generation (MUs)	Auxiliary Consumption (%)	Net Generation (MUs)	Energy Units (in MU)
A	**Power purchase from other sources**						
	(2.60% for - Non Solar) RPO (IEX)						0.00
	(0.40% for Solar)						0.00
B	**NPCIL**						
	KAPS		94.02	1811.86	10.00%	1630.67	48.04
	TAPS		78.09	3693.81	10.00%	3324.43	144.85
C	**Unscheduled Interchange**						0.00
D	**NTPC & Other Stations**						
	Tata Power - Haldia	*Thermal*	85.00	446.76	6.00%	419.95	0.00
	KSTPS 3	*Thermal*	87.27	1911.29	6.50%	1787.05	86.56
	KSTPP 1&2	*Thermal*	87.27	8027.40	6.50%	7505.62	206.28
	VSTPP-II	*Thermal*	91.58	4011.06	6.50%	3750.34	133.29
	VSTPP- IV	*Thermal*	85.00	1861.50	6.50%	1740.50	86.30
	VSTPP- III	*Thermal*	91.58	4011.06	6.50%	3750.34	142.48
	VSTPP-I	*Thermal*	91.58	5053.93	8.50%	4624.35	171.24
	Sipat-I	*Thermal*	85.00	7371.54	6.50%	6892.39	334.86
	EMCO-GMR	*Thermal*	85.00	2233.80	6.00%	2099.77	314.97
	Sipat-II	*Thermal*	88.37	3870.46	6.50%	3618.88	124.83
	RGPPL	*Gas*	92.14	7938.00	3.00%	7699.86	154.00
	NSPCL - Bhilai	*Thermal*	91.54	2004.65	9.00%	1824.23	598.35
	KHSTPP-II	*Thermal*	68.13	4476.36	6.50%	4185.40	8.37
	KAWAS	*Gas*	69.63	2001.27	3.00%	1941.23	163.45

Sr. No.	Source	Type	Average PLF (%)	Gross Generation (MUs)	Auxiliary Consumption (%)	Net Generation (MUs)	Energy Units (in MU)
	JGPP	*Gas*	70.51	2030.22	3.00%	1969.31	0.00
	MSTPL 1	*Thermal*	85.00	1861.50	6.00%	1749.81	0.00
	Power Purchase Cost						**2717.85**

Table 6.8.4: Approved Power purchase Cost for above-mentioned Stations for remaining six months of FY 2013-14

Sr. No.	Source	Merit Order Purchase for H2				
			Charges (In Crores)			
		Energy Units (in MU)	Fixed	Variable Charges (Ps/kWH) - Average of July, August and Sep	Variable	Gross Total
A	**Power purchase from other sources**					
	(2.60% for - Non Solar) RPO (IEX)	0.00	0.00	0	0.00	0.00
	(0.40% for Solar)	0.00	0.00	0	6.02	6.02
B	**NPCIL**					
	KAPS	48.04	0.00	232	11.13	11.13
	TAPS	144.85	0.00	280	41.02	41.02
C	**Unscheduled Interchange**	0.00	0.00	0	0.00	0.00
D	**NTPC & Other Stations**					
	Tata Power - Haldia	0.00	0.00	0	0.00	0.00
	KSTPS 3	86.56	13.77	89	7.69	21.46
	KSTPP 1&2	206.28	11.95	90	18.48	30.44
	VSTPP-II	133.29	9.03	128	17.03	26.07
	VSTPP- IV	86.30	12.85	128	11.03	23.88
	VSTPP- III	142.48	16.29	128	18.27	34.56
	VSTPP-I	171.24	11.47	134	23.01	34.48
	Sipat-I	334.86	45.86	175	58.45	104.31
	EMCO-GMR	314.97	75.56	177	55.86	131.42
	Sipat-II	124.83	15.78	183	22.90	38.68
	RGPPL	154.00	19.13	253	38.99	58.12
	NSPCL - Bhilai	598.35	94.31	256	153.20	247.50
	KHSTPP-II	8.37	1.18	260	2.17	3.36
	KAWAS	163.45	23.96	262	42.76	66.72
	JGPP	0.00	21.99	266	0.00	21.99
	MSTPL 1	0.00	16.13	282	0.00	16.13
	Power Purchase Cost	**2717.85**	**389.26**		**522.01**	**917.29**

➢ Power Purchase Cost Approved

For determining the power purchase cost, merit order dispatch principles have been applied. The must-run stations have been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order. The transmission charges for FY 2013-14 for remaining six months have been considered as per the POC charges applicable for FY 2013-14 and first six months as per the submissions made by the petitioner based on half yearly actuals.

The Commission has considered the actual transmission charges paid by the licensee from April 2012 to September 2012 and has estimated the transmission charges from October 2012 to March 2013 on the basis of applicable POC rates.

In accordance with the foregoing paragraphs, the Commission has approved the following Power Purchase Cost.

Based on the above, the total Power purchase quantum and cost from various sources (including over-drawl of Power under UI mechanism and transmission charges) as approved for review of FY 2013-14 is mentioned below:

Table 6.8.5 : Power Purchase Quantum and Cost including UI overdrawl for FY 2013-14

Sr. No.	Source	Merit Order Purchase at Approved Losses				
		Energy Units (in MU)	Charges (In Crores)			
			Fixed	Variable	Other	Gross Total
A	**Power purchase from other sources**					
	(2.60% for - Non Solar) RPO (IEX)	0.00	0.00	0.00	0.00	0.00
	(0.40% for Solar)	0.00	0.00	6.02	0.00	6.02
B	**NPCIL**					
	KAPS	94.70	0.00	21.91	0.01	21.91
	TAPS	268.69	0.00	75.57	0.45	76.02
C	**Unscheduled Interchange**	84.57	0.00	11.83	0.00	11.83
D	**NTPC & Other Stations**					
	Tata Power - Haldia	0.00	0.00	0.65	0.00	0.65
	KSTPS 3	163.98	26.62	15.51	2.18	44.30
	KSTPP 1&2	450.38	25.68	42.47	3.23	71.39
	VSTPP-II	273.67	18.38	33.82	2.46	54.66
	VSTPP- IV	162.51	25.00	20.30	0.23	45.53
	VSTPP- III	294.90	33.06	36.49	0.95	70.50
	VSTPP-I	333.27	22.31	43.59	2.47	68.37
	Sipat-I	629.56	85.68	106.21	16.23	208.12

Sr. No.	Source	Merit Order Purchase at Approved Losses				
		Energy Units (in MU)	Charges (In Crores)			
			Fixed	Variable	Other	Gross Total
	EMCO-GMR	787.92	208.85	139.28	0.91	349.04
	Sipat-II	260.07	32.61	45.68	1.62	79.92
	RGPPL	183.26	34.72	46.82	0.42	81.96
	NSPCL - Bhilai	1059.29	195.97	264.52	1.38	461.88
	KHSTPP-II	18.16	2.40	3.52	0.17	6.09
	KAWAS	270.88	51.27	69.41	1.73	122.41
	JGPP	77.99	44.81	18.65	-9.92	53.54
	MSTPL 1	3.27	25.01	0.58	0.00	25.60
	Power Purchase Cost	**5417.06**	**832.39**	**996.81**	**24.53**	**1859.76**
	PGCIL and Other Charges					
	PGCIL CHARGES					173.43
	POSOCO					1.39
	MAHATRANSCO					3.50
	CGRF					0.00
	Open Access Charges					0.00
	Reactive charges					2.20
	WRPC					0.00
	WRLDC					0.00
	Others Charges					0.09
	Arrears					6.18
	Less: Rebate					5.64
	Less: Penal UI					0.10
	Grand Total of Charges	**5417.06**	**832.39**	**996.81**	**24.53**	**2040.81**

Commission considers the Power purchase cost for FY 2013-14 of Rs. 2040.81 Crores for procurement of 5417.06 million units of energy as reasonable and approves the same for Review of FY 2013-14.

6.9 Renewable Energy Obligation

As per JERC (Procurement of Renewable Energy) Regulations 2010 clause 1 sub clause (1)

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.

Further, the Commission has notified draft amendment to the JERC (Procurement of Renewable Energy) Regulations, 2010 on 2nd January 2014. As per the draft amendment issued, the Petitioner has to purchase 3% of total energy purchase from renewable sources for FY 2013-14 including 0.40% for Solar and 2.60% for Non-Solar. The petitioner in its petition had submitted the purchase of non-solar renewable certificates at a cost of Rs. 31.90 Crores in FY 2013-14 to meet its renewable purchase obligation. The petitioner in its subsequent submissions did not submit its plan to purchase renewable energy certificates to meet its renewable purchase obligation for FY 2013-14 in the remaining part of FY 2013-14.

The Commission in order dated 25th October 2013 in the suo-moto petition no. 61/2012 in matter of "Compliance of JERC (Procurement of Renewable Energy) Regulations, 2010 regarding Renewable Purchase Obligation (RPO)". The Commission, in the said order, had stated the following:

Quote:

4. Secretary (Power) UT Dadra and Nagar Haveli-Respondent No. 4

The Respondent No. 4 – ED DNH submitted affidavit dated 26th September 2013. The Commission examined the affidavit and observed that the respondent failed to submit the detailed status report on the RPOs backlog FY 2010-11, FY 2011-12 and FY 2012-13 and current financial year FY 2013-14 as required under JERC (Procurement of Renewable Energy) Regulations, 2010. The Commission has taken a serious note for non-compliance of its orders/directions and JERC Regulations.

The Commission directed the respondent to meet the RPO as per the JERC (Procurement of Renewable Energy) Regulations, 2010 of backlog for FY 2010-11, FY 2011-12, FY 2012-13 and current year FY 2013-14. The Commission further directed the respondent to submit a detailed report to meet the RPO back-log for the FY 2010-11, FY 2011-12, FY 2012-13 and current year FY 2013-14 positively by 20th December 2013. In default, the Commission shall be constrained to proceed under Regulation 4 of the JERC (Procurement of Renewable Energy) Regulations, 2010 against the licensee/obligated entity. The Commission further directed the obligated agency/licensee to submit the quarterly compliance report of the RPO as provided in the Regulation 3.3 of the JERC (Procurement of Renewable Energy) Regulations, 2010 to the State Agency regularly in Annexures "A and B".

Unquote.

In absence of any plan from the petitioner, the Commission has computed the backlog on the basis of submissions made by the petitioner during the true up of FY 2011-12, FY 2011-12 and FY 2012-13. Further, the petitioner has submitted on 21st April 2014 that it has purchased Non Solar REC in tune of 40 MUs only. Accordingly, the Commission has computed the requirement for FY 2013-14 for RPO Compliance as detailed in the table below.

Table 6.9.1: Computation of RPO backlog up to FY 2013-14 and Provision for RPO Compliance

S.N.	Description	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Sales Within State	3896.99	4232.02	4591.12	4966.89
2	RPO Obligation (in %)				
	- Solar	0.25%	0.30%	0.40%	0.40%
	-Non Solar	0.75%	1.70%	2.60%	2.60%
3	RPO Obligation (in MU)				
	- Solar	9.74	12.70	18.36	19.87
	-Non Solar	29.23	71.94	119.37	129.14
4	RPO Compliance (Actual Purchase)				
	- Solar	0.00	0.00	0.00	0.00
	-Non Solar	0.00	0.00	0.00	0.00
5	RPO Compliance (REC Certificate Purchase)[9]				
	- Solar	0.00	0.00	0.00	0.00
	-Non Solar	0.00	58.00	128.00	40.00
6	Total RPO Compliance				
	- Solar	0.00	0.00	0.00	0.00
	-Non Solar	0.00	58.00	128.00	40.00
7	Shortfall in RPO Compliance				
	- Solar	9.74	12.70	18.36	19.87
	-Non Solar	29.23	13.94	-8.63	89.14
8	Cumulative Shortfall in RPO Compliance				
	- Solar	9.74	22.44	40.80	60.67
	-Non Solar	29.23	43.17	34.54	123.68
6	**Floor Price of REC Certificates /MWH**				
	- Solar				**9300.00**
	-Non Solar				**1500.00**
7	**Provision for RPO Compliance (In Crores)**				
	- Solar				**56.42**
	-Non Solar				**18.55**
	-Total				**74.98**

As the Commission had approved the RPO compliance for FY 2010-11, FY 2011-12 and FY 2012-13 on the basis of submissions made by the petitioner at the true-up stage and audited accounts and had not approved any provision for shortfall in RPO Compliance in the said orders, the Commission has now decided to approve the provision of RPO Compliance up to 31st March 2014 (including shortfall in previous years) in the review of FY 2013-14 by purchase of Solar and Non Solar REC Certificates. The Commission has further decided to approve the cost of purchase of REC Certificates (both Solar and Non Solar) at the floor price approved by the CERC vide its order dated 23rd August 2011 in the suo-

[9] *Based on the information made available by the petitioner across various submissions during and post Technical Validation Session dated 19th and 20th December 2013.*

moto petition no. 142/2011 "Determination of Forbearance and Floor Price for the REC framework to be applicable from 1st April 2012".

The Commission thus approves a provision of RPO Compliance of Rs. 74.98 Crores for the review of FY 2013-14.

However, as detailed above, the petitioner has failed to comply to the directions of the Commission issued vide order dated 27th December 2013 in Case No. 61/2012 that the backlog of REC purchase has to be completed by 17th April 2014. As per the information made available by the petitioner across various submissions, there is cumulative shortfall of 60.67 MUs Solar and 123.68 MUs Non Solar in the RPO Compliance up to FY 2013-14.

As per the JERC Procurement of Renewable Energy Regulations, 2010, clause 4, "**consequences of default**"

If the obligated entity does not fulfill the renewable purchase obligation as provided in these regulations during any year and also does not purchase the certificates, the Commission may direct the obligated entity to deposit into a separate fund, to be created and maintained by State Agency, such amount as the Commission may determine on the basis of the shortfall in units of RPO and the forbearance price. It shall also be liable for penalty as may be provided by the Commission under Section 142 of Electricity Act, 2003.

In view of the provisions specified above, the Commission has computed the amount to be deposited with the State Agency as follows

S.N.	Description	FY 2013-14
1	Cumulative Shortfall in RPO Compliance	
	- Solar	60.67
	-Non Solar	123.68
2	**Forbearance Price of REC Certificates /MWH**	
	- Solar	**13400.00**
	-Non Solar	**3300.00**
3	**Provision for Non Compliance for RPO Obligation**	
	- Solar	**81.30**
	-Non Solar	**40.81**
	-Total	**122.11**

As evident from above, the petitioner is required to deposit Rs 122.11 Crores with the state agency.

However, as the sales within state is yet to be trued up for FY 2013-14, the Commission hereby orders the petitioner to provisionally deposit Rs 110 Crores with the designated State Agency i.e. Development and Planning Authority, Dadra and Nagar Haveli by 30th September 2014. The Commission will consider the remaining amount (to be deposited with state agency), if any, at the true-up stage. The Commission will also review the status of compliance of RPO Obligation during the hearing of Petition No. 61/2012.

6.10 Operation and Maintenance Expenses

Petitioner's Submission

The petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

- **Employees Expenses** which includes the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and
- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

The Petitioner has submitted the Operation & Maintenance Expenses of Rs. 16.64 Crores for FY 2013-14. The petitioner has submitted that the revision on the O&M cost for FY 2013-14 is mainly on escalation in employee expenses.

6.10.1 Employee Expenses

Petitioner's Submission

The petitioner has claimed Rs 8.52 Crores as the Employees Expenses for FY 2013-14 and has submitted detailed justification for increase in Employee Costs in the formats.

Commission's Analysis

As per the regulation 27 of JERC tariff regulations 2009

Quote

"

27. Operation and Maintenance Expenses

1) *'Operation & Maintenance expenses' or 'O&M expenses' shall mean & include repair and maintenance (R&M) expenses, employee expenses and administrative & general (A&G) expenses including insurance.*

   While determining the O&M expenses for generation functions within the State, the Commission shall be guided, as far as feasible, by the principles and methodologies of CERC on the manner, as amended from time to time.

2) *While determining the O&M expenses for transmission functions within the State, the Commission shall be guided, as far as feasible by the principles and methodologies specified by CERC on the matter, as amended from time to time:*

   Provided further that the Commission may, if it considers it just, practical and proper considering the size of the total transmission system of, and the quantum of electricity handled by, an integrated utility, treat its transmission system as an integral part of its distribution system itself.

3) *O&M expenses for distribution functions shall be determined by the Commission as follows:*

   a) *O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;*

   b) *Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the Wholesale Price Index on April 1 of the relevant year;*

   c) *In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expenses for subsequent years for individual companies on the basis of such estimation and above principle.*

4) *O&M expenses of assets taken on lease/hire-purchase and those created out of the consumers' contribution shall be considered in case the generating company or the licensee has the responsibility for its operation and maintenance and bear O&M expenses.*

5) *O&M expenses for gross fixed assets added during the year shall be considered from the date of commissioning on pro-rata basis.*

6) *O&M expenses for integrated utility shall be determined by the Commission on the norms and principles indicated above."*

Unquote

As discussed in earlier para the Commission had decided to determine review of the O&M Expenses for FY 2013-14 considering ED-DNH and DNHPDCL has a bundled utility.

Commission observes the employee expenses approved for FY 2013-14 as Rs. 5.46 Crores and the actuals figures of employee cost for FY 2012-13 as per the audited accounts is Rs. 7.82 Crores. Commission has analyzed the past trends, the employee expenses approved in the tariff order dated 25th March 2013 for FY 2013-14 and is of the view that the actual audited data of FY 2012-13 shows true depiction of expenses incurred by the utility. Commission has therefore considered the actuals of FY 2012-13 as a revised base for calculating the employee cost for FY 2013-14. The escalation factor used by the Commission is 5.68%[10] per annum. The WPI index up to March 2014 has been used (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2012-13. The employee expenses approved for FY 2012-13 have been escalated by the WPI factor of 5.68[11]% to determine the employee expenses for FY 2013-14.

Commission considers the employee cost of Rs. 8.27 Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.10.2 Repair and Maintenance Expenses

Petitioner's Submission

The petitioner has claimed Rs 4.85 Crores as the Repair and Maintenance Expenses for FY 2013-14 and has submitted the detailed justification for Repair and Maintenance Expenses in the formats.

Commission's Analysis

Commission observes the Repair and Maintenance Expenses approved for FY 2013-14 as Rs. 5.91 Crores and the actuals figures of Repair and Maintenance expenses of FY 2012-13 as per the audited accounts is Rs. 4.45 Crores. Commission has analyzed the past trends, the Repair and Maintenance expenses of Rs. 5.91 Crores approved in the tariff order dated 25th March 2013 for FY

10 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry
11 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry

2013-14, actuals of past years and revised estimates based on 6 months actuals as submitted by the petitioner.

Commission has therefore considered the actuals of FY 2012-13 as a revised base for calculating the repair and maintenance expenses for FY 2013-14. The escalation factor used by the Commission is 5.68%[12] per annum.

Therefore, the Commission considers the Repair and Maintenance expenses of Rs. 4.68 Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.10.3 Administration and General Expenses

Petitioner's Submission

The petitioner has claimed Rs 3.27 Crores as the Administrative and General Expenses for FY 2013-14 and has submitted detailed justification for Administrative and General Expenses in the formats.

Commission's Analysis

The Commission is of the view that the actual audited data of FY 2012-13 is a true depiction of expenses incurred by the utility. The Commission has therefore considered the actuals of FY 2012-13 as a revised base for calculating the A&G expenses for FY 2013-14 in line with the JERC Tariff Regulations.

The Commission has considered the WPI index up to March 2014 (as available on the website of Economic Advisor, Ministry of Commerce and Industry) for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2012-13. The actual expenses for FY 2012-13 have been escalated by the WPI factor of 5.68[13]% to determine the expenses for FY 2013-14.

The R&M expenses approved for FY 2013-14 is summarized below:

Table 6.10.3.1: Administration and General Expenses approved for FY 2013-14 (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Rent, rates & taxes				
2	Domestic Travel Allowances				

12 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry
13 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
3	Office Expenses			0.74	0.75
4	Insurance				
5	Membership & Regulatory Fees	0.20	0.19	1.22	1.18
6	Consultancy Fees and other professional fees			1.10	1.06
7	Electricity & Water Charges	1.15	1.12		
8	Advertisement & Publicity	0.70	0.68	0.15	0.14
9	Special Service/Collection and Meter reading			0.02	0.02
10	Expenses of CGRF (Office)	0.19	0.18		
11	Consumer Indexing and Energy Auditing	0.06	0.06		
12	Other material related expenses			0.04	0.04
13	**Total**	**2.29**	**2.23**	**3.27**	**3.20**
14	Add/Deduct share of others (to be specified)				
15	**Total expenses**	**2.29**	**2.23**	**3.27**	**3.20**
16	Less: Capitalized				
17	**Net expenses**	**2.29**	**2.23**	**3.27**	**3.20**
18	Add: Prior period				
19	**Total A&G Expenses**	**2.29**	**2.23**	**3.27**	**3.20**

Commission considers the Administration and General Expenses of Rs. 3.20 Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.10.4 Summary of Operation and Maintenance Expenses

The overall summary of O&M expenditure estimated by the petitioner vis-à-vis approved by the Commission in its previous tariff order for FY 2013-14 and revised estimates submitted by the Petitioner for review for FY 2013-14 is given below:

Table 6.10.4.1: Summary of Operation & Maintenance Expenses (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Employee Expenses	5.63	5.46	8.52	8.27
2	A&G Expenses	2.29	2.23	3.27	3.20
3	R&M Expenses	6.08	5.91	4.85	4.68
4	**Sub-Total**	**14.00**	**13.60**	**16.64**	**16.15**
5	Less: Expenses Capitalized				
6	**Total O&M Expenses**	**14.00**	**13.60**	**16.64**	**16.15**

6.11 Capital Expenditure and Capitalization

Petitioner's submission

The petitioner submitted, "The present transmission and distribution infrastructure of DNHPDCL does not have adequate standby source arrangement for restoring the power supply in case of major breakdowns. Further, considering the increase in demand from HT & LT consumers, DNHPDCL would be required to undertake significant capital expenditure for system augmentation and strengthening. System augmentation would not only help DNHPDCL in handling increased load but would also ensure better quality of supply and network reliability to the consumers. Though, DNHPDCL T&D loss levels are quite low, the capital expenditure would help in further reduction of T&D losses."

The petitioner further submits that each year they draft an Annual Plan for the capital investment for new schemes and continuing schemes which it plans to incur in the ensuing year. Due to lower allocation of funds from the Government of India as compared with the requested funds, the actual capital expenditure has been lower than the planned capital expenditure in the previous years. Therefore, the capital expenditure for the subsequent years is higher as it includes the schemes for which the funds were not allocated in the previous capital expenditure proposal. The capitalization of new schemes has been considered at 40% of the planned capital expenditure in the same year while the balance 60% has been capitalized in subsequent year. The petitioner has submitted the revised estimates of the capital expenditure of Rs. 164.32 Crores, out of which the petitioner has projected the addition of Rs. 66.86 Crores in the Gross Fixed Assets during FY 2013-14.

Commission's analysis

Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2013-14 is required to maintain the reliable supply for the consumers of UT of Dadra and Nagar Haveli.

As per the Regulation 21, of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 specifies that the licensee shall propose in their filings, a detailed capital investment plan, showing separately ongoing projects that will spill into the Ensuing Year and new projects (along with their justification) that will commence in the ensuing year. Commission has noticed that the petitioner had not submitted the capital investment plan as per the regulations and did not give the present status of the capital expenditure incurred/capitalized. However, for the purpose of this ARR computation, **Commission provisionally approves the capital expenditure of Rs. 164.32 Crores and capitalization of Rs 66.86 Crores proposed by the petitioner for Review of ARR for FY 2013-14.** A detailed statement of the capital expenditure incurred quarterly, the asset capitalized and added in the gross fixed assets up to 31.03.2014 on different dates during the year be provided for true up for FY 2013-14.

This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

6.12 GFA and Depreciation

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2013-14 had submitted that the Opening Gross Fixed Assets (GFA) is Rs. 501.26 Crores in FY 2013-14. ED-DNH has further proposed capital expenditure of Rs. 164.32 Crores during FY 2013-14.

Based on the actual capitalization of the first six months and estimated addition in GFA during the remaining six months of FY 2013-14, assets amounting to Rs. 66.86 Crores have been estimated to be added in the GFA during FY 2013-14.

Further, the Petitioner has submitted the audited accounts for FY 2012-13 containing the audited value of opening gross fixed assets as on 01^{st} April 2013 along with the true-up petition for FY 2012-13 and has also submitted the verified Asset Registers showing the details of assets as on 31^{st} March 2013.

Depreciation is charged on the basis of straight-line method, on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is based on the original cost of the Gross Fixed Assets. Based on the CERC norms, ED-DNH has applied the following depreciation rates as specified by CERC in the Tariff Regulations for FY 2009-14.

Table 6.12.1: Depreciation rate specified by CERC

Asset Category	Depreciation Rate %
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Computers & Others	6.33%
Land	0.00%

Depreciation for the FY 2013-14 is determined by applying aforesaid category-wise assets depreciation rates on the opening balance of Gross Fixed assets and average of the addition during the year projected for FY 2013-14.

Commission's analysis

As discussed in para 5.10, 5.11 and 5.14 of this order, review order dated January 24'2013 and as per Regulation 26 of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 depreciation is computed at the approved capitalization of FY 2010-11 including approved capitalization during FY 2011-12, FY 2012-13 & FY 2013-14.

The Regulation 26 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by CERC from time to time. The depreciation rates for distribution assets as specified by CERC vide Appendix-III (Depreciation schedule of CERC (Terms and Conditions of Tariff) Regulations, 2009 has been used to calculate the depreciation. The depreciation for the FY 2013-14 has been worked out at Rs. 16.94 Crores.

Table 6.12.2 : GFA & Depreciation submitted by the petitioner and approved in the review for FY 2013-14(in Rs. Crores)

Sr. No.	Particulars	2012-13	2013-14			
		True-Up Approved by the Commission	(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Opening Value of Assets at the beginning of the year	273.64	521.62	320.17	501.26	301.10
2	Additions during the year	27.46	61.60	61.60	66.86	66.86
3	Gross Fixed Assets at the end of year	301.10	583.22	381.77	568.12	367.96
4	**Average Assets**	**287.37**	**552.42**	**350.97**	**534.69**	**334.53**
5	Average Rate of Depreciation	5.07%	5.09%	5.12%	5.05%	5.06%
6	**Depreciation for the year**	**14.56**	**28.09**	**17.97**	**26.99**	**16.94**

Table 6.12.3 : Calculation for working out the Depreciation for FY 2013-14(in Rs. Crores)

Sr. No.	Particulars	Value of assets at the beginning of FY 2013-14	Addition during FY 2013-14	Closing balance at the end of FY2013-14	Rate of Depreciation	Depreciation for FY 2013-14
1	2	3	4	5	6	7
1	Plant & Machinery	282.51	61.86	344.37	5.28%	16.55
2	Buildings	7.82	5.00	12.82	3.34%	0.34
3	Vehicles	0.16	0.00	0.16	9.50%	0.02
4	Furniture and Fixtures	0.07	0.00	0.07	6.33%	0.00
5	Computers and Others	0.40	0.00	0.40	6.33%	0.03

Sr. No.	Particulars	Value of assets at the beginning of FY 2013-14	Addition during FY 2013-14	Closing balance at the end of FY2013-14	Rate of Depreciation	Depreciation for FY 2013-14
6	Land	10.14	0.00	10.14	0.00%	0.00
7	Total	**301.10**	**66.86**	**367.96**		**16.94**

Commission considers the depreciation of Rs. 16.94 Crores as reasonable and approves the same for Review of ARR of FY 2013-14.

6.13 Interest on Loan

Petitioner's submission

The petitioner has claimed the Interest charges of Rs. 11.01 Crores on long-term loans in the revised estimates of FY 2013-14.

Commission's analysis

Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 lays down

Quote "

(1) For existing loan capital interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the rate of interest and schedule of repayment as per the terms and conditions of relevant agreements.

(2) Interest and finance charges on loan capital for new investments shall be computed on the loans, duly taking into account the rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall, however, be restricted to the prevailing Prime Lending Rate of the State Bank of India". ***Unquote***

The ED-DNH is not an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009; as the ED-DNH has been restructured and separate corporate entity i.e. DNHPDCL has been carved out of it. However, as discussed in earlier para, the review for FY 2013-14 is being done considering these entities an integrated utility. The Commission, thus, approves its entitlement to return on its capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of interest on loans is the adequate information of the value of fixed assets of the utility in service (net fixed assets) at the beginning of such year and **funding pattern as well as terms & conditions of funding of capital assets.**

The Commission places reliance on the Section 23 of the JERC Tariff regulations, which is reproduced below:

"23. Debt-Equity Ratio

For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:

Provided that the Commission may, in appropriate cases, consider equity higher than 30% for the purpose of determination of tariff, where the generating company or the licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of the general public: .

(2) The debt and equity amounts arrived at in accordance with sub-regulation (1) above shall be used for all purposes including for determining interest on loan, return on equity, Advance against Depreciation and Foreign Exchange Rate Variation.

Provided that in the case of an Integrated Utility, till the time it remains Integrated Utility, it shall be entitled to return on its capital base as per Schedule VI to the repealed Electricity (Supply) Act, 1948."

The above stated regulations mandate the debt equity ratio for assets deployed, post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for the FY 2010-11, wherein the Commission had determined Tariff as per the JERC Tariff Regulations, 2009. The Commission has also perused the accounts certified by a chartered accountant submitted by the petitioner for FY 2011-12 and FY 2012-13. It has been observed that the petitioner does not have any opening loan portfolio and the entire capital base is funded through government budgetary support.

As discussed in para 5.11 of this order, the normative interest under the JERC Tariff Regulations could therefore be considered on the assets created during the year FY 2010-11 onward excluding the opening capital base as projected by the petitioner in FY 2010-11 or approved by the Commission in this order on provisional basis. Commission has considered an addition of Rs. 68.22 Crores in Gross Fixed Assets for FY 2010-11, addition of Rs. 3.99 Crores for FY 2011-12 and addition of Rs 27.46 Crores, which are considered funded through normative debt to the tune of 70%. The Commission, for funding of the capitalization, has considered the normative debt equity ratio of 70:30, whereby it has considered the additional normative loan of Rs. 46.80 Crores for the FY 2013-14. The calculation for the interest on the normative loan is given below:

Table 6.13.1 : Normative Interest on Loan approved in the review for FY 2013-14(in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Opening Normative Loan	78.31	54.21	54.14	52.31
2	Add: Normative Loan during the year	43.12	43.12	46.80	46.80
3	Less: Normative Repayment	3.92	17.97	2.71	5.23
4	Closing Normative Loan	117.51	79.36	98.23	93.88
5	**Average Normative Loan**	**97.91**	**66.79**	**76.19**	**73.09**
6	Rate of Interest (@SBAR rate)	14.75%	14.45%	14.45%	14.45%
7	**Interest on Normative Loan including bank charges**	**14.44**	**9.65**	**11.01**	**10.56**

Accordingly, the Commission has considered the Normative Interest on loans as Rs. 10.56 Crores as reasonable and approves the same for review of FY 2013-14.

6.14 Interest on Working Capital

Petitioner's submission

The petitioner has computed the Interest on Working Capital for FY 2013-14 based on normative basis as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

The working capital requirement for FY 2013-14 has been computed considering the following parameters:

i. One month Power purchase cost

ii. One month Employees cost

iii. One month Administration & general expenses

iv. One-month Repair & Maintenance expenses.

v. Sum of two-month requirement for meeting Fuel cost.

A rate of interest of rate of interest of 14.45% has been considered for FY 13-14 on the working capital requirement as approved by the Commission in its last Tariff Order.

The normative interest on working capital for FY 2013-14 as per the revised estimates amounts to Rs. 22.60 Crores.

Commission's analysis

Commission has considered the approved estimates of Power Purchase expenses of FY 2013-14 and approved O&M expenses to work out the normative working capital required for FY 2013-14.

As per the regulation 29 of JERC tariff regulations

Quote"

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

For generation and transmission business, the working capital shall be as per CERC norms. Subject to prudence check, the working capital for distribution business shall be the sum of one-month requirement for meeting:

a. *Power purchase cost.*
b. *Employees cost.*
c. *Administration & general expenses and*
d. *Repair & Maintenance expenses.*

1) *Subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting :*
   a. *Power purchase cost*
   b. *Employees cost*
   c. *Administration & general expenses*
   d. *Repair & Maintenance expenses.*
   e. *Sum of two-month requirement for meeting Fuel cost.*
2) *The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures."* ***Unquote***

In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensee is required to pay interest on security deposit collected from the consumers. If this security deposit is invested in the form of interest earning fixed deposits or other similar instruments. The interest earned from such investment could be utilized to pay the interest to the consumers under section 47(4) of the Electricity

Act 2003. However it is noted that the petitioner has not invested any of the security deposit held and the said amount is available to the petitioner. Accordingly, the Commission has allowed the interest payable to the consumer as expense in this order. Commission has considered the security deposit available with the Petitioner as a source to meet working capital requirements and has deducted this amount from the working capital requirement considered for interest for review of FY 2011-12. Further, Commission clarifies that SBI PLR rate has now been substituted as SBI Advance Rate. The Commission has considered the SBI advance rate of 14.45%[14] as on 1st April 2013 for Review of ARR of FY 2013-14. The detailed calculation for the calculation of interest on working capital is mentioned below:

Table 6.14.1 : Interest on working capital submitted by the petitioner and approved in Review for FY 2013-14

(in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Fuel Cost for 2 months	0.00	0.00	0.00	0.00
2	Power Purchase Cost for one month	193.39	171.48	173.79	170.02
3	Employee Cost for one month	0.47	0.47	0.71	0.69
4	A&G Expenses for one month	0.19	0.19	0.27	0.27
5	R&M Expenses for one month	0.51	0.51	0.40	0.39
6	**Total Working Capital for one month**	**194.56**	**172.65**	**175.17**	**171.36**
7	**Total Working after deduction of Security Deposit from Working Capital Requirement**	**194.56**	**172.65**	**156.37**	**149.89**
8	SBAR Rate	14.75%	14.45%	14.45%	14.45%
9	**Interest on Working Capital**	**28.70**	**24.95**	**22.60**	**21.66**

The Commission considers Rs. 21.66 Crores as Interest on Working Capital as reasonable and approves the same for Review of ARR for FY 2013-14.

6.15 Interest on Security Deposit

Petitioner's submission

The petitioner has claimed it has made a provision to pay Rs 1.58 Crores as interest on consumer security deposit in FY 2013-14 as approved by the Commission in its last Tariff Order.

Commission's analysis

[14] *SBI advance rate notified on 04th February 2013.*

In terms of the section 47 (4) of the Electricity Act, 2003 'the distribution licensee is required to pay interest on security deposit collected from consumers equivalent to bank rate or more as may be specified by the Commission.'

The petitioner in their audited accounts had submitted the details of security deposit available with the petitioner during FY 2012-13; Further, the petitioner had submitted that they collect security deposits from consumers and contractors (as earnest money deposit or security). While security deposit from consumers is taken at the time of providing the connection and has to be repaid to the consumers at the time of surrender of the connection, security deposit from contractors is adjusted, subsequent to satisfactory completion of the contracted work. These deposits are in the form of fixed deposit receipts (FDR) / Bank Guarantee and in case of FDR the interest is directly paid to the consumer.

The Commission in its ARR and tariff order dated 13th September 2011, 31st July 2012 and 25th March 2013 had directed the petitioner should follow the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of consumer security deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2011-12 and FY 2012-13.

The Commission had issued the second amendment to the JERC (Electricity Supply Code) Regulations 2010 on 10th October 2013, which is reiterated as below:

Quote:

Amendment of Regulation 6.10 (2) principal regulation to be replaced as under:
Consumer shall have the option to make advance payment and in such an event security amount shall be proportionately fixed. The procedure for the determination of security deposit, for different categories of consumers, shall be determined by the licensee and approved by the Commission. The deposit shall be accepted in form of cash, cheque, draft or bank guarantee in case of LT Consumers and in the form of draft, banker's cheque or bank guarantee in case of HT/EHT Consumers. The licensee shall maintain a separate head of account of such security deposits. On termination of the agreement, the security deposit will be refunded to the consumer after adjustment of the amount, if any, remaining payable to him.

Unquote.

In the reply to queries raised by the Commission, the petitioner in its reply dated 24th January 2014 has submitted the following:

Consumer Security Deposit	As on 01.04.2011	As on 01.04.2012	As on 01.04.2013	As on date
In Bank Guarantee	144.25	157.28	112.73	163.53
In Fixed Deposits	0.00	0.00	60.97	18.03
In Cash	0.00	0.00	0.00	42.94
Interest paid to consumers.	0.00	0.00	0.00	0.00

As per this letter, out of total consumer security deposit of Rs 173.70 Crores, DNHPDCL has NIL amounts available in cash. The petitioner also submitted the availability of Consumer Security deposit amounting to Rs. 60.97 Crores in form of deposits. As this mode of consumer security deposit is different from those provided as per the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003. The Commission would like to reiterate its direction that the distribution licensee should deliver its obligation under the Section 47(4) of the Electricity Act, 2003 and it must pay the interest on security deposit w.e.f. 01st April 2013 at the rate of 8.5% per annum (being the Bank Rate as on 1st April 2013) and should explicitly mention the same as the 'Interest on security deposit for FY 2013-14 on the bills of the consumers.

Any non-compliance in this regard shall be viewed seriously by the Commission. In view of the above, the Commission allowed NIL amounts as the interest on security deposits as expenditure in ARR in Review for FY 2013-14.

6.16 Return on Equity/Capital Base

Petitioner's submission

The petitioner has submitted that as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, petitioner is entitled for a Return on Equity (RoE). However, the Rate of return has not been specified in the Regulations issued by JERC.

As per the CERC revised Tariff Regulations FY 2009-14, Generation and Transmission utilities are entitled for a pre-tax Return on Equity of 15.50% with an additional return of 0.50% for projects completing before a specified timeline. Petitioner submitted that Distribution Business is perceived to be a higher risk business as compared with Generation and Transmission Business. Therefore, a higher RoE should be provided for the Distribution Business given that petitioner is primarily a transmission and distribution utility with no generating assets.

The petitioner further submitted that considering that the other State Electricity Regulatory Commissions in India are allowing a RoE of 16% for distribution business, petitioner has claimed RoE of 16% for FY 2013-14. Return on equity has been computed based on the actual issued and paid-up capital of Rs. 40.00 Crores and has been computed accordingly as Rs 6.40 Crores for FY 2013-14.

Commission's analysis

As the Commission has considered ED-DNH and DNHPDCL has an integrated utility for the purpose of review of FY 2013-14, the Commission has considered its entitlement to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity for historical assets is the basic information in the form of the assets and depreciation registers besides other data. Petitioner has provided the required verified asset registers as on 31st March 2013 along with audited accounts of FY 2012-13.

As discussed in para 5.10 and para 5.14 of this order, Commission has therefore considered return on capital base as per the Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and has considered Rs. 10.24 Crores as a 3% return on net block of approved assets/capitalization at the beginning of the FY 2013-14.

The Reasonable return on NFA approved for FY 2013-14 is summarized in table below:

Table 6.16.1 : Return on Equity approved for review of FY 2013-14 (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Gross block at beginning of the Year/Opening GFA or equity	15.16	320.17	40.00	301.10
2	Less accumulated depreciation/Addition in Equity	18.48	40.81		40.25
3	Net block at beginning of the year /Closing Equity	33.64	360.98	40.00	341.35
4	Less accumulated consumer contribution				
5	**Net fixed assets at beginning of the year /Average Equity Amount**	**8.18**	**360.98**	**40.00**	**341.35**
6	**Reasonable return @3% of NFA /Return on Equity @16%**	**3.90**	**10.83**	**6.40**	**10.24**

Commission considers the Return on Capital Base of Rs. 10.24 Crores as reasonable and approves the same for FY 2013-14.

6.17 Provision for Bad and Doubtful debts

Petitioner's submission

The petitioner had considered the provision of 1% of the receivables in the revenue requirement for FY 2013-14 and requested the Commission to approve Rs. 22.75 Crores for FY 2013-14.

Commission's analysis

As can be observed from the audited accounts, there was no bad & doubtful debt written off in FY 2012-13. Further, as specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

Quote:

28. Bad and Doubtful Debts

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

Format -18

S.No.	***Particulars***	***Amount (Rs. in Crores)***
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The petitioner has claimed 1% provisioning of bad and doubtful debt. As there was no write offs as per audited accounts of FY 2012-13 and as there is no details of write off provided by the petitioner in the 6 months/9months actuals; the Commission has, therefore, not considered the provision of the receivables towards bad and doubtful debts as per the provisions of the regulations subject to availability (at the time of true up) of audited accounts.

Commission has considered the "NIL" provision of the receivables from the retail sales for FY 2013-14 as bad and doubtful debt and approves the same as per the regulations for Review of ARR for FY 2013-14. The Commission will consider the actual bad and doubtful debts at the time of true up only.

6.18 Non-Tariff Income

Petitioner's submission

The petitioner has submitted that the non-tariff income includes meter rent/service line rentals, recovery for theft of power/malpractices, miscellaneous charges from consumers. Other income includes Interest on Staff loans & advances, Delayed payment charges from consumers, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

The revised estimates of non-tariff income is Rs. 0.11 Crores for FY 2013-14 as submitted by the petitioner in ARR and tariff petition for FY 2013-14 after considering an escalation of 5% per annum on the actuals of FY 2012-13.

Commission's analysis

The Commission has escalated the actuals for FY 2012-13 by 5% to arrive at the Non Tariff Income for FY 2013-14. The petitioner has considered the meter rent of Rs 0.64 Crores as revenue from retail tariff and has not considered the same as a part of Non Tariff Income. Further, the petitioner has not considered any income from miscellaneous receipts (Rs 10.28 Crores in FY 2012-13) in FY 2013-14.

The Commission is of view that the miscellaneous income is recurring in nature, which is substantiated by fact that there was miscellaneous receipts to the tune of Rs 9.61 Crores in FY 2011-12 also. The Commission has accordingly considered it appropriate to project the income from miscellaneous receipts in FY 2013-14 also along with meter rent as per the provisions of JERC Tariff Regulations 2009.

Table 6.18.1 : Non-Tariff Income approved for review of FY 2013-14 (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	House Rent Recovery		0.01	0.01	0.01
2	Interest Income		0.01	0.01	0.01
3	Fees for RTI application		0.00		0.00
4	Tender Fees/EMD			0.01	0.01
5	Meter/Service Rent/Testing	0.68	0.68	0.64	0.66
6	Late payment surcharge	10.60	10.60		
7	Misc. Receipts/Income			0.00	10.79
8	Others			0.08	0.08
9	**Total income**	**11.28**	**11.29**	**0.75**	**11.56**
10	Add: prior period income				
	Total Non-Tariff Income	**11.28**	**11.29**	**0.75**	**11.56**

The Commission considers the Non-Tariff Income of Rs. 11.56 Crores as reasonable and approves the same for Review of ARR for FY 2013-14.

6.19 Revenue from Sale of Surplus Power

Petitioner's submission

The petitioner has projected a surplus energy of 44.21 million units for FY 2013-14 at Rs. 5.75 Crores.

Further, the petitioner submitted the UI bills for nine months of FY 2013-14 to be considered as only source for sale of surplus power.

Commission's analysis

As can be observed from the approved Energy Balance for FY 2013-14 in para 6.6 of this order, the energy availability are more than the required amount. The petitioner in its additional submission has submitted the transaction under UI mechanism. Commission has considered the submissions made by the petitioner and after a prudence check of UI transaction from the weekly summary sheets/bills of WRPC; Commission noticed the under-drawl of 6.64 million units during first half of FY 2013-14 at a total price of Rs. 0.58 Crores. The Commission has projected the power purchase in the second half of FY 2013-14 based on the availability and merit order dispatch whereby the Commission has restricted the power to be scheduled to equate the requirement with the approved energy sales of FY 2013-14. Therefore, the Commission has not considered any UI under drawl for the period October 2013 to March 2014.

Thus, the Commission considers the impact of UI transaction as under-drawl for FY 2013-14 at Rs. 0.58 Crores for Sale of 6.64 million units as reasonable and approves for Review of ARR for FY 2013-14 based on the six months figures. The final actual figures as per the audited accounts shall be considered at the time of true up.

6.20 Revenue at approved retail tariff of FY 2013-14

Petitioner's submission

The petitioner has submitted the projection of revenue of Rs. 2,110.97 Crores (including recovery of Rs 140.64 Crores as part of PPCA variations) for FY 2013-14. However, as part of additional submissions for six months of FY 2013-14, the petitioner has submitted the revenue of Rs. 951.78 Crores for retail energy sales of 2459.88 million units during first half of FY 2013-14. The revenue of Rs. 951.78 Crores does not include Rs. 72.35 Crores on account of FPPCA variations during FY 2013-14.

Commission's analysis

Commission has accepted the revenue based on six months actuals submitted by the Petitioner for FY 2013-14. The revenue figures submitted by the petition for six months of FY 2013-14 and remaining six months estimated by the Commission on the basis of sales for FY 2013-14 is mentioned in the table below:

Table 6.20.1 : Revenue from retail sale of power approved for review of FY 2013-14 (in Rs. Crores)

S.No.	Category/Consumption Slab	FY 2013-14					
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	H1 (Submitted by Petitioner)	H2 (Approved by the Commission)	Approved by the Commission
A	**Domestic**	**11.57**	**16.03**	**15.08**	**7.99**	**7.17**	**15.16**
1	0-50 units	1.32	1.29	1.62	1.50	0.75	2.25
2	51-200 units	4.13	5.89	4.46	1.53	1.19	2.71
3	201 - 400 units	2.32	3.31	2.53	2.77	2.79	5.56
4	401 and above	3.80	5.46	4.31	2.10	2.40	4.50
5	Low Income Group (LIG)	0.00	0.08	2.17	0.10	0.04	0.14
B	**Commercial**	**10.08**	**9.15**	**8.26**	**4.52**	**4.46**	**8.98**
1	1- 100 units	1.19	1.08	0.77	0.86	0.67	1.53
2	101 and above units	8.89	8.06	7.49	3.66	3.79	7.45
C	**Industrial (LT)**	**53.52**	**48.50**	**52.85**	**27.50**	**27.60**	**55.10**
1	Up to 20 HP	48.00	43.43	1.70	0.79	0.79	1.58
2	Above 20 HP	5.52	5.07	51.15	26.71	26.81	53.52
D	**Agriculture & Poultry**	**0.00**	**0.24**	**0.37**	**0.14**	**0.17**	**0.30**
1	Connected Load up to 10 HP	0.22	0.20	0.03	0.02	0.02	0.03
2	Connected Load above 10 HP to 99 HP	0.04	0.04	0.34	0.12	0.15	0.27
E	**Public Lighting**	**0.88**	**1.04**	**0.87**	**0.47**	**0.47**	**0.94**
F	**High Tension Supply**	**0.00**	**2003.03**	**1892.75**	**910.75**	**950.63**	**1861.38**
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	**87.26**	**1802.67**	**1743.65**	**827.63**	**877.25**	**1704.88**
1	Up to 50000 units	166.98	127.23	157.11	248.29	79.04	327.33
2	50001-500000 units	506.59	478.86	476.02	243.74	239.49	483.23
3	Above 500000 units	1054.20	1196.58	1110.53	335.61	558.72	894.32
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	**49.58**	**200.36**	**149.10**	**83.11**	**73.38**	**156.50**
1	First - 300 units/KVA	71.41	54.11	94.71	57.35	44.99	102.35
2	301-500 units/KVA	33.46	27.63	44.17	21.24	22.72	43.96
3	Above 500 units/KVA	7.74	118.62	10.22	4.51	5.67	10.18
G	**Temporary Supply**	**0.00**	**0.96**	**0.14**	**0.42**	**0.51**	**0.94**
Total		**2053.51**	**2078.94**	**1970.33**	**951.78**	**991.01**	**1942.79**

The Commission has estimated the Revenue from Sale of Power at existing tariff of FY 2013-14 at Rs. 1942.79 Crores. The Commission has also considered recovery of Rs. 140.64 Crores on account of FPPCA variations as submitted by the petitioner.

The Commission had continues with its direction of the previous order that input figures in the FPPCA formula should be loaded on the website after certification from the designated officer for this purpose.

The revenue from sale of Power is estimated at Rs. 1942.79 Crores from retail sale of power plus Rs 140.64 Crores recovered on account of FPPCA variations for review of FY 2013-14 as reasonable and approves the same for Review of FY 2013-14.

6.21 Review of Aggregate Revenue Requirement for FY 2013-14

The Commission has considered and approved the review of ARR for FY 2013-14 based on the items of expenditure discussed in the preceding Chapters and the actuals submitted by the petitioner of Power purchase costs, revenue and sales and the same has been summarized in the table below:

Table 6.21.1 : Aggregate Revenue Requirement approved for review of FY 2013-14 (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
1	Cost of fuel	-	-	-	-
2	Cost of power purchase for full year	2320.68	2057.71	2085.44	2040.81
2A	Provision for RPO Compliance	-	-	-	74.98
3	Employee costs	5.63	5.63	8.52	8.27
4	Administration and General Expenses	2.32	2.32	3.27	3.20
5	Repair and Maintenance Expenses	6.08	6.08	4.85	4.68
6	Depreciation	28.09	17.97	26.99	16.94
7	Interest and Finance charges	14.44	9.65	11.01	10.56
8	Interest on Security Deposit & Interest on Working Capital	28.70	23.92	24.18	21.66
9	Return on NFA /Equity	3.90	10.83	6.40	10.24
10	Provision for Bad Debt	21.52	10.39	21.11	0.00
11	Payment of contingency liability	-	-	-	-
12	Incentive on achievement of norm of T&D loss	-	-	-	-
13	**Total Revenue Requirement**	**2431.36**	**2144.50**	**2191.76**	**2191.34**
14	Less: Non Tariff Income	11.28	11.29	0.75	11.56
15	Less: Revenue from Surplus Power Sale/UI	87.44	-	5.75	0.58

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
16	Less: Revenue from Short term sale	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**	**2332.64**	**2133.21**	**2185.26**	**2179.20**

The estimated (surplus)/gap have been mentioned including the carrying cost in the following table:

Table 6.21.2 : Estimation of Deficit/ (surplus) considered for review of FY 2013-14 (in Rs. Crores)

Sr. No.	Particulars	2013-14			
		(Petitioner's submission)	Approved in T.O. 25.03.13	Petitioner's submission for review	Approved by the Commission
17	**Net Revenue Requirement (13-14-15-16)**	**2332.64**	**2133.21**	**2185.26**	**2179.20**
18	Revenue from Retail Sales at Existing Tariff	2053.51	2078.94	1970.33	1942.79
19	**Net Gap / (Surplus) (17-18)**	**279.13**	**54.27**	**214.93**	**236.41**
20	Recovery on account of PPC variations	98.33		140.64	140.64
21	**Gap after adjusting PPC variations**	**180.80**	**54.27**	**74.29**	**95.77**
22	Gap/(Surplus) for the previous year	(112.37)	(57.14)	24.88	(52.31)
23	Carrying Cost				(0.64)
24	Past Arrears/Refunds to Consumers				
25	**Total Gap/ (Surplus) (21+22+23+24)**	**68.43**	**(2.87)**	**99.17**	**42.82**
26	Additional revenue from proposed tariff	124.23			
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**(55.80)**	**(2.87)**	**99.17**	**42.82**
28	Budgetary Support from Government				
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**(55.80)**	**(2.87)**	**99.17**	**42.82**

Commission considers the estimated gap of Rs. 42.82 Crores as reasonable and approves the same for review of FY 2013-14. This estimated gap is carried over to next year and has accordingly been considered in Aggregate Revenue Requirement of FY 2014-15.

7. AGGREGATE REVENUE REQUIREMENT OF FY 2014-15

7.1 Background

The ARR & Tariff Petition filed by the ED-DNH and DNHPDCL for FY 2014-15 as per the relevant provisions mentioned in the tariff regulations 2009. The petitioner has submitted its Aggregate Revenue Requirement and Tariff application as per the Regulation no. 12 & 13 of JERC Tariff regulations 2009 to estimate the revenue requirement for FY 2014-15 on the basis of trued-up figures of FY 2012-13, reviewed estimates for the FY 2013-14 and forecasted figures for FY 2014-15.

The Petitioner in its petition has submitted its Aggregate Revenue Requirement for FY 2014-15 and has considered the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2014-15. In this chapter, the Commission has analyzed the petition of ED-DNH and DNHPDCL based on the provisions mentioned in the regulations, trued-up figures for FY 2012-13, revised estimates of FY 2013-14 submitted by the petitioner. The Commission has taken into consideration the following:

1. Performance in FY 2012-13 (Trued-up figures as per the audited accounts[15]);
2. Reviewed estimates of FY 2013-14 including the category wise sales, revenue and expenditure.

7.2 Analysis of Aggregate Revenue Requirement of FY 2014-15

The determination of Aggregate Revenue Requirement requires assessment of quantum of energy sales, loss as well as various cost elements like power purchase cost, O&M expenses, interest cost and depreciation etc. Revised estimates/actuals submitted by the petitioner as regards to various components of ARR of previous year, the Commission's analysis thereon and decision in respect of items given below as discussed in the following paras:

- Assessment of Energy Requirement
    - i. Sales Projections
    - ii. Loss Trajectory
    - iii. Energy Balance

[15] *Audited Accounts of FY 2012-13 provided by the Petitioner.*

iv. Power Purchase Sources

- Assessment of the Aggregate Revenue Requirement

i. Power Purchase Costs & Transmission Charges;

ii. Operation and Maintenance Expenses;

- Employee Expenses
- Administration & General expenses
- Repairs & Maintenance Expenses

iii. Capital Expenditure and Asset Capitalization

iv. Gross Fixed Assets;

v. Depreciation;

vi. Interest on Long Term Loans;

vii. Interest on Working Capital & Security Deposits;

viii. Return on Capital Base/ Net Fixed Assets;

ix. Provision for Bad and Doubtful Debts

x. Other expenses.

xi. Non-Tariff Income

As per the regulation no. 13 of JERC Tariff regulations 2009,

Quote”

1) The Aggregate Revenue Requirement of the generating company or the licensee shall comprise of the following:

i. Fuel Cost for own generation, if applicable.

ii. Cost of Power Purchase, if any

iii. Operation and Maintenance Expenses,

iv. Depreciation, including Advance Against Depreciation,

v. *Interest and Cost of Finance,*

vi. *Return on Equity,*

vii. *Income Tax*

viii. *Provision for Bad & Doubtful Debts*

ix. *Other Expenses.*

2) *The data should be provided for three years*

i. *Audited figures for the previous year; Information for the previous year shall be based on the audited accounts; in the absence thereof, the audited accounts for the immediately preceding year shall be filed along with the un-audited accounts for the previous year.*

ii. *Estimated figures for the current financial year should be based on actual figures for the first six months and the estimated figures for the second six-months of the year. The estimated figures for the second half year of the current financial year should be based on the actual audited figures for the second half of the previous year with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified.*

iii. *Forecasted figures for the ensuing year should be based on the current year figures with adjustments that reflect known and measurable changes expected to occur between them. These adjustments must be specifically documented and justified."*

4) *The Aggregate Revenue Requirement of the generating company or the licensee shall be worked out by adjusting the following in the revenue requirement computed under Clause (1) above:*

i. *Necessary adjustments under Regulation 9 'Review and Truing Up'.*

ii. *Income from surcharge and additional surcharge from Open Access Consumers, if any ;*

iii. *Transmission and/or Wheeling Charges recovered from the Open Access Customers, if any ;*

iv. *Authorized portion of Income/revenue from Other Business engaged in by the licensee for optimum utilization of assets, if any, in accordance.* ***" Unquote***

7.3 Consumers, Connected Load and Energy Sales

Petitioner's Submission

The petitioner has considered historical trend for estimating the energy consumption. The petitioner has submitted that the overall energy sales are significantly dependent upon HT/EHT Industries to the extent of around 96%. Energy sold to various consumer categories over the past 5 years have grown at approximately 10% p.a., mainly contributed by increase in the industrial LT and HT/EHT sales.

The petitioner is of the view that the factors affecting the actual consumption of electricity are numerous and often beyond the control of the utility including factors such as Government Policy, economic climate, weather conditions and force majeure events like natural disasters, etc. the petitioner, therefore for projecting the category-wise consumption for the FY 2014-15 has considered the past growth trends in each of the consumer category including growth trend in number of consumers and connected load.

The energy sales for FY 14-15 have been determined based on CAGR for past years and actual energy sales in various consumer categories. Since the energy sales in each category depends upon a number of factors like growth in economy, climate, Government policies, etc, normalization in sales has been undertaken in order to remove any wide fluctuations.

A five-year CAGR has been considered for estimation of sales in domestic, HT/EHT industry and public lighting categories.

For the LT industry category, large variations have been seen in the growth in the past. While a CAGR growth in the last five years in LT industry category was 4.79%. Therefore, for FY 14-15, a reasonable growth rate of 4.79% has been considered for projecting the sales of LT industry category. In the commercial category 10% growth has been considered to project the sales for FY 14-15. In case of LIG and agriculture, 10% growth has been considered while projecting for FY 14-15 energy sales.

The petitioner has considered the cumulative average growth rate (%) for Energy Sales (MUs) as mentioned in the following table:

Table 7.3.1 : Category wise CAGR Considered and Energy Sales projected for FY 2014-15 (in MUs)

Sales (MUs)	FY 13-14	Adjusted	FY 14-15
	Revised Estimated	CAGR	Projected
Domestic	69.65	8.00%	77.89
LIGH	3.11	10.00%	3.42
Commercial	28.39	10.00%	32.35
Agriculture	4.08	10.00%	4.48
LT Industry	175.48	4.79%	184.25

Sales (MUs)	FY 13-14	Adjusted	FY 14-15
	Revised Estimated	CAGR	Projected
HT/EHT Industry	4,689.26	8.00%	5,064.40
Public Lighting	5.45	10.00%	5.99
Temp. Supply	1.92	10.00%	2.12
Total Sales	**4,977.33**		**5,374.90**

Source: Table 40 of petition submitted for FY 2014-15

Commission's analysis of Consumer growth, connected load and Energy Sales

The Commission has considered the final actual figures of FY 2011-12 and FY 2012-13 as per the audited accounts and revised estimates approved for FY 2013-14 for projecting the category wise connected load, number of consumers and Energy sales for FY 2014-15.

The modified CAGR (%) of three years (from FY 2013-14 over FY 2010-11) for different consumer categories and the growth rate, accordingly adopted by the Commission on the revised estimates for FY 2013-14 (as approved by the Commission) to assess the Energy Sales for FY 2014-15 except for the estimation of Energy Sales for LIG category which has been computed on normative basis. Similarly 3 Year Modified CAGR has been used to assess the connected load for FY 2014-15 and to assess the number of consumers for FY 2014-15. The details are given in the tables below:

Table 7.3.2 : CAGR (%) considered by the Commission for estimation of Sales, Consumer Base and Connected load for FY 2014-15

S.No.	Category/Consumption Slab	Sales	Connected Load	No. of Consumers
A	Domestic	14%	11%	5%
B	Commercial	15%	0%	2%
C	Industrial (LT)	6%	0%	0%
D	Agriculture & Poultry	21%	0%	3%
E	Public Lighting	25%	0%	0%
F	High Tension Supply	8%	14%	3%
G	Temporary Supply	15%	0%	0%

Table 7.3.3 : No. of Consumers considered by the Commission for FY 2014-15 (in numbers)

S.No.	Category/Consumption Slab	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
A	Domestic	37,763	38736
A1	Low Income Group	14,069	13907
B	Commercial	7,189	7269
C	Industrial (LT)	1,942	1923
D	Agriculture & Poultry	1,125	1146

S.No.	Category/Consumption Slab	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
E	Public Lighting	266	263
F	High Tension Supply	886	900
G	Temporary Supply	221	219
Grand Total		**63461**	**64363**

Table 7.3.4 : Connected Load considered by the Commission for FY 2014-15 (in KVA)

S.No.	Category/Consumption Slab	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
A	Domestic	82833.50	87631.36
B	Commercial	23437.05	22321.00
C	Industrial (LT)	78358.83	77583.00
D	Agriculture & Poultry	4176.38	3885.00
E	Public Lighting	1391.78	1378.00
F	High Tension Supply	1204445.00	1251874.71
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	1137683.80	1191182.71
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	66761.20	60692.00
G	Temporary Supply	1204.93	1193.00
Grand Total (in kVA)		**1395847.47**	**1445866.07**
Grand Total (in MVA)		**1395.85**	**1445.87**

Table 7.3.5 : Energy Sales considered by the Commission for FY 2014-15 (in Million Units)

S.No.	Category/Consumption Slab	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
A	**Domestic**	**81.31**	**91.09**
1	0-50 units	16.42	16.84
2	51-200 units	29.32	17.13
3	201 - 400 units	12.88	31.12
4	401 and above	19.27	23.56
5	Low Income Group (LIG)	3.42	2.44
B	**Commercial**	**32.35**	**35.71**
1	1- 100 units	3.42	6.82
2	101 and above units	28.92	28.89
C	**Industrial (LT)**	**184.25**	**186.26**
1	Up to 20 HP	5.96	5.59
2	Above 20 HP	178.29	180.67
D	**Agriculture & Poultry**	**4.48**	**4.91**

S.No.	Category/Consumption Slab	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Connected Load up to 10 HP	0.58	0.64
2	Connected Load above 10 HP to 99 HP	3.90	4.27
E	**Public Lighting**	**5.99**	**6.63**
F	**High Tension Supply**	**5064.40**	**5060.10**
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	4663.71	4677.87
1	Up to 50000 units	434.10	435.42
2	50001-500000 units	1280.67	1284.55
3	Above 500000 units	2948.95	2957.90
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	400.68	382.23
1	First - 300 units/KVA	276.51	253.43
2	301-500 units/KVA	102.41	104.33
3	Above 500 units/KVA	21.76	24.47
G	**Temporary Supply**	**2.12**	**2.91**
Total		**5374.90**	**5387.61**

Commission has approved the energy sales of 5387.71 million units as reasonable and approves the same for FY 2014-15.

7.4 Intra-State Transmission & Distribution Loss

Petitioner's submission

The petitioner has submitted that significant reduction in transmission & distribution losses is achieved. The petitioner further submitted that the system improvement works executed every year under the plan schemes as well as increase in energy sales quantum at higher voltages has resulted in the reduction of T & D losses.

The petitioner has considered the T&D loss of 5.00% for FY 2014-15.

Commission's analysis

The Commission is of the view that the loss levels targeted by the petitioner are on higher side keeping in view of the typical consumer mix of UT of Dadra and Nagar Haveli. Further, in view of the fact that the M/s Alok Industries and M/s Reliance Industries have already migrated to 220 kV level. As per the information provided by the petitioner, these two industries alone constitute more than 25% sales of total sales of petitioner. As the T&D Losses are less at the 220 kV level, the overall losses are bound to reduce. However as the losses approved for FY 2013-14, i.e. 4.70% is already very competitive as compared to national loss levels, the Commission finds it appropriate to retain the loss level of 4.70% for FY 2014-15 also.

Commission has therefore considers the T&D loss level at 4.70% as reasonable and approves the same for FY 2014-15.

7.5 Inter-State Transmission Loss

Petitioner's submission

The petitioner has submitted the interstate transmission losses of 3.56%.

Commission's view

The Commission has considered the recent 52-week moving average of regional losses available and found the inter-state transmission losses to be 3.67% for FY 2014-15.

The Commission considers inter-state transmission losses of 3.67% for FY 2014-15 as reasonable and approves the same for FY 2014-15 and it will be subject to further consideration at the time of true up when actual data becomes available.

7.6 Energy Balance

Petitioner's submission

The petitioner has submitted the energy requirement for FY 2014-15, based on the projected sales power purchase quantum and estimated losses for FY 2014-15. The petitioner has submitted that the overall energy sales to various categories are estimated to grow at approximately 8.00% each year during FY 2014-15. Thus, the overall energy requirement is projected to be 5657.79 MU in FY 2014-15.

Commission's analysis

Based on the Energy requirement, Energy availability and Transmission & Distribution Losses for FY 2014-15 as discussed in earlier paras and the following para 7.8. The Energy balance for FY 2014-15 is presented below.

Table 7.6.1 : Energy Balance for FY 2014-15 as approved by the Commission

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
A)	**ENERGY REQUIREMENT (in MUs.)**		
1	Energy sales within the State/UT (in MUs)	5374.90	5387.61
2	**Total sales within the State/UT**	**5374.90**	**5387.61**
3	**Distribution losses**		
i)	%	5.00%	4.70%
ii)	MU	282.89	265.71
4	**Energy required at State Periphery for Sale to Retail Consumers**	**5657.79**	**5653.32**
5	Add: Sales to common pool consumers/ UI (in MUs)	1.32	0.00
A	Sales outside state/UT : UI/(in MUs)	1.32	
B	Sales (in MUs)	0.00	0.00
C	Sales to other distribution licensees	0.00	0.00
6	**Total Energy Requirement for State (5+6)**	**5659.11**	**5653.32**
7	Transmission losses		
i)	%	3.56%	3.67%
i)	MU	208.90	215.12
B)	**ENERGY REQUIRED AT GENERATOR END**	**5868.01**	**5868.44**

7.7 Power Purchase Quantum and Cost

Petitioner's submission

Power Purchase Quantum

The petitioner has submitted that Dadra & Nagar Haveli has no generating stations of its own and relies on the firm and infirm allocation of power from Central Generating Stations like Korba, Vinashyachal, Kahalgaon, Kawas, Sipat, Tarapur, Kakrapar etc. to meet its energy requirement.

The petitioner for the purpose of estimation of the power availability during FY 2014-15 has considered the following sources of power:

- NTPC Western Region Generating Stations
- NTPC Eastern Region Generating Stations
- NSPCL (NTPC-SAIL Power Company Ltd)
- Nuclear Power Corporation of India Limited

- Ratnagiri Gas Power Plant (RGPPL)
- Private Sector Power Generating Companies
- Renewable energy sources – Solar and Non-Solar
- Other market sources

Quote

"The Petitioner has allocation from Western as well as Eastern region from coal, gas and nuclear power stations. However, for meeting the supply-demand gap during the peak hours, the Petitioner has relied on over-drawl from the Grid (UI).

Dadra & Nagar Haveli has firm and infirm allocated share in Central Sector Generating Stations (CSGS) of NTPC, Nuclear Power Corporation of India Ltd (NPCIL), and NTPC Sail Power Company Ltd (NSPCL).

From April, 2014, DNHPDCL will be getting only 100 MW from 2X250 MW NSPCL Bhilai power plant. DNHPDCL has signed a long term PPA with NSPCL Bhilai power plant for 100 MW. The additional 64 MW was allocated on a MTOA basis up to May, 2014, but DNHPDCL has surrendered this 64 MW allocation after March, 2014 due to non-availability of MTOA from WRLDC. Hence, allocation of 100 MW has been considered for projecting power availability during FY 14-15. A copy of the letter written to NTPC Sail Power Company Ltd (NSPCL) for surrendering the additional 64 MW after March, 2014 is being enclosed along with this petition as Annexure III.

The Government of India, Ministry of Power has allocated 2% (38 MW) power to DNHPDCL on a long-term basis from RGPPL. The DNHPDCL has executed PPA with RGPPL and Transmission Service Agreement (TSA) with MSETCL for transmission of above allocated power of RGPPL. The state of Maharashtra has 95% share allocation from RGPPL and they are not scheduling power due to non-availability of natural gas to this project. Due to non-availability of technical minimum schedule to run the plant, presently there is no generation from the plant. Therefore, for the FY 2014-15, DNHPDCL has not considered any power purchase from RGPPL. However, as per the terms of the PPA signed with RGPPL, DNHPDCL will have to pay the capacity charges for the allocated capacity share from the plant. Therefore the fixed charges have been considered for FY 2014-15 at the same level as paid in FY 2013-14.

DNHPDCL has considered power purchase from VSTPP-IV, Mauda power plant for the FY 14-15. Out of the total plant capacity of 500 MW, DNHPDCL will get around 21.90 MW from Mauda.

Additionally, the DNHPDCL is procuring power from EMCO Energy Limited (GMR) power plant in Maharashtra. DNHPDCL will receive 200 MW power from EMCO in FY 14-15. For projection of power purchase from EMCO, DNHPDCL has project 95% PLF and 9% auxiliary consumption for FY 14-15.

Power purchase quantum from the NTPC stations for FY 14-15 has been calculated based on the installed capacity of each plant and by applying the average of previous one and half years PLF to calculate the plant-wise gross generation. For NSPCL, an average PLF of 90% has been considered in line with the actual PLF for the first six months of FY 13-14.

For gas based generating stations i.e. Kawas (KGPP) and Gandhar (GGPP), weighted average PLF of the last one and half year has been taken into account.

Auxiliary consumption of 9% and 3% has been considered for coal and gas based generating stations, respectively.

For computing the power availability at the periphery, 3.56% external transmission losses have been applied on the gross power purchase for FY 14-15. The following Table lists down station wise estimated power purchase for FY 14-15."

Unquote.

Table 7.7.1: Power Purchase for FY 2014-15 as submitted by the petitioner (in million units)

Source	Units Purchased
NTPC Stations	
KSTPS	412.76
KSTPS 3	199.41
VSTPP-I	327.78
VSTPP-II	252.71
VSTPP- III	269.87
VSTPP- IV	172.04
KGPP	416.59
GGPP	331.16
Sipat-I	559.11
Sipat-II	207.47
Mauda	97.52
KHSTPP-II	19.52
Subtotal – NTPC	**3265.94**
NSPCL – Bhilai	**711.99**
NPCIL	
KAPS	93.27
TAPS	282.20
Subtotal	**375.47**
Others	
RGPPL	0.00
EMCO Energy Ltd. (GMR Group)	1514.60
Subtotal	**1514.60**
Power purchase from Other Sources	
UI	0.00
RPO	0.00
Subtotal	**0.00**
Total Power Purchase	**5868.01**

Power Purchase Cost

Quote

The cost of purchase from the central generating stations for FY 14-15 is estimated based on the following assumptions:

1. *The cost of power purchase for FY 14-15 is based on actual power purchase bills, received by the DNHPDCL during the first nine months of FY 13-14. Each element of the power purchase cost i.e. fixed, variable and other cost has been estimated for each generating station by considering 9 month (Apr 13 to Dec. 13) cost incurred by the DNHPDCL and 3 month estimated power purchase.*
2. *Fixed cost for each NTPC generating stations for FY 14-15 has been kept at the same level as during FY 13-14.*
3. *Variable cost for each NTPC generating stations for FY 14-15 has been projected based on the actual average variable cost per unit for the first nine months of FY 13-14.*
4. *The DNHPDCL has projected other charges for FY 14-15 by 10%.*
5. *DNHPDCL has provisioned Rs. 45 Crores for fulfilling RPO.*

Unquote

Table 7.7.2: Power Purchase Cost for FY 2014-15 submitted by petitioner (in Rs. Crores)

Source	Units Purchased	Fixed Charges	Variable Charges	Arrears	Other Charges	Rebate	All Charges Total	Per Unit Cost
NTPC Stations								
KSTPS	412.76	27.62	39.54	0.00	7.34	0.00	74.50	1.80
KSTPS 3	199.41	26.77	19.24	0.00	4.02	0.00	50.03	2.51
VSTPP-I	327.78	22.66	44.91	0.00	5.90	0.00	73.46	2.24
VSTPP-II	252.71	19.10	32.50	0.00	4.54	0.00	56.13	2.22
VSTPP- III	269.87	33.67	38.37	0.00	3.33	0.00	75.38	2.79
VSTPP- IV	172.04	25.52	22.43	0.00	0.93	0.00	48.88	2.84
KGPP	416.59	54.58	103.66	0.00	2.59	0.00	160.83	3.86
GGPP	331.16	47.21	85.14	0.00	0.00	0.00	132.35	4.00
Sipat-I	559.11	86.59	86.97	0.00	5.51	0.00	179.07	3.20
Sipat-II	207.47	33.60	33.51	0.00	4.32	0.00	71.42	3.44
Mauda	97.52	21.56	27.27	0.00	0.00	0.00	48.84	5.01
Mauda-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FSTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
KhSTPS I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
RSTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TSTPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
KHSTPP-II	19.52	2.54	4.98	0.00	0.64	0.00	8.16	4.18
Subtotal - NTPC	**3265.94**	**401.41**	**538.52**	**0.00**	**39.12**		**979.05**	**3.00**

Source	Units Purchased	Fixed Charges	Variable Charges	Arrears	Other Charges	Rebate	All Charges Total	Per Unit Cost
NSPCL - Bhilai	**711.99**	**127.07**	**166.65**		**4.99**		**298.70**	**4.20**
NPCIL								
KAPS	93.27	0.00	21.50	0.00	0.01	0.00	21.51	2.31
TAPS	282.20	0.00	78.86	0.00	0.66	0.00	79.52	2.82
Subtotal	**375.47**	**0.00**	**100.36**	**0.00**	**0.67**		**101.03**	**2.69**
Others								
RGPPL	0.00	33.15	0.00	0.00	0.00	0.00	33.15	0.00
Tata Power - Haldia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
EMCO Energy Ltd. (GMR Group)	1514.60	289.86	267.76	0.00	2.91	0.00	560.52	3.70
Subtotal	**1514.60**	**323.01**	**267.76**	**0.00**	**2.91**	**0.00**	**593.67**	**3.92**
<u>Power purchase from Other Sources</u>								
Indian E. Exchange/Bilateral	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RPO	0.00	0.00	45.00	0.00	0.00	0.00	45.00	0.00
Subtotal	**0.00**	**0.00**	**45.00**	**0.00**	**0.00**	**0.00**	**45.00**	
Total Power Purchase	**5868.01**	**851.48**	**1118.28**	**0.00**	**47.68**	**0.00**	**2017.44**	**3.44**

Transmission and Other Charges

- Transmission charges payable to PGCIL are based on the total capacity allocation in the transmission network. DNHPDCL has a mix of firm and infirm capacity allocation from various Central Generating Stations, which is revised by the Ministry of Power at regular intervals. Therefore, considering the changing capacity allocation, DNHPDCL has estimated the transmission charges.
- For projecting the PGCIL transmission charges for FY 14-15, no escalation in the transmission charges have estimated from FY 13-14.
- The Total Power Purchase cost from various sources for FY 14-15 including transmission cost is summarized in Table below:

Table 7.7.3: Total Power Purchase Cost for FY 2014-15 submitted by petitioner (in Rs. Crores)

Particulars	FY 14-15 (Projected)		
	Energy available at DNH Periphery (MUs)	Total Cost (Rs. Cr)	Per Unit Cost (Rs/kWh)
Gross Power Purchase Cost	5868.01	**2017.44**	3.56
PGCIL charges		142.62	
POSOCO		1.09	
Reactive charges		2.23	

Particulars	FY 14-15 (Projected)		
	Energy available at DNH Periphery (MUs)	Total Cost (Rs. Cr)	Per Unit Cost (Rs/kWh)
MSTCL		3.50	
Total Power Purchase Cost (including Transmission Cost)	5868.01	**2166.89**	**3.69**

Commission's Analysis of Power Purchase Quantum and Cost

Power Purchase Quantum and Cost for FY 2014-15

- **Central Generating Stations – NTPC Ltd.**

The petitioner has firm allocation in the Central Sector Generating Stations of NTPC from the following stations

- Korba Super Thermal Power Station - I, II and III.
- Vindhyachal Super Thermal Power Station - I, II, III & IV.
- Kawas Gas Power Station
- Gandhar Gas Power Station
- Sipat Super Thermal Power Station- I &II
- Ratnagiri Gas and Power
- Kahalgaon Super Thermal Power Station - II (Eastern Region)
- Mauda Thermal Power Station

Apart from that, the petitioner also has PPA of 200 MW with the EMCO-GMR. The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations, except Kahalgaon STPS-II, as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2013/2061 dated 29th November 2013. The allocation for Kahalgaon STPS-II is considered as per the notification of the Eastern Region power Committee.

- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing stations based on the installed capacity and the average Plant Load Factor for the past years. The availability from each station has been considered based on merit order dispatch. However the fixed charges are approved for full allocation. The Net energy sent out has been considered after considering the applicable auxiliary consumption as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The energy availability from EMCO-GMR station has been considered at 100 MW up to May 2014 and 200 MW from June 2014 as per the petitioner's submission dated 21st May 2014.

- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the petitioner from respective stations.

The CERC has not issued the tariff orders for the FY 2014-15 for the central generating stations. The Tariff Regulations for the years post FY 2013-14 have been finalized by CERC but no tariff orders have yet been issued by CERC. In the absence of such information this Commission has considered the following assumptions to arrive at the power purchase cost for FY 2014-15 from the NTPC stations:

- **Fixed Charges:** No escalations have been considered in the fixed charges for FY 2014-15 over the approved fixed charges of FY 2013-14 as the tariff orders for FY 2014-15 is yet to be issued by CERC.

- **Variable Charges:** The Commission has considered the average variable cost for the period July 2013 to September 2013 submitted by the petitioner (verified from the bills) for consideration of the per unit variable charges for the FY 2014-15 and variable charges for new stations have been computed with the charges for similar station and as per the submission made by the petitioner.

Accordingly, the Commission approves the availability from NTPC stations based on the merit order dispatch principles.

- **Central Generating Stations – Nuclear Power Corporation of India Limited**

The petitioner has firm allocation in the Central Sector Generating Stations of NPCIL from the following stations

- Kakrapara Atomic Power Station (KAPS)
- Tarapur Atomic Power Station (TAPS)

The Commission while estimating the energy availability from the above stations has considered the following assumption:

- **Allocation of Share**: The Commission has considered the firm allocation and allocation from the unallocated quota from the above stations as per the notification of the Western Region Power Committee vide WRPC/Comml-I/6/Alloc/2013/2061 dated 29th November 2013.
- **Gross Energy Availability:** The Commission has estimated the gross energy availability from the existing NPCL stations based on the installed capacity and the average Plant Load Factor for the past years as recorded by CEA in its monthly generation reports. The Net energy sent out is considered after reducing the recent available levels of auxiliary consumption.
- **Energy Available to the Petitioner:** The effective share from the stations is applied on the energy sent out to arrive at the energy available for the petitioner from respective stations.

The Commission has considered the following assumptions to arrive at the single part tariff for the NPCIL stations during FY 2014-15:

- **Variable Charges:** The Commission has considered the average variable cost for the period July 2013 to September 2013 submitted by the petitioner for consideration of the per unit variable charges for the FY 2014-15.
- **Merit order Dispatch**: The Commission has considered the nuclear plants as must run and has not subjected them for merit order dispatch.

Accordingly, the Commission approves the following availability from NPCIL stations based on the merit order dispatch principles.

- **NSPCL**

The petitioner has firm allocation from the following station of NSPCL

- NSPCL - Bhilai

The Commission has considered the following assumptions to arrive at the Power purchase cost for the FY 2014-15 from the NSPCL stations:

- **Fixed Charges:** The fixed charges are equivalent to fixed charges approved by CERC for FY 2013-14 as the tariff orders for FY 2014-15 is yet to be issued by CERC.
- **Variable Charges:** The Commission has considered the average variable cost for the period July 2013 to September 2013 submitted by the petitioner for consideration of the per unit variable charges for the FY 2014-15.
- **Merit Order Dispatch**: Further, the NSPCL stations have been subjected to merit order dispatch and accordingly the power purchase quantum and variable cost has been approved. However the fixed charges are approved for full allocation.

➢ **EMCO Energy Limited**

The Petitioner has submitted that the Power purchase agreement has been executed with EMCO Energy Limited Power Plant. Commission vide order dated February 19'2013 had approved the PPA to be entered between DNHPDCL and EMCO Energy Limited for procurement of 200 MW power on long term basis as per the case-I bidding guidelines of Ministry of Power. Commission has considered the power from EMCO Energy Limited under the merit order dispatch principles.

The Commission, for the purpose of ARR of FY 2014-15, has considered the energy availability from this source at the per unit capacity charges already approved in the Power Purchase Agreement between EMCO and DNHPDCL. Further, The Commission has considered the average variable cost for the period July 2013 to September 2013 submitted by the petitioner (verified from the bills) for consideration of the per unit variable charges for the FY 2014-15.

The petitioner has submitted that

Quote

At present, due to system constraint, EMCO is supplying power through STOA on monthly basis. Since November EMCO is supplying 100/90 MW power only as they are getting STOA for 90 MW only. The DNH is paying capacity charges for the quantum actually supplied by EMCO only.

The DNHPDCL would like to submit to the Hon'ble Commission that the tentative date for COD of proposed 400/220 KV Sub-station of PGCIL (CTU) at Kala along with interconnecting 220 KV lines from Kala-Khadoli and Kala-Kharadpada is May 2014. It is expected that EMCO would be in a position to obtain open access and supply the full quantum of 200 MW power only after the commissioning of the above work. However, the open access and supply is to be done by EMCO and would be dependent on the actions to be taken by EMCO.

Unquote

The Commission has considered the submission of the petitioner and accordingly, the power purchase quantum approved from various sources under merit order dispatch for FY 2014-15 is summarized below:

Table 7.7.4: Approved Power purchase quantum from various stations under merit order dispatch

Sr. No.	Source	Capacity (MW)	Average PLF (%)	Gross Generation (MUs)	Auxiliary Consumption (%)	Net Generation (MUs)	Purchase Energy Units (in MU)
A	**Power purchase from Renewable Sources**						
	(2.70% for - Non Solar) RPO (IEX)						0.00
	(0.60% for Solar)						0.00
B	**NPCIL**						
	KAPS	440.00	94.02	3623.71	10.00%	3261.34	96.07
	TAPS	1080.00	78.09	7387.62	10.00%	6648.86	289.70
C	**Unscheduled Interchange**						0.00
D	**NTPC & Other Stations**						
	KSTPS 3	500.00	87.27	3822.57	6.50%	3574.10	173.13
	KSTPP 1&2	2100.00	87.27	16054.80	6.50%	15011.24	412.56
	VSTPP-II	1000.00	91.58	8022.12	6.50%	7500.68	266.57
	VSTPP- IV	500.00	85.00	3723.00	6.50%	3481.01	172.60
	VSTPP- III	1000.00	91.58	8022.12	6.50%	7500.68	284.95
	VSTPP-I	1260.00	91.58	10107.87	8.50%	9248.70	342.47
	Sipat-I	1980.00	85.00	14743.08	6.50%	13784.78	669.71
	EMCO-GMR	600.00	85.00	4467.60	6.00%	4199.54	1283.19
	Sipat-II	1000.00	88.37	7740.92	6.50%	7237.76	249.67
	RGPPL	1967.00	92.14	15876.00	3.00%	15399.72	307.99
	NSPCL – Bhilai	500.00	91.54	4009.31	9.00%	3648.47	729.69
	KHSTPP-II	1500.00	68.13	8952.72	6.50%	8370.79	16.74
	KAWAS	656.20	69.63	4002.54	3.00%	3882.46	479.18
	JGPP	657.39	70.51	4060.44	3.00%	3938.63	94.20
	MSTPL 1[16]	500.00	85.00	3723.00	6.00%	3499.62	0.00
	Power Purchase Cost						**5868.44**

[16] *Purchase from the MSTPL-1 station is not considered in the merit order.*

Accordingly, the Commission has approved the following cost from various stations:

Table 7.7.5: Approved Power Purchase Cost from various stations for FY 2014-15

Sr. No.	Source	Merit Order Purchase at Approved Losses				
		Energy Units (in MU)	Charges (In Crores)			
			Fixed	Variable	Other	Gross Total
A	**Power purchase from Renewable Sources**					
	(2.70% for - Non Solar) RPO (IEX)	0.00	0.00	0.00	0.00	0.00
	(0.60% for Solar)	0.00	0.00	0.00	0.00	0.00
B	**NPCIL**					
	KAPS	96.07	0.00	22.24	0.00	22.24
	TAPS	289.70	0.00	81.15	0.00	81.15
C	**Unscheduled Interchange**	0.00	0.00	0.00	0.00	0.00
D	**NTPC & Other Stations**					
	KSTPS 3	173.13	27.53	15.39	0.00	42.92
	KSTPP 1&2	412.56	23.90	36.97	0.00	60.87
	VSTPP-II	266.57	18.07	34.06	0.00	52.13
	VSTPP- IV	172.60	25.69	22.07	0.00	47.76
	VSTPP- III	284.95	32.58	36.54	0.00	69.12
	VSTPP-I	342.47	22.94	46.02	0.00	68.96
	Sipat-I	669.71	91.72	116.89	0.00	208.61
	EMCO-GMR	1283.19	316.05	227.59	0.00	543.64
	Sipat-II	249.67	31.56	45.81	0.00	77.36
	RGPPL	307.99	38.27	77.98	0.00	116.25
	NSPCL - Bhilai	729.69	115.01	186.82	0.00	301.84
	KHSTPP-II	16.74	2.36	4.35	0.00	6.71
	KAWAS	479.18	47.93	125.36	0.00	173.28
	JGPP	94.20	43.97	25.07	0.00	69.05
	MSTPL 1	0.00	32.25	0.00	0.00	32.25
	Power Purchase Cost	**5868.44**	**869.84**	**1104.31**	**0.00**	**1974.15**
	PGCIL and Other Charges					
	PGCIL CHARGES					210.54
	POSOCO					1.39
	MAHATRANSCO					3.50
	CGRF					0.00
	Open Access Charges					0.00
	Reactive charges					2.23
	WRPC					0.00
	WRLDC					0.00
	Others Charges					0.00
	Arrears					0.00
	Grand Total of Charges	**5868.44**	**869.84**	**1104.31**	**0.00**	**2191.80**

- **Renewable Energy Obligation**

As per JERC (Procurement of Renewable Energy) Regulations 2010 clause 1 sub clause (1)

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.

Further, the Commission has notified draft amendment to the JERC (Procurement of Renewable Energy) Regulations, 2010 on 2nd January 2014. As per the draft amendment issued, the Petitioner has to purchase 3.3% of total energy purchase from renewable sources for FY 2013-14 including 0.60% for Solar and 2.70% for Non-Solar.

In line with the submissions of the petitioner, the Commission has kept a provision of purchase of REC Certificates (both Solar and Non Solar) equivalent to RPO Compliance requirement for FY 2014-15 at the floor price approved by CERC and allowed the provision of Rs 52.50 Crores for FY 2014-15.

Table 7.7.6: Approved Power purchase quantum and Cost from Renewable Energy Sources

S.N.	Description	FY 2014-15
1	Sales Within State	5387.71
2	RPO Obligation (in %)	
	- Solar	0.60%
	-Non Solar	2.70%
3	RPO Obligation (in MU)	
	- Solar	32.33
	-Non Solar	145.47
4	**Floor Price of REC Certificates /MWH**	
	- Solar	**9300.00**
	-Non Solar	**1500.00**
5	**Provision for RPO Compliance**	
	- Solar	**30.06**
	-Non Solar	**21.82**
	-Total	**51.88**

- **Transmission Charges (PGCIL, NRLDC F&C and Reactive Energy Charges)**

The Commission has considered the PoC rates as specified by the Central Electricity Regulatory Commission vide its order no L-1/44/2013-CERC dated 30th September 2013 applicable from October 2013 to December 2013 for approving the Transmission charges for the FY 2014-15.

Accordingly the Transmission charges for usage of PGCIL network is approved at **Rs 210.54 Crores.**

The petitioner also utilizes the network of MSTCL for wheeling of power scheduled from different stations. The Commission therefore approves the petitioner's estimates of **Rs 7.12 Crores** as charges towards MSTCL, reactive charges, other charges as proposed by the petitioner.

Accordingly, the total transmission charges approved for the FY 2014-15 is **Rs. 217.65 Crores.**

- **Power Purchase Cost Approved**

For determining the power purchase cost, merit order dispatch principles have been applied. The must-run stations have been assumed at the top of the merit order and variable cost incurred for meeting the energy requirement within the state has been calculated from the plants at the top of the merit order.

Further, any variation on account of Fuel and Power Purchase cost shall be calculated as per the formula specified by the Commission separately and any impact shall be passed directly to the consumers. The formula will be applicable from FY 2014-15.

The licensee will compute fuel and power procurement cost variations on quarterly basis and adjustment shall be made in consumer bills starting after a month following the end of the quarter based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified separately by the Commission. For the purpose of calculation using FPPCA formula notified by the Commission, the approved per unit cost of power purchase ($R_{Approved}$) for use in the FPPCA formula (paisa per unit) is 366 paisa per unit for FY 2014-15. The approved per unit cost of power purchase for FY 2014-15 to be considered in the FPPCA formula excludes transmission charges of PGCIL,SLDC charges, RLDC charges and charges for reactive energy.

The Commission thus considers the power purchase cost of Rs 2191.80 Crores and provision of Rs 51.88 Crores for RPO Compliance as reasonable and approves the same for FY 2014-15.

7.8 Operation and Maintenance Expenses

Petitioner's Submission

The petitioner has submitted that the Operation and Maintenance expenses comprise of the following heads:

- **Employees Expenses** which includes the salaries, dearness allowances, dearness pay, other allowances and retirement benefits paid to the staff;
- **Repair and Maintenance (R&M) Expenses**, which include all expenditure incurred on the maintenance and upkeep of transmission and distribution assets; and
- **Administrative and General Expenses**, which include all expenditure incurred in operating a business such as telephone charges, regulatory and consultancy fees such as energy auditing and chartered accountant fees, conveyance and travel expenses, water charges etc.

Summary of the past three years operation and maintenance expense is summarized in table below:

Table 7.8.1: Operation & Maintenance Expense of previous years (Rs. Crores)

Year	O&M Expense
	Actual
FY 09-10	6.34
FY 10-11	6.56
FY 11-12	11.83
FY 12-13	15.27

The total O&M expense for FY 2012-13 was Rs. 15.27 Crores as compared with FY 2011-12 total O&M expense of Rs. 11.83 Crores. The increase in operation and maintenance cost in FY 2012-13 was primarily due to increase in Employee and R&M expenses.

Commission's Analysis

Commission has considered the submission made by the petitioner in this regard and has accordingly approved the O&M expenses.

7.8.1 Employee Expenses

Petitioner's Submission

The Employee expense estimated by the Petitioner comprise of all costs related to employees like basic salary, dearness allowances, medical cost, leave travel allowances, honorarium, etc. However, the Petitioner does not maintain cost related to leave salary contribution and pension of the employee in the employee cost. Therefore, the Petitioner will claim these expenses relating to the employee cost at an appropriate time when the respective cost items become payable.

Based on the various expense head related to employee booked during nine months of FY 13-14, DNHPDCL has estimated the total employee cost for full year of FY 13-14. Employee expenses for FY 14-15 is estimated based on the variation in the rate of WPI Index per annum published by the Office of Economic Adviser, Government of India.

For projecting the employee cost for FY 14-15, the Petitioner has considered an 8.94% escalation over the estimated employee cost for FY 13-14.

Commission's Analysis

As per the regulation 27 of JERC tariff regulations 2009

Quote

27. Operation and Maintenance Expenses

1) *'Operation & Maintenance expenses' or 'O&M expenses' shall mean & include repair and maintenance (R&M) expenses, employee expenses and administrative & general (A&G) expenses including insurance.*

   While determining the O&M expenses for generation functions within the State, the Commission shall be guided, as far as feasible, by the principles and methodologies of Hon'ble CERC on the manner, as amended from time to time.

2) *While determining the O&M expenses for transmission functions within the State, the Commission shall be guided, as far as feasible by the principles and methodologies specified by Hon'ble CERC on the matter, as amended from time to time:*

   Provided further that the Commission may, if it considers it just, practical and proper considering the size of the total transmission system of, and the quantum of electricity handled by, an integrated utility, treat its transmission system as an integral part of its distribution system itself.

3) *O&M expenses for distribution functions shall be determined by the Commission as follows:*

   a) *O&M expenses as approved by the Commission for the first time for a year shall be considered as base O&M expenses for determination of O&M expenses for subsequent years;*

   b) *Base O&M expenses as above shall be adjusted according to variation in the rate of WPI per annum to determine the O&M expenses for subsequent year, where WPI is the Wholesale Price Index on April 1 of the relevant year;*

c) *In case of unbundling of the Electricity Department and formation of separate distribution companies, the Commission will make suitable assessment of base O&M expenses of individual distribution companies separately and allow O&M expenses for subsequent years for individual companies on the basis of such estimation and above principle.*

4) *O&M expenses of assets taken on lease/hire-purchase and those created out of the consumers' contribution shall be considered in case the generating company or the licensee has the responsibility for its operation and maintenance and bear O&M expenses.*

5) *O&M expenses for gross fixed assets added during the year shall be considered from the date of commissioning on pro-rata basis.*

6) *O&M expenses for integrated utility shall be determined by the Commission on the norms and principles indicated above.*

Unquote

As may be seen from para 6.8.1, Commission has considered Employee cost as Rs. 8.52 Crores for Review of ARR for FY 2013-14 for reasons explained therein. Taking Rs. 8.52 Crores as base for FY 2013-14 and applying escalation of 5.68%[17], employee Cost for FY 2014-15 works out to Rs. 8.73 Crores. The latest WPI index till March 2013 has been used as available on the website of Economic Advisor, Ministry of Commerce and Industry for estimation of the increase in the average of WPI index from FY 2010-11 to FY 2012-13.

In absence of any documentary proof in support of substantial increase in no. of employees requested by the petitioner, the Commission has not approved any additional amount on this account. The Commission will review the same in the next tariff order.

Commission considers the employee cost of Rs. 8.73 Crores as reasonable and approves the same for FY 2014-15.

7.8.2 Repair and Maintenance Expenses

Petitioner's Submission

17 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry

Repairs and maintenance expense comprise of expenses incurred by the Petitioner with regard to maintenance and upkeep of the transmission and distribution system. Adequate R&M activities help in reduction of transmission and distribution losses and breakdowns in the system.

The actual R&M expense for FY 2012-13 for the petitioner was Rs. 4.45 Crores. The revised estimates of R&M expense for FY 2013-14 has been estimated at Rs. 4.85 Crores.

Based on WPI index, the R&M expense for FY 2014-15 has been estimated at Rs. 5.28 Crores. The escalation of cost from the previous year expenses is due to outsourcing of additional EHV sub-stations to third party agencies as the petitioner is facing severe shortages of staff for proper O&M of the substations.

The petitioner requested the Commission to approve the Repair & Maintenance expense without any disallowances as the same is necessary for proper maintenance and strengthening of the system and quality of supply in the region in order to ensure consumer satisfaction.

Commission's Analysis

As may be seen from para 6.8.2, Commission has considered R&M expenses as Rs. 4.68 Crores for Review of ARR for FY 2013-14 for reasons explained therein. Taking Rs. 4.68 Crores as base for FY 2013-14 and applying escalation of 5.68%[18], the R&M expense works out to Rs. 5.08 Crores for FY 2014-15.

The Commission considers the R&M expenses of Rs. 4.93 Crores as reasonable and approves the same for FY 2014-15.

7.8.3 Administration and General Expenses

Petitioner's Submission

The Administrative and General (A&G) expense comprise of various sub-heads including the following:

- Telephone, postage & telegrams charges;
- Travel and conveyance expenses;

18 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry

- Consultancy and regulatory fees; and
- Consumer indexing fee

The actual A&G expense for FY 2012-13 was Rs. 3.00 Crores. Further, the petitioner has estimated the A&G expense of Rs. 3.27 Crores for FY 2013-14. For FY 2014-15 the A&G expenses have been projected at Rs. 3.56 Crores in consideration of the above expenses.

Commission's Analysis

As may be seen from para 6.8.3, Commission has considered A&G expenses as Rs. 3.20 Crores for Review of ARR for FY 2013-14 for reasons explained therein. Taking Rs. 3.20 Crores as base for FY 2012-13 and applying escalation of 5.68%[19], the A&G expense works out to Rs. 3.49 Crores for FY 2014-15.

Table 7.8.3.1: *Administrative and General Expenses approved for FY 2014-15 (in Rs. Crores)*

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Rent, rates & taxes		
2	Domestic Travel Allowances		
3	Office Expenses	0.81	0.79
4	Insurance		
5	Membership & Regulatory Fees	1.32	1.25
6	Consultancy Fees and other professional fees	1.19	1.12
7	Electricity & Water Charges		
8	Advertisement & Publicity	0.16	0.15
9	Special Service/Collection and Meter reading	0.03	0.02
10	Expenses of CGRF (Office)		
11	Consumer Indexing and Energy Auditing		
12	Other material related expenses	0.05	0.05
13	**Total**	**3.56**	**3.38**
14	Add/Deduct share of others (to be specified)		
15	**Total expenses**	**3.56**	**3.38**
16	Less: Capitalized		
17	**Net expenses**	**3.56**	**3.38**
18	Add: Prior period		
19	**Total A&G Expenses**	**3.56**	**3.38**

The Commission considers the A&G expenses of Rs. 3.38 Crores as reasonable and approves the same for ARR for FY 2014-15.

19 As per the WPI index upto March 2014 as available on the website of Economic Advisor, Ministry of Commerce and Industry

7.8.4 Summary of Operation and Maintenance Expenses

The overall summary of O&M expenditure estimated by the petitioner vis-à-vis approved by the Commission for FY 2014-15 is given below:

Table 7.8.4.1: Summary of Operation & Maintenance Expenses (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Employee Expenses	12.24	8.73
2	A&G Expenses	3.56	3.38
3	R&M Expenses	5.28	4.93
4	**Sub-Total**	**21.08**	**17.05**
5	Less: Expenses Capitalized		
6	**Total O&M Expenses**	**21.08**	**17.05**

7.9 Capital Expenditure and Capitalization

Petitioner's submission

The petitioner submitted the following:

Quote

The present transmission and distribution infrastructure of ED-DNH does not have adequate standby source arrangement for restoring the power supply in case of major breakdowns. Further, considering the increase in demand from HT & LT consumers, ED-DNH would be required to undertake significant capital expenditure for system augmentation and strengthening. System augmentation would not only help ED-DNH in handling increased load but would also ensure better quality of supply and network reliability to the consumers. However, ED-DNH T&D loss levels are quite low; the capital expenditure would help in further reduction of T&D losses.

Unquote

As discussed in para 5.10, the petitioner has recently submitted the verified asset Registers as per the directives of Hon'ble Commission. However there are still certain anomalies explained therein especially absence of physical verification of assets.

The petitioner further submits that each year they draft an Annual Plan for the capital investment for new schemes and continuing schemes which it plans to incur in the ensuing year. Due to lower allocation of funds from the Government of India as compared with the requested funds, the actual capital expenditure has been lower than the planned capital expenditure in the previous years.

Therefore, the capital expenditure for the subsequent years is higher as it includes the schemes for which the funds were not allocated in the previous capital expenditure proposal. The petitioner has proposed the capital expenditure of Rs. 75.30 Crores for FY 2014-15, out of which the petitioner has projected the addition of Rs. 114.74 Crores in the Gross Fixed Assets during FY 2014-15.

Commission's analysis

Commission observes that the capital expenditure and the capitalization submitted by the petitioner for FY 2013-14 and FY 2014-15 and the requirement of maintaining the reliable supply for the consumers of UT of Dadra and Nagar Haveli.

As per the Regulation 21, of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 specifies that the licensee shall propose in their filings, a detailed capital investment plan, showing separately ongoing projects that will spill into the Ensuing Year and new projects (along with their justification) that will commence in the ensuing year. The petitioner had not submitted the capital investment plan as per the regulations and did not give the present status of the capital expenditure incurred/capitalized during past years. As discussed in para 6.10 of this order, for the purpose of this ARR computation, **Commission provisionally approves the capital expenditure of Rs. 75.30 Crores proposed by the petitioner for ARR for FY 2014-15.** A detailed statement of the capital expenditure incurred quarterly, the asset capitalized and added in the gross fixed assets up to 31st March 2015 on different dates during the year, is required to be provided for true up.

This expenditure is being permitted as a special case to ensure the creation of infrastructure for adherence to Standard of Performance and Supply Code Regulations.

7.10 GFA and Depreciation

Petitioner's submission

The petitioner in ARR and tariff petition for FY 2014-15 had submitted that they had Rs. 501.26 Crores of Opening Gross Fixed Assets (GFA) in FY 2013-14. The petitioner has further proposed capital expenditure of Rs. 164.32 Crores during FY 2013-14.

Based on the actual capitalization of the first six months and estimated addition in GFA during the remaining six months of FY 2013-14, assets amounting to Rs. 66.86 Crores have been estimated to be added in the GFA during FY 2013-14. For FY 2014-15, the petitioner has proposed Rs. 75.50 Crores capital expenditure out of which Rs. 114.70 Crores estimated to be capitalized.

Further, the Petitioner has submitted the audited accounts for FY 2011-12 containing the audited value of opening gross fixed assets as on 1st April 2011 along with the true-up petition for FY 2011-12 and has also submitted the Fixed Asset Registers showing the details of assets as on 31st March 2013.

Depreciation is charged on the basis of straight-line method, on the Gross Fixed Assets in use at the beginning of the year and addition in assets during the financial year. The depreciation is based on the original cost of the Gross Fixed Assets. ED-DNH has applied the following depreciation rates as specified by Hon'ble CERC in the Tariff Regulations for FY 2009-14.

Table 7.10.1: Depreciation rate specified by Hon'ble CERC

Asset Category	Depreciation Rate %
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Computers & Others	6.33%
Land	0.00%

Depreciation of Rs. 31.74 Crores for the FY 2014-15 is determined by applying aforesaid category-wise assets depreciation rates on the opening balance of Gross Fixed assets and average of the addition during the year projected for FY 2014-15.

Commission's analysis

As discussed in para 5.10 of this order, review order dated January 24'2013 and as per Regulation 26 of JERC for the states of Goa and UTs (Terms and conditions for determination of Tariff), Regulation 2009 depreciation shall be computed on historical cost of the assets including additions during the year. Since historical assets are on assumption basis, the Commission has therefore taken a pragmatic view and has allowed 50% of opening value of gross fixed assets as on April 1'2010 being the first year (FY 2010-11) for which ARR and tariff petition was filed by the petitioner, subject to adjustment in true-up depending upon the certificate that to be submitted by 30th September 2013.

As the petitioner has not furnished the requisite certificate along with the current petition also, the Commission has decided to continue with the existing methodology. As per the Regulation 26 of JERC

(Terms and Conditions for Determination of Tariff) Regulations, 2009 specifies that depreciation for the assets shall be calculated annually at the rates specified by Hon'ble CERC from time to time. The depreciation rates for distribution assets as specified by Hon'ble CERC vide Appendix-III (Depreciation schedule of Hon'ble CERC (Terms and Conditions of Tariff) Regulations, 2009 has been used to calculate the depreciation. The depreciation for the FY 2014-15 has been worked out at Rs. 21.69 Crores.

Table 7.10.2 : GFA & Depreciation submitted by the petitioner and approved in the review for FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Opening Value of Assets at the beginning of the year	568.12	367.96
2	Additions during the year	114.74	114.74
3	Gross Fixed Assets at the end of year	682.86	482.70
4	**Average Assets**	**625.49**	**425.33**
5	Average Rate of Depreciation	5.07%	5.10%
6	**Depreciation for the year**	**31.74**	**21.69**

Table 7.10.3 : Calculation for working out the Depreciation for FY 2014-15(in Rs. Crores)

Sr. No.	Particulars	Value of assets at the beginning of FY 2014-15	Addition during FY 2014-15	Closing balance at the end of FY2014-15	Rate of Depreciation	Depreciation for FY 2014-15
1	2	3	4	5	6	7
1	Plant & Machinery	344.37	114.74	459.11	5.28%	21.21
2	Buildings	12.82	0.00	12.82	3.34%	0.43
3	Vehicles	0.16	0.00	0.16	9.50%	0.02
4	Furniture and Fixtures	0.07	0.00	0.07	6.33%	0.00
5	Computers and Others	0.40	0.00	0.40	6.33%	0.03
6	Land	10.14	0.00	10.14	0.00%	0.00
7	Total	**367.96**	**114.74**	**482.70**		**21.69**

Commission considers the depreciation of Rs. 21.69 Crores as reasonable and approves the same for ARR of FY 2014-15.

7.11 Interest on Loan

Petitioner's submission

Assets capitalized during FY 14-15 have been considered based on normative debt-equity ratio of 70:30 as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

Interest rate of 14.45% has been considered for computation of interest cost for long-term loans, which is similar to the prevailing SBI Prime Lending Rate.

Commission's analysis

Regulation 25 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 lays down

(1) For existing loan capital interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the rate of interest and schedule of repayment as per the terms and conditions of relevant agreements.

(2) Interest and finance charges on loan capital for new investments shall be computed on the loans, duly taking into account the rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall, however, be restricted to the prevailing Prime Lending Rate of the State Bank of India".

The ED-DNH is not an integrated utility in its present form as defined in Regulation 2(9) of the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009; as the ED-DNH has been restructured and separate corporate entity i.e. DNHPDCL has been carved out of it. However, as discussed in earlier para, the review for FY 2013-14 is being done considering these entities an integrated utility. The Commission, thus, approves its entitlement to return on its capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide provision under Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of interest on loans is the adequate information of the value of fixed assets of the utility in service (net fixed assets) at the beginning of such year and **funding pattern as well as terms & conditions of funding of capital assets.**

The Commission would like to place reliance on the Section 23 of the JERC Tariff regulations, which is reproduced below:

Quote

23. Debt-Equity Ratio

For the purpose of determination of tariff, debt-equity ratio in case of existing, ongoing as well as new projects commencing after the date of notification of these Regulations shall be 70:30. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff:

Provided that the Commission may, in appropriate cases, consider equity higher than 30% for the purpose of determination of tariff, where the generating company or the licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of the general public: .

(2) The debt and equity amounts arrived at in accordance with sub-regulation (1) above shall be used for all purposes including for determining interest on loan, return on equity, Advance against Depreciation and Foreign Exchange Rate Variation.

Provided that in the case of an Integrated Utility, till the time it remains Integrated Utility, it shall be entitled to return on its capital base as per Schedule VI to the repealed Electricity (Supply) Act, 1948.

Unquote

The above stated regulations mandate the debt equity ratio for assets deployed post the commencement of the JERC Tariff Regulations. It is pertinent to mention here that the first application filed by the petitioner before this Commission under the above stated regulation was for the FY 2010-11, wherein the Commission had determined Tariff in accordance with the JERC Tariff Regulation. The Commission has also perused the accounts certified by a chartered accountant submitted by the petitioner. It has been observed that the petitioner does not have any opening loan portfolio and the entire capital base is funded through internal accruals.

As discussed in para 5.11 and 6.11 of this order, the normative interest under the JERC Tariff Regulations could be considered on the assets created during the year FY 2010-11 onward excluding the opening capital base. Commission has accordingly considered the opening normative loan of Rs. 93.88 Crores and normative debt of 70% of addition to GFA of Rs. 80.32 Crores during the FY 2014-15 and has calculated the normative interest as per the regulations amounts to Rs 19.08 Crores. Accordingly, the **Commission has considered the Normative Interest on loans as Rs. 19.08 Crores as reasonable and approves the same for ARR for FY 2014-15.** The calculation is given below:

Table 7.11.1 : Normative Interest on Loan approved in the ARR for FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Opening Normative Loan	98.24	93.88
2	Add: Normative Loan during the year	80.32	80.32
3	Less: Normative Repayment	4.91	9.39
4	Closing Normative Loan	173.65	164.81
5	**Average Normative Loan**	**135.95**	**129.34**
6	Rate of Interest (@SBAR rate)	14.45%	14.75%
7	**Interest on Normative Loan including bank charges**	**19.64**	**19.08**

7.12 Interest on Working Capital

Petitioner's submission

The petitioner has computed the Interest on Working Capital for FY 12-13 based on normative basis as per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009.

The working capital requirement for FY 13-14 has been computed considering the following parameters:

i. One month Power purchase cost

ii. One month Employees cost

iii. One month Administration & general expenses

iv. One-month Repair & Maintenance expenses.

v. Sum of two-month requirement for meeting Fuel cost.

A rate of interest of 14.45% has been considered for FY 2014-15 on the working capital requirement, being the SBI Prime Lending Rate as approved by the Commission in the last Tariff Order for FY 2013-14.

The normative interest on working capital for FY 2014-15 as per the revised estimates amounts to Rs. 23.36 Crores.

Commission's analysis

Commission has considered the approved Power purchase expenses of FY 2014-15 and approved O&M expenses to work out the normative working capital required for FY 2014-15.

As per the regulation 29 of JERC tariff regulations

Quote

"

29. WORKING CAPITAL AND INTEREST RATE ON WORKING CAPITAL

For generation and transmission business, the working capital shall be as per Hon'ble CERC norms. Subject to prudence check, the working capital for distribution business shall be the sum of one-month requirement for meeting:

a. *Power purchase cost.*

b. *Employees cost.*

c. *Administration & general expenses and*

d. *Repair & Maintenance expenses.*

1) *Subject to prudence check, the working capital for integrated utility shall be the sum of one month requirement for meeting :*

    a. *Power purchase cost*

    b. *Employees cost*

    c. *Administration & general expenses*

    d. *Repair & Maintenance expenses.*

    e. *Sum of two-month requirement for meeting Fuel cost.*

2) *The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India on the 1st April of the relevant financial year. The interest on working capital shall be payable on normative basis notwithstanding that the generating company / licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures."*

Unquote

In accordance with Section 47(4) of the Electricity Act 2003, the distribution licensee is required to pay interest on security deposit collected from the consumers. If this security deposit is invested in the form of interest earning fixed deposits or other similar instruments. The interest earned from such investment could be utilized to pay the interest to the consumers under section 47(4) of the Electricity Act 2003. However it is noted that the petitioner has not invested any of the security deposit held and the said amount is available to the petitioner. Accordingly, the Commission has allowed the interest payable to the consumer as expense in this order. Commission has considered the security deposit available with the Petitioner as a source to meet working capital requirements and has deducted this amount from the working capital requirement considered for interest from working capital for FY 2014-15. Further, Commission clarifies that SBI PLR rate has now been substituted as SBI Advance Rate.

The Commission has considered the SBI advance rate of 14.75%[20] as on 1st April 2014 for ARR of FY 2014-15. Commission has not considered the revenue from short-term sale of power of units deducted under merit order dispatch principles in the total power purchase cost for the purpose of estimating the working capital requirement for FY 2014-15. The detailed calculation for the calculation of interest on working capital is mentioned below:

Table 7.12.1 : Interest on working capital submitted by the petitioner and approved in ARR for FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Fuel Cost for 2 months	0.00	0.00
2	Power Purchase Cost for one month	180.57	182.65
3	Employee Cost for one month	1.02	0.73
4	A&G Expenses for one month	0.30	0.28
5	R&M Expenses for one month	0.44	0.41
6	**Total Working Capital for one month**	**182.33**	**184.07**
7	**Total Working after deduction of Security Deposit from Working Capital Requirement**	**162.58**	**141.13**
8	SBAR Rate	14.45%	14.75%
9	**Interest on Working Capital**	**23.49**	**20.82**

The Commission considers Rs. 20.82 Crores as Interest on Working Capital as reasonable and approves the same for ARR for FY 2014-15.

7.13 Interest on Security Deposit

Petitioner's submission

The petitioner has made a provision to pay Rs. 1.74 Crores as interest on consumer security deposits in FY 2014-15.

Commission's analysis

The petitioner in their audited accounts had submitted the details of security deposit available with the petitioner during FY 2012-13; Further, the petitioner had submitted that they collect security deposits from consumers and contractors (as earnest money deposit or security). While security deposit from

[20] SBI Advance Rate as on date as per the last notification datd 07th November 2013

consumers is taken at the time of providing the connection and has to be repaid to the consumers at the time of surrender of the connection, security deposit from contractors is adjusted, subsequent to satisfactory completion of the contracted work. These deposits are in the form of fixed deposit receipts (FDR) / Bank Guarantee and in case of FDR the interest is directly paid to the consumer.

The Commission in its ARR and tariff order dated 13th September 2011, 31st July 2012 and 25th March 2013 had directed the petitioner should follow the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of consumer security deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2011-12 and FY 2012-13.

The Commission had issued the second amendment to the JERC (Electricity Supply Code) Regulations 2010 on 10th October 2013, which is reiterated as below:

Quote:

Amendment of Regulation 6.10 (2) principal regulation to be replaced as under:

Consumer shall have the option to make advance payment and in such an event security amount shall be proportionately fixed. The procedure for the determination of security deposit, for different categories of consumers, shall be determined by the licensee and approved by the Commission. The deposit shall be accepted in form of cash, cheque, draft or bank guarantee in case of LT Consumers and in the form of draft, banker's cheque or bank guarantee in case of HT/EHT Consumers. The licensee shall maintain a separate head of account of such security deposits. On termination of the agreement, the security deposit will be refunded to the consumer after adjustment of the amount, if any, remaining payable to him.

Unquote.

In the reply to queries raised by the Commission, the petitioner in its reply dated 24th January 2014 has submitted the following:

Consumer Security Deposit	As on 01.04.2011	As on 01.04.2012	As on 01.04.2013	As on date
In Bank Guarantee	144.25	157.28	112.73	163.53
In Fixed Deposits	0.00	0.00	60.97	18.03
In Cash	0.00	0.00	0.00	42.94
Interest paid to consumers.	0.00	0.00	0.00	0.00

As per this letter, out of total consumer security deposit of Rs 173.70 Crores, DNHPDCL has Rs 42.94 Crores available in cash as on date. The petitioner also submitted the availability of Consumer Security deposit amounting to Rs. 18.03 Crores in form of deposits. As this mode of consumer security deposit is different from those provided as per the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003. The Commission would like to reiterate its direction that the distribution licensee should deliver its obligation under the Section 47(4) of the Electricity Act, 2003 and it must pay the interest on security deposit w.e.f. 01st April 2014 at the rate of 9.00%[21] per annum (being the Bank Rate as on 1st April 2014) and should explicitly mention the same as the 'Interest on security deposit for FY 2014-15 on the bills of the consumers. Commission has considered the security deposit from consumers currently available with the petitioner to be available as on 31st March 2014 and has considered the bank rate of 9.00% for FY 2014-15 as on 1st April 2013. **The Commission once again directs the petitioner to pay the interest on consumer security deposit irrespective of any constraint and any non-compliance in this regard shall be viewed seriously by the Commission.**

In view of the above, the Commission allows Rs. 3.86 Crores as the interest on security deposits and considers as expenditure in ARR for FY 2014-15.

7.14 Return on Capital Base

Petitioner's submission

As per the JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, the petitioner is entitled for a Return on Equity (RoE). However, the Rate of return has not been specified in the Regulations issued by JERC.

As per the Hon'ble CERC revised Tariff Regulations FY 2009-14, Generation and Transmission utilities are entitled for a pre-tax Return on Equity of 15.50% with an additional return of 0.50% for projects completing before a specified timeline. The petitioner submitted that Distribution Business is perceived to be a higher risk business as compared with Generation and Transmission Business. Therefore, a higher RoE should be provided for the Distribution Business given that the petitioner is primarily a transmission and distribution utility with no generating assets.

[21] Bank Rate of 9.00% as per RBI circular dated 28th January 2014.

However, considering that the other State Electricity Regulatory Commissions in India are allowing a RoE of 16% for distribution business, the petitioner has claimed RoE of 16% for FY 2014-15 in its Petition.

Return on equity has been computed based on the actual issued and paid-up capital of Rs. 40.00 Crores has been computed as Rs. 6.40 Crores for FY 2014-15.

Commission's analysis

As the Commission has considered ED-DNH and DNHPDCL has an integrated utility for the purpose of review of FY 2013-14, the Commission has considered its entitlement to return on capital base under the provisions of Schedule VI of the repealed Electricity (Supply) Act, 1948 vide Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009. The basic requirement for consideration of either return on capital base or return on equity for historical assets is the basic information in the form of the assets and depreciation registers besides other data. Petitioner has provided the required verified asset registers as on 31st March 2013 along with audited accounts of FY 2012-13.

As discussed in para 5.10, 5.14, 6.10 and 6.14 of this order, review order dated 24th January 2013, Commission has therefore considered return on capital base in accordance with Regulation 23 of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009 and has considered Rs. 12.75 Crores as a 3% return on net block at the beginning of the FY 2014-15.

Table 7.14.1 : Return on Capital Base approved in ARR for FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Gross block at beginning of the Year/Opening GFA or equity	40.00	367.96
2	Less accumulated depreciation/Addition in Equity		57.19
3	Net block at beginning of the year /Closing Equity	40.00	425.16
4	Less accumulated consumer contribution		
5	**Net fixed assets at beginning of the year /Average Equity Amount**	**40.00**	**425.16**
6	**Reasonable return @3% of NFA /Return on Equity @16%**	**6.40**	**12.75**

Commission considers the Return on Capital Base of Rs. 12.75 Crores as reasonable and approves the same for ARR of FY 2014-15.

7.15 Provision for Bad and Doubtful debts

Petitioner's submission

The petitioner had considered the provision of 1% of the receivables in the revenue requirement for FY 2014-15 and computed it accordingly at Rs. 24.57 Crores.

Commission's analysis

As can be observed from the audited accounts, there was no bad & doubtful debt in FY 2012-13. Further, as specified in the regulation no. 28 of JERC Tariff regulations read with the format is explained below.

Quote

28. Bad and Doubtful Debts

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

S.No.	*Particulars*	*Amount (Rs. in Crores)*
1.	*2.*	*3.*
1.	*Amount of receivable bad and doubtful debts (audited)*	
2.	*Provision made for debts in ARR*	

Unquote

The petitioner has claimed 1% provisioning of bad and doubtful debt. As there was no write offs as per audited accounts of FY 2012-13, the Commission has therefore considered the provision of 0.5% of the receivables towards bad and doubtful debts as per the provisions of the regulations subject to availability (at the time of true up) of audited accounts.

Commission has considered the provision of bad and doubtful debt as Rs. 10.67 Crores as reasonable and approves the same as per the regulations for ARR for FY 2014-15.

7.16 Non-Tariff Income

Petitioner's submission

The petitioner has submitted that the non-tariff income includes meter rent/service line rentals, recovery for theft of power/malpractices, miscellaneous charges from consumers. Other income includes Interest on Staff loans & advances, Delayed payment charges from consumers, Interest on advances to suppliers/contractors, and Miscellaneous receipts.

For FY 2014-15, an increase at 5% p.a. has been considered over the estimated FY 2013-14 non-tariff income and has worked out Rs. 0.12 Crores.

Commission's analysis

The Commission has escalated the revised estimates for FY 2013-14 by 5% to arrive at the Non Tariff Income for FY 2014-15.

Table 7.16.1 : Non-Tariff Income approved in ARR for FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	House Rent Recovery	0.01	0.01
2	Interest Income	0.01	0.01
3	Fees for RTI application		0.00
4	Tender Fees/EMD	0.01	0.01
5	Meter/Service Rent/Testing	0.64	0.69
7	Misc. Receipts/Income	0.00	11.33
8	Others	0.09	0.08
9	**Total income**	**0.76**	12.14
10	Add: prior period income		
	Total Non-Tariff Income	**0.76**	**12.14**

The Commission considers the actual Non-Tariff Income of Rs. 12.14 Crores as reasonable and approves the same for ARR for FY 2014-15.

7.17 Revenue from Sale of Surplus Power

Petitioner's submission

During FY 2014-15, the petitioner has estimated a surplus power of 1.32 MUs based on the energy available and sale to various consumer categories. Revenue from sale of surplus units during FY 2014-15 has been computed at Rs 0.17 Crores.

Commission's analysis

The Commission as discussed in the section of power purchase of this chapter has applied merit order dispatch principles in estimating the power procurement requirement of the utility. Based on this, the Commission has only allowed power purchase as required to meet the power requirements as approved in this order for FY 2014-15.The petitioner is, however, allowed to deal with the surplus energy in such a manner that it does not result into additional financial burden on the consumers.

7.18 Revenue from Retail Sale of Power

Petitioner's submission

Revenue from sale of power for FY 2014-15 is determined based on the energy-estimated sales and category wise tariff prevalent in the UT of Dadra & Nagar Haveli.

Revenue from sale of power at existing tariff is estimated to be Rs. 2,286.19 Crores for FY 2014-15. The estimated revenue for FY 2014-15 is based on the exiting tariff structure. The fuel purchase adjustment surcharge approved by the Commission is being levied to all the consumer categories except Domestic, LIG and Agriculture consumers, and has also been included in the revenue estimation for FY 2014-15.

Commission's analysis

The Commission has observed that the petitioner has not computed the revenue from retail tariff as per the provision 13 (3) (i) of Terms and Conditions for Determination of Tariff) Regulations, 2009 which states that

"A state of current tariff rates all applicable terms and conditions, and the expected full year revenue from the ***projected sales at the current tariff rates in the year*** *in which the new tariffs are to be implemented."* Emphasis added.

The petitioner has subsequently through submission dated 21st March 2014 that the projected revenue also includes the FPPCA recovery of Rs 153.60 Crores. The Commission is of view that FPPCA recovery is governed by the Amendment dated 27th June 2012 in Terms and Conditions for Determination of Tariff Regulations, 2009 and has to be computed quarterly as per the provisions of the amended regulations. Thus, revenue from levy of FPPCA Charges cannot be projected beforehand. **Accordingly, the petitioner has projected the revenue gap by the reduced amount of Rs 153.60 Crores which otherwise should have been projected to be recovered through appropriate tariff hike/ other suitable mechanism.**

Commission has estimated revenue from retail sale of power on the basis of sales for FY 2014-15 as mentioned in the table below:

Table 7.18.1 : Income from retail sale of power submitted by the petitioner and approved in ARR for FY 2014-15(in Rs. Crores)

S.No.	Category/Consumption Slab	FY 2014-15	
		Petitioner's submission	Approved @ Existing Tariff
A	**Domestic**	**16.83**	**17.58**
1	0-50 units	1.81	1.85
2	51-200 units	4.98	2.91
3	201 - 400 units	2.83	6.85
4	401 and above	4.82	5.89
5	Low Income Group (LIG)	2.39	0.08
B	**Commercial**	**8.26**	**10.20**
1	1- 100 units	0.77	1.53
2	101 and above units	7.49	8.67
C	**Industrial (LT)**	**57.10**	**58.30**
1	Up to 20 HP	1.79	1.68
2	Above 20 HP	55.31	56.62
D	**Agriculture & Poultry**	**0.41**	**0.40**
1	Connected Load up to 10 HP	0.04	0.04
2	Connected Load above 10 HP to 99 HP	0.37	0.36
E	**Public Lighting**	**0.96**	**1.06**
F	**High Tension Supply**	**2048.03**	**2044.60**
HTA	Industrial & Motive power-11KV or 66KV having CMD above 100 KVA	**1888.01**	**1895.23**
1	Up to 50000 units	170.11	170.76
2	50001-500000 units	515.43	517.40
3	Above 500000 units	1202.47	1207.07
HTB	Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive	**160.03**	**149.37**
1	First - 300 units/KVA	101.65	91.56
2	301-500 units/KVA	47.41	46.26
3	Above 500 units/KVA	10.96	11.55
G	**Temporary Supply**	**1.01**	**0.96**
	Total	**2132.60**	**2133.11**

The Commission had continues with its direction of the previous order that input figures in the FPPCA formula should be loaded on the website after certification from the designated officer for this purpose.

The revenue from sale of Power is estimated at Rs. 2133.11 Crores from retail sale of power for ARR of FY 2014-15 as reasonable and approves the same for ARR of FY 2014-15.

7.19 Aggregate revenue Requirement and Revenue Surplus/Deficit for ARR of FY 2014-15

Petitioner's submission

The petitioner estimated the Net Aggregate Revenue Requirement for FY 2014-15 to be Rs. 2293.58 Crores.

Commission's analysis

Based on the estimates approved in the preceding chapters, the aggregate revenue requirement is summarized in the table below:

Table 7.19.1 : Aggregate Revenue Requirement approved for ARR of FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
1	Cost of fuel	-	-
2	Cost of power purchase for full year	2166.89	2191.80
2A	Provision for RPO Compliance	-	51.88
3	Employee costs	12.24	8.73
4	Administration and General Expenses	3.56	3.38
5	Repair and Maintenance Expenses	5.28	4.93
6	Depreciation	31.74	21.69
7	Interest and Finance charges	19.64	19.08
8	Interest on Security Deposit & Interest on Working Capital	25.10	24.68
9	Return on NFA /Equity	6.40	12.75
10	Provision for Bad Debt	22.86	10.67
11	Payment of contingency liability	-	-
12	Incentive on achievement of norm of T&D loss	-	-
13	**Total Revenue Requirement**	**2293.70**	**2349.60**
14	Less: Non Tariff Income	0.76	12.14
15	Less: Revenue from Surplus Power Sale/UI	0.17	-
16	Less: Revenue from Short term sale	-	-
17	**Net Revenue Requirement (13-14-15-16)**	**2292.77**	**2337.46**

The estimated (surplus)/gap have been mentioned including the carrying cost in the following table:

Table 7.19.2 : Estimation of Deficit considered for ARR of FY 2014-15 (in Rs. Crores)

Sr. No.	Particulars	FY 2014-15	
		(Petitioner's submission)	Approved by the Commission
17	**Net Revenue Requirement (13-14-15-16)**	**2292.77**	**2337.46**
18	Revenue from Retail Sales at Existing Tariff	2132.60	2133.11
19	**Net Gap / (Surplus) (17-18)**	**160.17**	**204.35**
20	Recovery on account of PPC variations	153.60	0.00
21	**Gap after adjusting PPC variations**	**6.57**	**204.35**
22	Gap/(Surplus) for the previous year	99.17	42.82
23	Carrying Cost		
24	Past Arrears/Refunds to Consumers		
25	**Total Gap/ (Surplus) (21+22+23+24)**	**105.74**	**247.17**

As can be observed there is a revenue gap of **Rs. 247.11 Crores** at the end of FY 2014-15 considering estimated surplus/gap of previous years **as reasonable and approves the same for ARR of FY 2014-15.**

8. DIRECTIVES

8.1 Directives liable for action under Section 142 of Electricity Act 2003 and various provisions of applicable regulations in case of Non-Compliance

While examining the compliance note and supporting documents submitted by the Petitioner in the proposed ARR and Tariff Petition for FY 2014-15, it has been observed that the some of the directives issued in tariff order dated 25th March 2013 for FY 2013-14 have not been fully complied with by ED-DNH.

The Commission is of view that substantial time has already been given to the utility for compliance of these directions. Thus, Commission hereby directs the utility to comply with the below mentioned directions in the timeframe as detailed in respective directions failing which, the Commission will be forced to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.

Compliance of Directives issued by the Commission in the tariff order on Petition no 92/2012 for FY 2013-14 dated 25th March 2013.

1. **Segregation of T&D losses and loss reduction trajectory:**
   The Petitioner is directed to furnish segregation of losses into transmission and distribution losses in the first instant and further segregated distribution losses into technical and commercial losses separately in their next ARR and tariff petition, along with the status report on energy accounting and T&D losses.

   Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
   Petitioner's submission
   Quote "

   The ED-DNH has evaluated T&D losses for the financial year 11-12 on the basis of total power purchase at DNH peripheral and total units billed to the various categories of consumers. Moreover ED-DNH has also invited tender for implementing energy audit and evaluate component wise AT & C losses along with GIS mapping.

   In addition to above a scheme for integrated solution for the electricity has also been approved by Central Electricity Authority & SFC (still awaited). This scheme in turn will provide overall solution for *the energy auditing and evaluation of AT&C losses as well as indexing of all categories of consumers by implementing GIS mapping & simulation of all related data.*

”**Unquote**

Commission’s Comments
Action taken is noted and the Petitioner is directed to submit the status report and progress of the said facility by September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner’s submission
Quote “

The DNHPDCL would like to submit to the Hon’ble Commission that M/s Panacean Energy Solutions Pvt. Ltd., Mumbai has been appointed to undertake Load Forecasting Study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the future load requirements of DNHPDCL.

The DNHPDCL would like to submit to the Hon’ble Commission that the consultant appointed for the task has submitted their draft report. The said report is being reviewed by DNHPDCL. Upon finalization of the report, DNHPDCL will submit the report before the Hon’ble Commission.

”**Unquote**

Commission’s Comments
Action taken is noted. As the petitioner has failed to submit the report by September 2013 as per earlier direction, the Commission now directs the petitioner to submit the final report before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.

2. **Load Forecasting study:**
   The Petitioner is directed to conduct a detailed load forecasting study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the load requirements in their area at various periods and submit to Commission along with next ARR and tariff petition.

   Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
   Petitioner’s submission
   Quote “

The ED-DNH already appointed M/s Panacean Energy Solutions Pvt. Ltd., Mumbai to carry out the study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the load requirements. The department will submit the report to the Hon'ble Commission by the end of January 2013.

"**Unquote**

Commission's Comments

Action taken is noted and the Petitioner is directed to submit the status report and progress in this regard by September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that M/s Panacean Energy Solutions Pvt. Ltd., Mumbai has been appointed to undertake Load Forecasting Study for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) in order to understand the future load requirements of DNHPDCL. The department will submit the load forecasting before the Hon'ble Commission by May, 2014.

"**Unquote**

Commission's Comments

Action taken is noted. As petitioner has failed to submit any detailed justification for inordinate delay of submission of report as per its own commitments and has also failed to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the petitioner to submit the final report before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.

3. **Renewable Purchase obligation:**

The Petitioner is directed to stagger the purchase over the year to avoid bunching of purchase at high cost towards the end of the year.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

ED-DNH would like to submit that the Ministry of Power in a process to formulate the guidelines for the procurement of Renewable Energy through competitive bidding process. ED-DNH will explore the possibility of purchase the power form Solar Energy after the guidelines are finalized by MOP.

Moreover ED-DNH has also invited tender by following e-tendering process to procure Non-Solar Energy to the tune of 150 MU. The lowest bidder was selected for procurement of 61 MU i.e. M/s. Betul Non-Conventional Energy Pvt. Ltd for the year 2013-14. The petition is already filed for the approval of PPA for the procurement of 61 MU before JERC.

The ED-DNH has procured 80,000 Non-Solar Certificates amounting Rs. 14.50 Crores to meet the RPO obligation for the year 2012-13 up to October 2012.

ED-DNH is also exploring the possibility to establish Solar Power Plant of its own at Velugam village as sufficient land is available at proposed 66/11 KV Velugam Sub-Station. The ED-DNH has invited an offer from BHEL, a

Government undertaking for establishment of the said Solar Power Plant. The capacity of the proposed power plant will be approximately 5MW."

Unquote

Commission's Comments

Action taken is noted. It is observed that the Petitioner has not made any renewable energy purchase during FY 2011-12 and H1 of FY 2012-13. The Petitioner should ensure that its RPO obligations as per the JERC Procurement of Renewable Energy Regulations 2010 are met for FY 2012-13 and FY 2013-14. The RPO obligations in respect of both solar and non-solar power purchase should be ensured separately by the licensee.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the department is fully committed to comply with the RPO guidelines issued by the Hon'ble Commission. In this regard DNHPDCL has already submitted a compliance report before the Commission vide letter no. 1-1(536)/ELE/2011/2280 dated 27th September, 2013. In the said compliance report DNHPDCL has submitted its plan to meet the RPO. Key extracts of the compliance report are presented below:

- *Installation of 3 MW grid connected Solar PV plant at Velugam, Silvassa. Bids are invited from the parties (Tender id – 124850) and the contract is expected to be awarded by March,* *2014. The Solar Plant is expected to generate 4.8 MU on annually. DNHPDCL also plans to install more grid connected Solar PV project of kW scale as well as solar rooftop in its territory.*

- *Purchase of 5 MW solar power from JNNSM. DNHPDCL has already shown its willingness to procure 5 MW solar power from JNNSM vide letter no. 1-1 (38)./PDCL-AE (Comml.)/2013/2003 dated 7th September 2013.*

Further, the DNHPDCL is already buying approximately 10,000 (ten thousand) RECs on monthly trading session at power exchange3.

”**Unquote**

Commission’s Comments

Action taken is noted. The Commission appreciates the efforts made by the petitioner to bridge the gap between peak demand and supply for the users within its territory. However, as detailed in para 6.9 of this order, the Commission has approved a provision of RPO Compliance of Rs. 74.98 Crores for the review of FY 2013-14 along with penalty for Non-Compliance**.**

4. **Enforcement Cell:**

The Petitioner is directed to submit the status of the functioning of enforcement cell and quarterly progress report detailing number of cases, amount involved, amount of revenue fines recovered, (to be shown separately in ARR), sub-judice cases, and reduction in losses as a consequence.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner’s submission
Quote “

It is submitted that the Electricity Department Dadra and Nagar Haveli has a separate division for Lab & Vigilance to monitor and conduct vigilance check on all consumer categories. The quarterly progress report will be submitted to the Hon’ble Commission shortly.

”**Unquote**

Commission’s Comments

Action taken is noted and hereby the petitioner is directed to status report of the progress made in this direction on quarterly basis. The report of the quarter ending March 31’2013 should be sent by April 15’2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

The DNHPDCL would like to submit to that the quarterly progress report will be submitted to the Hon'ble Commission shortly.

"**Unquote**

Commission's Comments
As petitioner has failed to submit any detailed justification for inordinate delay of submission of report and has also failed to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the petitioner to submit the quarterly progress report up to 31st March 2014 before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

5. **Data on the consumption and load profile of Advertisement Hoardings, Sign boards, Signage's etc.**
The Petitioner is directed to separately capture the data regarding consumption and the load profile of the users of advertisement hoardings, signboards, signage's etc. and propose tariff for this category separately in the next tariff petition, so that the differential tariff for this category could be set as they draw power during the peak hours.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

It is submitted that the department does not maintain any record separately for the consumption and load profile of the users of advertisement, hoardings, signboards, signage's etc. The initiative has been taken to segregate such type of consumers and evaluate the data regarding consumption and load profile of such users so that the same can be accommodated with differential tariff for this category to draw power during the peak hours.

"**Unquote**

Commission's Comments
The Commission understands that as per the existing tariff schedule there is no separate category for the users of advertisement, hoardings, signboards, signage's etc. The Petitioner was directed

to separately capture the data regarding consumption and the load profile of these users so that differential tariff for this category could be set.

As the directive has not been adhered to, the Commission re-directs the Petitioner to separately capture the data regarding consumption and the load profile of the users of advertisement hoardings, signboards, signage's etc. in its licensee area and submit the same to the Commission by July 31' 2013, failing which the Commission would be forced to take serious action.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the department is in the process of segregating the data related to the consumption and load profile of the users of advertisement, hoardings, signboards, signage's etc. Previously, the said data was not maintained by the department as there was no separate consumer category for this type of users. However, in compliance to the directive of the Hon'ble Commission, DNHPDCL has initiated the process to segregate the data for the same and will submit the same to the Hon'ble Commission shortly.

"**Unquote**

Commission's Comments

As petitioner has failed to submit any detailed justification for failure to ensure compliance of directions issued by the Commission in previous tariff order, the Commission now directs the petitioner to submit the information to 31st March 2014 before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

6. **Assessment of the open access consumers**

The Petitioner is directed to provide an assessment of the number of open access consumers greater than 1 MW to the Commission by 30th September 2012.The Petitioner to provide the detailed scheme to operationalize open access scheme including setting up of the STU and SLDC (nodal agency) by the power department of the appropriate government.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

It is submitted that the department has notified the procedure for according open access for the long term and short term open access. The list of consumers 1 MW and above has been evaluated and submitted to the Hon'ble Commission. The matter for evaluation of wheeling charges, losses charges and cross subsidiary etc for Open Access Customer is under progress in consultation with M/s Panacean Energy Solutions Pvt. Ltd, Mumbai. The U.T Dadra & Nagar Haveli already has notified State Transmission Utility (STU) and has established SLDC with a nodal officer i.e. Deputy Engineer (N/Z)."

Unquote

Commission's Comments

The process of operationalization of open access in the licensee's area should be expedited and the Commission should be updated about the progress of the same by September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the task of preparing the road map for operationalization of open access consumers has been initiated. The said road map will be submitted to the Hon'ble Commission shortly.

"**Unquote**

Commission's Comments

As petitioner has failed to submit any detailed justification for failure to ensure adequate compliance of directions issued by the Commission in previous tariff order, the Commission now directs the petitioner to submit the roadmap before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

7. Standard of Performance

The Commission has notified the JERC (Standards of Performance) Regulation 2009, wherein the guaranteed and overall standards of performance are prescribed to ensure the quality of supply. The petitioner is bound to adhere to the Regulations prescribed and impart the stipulated performance standards. The Commission in this regard directs the Petitioner to submit the information regarding the standards of performance achieved for FY 2011-12 within one month from the issue of this order. Further, the licensee should ensure timely submission of the information as per the requirement laid down in the JERC (Standards of Performance) Regulation, 2009.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

The SOP data up to August, 2012 has been submitted to the Hon'ble Commission and from now onwards the quarterly data as per the requirement will be submitted to the Hon'ble Commission. The ED-DNH is in the process to develop software for availing the data of each complaint centre and office details on month on month basis.

"**Unquote**

Commission's Comments

The submission of the Petitioner is noted. Timely submission as per the requirements laid down in the JERC (Standards of Performance) Regulation, 2009 should be duly adhered to. The process of developing the software for availing the data of each complaint centre and office details should be expedited so that data collection can happen in a timely manner.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the process of developing the software for availing the data of each complaint centre is being expedited so that data collection can happen in a timely manner.

"**Unquote**

Commission's Comments

As petitioner has failed to submit any specific deadline for roll out of software for availing data of each complaint centre and office details, the Commission feels that the petitioner has failed to ensure adequate compliance of directions issued by the Commission in previous tariff order. The Commission now directs the petitioner roll out this software before **15th August 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003. In case there is any issue in adhering to this deadline by the petitioner, the petitioner should submit, within 1 month of the issue of this tariff order, the actual date of roll out of the software detailing the reasons for further delay.

8. Security Deposit

The Commission in its previous order had directed to follow the provisions of Clause 6.10 of JERC (Electricity Supply Code) Regulations 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from that provided in the Regulation, the same be replaced by those as specified therein. The petitioner is directed to submit the present status versus regulations requirement.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

The ED-DNH would like to submit that it has issued a notice that all the concerned consumers who have submitted bank guarantee shall replace their bank guarantees with either cash or banker's cheque or fixed deposit. The Silvassa Industries Association has filed a petition with the Hon'ble Commission to continue with the bank guarantees in the future.

"**Unquote**

Commission's Comments

The submission is noted; adherence to the Regulations should be ensured by the Licensee before 30th September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that as per the order issued by the Hon'ble Commission dated 13.08.2013 on the petition seeking relaxation of Regulation 6.10 (2) of JERC (Electricity Supply Code) Regulations, 2010 to the extent of allowing payment of Security Deposit in the form of Bank Guarantee instead of Demand Draft or Banker's Cheque, the Hon'ble Commission has allowed security in the form of Bank Guarantee and fixed deposit for LT, HT, EHT and Micro, Small and Medium Entrepreneurs Consumers (MSME) for the existing and new connections of consumers to the respondent viz., ED-DNH. Accordingly, the DNHPDCL has also stopped the conversion of security deposit in the form of Bank Guarantee to Demand Draft or Banker's Cheque.

"**Unquote**

Commission's Comments

The Commission had issued the second amendment to the JERC (Electricity Supply Code) Regulations 2010 on 10th October 2013, which is reiterated as below:

Amendment of Regulation 6.10 (2) principal regulation to be replaced as under:

Consumer shall have the option to make advance payment and in such a event security amount shall be proportionately fixed. The procedure for the determination of security deposit, for different categories of consumers, shall be determined by the licensee and approved by the Commission. The deposit shall be accepted in form of cash, cheque, draft or bank guarantee in case of LT Consumers and in the form of draft, banker's cheque or bank guarantee in case of HT/EHT Consumers. The licensee shall maintain a separate head of account of such security deposits. On termination of the agreement, the security deposit will be refunded to the consumer after adjustment of the amount, if any, remaining payable to him.

As detailed above, the Commission has specified various modes of consumer security deposits. However it is evident from submission of the petitioner that considerable amount of consumer security deposits exist in the form of fixed deposits which is not the acknowledged form of the consumer security deposit as per the provisions of the JERC (Electricity Supply Code) Regulations 2010. The Commission now directs the petitioner keep consumer security deposits in approved forms only and submit the compliance report before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

9. Forecasting Power requirements

The licensee is directed to improve the forecasting of the requirement of Energy basically for the Industry to help plan for Power Purchase at a reasonable cost, rather than spot purchase.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

ED-DNH would like to submit that it has already appointed M/s Panacean Energy Solutions Pvt. Ltd., Mumbai to carry out the study for load forecasting for short term (2-5 years), medium term (7-10 years) and long term (15-25 years) to improve the forecasting of the requirement of energy so that it procures energy at a reasonable rate. Further looking to the existing and pending power applications the department has invited competitive bid for procurement of 200 MW power on long-term basis, following e-tendering process as per Standard Bidding Guidelines of Ministry of Power under Case-I route. The lowest bidder was finalized and the petition for the approval of PPA *in respect of procurement of 200 MW power on Long Term basis has been filed before Hon'ble Commission.*

”**Unquote**

Commission's Comments

The status and the progress of the load forecasting study should be submitted to the Commission by September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote “

The DNHPDCL would like to submit to the Hon'ble Commission that M/s Panacean Energy Solutions Pvt. Ltd., Mumbai has been appointed for this task and the department will submit the report as soon as it is finalized.

”**Unquote**

Commission's Comments

As petitioner has failed to submit any specific deadline for submission of study report, the Commission feels that the petitioner has failed to ensure compliance of direction issued by the Commission in previous tariff order. The Commission now directs the petitioner submit the load forecasting studying before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

10. Energy Audit Expenses

The Petitioner is directed to submit all the documents establishing capability and rate reasonability for awarding the work of energy audit within two weeks of issuance of this Tariff order so as to check the reasonableness of the expenditure. The matter has been discussed in relevant Chapters of this order.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote “

ED-DNH has invited tender for implementing energy audit and evaluate component wise AT & C losses along with GIS mapping. As soon as the tendering process is complete ED-DNH will submit all the relevant documents to the Hon'ble Commission.

”**Unquote**

Commission's Comments

Action taken is noted and hereby the petitioner is directed to file status report of the progress made in this direction on quarterly basis by September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote “

The DNHPDCL would like to submit to the Hon'ble Commission that the energy audit is under process and the department will submit the report as soon as it is finalized.

”**Unquote**

Commission's Comments

As petitioner has failed to submit any specific deadline for submission of study report, the Commission feels that the petitioner has failed to ensure compliance of direction issued by the Commission in previous tariff order. The Commission now directs the petitioner submit the energy audit report before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

11. Continuous & Non-Continuous Industries

A scheme is to be framed by the Petitioner to meet industry demand for uninterrupted supply & commercial mechanism.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote “

ED-DNH is in a process for framing a scheme to meet industry demand for uninterrupted supply & its commercial mechanism. As soon as the scheme is finalized, ED-DNH will submit it to the Hon'ble Commission for its approval.

”**Unquote**

Commission's Comments

Action taken is noted. The petitioner is hereby directed to submit the status report of the progress made in this direction by 30th September 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that it is preparing the status report for the aforementioned and will submit the same to the Hon'ble Commission shortly.

"**Unquote**

Commission's Comments
As petitioner has failed to submit any specific deadline for submission of status report, the Commission feels that there is serious non-compliance of direction issued by the Commission in previous tariff order considering the fact that the industries constitute more than 90% of total share of DNHPDCL. The Commission now directs the petitioner submit the scheme before **30th June 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

12. Directive 17 : Assets verification
The third party physical verification of assets is required to be done by the competent firm of Chartered Accountant. The assets not employable for delivery of service to the consumer as useful assets should be written off.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote"

ED-DNH would like to submit that third party physical verification of its assets is being done by a competent firm of Chartered Accountant. The fixed asset register is being enclosed along with this petition as Annexure II."

Unquote

Commission's Comments
Action taken is noted and Commission appreciates the effort made by the petitioner in this regard. Ongoing through the submission of the Petitioner, it was observed that the fixed asset register submitted did not have any mention of the actual physical verification of the assets by the Chartered Accountant. The same was pointed out to the Petitioner during the technical validation session dated January 17'2013, but the petitioner did not responded to the same. As per para

5.10, the petitioner to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the physical verification of the fixed assets has been done while preparing the asset register for FY 2012-13. The certificate of Charter Accountant has also been submitted to the Hon'ble Commission.

"**Unquote**

Commission's Comments
Action taken is noted and Commission appreciates the effort made by the petitioner in this regard. On going through the submission of the Petitioner, it was observed that the fixed asset register submitted mentions of the actual physical verification of the assets on sampling basis by the Chartered Accountant. The same was pointed out to the Petitioner during the technical validation session dated 20th December 2013, but the petitioner did not responded to the same. The petitioner was required to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof. However, in absence of concrete reply on same, the Commission now directs the petitioner to indicate the value list of assets being used for rendering the services or alternatively indicate as to what %age of Gross block be considered on ad hoc basis & the basis thereof before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

13. Roadmap for reduction in cross-subsidy

The petitioner is directed to propose a road map for an increase in the tariff rate which progressively reduces bring the gap between per unit tariff and the average cost of supply over a period of 5 years in two phases i.e. first 3 years from FY 2012-13, FY 2013-14 and FY 2014-15 a review thereafter and further reduction during FY 2015-16 and FY 2016-17.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

The ED-DNH will submit the roadmap to the Hon'ble Commission shortly

"**Unquote**

Commission's Comments
Action taken is noted. The petitioner is directed to file the roadmap latest by 31st July 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that it is preparing the roadmap for reduction in cross subsidy and will submit the same to the Hon'ble Commission shortly.

"**Unquote**

Commission's Comments
As petitioner has failed to submit any specific deadline for submission of roadmap, and as 2 years have already passed without any concrete action in this context, the Commission feels that there is serious non-compliance of direction issued by the Commission in previous tariff order. The Commission now directs the petitioner submit the roadmap before **31st July 2014** failing which the Commission will be constrained to take appropriate action under various provisions of Electricity Act 2003.

8.2 Directions continued in this tariff order

While examining the compliance note and supporting documents submitted by the Petitioner in the proposed ARR and Tariff Petition for FY 2014-15, it has been observed that the some of the directives issued in tariff order dated 25th March 2013 for FY 2013-14 have not been fully complied with by ED-DNH.

The Commission is of view that substantial time has already been given to the utility for compliance of these directions. Thus, Commission hereby directs the utility to comply with the below mentioned directions in the timeframe as detailed in respective directions failing which, the Commission will be forced to take appropriate action under various provisions of Electricity Act 2003 and Regulations framed by JERC.
Compliance of Directives issued by the Commission in the tariff order on Petition no 92/2012 for FY 2013-14 dated 25th March 2013.

14. Capital expenditure:

The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalization for every quarter, within 15 days in the subsequent quarter.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

It is submitted that the status of capital expenditure incurred during the first 2 quarters for the current financial year i.e. April, May, June – 2012 and July, August, September – 2012 has been prepared and is being enclosed along with the petition as Annexure III.

"**Unquote**

Commission's Comments

The submission of the Petitioner is noted. The timeline stipulated for the submission as per the direction should be adhered to and quarterly submissions should be made for the remaining quarters of FY 2012-13 and going forward for the coming years.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the actual capital expenditure for FY 12-13 has already been submitted along with the true-up petition. The proposed capital expenditure for FY 13-14 and FY 14-15 has also been submitted in the ARR petition for FY 2014-15. Further, the DNHPDCL will submit the quarterly progress report of capital expenditure as directed by the Hon'ble Commission.

"**Unquote**

Commission's Comments

The submission of the Petitioner is noted. The timeline stipulated for the submission as per the direction should be adhered to and quarterly submissions should be made for the remaining quarters of FY 2013-14 and going forward for the coming years.

15. Overdrawls/Underdrawls beyond the frequency band specified by CERC

As per the CERC (Unscheduled Interchange charges and related matters) Principle Regulations and its amendments thereof applicable for FY 2011-12 and Press Notification issued by Ministry of

Power on 23rd July 2009 and after verification of the data submitted by the Petitioner, Commission is mandated to disallow the additional UI charges of Rs. 5.21 Crores against the UI over-drawl/under drawl beyond 49.5 Hz frequency from April 2011 to March 2012, imposed on the utility under the UI regulations of CERC(as amended from time to time) for overdrawl during the period when the frequency was below 49.5 Hz (amended to 49.7 Hz vide CERC order dated 5th March 2012) and it will not be a pass through in the aggregate revenue requirement of the Petitioner for FY 2011-12. As such penal rate which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of damages should not be shown as purchase of Power because it is on account of poor management of Load by ED-DNH. The ED-DNH is directed to forecast their demand more precisely and plan the Power purchase in advance. The burden of additional UI charges would have to be borne by the petitioner from their own finances and will not be allowed to pass this on to the consumers. Therefore, the Commission directs the licensee to separately show the date wise/time wise details of all short-term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

The details of the UI over drawls/under drawls are being enclosed along with the tariff petition (soft copy).

"**Unquote**

Commission's Comments
Submission is noted; the Commission would like to reiterate that overdrawals/underdrawals beyond the frequency band specified by CERC attract penal charges and would not be allowed as a pass-through in the ARR. This puts undue burden on the grid and should be avoided by the licensee through proper load management and appropriate load forecasting.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

DNHPDL is mostly complying with this directive.

"**Unquote**

Commission's Comments

Submission is noted; the Commission would like to reiterate that overdrawals/underdrawals beyond the frequency band specified by CERC attract penal charges and would not be allowed as a pass-through in the ARR. This puts undue burden on the grid and should be avoided by the licensee through proper load management and appropriate load forecasting.

16. Interest on Security Deposit

As per Clause 47(4) of the Electricity Act, 2003 and as specified in regulation 25 of JERC Tariff Regulations 2009, *the distribution licenses shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by the Commission*. On account of provisions mentioned in the Act and regulation, Commission directs the petitioner, that the petitioner must pay the interest on consumer security deposit for FY 2012-13 (at the Bank Rate i.e. 9.50[22]% per annum applicable as on 1st April 2012) with effect from 1st April 2012 to the consumers on their security deposit irrespective of petitioner's constraints and should explicitly mention the same as the 'Interest on security deposit for FY 2012-13' on the bills of the consumers. **Any non-compliance in this regard shall be viewed seriously by the Commission.**

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

The ED-DNH has already directed consumers to replace the bank guarantee with fixed deposit. Further, the Silvassa Industries Association has filed a petition before Hon'ble Commission to retain the procedure for accepting the bank guarantee. "**Unquote**

Commission's Comments
Action taken is noted. The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2011-12. Though Commission appreciates the effort made by the petitioner for conversion of BGs into Deposits but still this mode of consumer security deposit is different from those provided in the provided in the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

[22] As per RBI circular no. RBI/2011-12/432, UBD.BPD. (PCB).Cir. No. 26 /16.11.00/2011-12 dated March 07'2012 on bank rate.

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that as per the order issued by the Hon'ble Commission dated 13.08.2013 on the petition seeking relaxation of Regulation 6.10 (2) of JERC (Electricity Supply Code) Regulations, 2010 to the extent of allowing payment of Security Deposit in the form of Bank Guarantee instead of Demand Draft or Banker's Cheque, the Hon'ble Commission has allowed security in the form of Bank Guarantee and fixed deposit for LT, HT, EHT and Micro, Small and Medium Entrepreneurs Consumers (MSME) for the existing and new connections of consumers to the respondent viz., ED-DNH. Accordingly, the DNHPDCL has also stopped the conversion of security deposit in the form of Bank Guarantee to Demand Draft or Banker's Cheque.

"**Unquote**

Commission's Comments

Action taken is noted. The Commission has observed that the petitioner has not paid any interest to the consumers on the security deposit held during FY 2012-13. The Commission would like to emphasize that fixed deposits as mode of consumer security deposit is different from those provided in the provided in the provisions of Sub regulation no. 6.10 of JERC (Electricity Supply Code) Regulations, 2010, the same be replaced by those as specified therein, as per section 47(1) Electricity Act 2003 and pay interest as per section 47(4) Electricity Act, 2003.

8.3 New Directives issued in this tariff order

The Commission is of view that with notification DNH Power Reforms Transfer Scheme 2013 and subsequent unbundling of transmission and distribution business to ED-DNH and DNHPDCL respectively w.e.f. 01st April 2013, there is requirement of issuance of new directions to both ED-DNH and DNHPDCL.

17. Filing of separate petitions for Transmission and Distribution Businesses:

As ED-DNH now has been entrusted with Transmission Business, the Commission now directs the Electricity Department, Dadra and Nagar Haveli to file a separate petition for transmission business before 30th November 2014 for FY 2015-16 onwards.

As DNHPDCL now has been entrusted with Distribution Business, the Commission now directs the Dadra and Nagar Haveli Power Distribution Corporation Limited to file a separate petition for distribution business before 30th November 2014 for FY 2015-16 onwards.

18. Maintaining separate accounts for Transmission and Distribution Businesses:

The Commission directs both ED-DNH and DNHPDCL to maintain separate accounting of its businesses w.e.f. 01st April 2013.

8.4 Directives dropped in this tariff order

While examining the compliance note and supporting documents submitted by the Petitioner in the proposed ARR and Tariff Petition for FY 2014-15, it has been observed that the some of the directives issued in tariff order dated 25th March 2013 for FY 2013-14 are no longer required.

The Commission is of view that since these directions have been complied with satisfactorily, these directions are no longer required in present context and thus required to be dropped or replaced with new directions.

Compliance of Directives issued by the Commission in the tariff order on Petition no 92/2012 for FY 2013-14 dated 25th March 2013.

19. Long Term PPA, overdrawl/under drawl under UI mechanism and Banking of Power

The Petitioner is directed to enforce already signed long term PPA in line with their base load requirements to avoid short-term Power purchases from bilateral sources, Power exchanges and U.I. beyond the prudent level so as to minimize the impact on ARR.

Further, the Commission also directs the licensee to separately show in the review/true-up petition the date wise/time wise details of all short term Power purchases including quantum, rate & amount and grid frequency in case of U.I. over drawls/underdrawls and should furnish the sources & cost of Power for purchase of energy from each of Renewable Energy sources at the true-up stage and should make necessary arrangements for long term PPA for purchase of Power from Renewable Sources of Energy. Further, the Commission also directs the petitioner to explore the possibility of banking of surplus power, which will ensure optimal utilization of the available power.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

ED-DNH has invited competitive bid for procurement of 200 MW power on long-term basis, following e-tendering process as per Standard Bidding Guidelines of Ministry of Power under Case-I *route. The lowest bidder was finalized and the petition for the approval of PPA in respect of procurement of 200 MW power on Long Term basis has been filed before Joint Electricity Regulatory Commission. Moreover, ED-DNH is in receipt of proposal from various traders for banking of power. The ED-DNH will invite the competitive bids from the interested firms on this issue.*

"**Unquote**

Commission's Comments

The response of the Petitioner is noted and the Commission directs the Petitioner to be prudent while purchasing power through the UI route. All efforts should be made by the licensee to meet its RPO obligations and maintain compliance with the RPO regulations of the Commission.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the department has made substantial efforts to bridge the gap between peak demand and supply in its territory. DNHPDCL has already signed PPA with EMCO Energy (GMR) to supply 200MW of power in the next seven years. The power supply from the said plant has been started from April 2013. Further, DNHPDCL is also getting power from NTPC Mauda Plant from September 2013.

Further, DNHPDCL is fully committed to comply with the RPO guidelines issued by the Hon'ble Commission. In this regard DNHPDCL has already submitted a compliance report before the Commission vide letter no. 1-1(536)/ELE/2011/2280 dated 27th September, 2013.

"**Unquote**

Commission's Comments

Action taken is noted. The Commission appreciates the efforts made by the petitioner to bridge the gap between peak demand and supply for the users within its territory. With full agreemented power of 200 MW from EMCO-GMR to be available from April 2014 and power from NTPC Mauda already available, the Commission does not envisage any shortfall in availability to the DNHPDCL during the peak hours. Thus, the Commission feels that this directive currently has been complied with by the petitioner and hence drops this directive with an advisory that the Petitioner should be prudent while purchasing power and should to explore the possibility of banking of surplus power which will ensure optimal utilization of the available power.

20. Online Bill Payment:

The facility of online payments may be made more visible in a consumer friendly manner and extra charge (if any) on online payment should be discontinued forthwith. The Petitioner is directed to introduce multiple payment gateways for online collection and status of 'online bill payment facility' be submitted within three months.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14

Petitioner's submission

Quote "

ED-DNH has explored various possibilities to introduce online payment facility to all consumers. ED-DNH has entered into discussions with Dena Bank and HDFC Bank as well as Agencies like Billdesk to lend their services on the matter.

Moreover, ED-DNH is operating two numbers of Any Time Payment Machines (ATPM) to receive the payment either in cash or Cheque through this Machine, and more machines will be installed shortly.

"**Unquote**

Commission's Comments

Commission appreciates the efforts made by the Petitioner in this regard. The status of the said facility has not been received by the Commission. The progress of the facility of 'online bill payments' as per the earlier directions should be submitted to the Commission by July 31' 2013.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15

Petitioner's submission

Quote "

The DNHPDCL would like to submit to the Hon'ble Commission that the on-line bill payment facility has been started by DNHPDCL with effect of June 2013 for the all the consumer categories. The consumers of DNHPDCL can now pay their bills on-line. Further DNHPDCL is also maintaining ATP machines and bill payment desks at the division/sub-division/corporate offices. The payment facility is also available in the post offices.

"**Unquote**

Commission's Comments

The Commission feels that this directive currently has been complied with by the petitioner and hence drops this directive with an advisory that the Petitioner should make constant endeavor to make the process of bill payments more consumer friendly.

21. Rural Electrification:

The Petitioner is directed to submit the status of rural electrification in their area along with the detailed plan for rural electrification with the timeline proposed to achieve the complete electrification of rural area.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

It is submitted that, 100% electrification of all the villages of UT Dadra and Nagar Haveli has already been done since long. The Electrification of some isolated hamlets and migrated hamlets has been done through normal development schemes of the department under budgetary allocation of funds on work to work basis"

Unquote

Commission's Comments
Compliance with the Commission's direction is noted.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

DNHPDCL has already complied with this directive.

"**Unquote**

Commission's Comments
The Commission feels that this directive is currently has been complied with by the petitioner and hence drops this directive.

22. Short-term procurement of power by the licensee

As per the Ministry of Power resolution dated May 15' 2012, the licensee is directed to comply with the guidelines for short-term procurement of power by distribution licensees through tariff based bidding process.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2013-14
Petitioner's submission
Quote "

ED-DNH has invited competitive bid for procurement of 200 MW power on long-term basis, following e-tendering process as per Standard Bidding Guidelines of Ministry of Power under Case-I route. The lowest bidder was finalized and the petition for the approval of PPA in respect of procurement of 200 MW power on Long Term basis has been filed before Joint Electricity Regulatory Commission. Presently there is not any proposal for procurement of power through short term bidding process.

"**Unquote**

Commission's Comments
The submission of the Petitioner is noted.

Compliance/Action Taken mentioned in ARR and tariff petition for FY 2014-15
Petitioner's submission
Quote "

No submission has been made by the petitioner along with the current petition.

"**Unquote**

Commission's Comments
With full agreemented power of 200 MW from EMCO-GMR to be available from April 2014 and power from NTPC Mauda already available, the Commission does not envisage any shortfall in availability to the DNHPDCL during the peak hours. Thus, the Commission feels that this directive currently has been complied with by the petitioner and hence drops this directive.

9. Tariff Philosophy and category-wise tariffs for FY 2014-15

9.1 Preamble

The Commission in determining the aggregate revenue requirement and retail supply tariff for the financial year 2014-15 has been guided by the provisions of the Electricity Act, 2003, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Hon'ble Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by the JERC under Section 61 of the Act which lays down the broad principles, which shall guide the determination of retail tariff.

9.2 Revenue Gap/Surplus for FY 2014-15 and Recovery

The petitioner has projected a revenue gap of Rs. 105.74 Crores for FY 2014-15 and considering the cumulative gap of Rs 99.17 Crores for the previous years. In view of the estimated gap at the end of FY 2014-15, the Petitioner has proposed tariff hike for FY 2014-15. The Petitioner has requested the Commission to increase the tariff to bridge the revenue gap for FY 2014-15.

As elaborated in para 7.19 of this order, the Commission has estimated the cumulative revenue gaps at the end of FY 2014-15 at Rs 320.27 Crores after considering the revenue gap/surplus created after the truing-up of ARR for FY 2012-13 and Review of ARR for FY 2013-14.

As the approved gap is substantially large as compared to the projections of the petitioner, the Commission, in view of the directions of Hon'ble ATE in the judgment in the OP No. 1 of 2011, considers it appropriate to increase the tariff. However, considering the fact that approximately 15% tariff hike required to bridge the complete revenue gap approved, the Commission has accordingly decided to increase the tariff for FY 2014-15.

The Commission, this time, has rationalized the tariff structure of some of the consumer categories to align with the tariff structure approved for Electricity Department, Daman and Diu. The sub-slabs in the LT-Industrial, HT (A) General and HT (B) Furnace have been done away with and main category structures have been retained.

While approving the tariff for FY 2014-15, the demand charges have been kept at par with the demand charges approved for Electricity Department, Daman and Diu in order to remove any disparity in these charges. The Energy Charges (except for Industrial Category), have been aligned (increased/reduced) to bring them at the same level as approved for Electricity Department, Daman and Diu.

However, had the Energy Charges for Industrial Category have also been kept at the same level as approved for Electricity Department, Daman and Diu, it would have resulted net surplus for the petitioner. Thus, the energy charges have been suitably modified to ensure only adequate recovery so as to bridge the revenue gap only.

The details are in the tariff schedule mentioned at the end of the tariff order.

9.3 Tariff for FY 2014-15

Petitioner's submission

The petitioner has projected a revenue gap of Rs. 105.74 Crores for FY 2014-15 and considering the cumulative gap of Rs 99.17 Crores for the previous years. In view of the estimated gap at the end of FY 2014-15, the Petitioner has proposed tariff hike for FY 2014-15. The Petitioner has requested the Commission to increase the tariff to bridge the revenue gap for FY 2014-15.

The category wise existing and proposed tariff submitted by the Petitioner is as under:

Table 9.3.1: Existing and Proposed Tariff for FY 2014-15 proposed by the Petitioner

Tariff Structure	Existing FY 13-14		K Factor for FPPCA formula for FY 2013-14	Proposed FY 14-15	
	Energy Charges (Rs/kWh)	Fixed Charges		Energy Charges (Rs/kWh)	Fixed Charges
LT-D/Domestic					
Ist 50 Units	1.10		0.28	1.10	
51 to 200 Units	1.70		0.45	1.70	
201 to 400 Units	2.20		0.57	2.20	
Beyond 401 Units	2.50		0.64	2.50	
LIGH		Rs. 5 per connection per month	N.A		Rs. 5 per connection per month
LT-C/Commercial					
1st 100 Units	2.25		0.57	2.25	Rs. 45 per connection per month
Beyond 100 Units	3.00		0.76	3.00	Rs. 60 per connection per month
LT- Ag/ Agriculture					
Up to 10 HP	0.65		0.00	0.65	
10 HP to 99 HP	0.95		0.00	0.95	
LTP Motive Power					
Up to 20 HP	3.00	0.00	0.77	3.00	Rs. 20/HP

Tariff Structure	Existing FY 13-14		K Factor for FPPCA formula for FY 2013-14	Proposed FY 14-15	
	Energy Charges (Rs/kWh)	Fixed Charges		Energy Charges (Rs/kWh)	Fixed Charges
Above 20 HP	3.00	Rs. 20/HP	0.81	3.00	Rs. 50/HP
LT-PL/Public Lighting					
Public Lighting	1.60		0.42	3.00	
HT					
HTA: **Industrial & Motive power-11KV** **or 66KV having CMD above 100 KVA**					
50000 units	3.70	Rs. 75/KVA	0.98	3.70	Rs. 150 KVA
50000 to 5 lakh units	3.80	Rs. 75/KVA	1.00	3.80	Rs. 150 KVA
Beyond 5 lakh units	3.85	Rs. 75/KVA	1.02	3.85	Rs. 150 KVA
HTB: **Ferro Metallurgical/ Steel Melting/ Steel Rolling/ Power Intensive**					
First 300 Units per KVA	2.70	Rs. 500/KVA	0.94	2.70	Rs. 750/KVA
Next 200 units per KVA	3.40	Rs. 500/KVA	1.11	3.40	Rs. 750/KVA
Above 500 units per KVA	3.70	Rs. 500/KVA	1.19	3.70	Rs. 750/KVA

DNHPDCL has requested the Commission to approve the "K" factor for FY 2014-15 as well, which can take care of any variation in the ARR over and above the approved level by the Commission, for FY 2014-15.

Commission's analysis

The Commission has determined the retail tariff for FY 2014-15 in view of the guiding principles as stated in the Electricity Act, 2003 and Tariff Policy, the suggestions/objections of the stakeholders in this regard and the petitioner's submission as discussed above.

Further, keeping in view the relevant directions given by the Hon'ble APTEL in the judgment in O.P. no. 1 of 2011 as mentioned below, the Commission has taken a considered view in this regard.

Relevant section from tariff policy:

Quote"

8.3 Tariff design: Linkage of tariffs to cost of service

It has been widely recognized that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61 (g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.

The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross-subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively. Accordingly, the following principles would be adopted:

1. *In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.*
2. *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.*

   For example if the average cost of service is Rs 3 per unit, at the end of year 2010-2011 the tariff for the cross subsidized categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross-subsidizing categories should not go beyond Rs 3.60 per unit.
3. *While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending on the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage*
4. *Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. However, provision of free electricity is not desirable as it encourages wasteful consumption of electricity besides, in most cases, lowering of water table in*

turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable levels of user charges are levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. *Metering of supply to agricultural / rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of self-closing load limiters may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity.*

"Unquote

Directions given by the Hon'ble APTEL in the Judgment in O.P. no. 1 of 2011:

Quote"

1) *…………………….*
2) *…………………….*
3) *……………………..*
4) *In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*
5) *Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.*
6) *Fuel and Power Purchase cost is a major expense of the distribution Company, which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the*

generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.” ***Unquote***

As the approved gap is substantially large as compared to the projections of the petitioner, the Commission, in view of the directions of Hon’ble ATE in the judgment in the OP No. 1 of 2011, considers it appropriate to increase the tariff. However, considering the fact that approximately 15% tariff hike required to bridge the complete revenue gap approved, the Commission has accordingly decided to increase the tariff for FY 2014-15.

The Commission, this time, has rationalized the tariff structure of some of the consumer categories to align with the tariff structure approved for Electricity Department, Daman and Diu. The sub-slabs in the LT-Industrial, HT (A) General and HT (B) Furnace have been done away with and main category structures have been retained.

While approving the tariff for FY 2014-15, the demand charges have been kept at par with the demand charges approved for Electricity Department, Daman and Diu in order to remove any disparity in these charges. The Energy Charges (except for Industrial Category), have been aligned (increased/reduced) to bring them at the same level as approved for Electricity Department, Daman and Diu.

However, had the Energy Charges for Industrial Category have also been kept at the same level as approved for Electricity Department, Daman and Diu, it would have resulted net surplus for the petitioner. Thus, the energy charges have been suitably modified to ensure only adequate recovery so as to bridge the revenue gap only.

Further, while 2 consumers, namely Alok Industries and Reliance Industries are presently being served by the petitioner at 220 kV level, the tariff being charged to these consumers for the HT (A) category, which is currently defined for 11kV and 33 kV levels.

The Commission had asked the petitioner to propose tariff for 220 kV consumers also, against which the petitioner has requested the Commission to retain the tariff at present levels only. However, the Commission is of view that the separate tariff should be there for the consumers drawing supply at 220 kV levels.

The Commission has asked the utility to provide the actual details of connected load, sales etc for the 2 consumers drawing power at 220 kV level. The utility provided the information for Reliance Industries from July 2013 onwards and Alok Industries from September 2013 onwards. Based on the information received from the petitioner, the Commission has observed that, if the information is extrapolated for full year, these 2 industries alone contribute towards the more than 1/3rd sales of the petitioner.

The Commission is of view that these consumers should be benefitted for drawing supply at higher voltage levels in terms of demand and energy charges to acknowledge their contribution for overall reduction of Transmission and Distribution Losses.

Thus, the Commission has decided to bifurcate the HT (A) category into two sub categories, namely

1. ***HT(A) – I "Industrial & Motive power-11KV or 66KV having CMD above 100 KVA"***
2. ***HT(A) – II "Industrial & Motive power-above 66 kV having CMD above 100 KVA"***

Accordingly, the Commission's approved tariff for FY 2014-15 is given below.

Table 9.3.2: Commission's Approved Tariff for FY 2014-15

S.No.	Category/Consumption Slab	FY 2014-15 @ Approved Tariff			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs/ Kwh)	Average tariff (Rs/Unit)**[23]	K Factor[24]
A	**Domestic**				
	0-50 units	0.00	1.20	1.20	0.27
	51-200 units		1.80	1.80	0.41
	201 - 400 units		2.20	2.20	0.50
	401 and above		2.55	2.55	0.58
	Low Income Group (LIG)	10.00		0.68	N/A
B	**Commercial**				
	1- 100 units		2.55	2.55	0.58
	101 and above units		3.35	3.35	0.76
C	**LT Industrial/LT Motive Power**				
	Up to 20 HP	0.00	3.45	3.45	0.78
	Above 20 HP	25.00	3.45	3.62	0.82
D	**LT Public Water Works**				
	For the category	25.00	3.70	-	0.87
E	**Agriculture & Poultry**				

[23] *Average tariff means the average revenue realization from the category i.e. revenue/sales and is inclusive of both the fixed charges and the variable charges*

[24] *FPPCA is not applicable (N/A) for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as N/A*

S.No.	Category/Consumption Slab	FY 2014-15 @ Approved Tariff			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs/ Kwh)	Average tariff (Rs/Unit)**[23]	K Factor[24]
	Connected Load upto 10 HP		0.70	0.70	N/A
	Connected Load above 10 HP to 99 HP		1.00	1.00	N/A
F	**Public Lighting**		3.00	3.00	0.68
G	**High Tension Supply**				
HTA-I	**HTA(A) – General [11KV or 66KV]**				
	For all units	105.00	4.20	4.66	1.05
HTA-II	**HTA(A) – General [above 66KV]**				
	For all units	100.00	4.10	4.20	0.95
HTB	**HT(B) - Ferro**				
	For all units	375.00	4.10	4.81	1.09
H	**Hoardings/Advertisements**	100	7.00	-	2.00

9.4 Average Cost of Supply

The Commission observes that the Average Cost of Supply (ACoS) has gone up from Rs. 4.13/kWh as per trued-up ARR of FY 2012-13 to Rs. 4.34/kWh approved for FY 2014-15.

The Commission observes that the tariff being charged to most of the categories of consumers is below the average cost of supply. With the progressive increase in the tariff of the subsidized categories towards Average Cost of Supply, the tariff may over the years touch ACOS and the existing gap of the cross subsidy may progressively narrow down. The average tariff as a percentage of average cost of supply of Rs. 4.34/kWh approved in this tariff order for FY 2014-15 is as shown in the table below.

*Table 9.4.1: Comparison of average revenue realization with ACOS for FY 2014-15 **[25]*

S. No.	Category/Consumption Slab	FY 2014-15 @ Existing Tariff		FY 2014-15 @ Approved Tariff	
		Average revenue realization	Average revenue realization as a percentage of ACOS	Average revenue realization	Average revenue realization as a percentage of ACOS
A	**Domestic**	**1.93**	**44%**	**1.99**	**46%**
1	0-50 units	1.10	**25%**	1.20	**28%**
2	51-200 units	1.70	**39%**	1.80	**41%**
3	201 - 400 units	2.20	**51%**	2.20	**51%**

[25] *Average Revenue Realization is defined as the revenue for the category divided by the sales for the category i.e. it is inclusive of both the fixed charges and the variable charges*

S. No.	Category/Consumption Slab	FY 2014-15 @ Existing Tariff		FY 2014-15 @ Approved Tariff	
		Average revenue realization	Average revenue realization as a percentage of ACOS	Average revenue realization	Average revenue realization as a percentage of ACOS
4	401 and above	2.50	**58%**	2.55	**59%**
5	Low Income Group (LIG)	0.34	**8%**	0.68	**16%**
B	**Commercial**	**2.86**	**66%**	**3.20**	**74%**
1	1- 100 units	2.25	**52%**	2.55	**59%**
2	101 and above units	3.00	**69%**	3.35	**77%**
C	**Industrial (LT)**	**3.13**	**72%**	**3.61**	**83%**
1	Up to 20 HP	3.00	**69%**	3.45	**80%**
2	Above 20 HP	3.13	**72%**	3.62	**83%**
D	**Agriculture & Poultry**	**0.82**	**19%**	**0.96**	**22%**
1	Connected Load upto 10 HP	0.65	**15%**	0.70	**16%**
2	Connected Load above 10 HP to 99 HP	0.85	**20%**	1.00	**23%**
E	**Public Lighting**	**1.60**	**37%**	**3.00**	**69%**
F	**High Tension Supply**	**4.04**	**93%**	**4.50**	**104%**
HTA-I	**Industrial & Motive power-11KV or 66KV having CMD above 100 KVA**	**4.05**	**93%**	**4.66**	**107%**
HTA-II	**Industrial & Motive power-above 66 kV having CMD above 100 KVA**			4.20	**97%**
HTB	**Ferro Metallurgical/Steel Melting/ Steel Rolling/Power Intensive**	**3.91**	**90%**	**4.81**	**111%**
G	**Temporary Supply**	**3.30**	**76%**	**3.80**	**87%**
Total		**3.96**	**91%**	**4.42**	**101.8%**

9.5 Tariff Initiatives

9.5.1 Pre-paid metering

Petitioner's submission

The Petitioner has submitted the following in its petition:

Quote

'' The DNHPDCL proposes to introduce pre-paid metering in the domestic and commercial categories. Pre-paid metering will help the department in terms of revenue collection, saving of energy and saving of manpower costs. The pre-paid metering will be optional for the domestic and commercial consumers.

1. Meter Rent for Pre-Paid Meters: Monthly charges for hiring of the meter and indicator where they are the property of Electricity Department, payable by the consumers shall be as follows:
   (i) Pre-Paid energy meter for AC single phase LT supply:
   Rs. 20 per meter per month
   (ii) Pre-Paid energy meter for AC three phase LT supply:
   Rs. 40 per meter per month

2. Tariff for Pre-Paid Meters: The Department proposes to charge the following tariff for the domestic and commercial consumer category, using the pre-paid energy meters:

Domestic Supply:

Description	Slabs (KWh per month)	Energy Charge (Rs./kWh)
Prepaid meter consumers	Entire consumption	1.73

Commercial Supply:

Description	Slabs (KWh per month)	Energy Charge (Rs./kWh)
Prepaid meter consumers	Entire consumption	2.95

''

Unquote

Commission's view

For consumers using pre-paid meters, if the payment is made before the commencement of the consumption period for which bill is prepared, a rebate @1% per month shall be given on the amount (excluding security deposit) which remains with the licensee at the end of the month. Such rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

The applicable meter rent for such consumers shall be as per the provisions of the JERC Supply Code Regulations.

9.5.2 Promotion of Solar Energy

Petitioner's submission

The department has floated tender for the installation of grid interactive Solar Photovoltaic (SPV) power plants in Dadra and Nagar Haveli. The department proposes to install a 3MW capacity solar plant in Dadra and Nagar Haveli. In order to encourage the use of solar power, the department proposes to purchase excess power from all the consumers having grid interactive roof top solar panels at the rate of Rs. 3.50 per unit.

Commission's view

The Commission has taken note of the submissions of the Petitioner and directs DNHPDCL to come up with a separate petition for approval of tariff for purchasing excess power from consumers having grid interactive roof top solar panels. Further, separate petition should be filed for approval of tariff of solar generating plants.

9.6 Applicability of Revised Tariffs

The tariffs shall be applicable from 1st April 2014.

In cases, where there is a billing cycle difference for a consumer with respect to the date of applicability of the revised tariffs, then the revised tariff should be made applicable on a pro-rata basis for the consumption. The bills for the respective periods as per existing tariff and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during respective period arrived at on the basis of average unit consumption per day multiplied by number of days in the respective period falling under the billing cycle).

9.7 Estimated Revenue and Surplus/Deficit at approved tariff for FY 2014-15

The estimated Revenue at approved tariff for FY 2014-15 works out to be as under.

Table 9.7.1 : Total Revenue estimated by the Commission at approved tariff for FY 2014-15 (in Rs. Crores)

S.No.	Category/Consumption Slab	FY 2014-15
		Approved @ Revised Tariff
A	**Domestic**	**18.13**
1	0-50 units	2.02
2	51-200 units	3.08
3	201 - 400 units	6.85
4	401 and above	6.01
5	Low Income Group (LIG)	0.17
B	**Commercial**	**11.42**
1	1- 100 units	1.74
2	101 and above units	9.68
C	**Industrial (LT)**	**67.28**
1	Up to 20 HP	1.93
2	Above 20 HP	65.35
D	**Agriculture & Poultry**	**0.47**
1	Connected Load upto 10 HP	0.04
2	Connected Load above 10 HP to 99 HP	0.43
E	**Public Lighting**	**1.99**
F	**High Tension Supply**	**2279.50**
HTA-I	**Industrial & Motive power-11KV or 66KV having CMD above 100 KVA**	**1323.10**
1	Up to 50000 units	
2	50001-500000 units	
3	Above 500000 units	
HTA-II	**Industrial & Motive power-above 66KV having CMD above 100 KVA**	**772.37**
HTB	**FerroMetallurgical/Steel Melting/ Steel Rolling/Power Intensive**	**184.03**
1	First - 300 units/KVA	
2	301-500 units/KVA	
3	Above 500 units/KVA	
G	**Temporary Supply**	**1.11**
Total		**2379.89**

The estimated gap/surplus for FY 2014-15 from 1st April 2014 is as under.

Table 9.7.2 : Estimation of ARR Gap/ (Surplus) at approved tariff for FY 2014-15 (Rs. Crores)

Sr. No.	Particulars	FY 2014-15
		Approved by the Commission
17	**Net Revenue Requirement (13-14-15-16)**	**2337.46**
18	Revenue from Retail Sales at Existing Tariff	2133.11
19	**Net Gap / (Surplus) (17-18)**	**204.35**
20	Recovery on account of PPC variations	0.00
21	**Gap after adjusting PPC variations**	**204.35**
22	Gap/(Surplus) for the previous year	42.82
23	Carrying Cost	
24	Past Arrears/Refunds to Consumers	
25	**Total Gap/ (Surplus) (21+22+23+24)**	**247.17**
26	Additional revenue from proposed tariff	246.79
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**0.39**
28	Budgetary Support from Government	
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**0.39**

The Commission finds the revenue surplus of Rs 0.39 Crores after tariff hike of 11.57% as reasonable and approves the same for ARR for FY 2014-15.

10. Determination of open access charges

The Commission with an objective to generate debate and seek suggestions/comments of the stakeholders on this issue, had also highlight the steps required & sample calculation of open charges as per the open access regulations notified by the Commission to enable open access in the state of Goa and the UTs had floated a staff paper titled 'STAFF PAPER ON OPERATIONALISATION OF OPEN ACCESS (OA) IN THE STATE OF GOA AND THE UTs' in September 2012. The complete draft consultation paper is available on the Commission's website www.jercuts.gov.in

The Joint Electricity Regulatory Commission (JERC) for the State of Goa and UTs notified its "Joint Electricity Regulatory Commission (Open Access Regulations) Regulations, 2009'' which cover the following Constituent Territories in the jurisdiction of the Commission, with effect from the date specified in the Regulation.

i. State of Goa
ii. Union Territory of Chandigarh
iii. Union Territory of Dadra & Nagar Haveli
iv. Union Territory of Daman & Diu
v. Union Territory of Puducherry

However, the following Constituent territories do not have any alternate source of Electric Power Supply, as these are not connected to the Grid as of now. The OA regulation will come into effect immediately once the following respective Constituent Territories are connected to the alternate source of Electric Power Supply.

vi. Union Territory of Andaman & Nicobar
vii. Union Territory of Lakshadweep

In pursuance of the provisions of the Electricity Act, 2003, the Joint Electricity Regulatory Commission for the State of Goa and the UTs had notified its Open Access Regulations JERC 9 / 2009 on February 11' 2010, wherein the phasing of Open Access to the Distribution system in the UTs and the State of Goa has been stated by the Commission (available on the website http://www.jercuts.gov.in/) at the specific link: http://www.jercuts.gov.in/writereaddata/Files/OpenAccessIntraStateTransReg.pdf

The Commission had floated the draft paper for comments/suggestions/objections from the stakeholders for further consideration and implementation in the forthcoming tariff orders. However, the Commission did not receive adequate comments/suggestions from all the licensees and other stakeholders. There were no objections/suggestions from some of the licensees under the jurisdiction of JERC.

Earlier the Electricity Department of DNH was working as independent integrated utilities. However, effective 01st April 2013, the transmission functions has been retained with the ED-DNH and distribution function has been entrusted with DNHPDCL. These steps shall facilitate open access transactions and manage operations related to evacuation of power, scheduling & dispatch of power.

It has been observed that the ED-DNH/DNHPDCL did not submit the petition for determination of open access charges for FY 2014-15.

Having decided that Open Access would be available to consumers in the prescribed period, the Commission will now have to determine the various charges, which have to be recovered from each of the Open Access Consumer. These charges are Transmission Charge/Wheeling Charge, Surcharge, Additional Surcharge, Scheduling Charge (payable to the State Load Dispatch Centre), Unscheduled Interchange (UI) Charge, Reactive Energy Charge and such other charges, as the Commission may determine from time to time as a part of the tariff under Section 61, 62 and 86 of the Electricity Act, 2003. While determining the various charges, the Commission is aware of the fact that there is a need for balancing the interests of the consumers of the Licensees and Open Access Consumers in view of the universal service obligation on the Licensees, which includes supply to subsidized categories of consumers as well. The Charges so decided should provide some economic incentive to the Consumers availing open access and, at the same time, it should not burden the other consumers by way of a higher tariff.

Commission as part of this tariff order has determined the Transmission Charge/Wheeling Charge, Surcharge, Additional Surcharge, Scheduling Charge (payable to the State Load Dispatch Centre), Unscheduled Interchange (UI) Charge, and Reactive Energy Charge applicable on open access transactions for FY 2014-15 on suo-moto basis.

It has been observed from the submission of the petitioner that while the segregated businesses have been effective from 01st April 2013, the ED-DNH continues to function as an integrated utility. The Commission, in line with fact that the expenses of the utility are currently consolidated, has considered "NIL" transmission charges for the open access consumers in the UT. The Commission will take up determination of transmission charges once the ED-DNH files separate petition for transmission business.

10.1 Allocation of ARR into Wheeling and Retail Supply of Electricity

The JERC regulations have not specified the mechanism for determination of wheeling charges nor have the allocation percentages been stated. The petitioner has also not proposed any calculation of the open access charges. Considering the fact that the Open access should be operationalized to maintain the spirit of the Electricity Act 2003 and impart healthy competition the Commission has considered ARR into wheeling and retail based on benchmarking with other states, Tariff Policy and the JERC regulations. The said allocation and determination of the charges would be reviewed during the next tariff determination process after measuring the impact of the allocation and charges determined hereunder. As the petitioner has not proposed any such bifurcation the Commission feels prudent to consider the allocation matrix for bifurcation of wheeling and retail ARR as proposed in the 'STAFF PAPER ON OPERATIONALISATION OF OPEN ACCESS (OA) IN THE STATE OF GOA AND THE UTs' in September 2012. The allocation between wheeling and retail supply business for FY 2012-13 and FY 2013-14 as per the approved ARR in this order is provided in the table below:

Table 10.1.1: Allocation of ARR into Wheeling and Retail Supply of Electricity

Sr. No.	Particulars	Allocation (%)		Allocation FY 2013-14			Allocation FY 2014-15		
		Wheeling	*Supply*	*Wheeling*	*Supply*	*Total*	*Wheeling*	*Supply*	*Total*
1	Cost of fuel	*0%*	*100%*	-	-	-	-		-
2	Cost of power purchase for full year	*0%*	*100%*	*0.00*	*2040.81*	*2040.81*	*0.00*	*2191.80*	*2191.80*
2A	Provision for RPO Compliance	*0%*	*100%*	*0.00*	*74.98*	*74.98*	*0.00*	*51.88*	*51.88*
3	Employee costs	*70%*	*30%*	*5.79*	*2.48*	*8.27*	*6.11*	*2.62*	*8.73*
4	Administration and General Expenses	*90%*	*10%*	*2.88*	*0.32*	*3.20*	*3.05*	*0.34*	*3.38*
5	Repair and Maintenance Expenses	*50%*	*50%*	*2.34*	*2.34*	*4.68*	*2.47*	*2.47*	*4.93*
6	Depreciation	*90%*	*10%*	*15.25*	*1.69*	*16.94*	*19.52*	*2.17*	*21.69*
7	Interest and Finance charges	*90%*	*10%*	*9.51*	*1.06*	*10.56*	*17.17*	*1.91*	*19.08*
8	Interest on Security Deposit & Interest on Working Capital	*22%*	*78%*	*4.77*	*16.89*	*21.66*	*5.43*	*19.25*	*24.68*
9	Return on NFA /Equity	*90%*	*10%*	*9.22*	*1.02*	*10.24*	*11.48*	*1.28*	*12.75*
10	Provision for Bad Debt	*0%*	*100%*	*0.00*	*0.00*	*0.00*	*0.00*	*10.67*	*10.67*
11	Payment of contingency liability	*0%*	*100%*	-	-	-	-	-	-
12	Incentive on achievement of norm of T&D loss	*0%*	*100%*	-	-	-	-	-	-
13	**Total Revenue Requirement**			***49.74***	***2141.60***	***2191.34***	***65.22***	***2284.38***	***2349.60***
14	Less: Non Tariff Income	*0%*	*100%*	*0.00*	*11.56*	*11.56*	*0.00*	*12.14*	*12.14*
15	Less: Revenue from Surplus Power Sale/UI	*0%*	*100%*	*0.00*	*0.58*	*0.58*	-	-	-
16	Less: Revenue from Short term sale	*0%*	*100%*	-	-	-	-	-	-
17	**Net Revenue Requirement (13-14-15-16)**			***49.74***	***2129.45***	***2179.20***	***65.22***	***2272.24***	***2337.46***

10.1.1 Calculation of Losses at 'LT level' and at '11 KV and above' as per the target loss level of FY 2013-14

The Commission opines that in the absence of the details of bifurcation of assets and expenses the open access should not be restricted due to lack of information. The Commission in this regard would like to mention that the apportionment of wheeling charges have to account for losses. Therefore, in the absence of the voltage wise details the Commission has considered the bifurcation of wheeling cost based on the sales and losses at each voltage level. The Commission has considered a loss level of 3.00% at EHT and HT level, which has been grossed (as considered in last tariff order) with the sales at this level to arrive at the energy input for the sales at EHT & HT level. The total loss approved for FY 2014-15 has been approved by the Commission at 4.70% in this order. Accordingly, the balancing loss has been considered at the LT level.

Therefore, to arrive at the network usage the input energy at each level has been arrived and shown in the table below:

Table 10.1.1.1 : Calculation of Losses at 'LT Level' and '11 KV and above'

Particulars	UoM	Amount
Total Input	MU	5,653.32
Input for HT and EHT	MU	5,216.60
Losses for HT and EHT	%	3.00%
Losses	MU	156.50
Sales at 11 kV and above	MU	5,060.10
Input for LT	MU	436.72
Losses at LT level	%	25.0%
Losses	MU	109.21
Sales at 11 kV and below	Mu	327.51
Balance	MU	-

10.1.2 Calculation of Transmission/Wheeling Charges

Accordingly, the wheeling cost has been considered in the ratio of 80:20 and the wheeling charge of **Paisa 11 per KWh** so arrived has been shown in the table below

Table 10.1.2.1 : Calculation of Wheeling Charges

Sr. No.	Particulars	Wheeling Allocation FY 2014-15
1	Net Revenue Requirement (13-14-15-16)	*65.22*
2	Total Energy to be wheeled by the distribution licensee (energy required at discom's periphery)	*5653.42*
3	**Wheeling Charges (Rs./KWh) to be paid by long term open access users**	***0.12***

10.1.3 Cross-Subsidy Surcharge

The Cross subsidy surcharge is based on the following formula given in the Tariff Policy as below:

$$S = T-[C(1+L/100) +D]$$

Where,

S is the surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power

D is the Wheeling charges

L is the System losses for the applicable voltage level, expressed as percentage.

The Computation of cross subsidy surcharge for HT consumers getting supply above 11 KV voltage level is given below.

The cross subsidy surcharge shall be taken as 'NIL' if negative. The calculation of cross-subsidy surcharge is given below

Table 10.1.3.1 : Cross-Subsidy Surcharge for FY 2014-15

Particulars	Average unit revenue rate at revised tariff	Voltage Level (KV)	Losses at Voltage Level (in %age)	Cross subsidy surcharge (S)=T-[C(1+L/100)+D]
High Tension Supply	4.54	11 KV & above	3.00%	-1.13

10.1.4 Calculation of Short term rates (ST RATE)

Table 10.1.4.1 : Calculation of Short term rates (ST_Rate)

Sr. No.	Particulars	Allocation FY 2014-15 *Wheeling*
1	TSC-Annual Distribution Charges of discom for the immediately preceding financial year (Rs. Crores)	49.73
2	Av CAP (in MW)	1280.15
3	**ST RATE = 0.25*[TSC/Av CAP]/365 (Rs. per MW per day)**	**266.06**

10.1.5 Additional Surcharge

Commission approves "Nil" Additional Surcharge for this tariff order. However, this would be revisited at the time of next tariff order based on the implication of the Open Access implementation.

11. Conclusion of Commission's Order

The Commission has considered the petitions submitted by Electricity Department of Dadra and Nagar Haveli for Truing-up of Aggregate Revenue Requirement of FY 2012-13, Annual Performance Review of FY 2013-14 and approval of Aggregate Revenue Requirement (ARR) and determination of retail tariffs for supply of energy for FY 2014-15 bearing petition no. 120/2013, the Commission approves the Aggregate Revenue Requirement (ARR) and the tariff structure for FY 2014-15.

1. The break-up of the Aggregate Revenue Requirement approved for Electricity Department of Dadra and Nagar Haveli for FY 2014-15 is given below.

Sr. No.	Particulars	FY 2014-15
		Approved by the Commission
1	Cost of fuel	-
2	Cost of power purchase for full year	2191.80
2A	Provision for RPO Compliance	51.88
3	Employee costs	8.73
4	Administration and General Expenses	3.38
5	Repair and Maintenance Expenses	4.93
6	Depreciation	21.69
7	Interest and Finance charges	19.08
8	Interest on Security Deposit & Interest on Working Capital	24.68
9	Return on NFA /Equity	12.75
10	Provision for Bad Debt	10.67
11	Payment of contingency liability	-
12	Incentive on achievement of norm of T&D loss	-
13	**Total Revenue Requirement**	**2349.60**
14	Less: Non Tariff Income	12.14
15	Less: Revenue from Surplus Power Sale/UI	-
16	Less: Revenue from Short term sale	-
17	**Net Revenue Requirement (13-14-15-16)**	**2337.46**
18	Revenue from Retail Sales at Existing Tariff	2133.11
19	**Net Gap / (Surplus) (17-18)**	**204.35**
20	Recovery on account of PPC variations	0.00
21	**Gap after adjusting PPC variations**	**204.35**
22	Gap/(Surplus) for the previous year	42.82
23	Carrying Cost	
24	Past Arrears/Refunds to Consumers	
25	**Total Gap/ (Surplus) (21+22+23+24)**	**247.17**
26	Additional revenue from proposed tariff	246.79
27	**Revenue Gap/ (Surplus), if any, after proposed tariffs (25-26)**	**0.39**
28	Budgetary Support from Government	
29	**Net Final Revenue Gap/ (Surplus) (27-28)**	**0.39**

2. The approved retail tariff (as given below) for FY 2014-15 shall be as under:

S.No.	Category/Consumption Slab	FY 2014-15 @ Approved Tariff			
		Demand Charges (Rs./KVA/Month or Rs. per consumer/ month) or (Rs./HP/month)	Variable Charges (Rs/ Kwh)	Average tariff (Rs/Unit)**[26]	K Factor[27]
A	**Domestic**				
	0-50 units	0.00	1.20	1.20	0.27
	51-200 units		1.80	1.80	0.41
	201 - 400 units		2.20	2.20	0.50
	401 and above		2.55	2.55	0.58
	Low Income Group (LIG)	10.00		0.68	N/A
B	**Commercial**				
	1- 100 units		2.55	2.55	0.58
	101 and above units		3.35	3.35	0.76
C	**LT Industrial/LT Motive Power**				
	Up to 20 HP	0.00	3.45	3.45	0.78
	Above 20 HP	25.00	3.45	3.62	0.82
D	**LT Public Water Works**				
	For the category	25.00	3.70	-	0.87
E	**Agriculture & Poultry**				
	Connected Load upto 10 HP		0.70	0.70	N/A
	Connected Load above 10 HP to 99 HP		1.00	1.00	N/A
F	**Public Lighting**		3.00	3.00	0.68
G	**High Tension Supply**				
HTA-I	**HTA(A) – General [11KV or 66KV]**				
	For all units	105.00	4.20	4.66	1.05
HTA-II	**HTA(A) – General [above 66KV]**				
	For all units	100.00	4.10	4.20	0.95
HTB	**HT(B) - Ferro**				
	For all units	375.00	4.10	4.81	1.09
H	**Hoardings/Advertisements**	100	7.00	-	2.00

3. The approved tariff of FY 2014-15 shall come in force with effect from 1st April 2014 and shall remain valid till further orders of the Commission. <u>The licensee shall publish the revised tariff structure and the salient features of tariff within one week in three daily</u>

[26] *Average tariff means the average revenue realization from the category i.e. revenue/sales and is inclusive of both the fixed charges and the variable charges*

[27] *FPPCA is not applicable (N/A) for the consumer categories including BPL, agriculture and temporary supply. Therefore, the K factor against these categories is shown as N/A*

newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply.

4. The licensee will compute fuel and power procurement cost variations and adjustments shall be made in the consumer bills based on the Fuel & Power Purchase Cost Adjustment (FPPCA) formula notified by the Commission. **The approved per unit cost of power purchase ($R_{approved}$) for use in the FPPCA formula (paisa per unit) is 366 paisa per unit for FY 2014-15**.

5. Copy of this order may be sent to Petitioner, CEA and Administration of UT of Dadra and Nagar Haveli. It shall be placed on the website of the Commission.

Sd/-
(S. K. Chaturvedi)
Chairman

Place: Gurgaon
Date: 05th May 2014

Certified Copy
(Anish Garg)
Secretary

12. Tariff Schedule

General Terms and Conditions:

1) The tariffs are exclusive of electricity duty, taxes and other charges levied by the Government or other competent authority from time to time which are payable by the consumers in addition to the charges levied as per the tariffs.

2) Unless otherwise agreed to, these tariffs for power supply are applicable for supply at one point only.

3) Supply to consumers having contracted load between 100 KVA to 4000 KVA (including licensee common feeders and express feeders/dedicated feeders) shall generally be at 11 KV and for more than 4000 KVA up to 25000 KVA at 66 KV. The consumer who requires load more than 25000 KVA load, the supply voltage shall be at 220 KV level. However, wherever the existing feeders are required to be augmented, the Electricity Department shall carry out such augmentation by 30th September, 2014. This satisfies the grievances of 97% of the total consumers having connected load above 1500 kVA.

4) If energy supplied for a specific purpose under a particular tariff is used for a different purpose, not contemplated in the contract for supply and / or for which higher tariff is applicable, it will be deemed as unauthorized use of electricity and shall be dealt with for assessment under the provisions of section 126 of the Electricity Act, 2003 & Supply Code Regulation notified by JERC.

   Provided that

   a) If a portion of the domestic premises limited to only one room is used for running small household business having connection under domestic category, such connection shall be billed under domestic category provided that the total monthly consumption of the consumer (including consumption for above mentioned small household business) does not exceed 150 kWh.

   b) If either more than one room or only one room having monthly consumption exceeding 150 kWh for consecutive three months is detected in the domestic premises being used for mixed purposes having domestic connection, such connection shall further be billed under commercial category until a separate connection of appropriate tariff is taken for that portion used for non-domestic purpose.

5) If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of increase of load or due to replacement of lamps, fans, fuses, switches, low voltage domestic appliances, fittings, etc it shall neither fall under

unauthorized use of electricity (Section 126 of EA 2003) nor under theft of electricity (Section 135 of EA 2003).

6) If the consumer fails to pay the energy bill presented to him by the due date, the Department shall have the right to disconnect the supply after giving 15 days' notice as per provision of the Act & Supply Code Regulation.

7) Fixed charges, wherever applicable, will be charged on pro-rata basis from the date of release of connection. Fixed charges, wherever applicable, will be double as and when bi-monthly billing is carried out, Similarly slabs of energy consumption will also be considered accordingly in case of bi-monthly billing.

8) The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulation. If such over-drawl is more than 20% of the contract demand then the connections shall be disconnected immediately.

   Explanation: Assuming the contract demand as 100 kVA, maximum demand at 120 kVA and total energy consumption as 12000 kWh, then the consumption corresponding to the contract demand will be 10000 kWh (12000*100/120) and consumption corresponding to the excess demand will be 2000 kWh. This excess demand of 20 kVA and excess consumption of 2000 Kwh will be billed at twice the respective normal rate. Such connections drawing more than 120 kVA, shall be disconnected immediately.

9) Unless specifically stated to the contrary, the figures of energy charges relates to paisa per unit (kWh) charge for energy consumed during the month.

10) Delayed payment surcharge shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paise shall be ignored and amount of 50 paise or more shall be rounded off to next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.

11) **Advance Payment Rebate:** If payment is made in advance well before commencement of consumption period for which bill is prepared, a rebate @ 1% per month shall be given on the

amount (excluding security deposit) which remains with the licensee at the end of the month. Such rebate, after adjusting any amount payable to the licensee, shall be credited to the account of the consumer.

12) **Prompt Payment Rebate:** If payment is made at least 7 days in advance of the due date of payment a rebate for prompt payment @ 0.25 % of the bill amount shall be given. Those consumers having arrears shall not be entitled for such rebate.

13) The adjustment on account of Fuel and Power Purchase Cost variation shall be calculated in accordance with FPPCA formula separately notified by the Commission under the Regulation. Such charges shall be recovered / refunded in accordance with the terms and conditions specified in the FPPCA formula.

14) The values of the 'K' factor applicable for the different consumer categories for use in the FPPCA formula shall be as specified in this Tariff Order for FY 2014-15.

15) Schedule of other charges approved in this Tariff Order will remain in force till 31st March .

The detailed tariff Schedule is outlined as under:

DETAILED TARIFF SCHEDULE

I. (A) Domestic Category

Applicable to private houses, hostels, hospitals run on Non-commercial lines, Charitable, Educational and Religious Institutions for light, Fans, Radios, domestic heating and other household appliances including water pumps up to 2 HP.

I. ENERGY CHARGES

Usage (Units/Month)	Energy charge (Ps./Unit)
0-50 units	120
51-200 units	180
201-400 units	220
401 and above	255

(B) Power Supply to Low Income Group (Up to 2x40 W bulbs only)

Power supply to low income group connections will be charged at **Rs. 10.00/- per service connection per month**. For any unauthorized increase in the load beyond 2x40 watts, penal charges at the rate of Rs. 20.00 per month per point will be levied and the installation will be liable for disconnection.

II. Non-Domestic Category/Commercial

This includes all categories, which are not covered by other tariff categories including Domestic Category, Power Supply to low Income Group, Industrial LT, HT/EHT Category (A&B), Agriculture and Poultry, Public Lighting.

Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting, clubs and other Commercial installations.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
1-100 units	255
101 units and above	335

III. LT INDUSTRIAL/LT MOTIVE

Applicable to all Low Tension Industrial Motive Power Connections including water works/pumps except LT Public Water Works with sanctioned load up to 99 HP.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	345

II. Fixed Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
Up to 20 HP	Nil
For loads above 20 HP	Rs. 25/- per HP or part thereof

I. Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain Power Factor 0.90 as per the Commission's regulation 11/2010 shall be charged extra 2.5 % of units consumed as additional power factor charges. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. ED-DNH reserves the right to install a suitable capacitor at its own cost and recover the cost thereof as arrears of energy charges. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

IV. LT PUBLIC WATER WORKS

Applicable to all Low Tension Public Water Works/Pumps with sanctioned load up to 99 HP.

I. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	370

II. Fixed Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
Up to 20 HP	Nil
For loads above 20 HP	Rs. 25/- per HP or part thereof

II. Power Factor Charges

Any motive power connection above 3 HP running without proper capacitors installed so as to maintain Power Factor 0.90 as per the Commission's regulation 11/2010 shall be charged extra 2.5 % of units consumed as additional power factor charges. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease, the department will give the consumer 15 days' time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection. ED-DNH reserves the right to install a suitable capacitor at its own cost and recover the cost thereof as arrears of energy charges. In case the monthly average power factor is less than 0.70 lagging, the installation is liable for disconnection after due notice.

V. HT/EHT CATEGORY

A. High Tension Consumer HT(A) – I

Applicable to all Industrial/Motive power consumers drawing through 11 kV and 66 kV systems having contract demand of 100 kVA and above.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 105/-
In Excess of Contract Demand	Rs. 210/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
All units	420

iii. Penalty Charges: Twice the applicable Charges**.**

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co – relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

a. The monthly average power factor of the supply shall be maintained by the consumer not less than 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 0.01 in power factor up to 0.7(lagging).

b. In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 0.5% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).

c. If the average power factor falls below 0.70 (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

v. Billing Demand

Billing demand will be the highest among the following:

a) 100 kVA

b) 75% of the Contract demand

c) Actual Demand Established

B. High Tension Consumer HT(A) – II

Applicable to all Industrial/Motive power consumers drawing above 66 kV systems having contract demand of 100 kVA and above.

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 100/-
In Excess of Contract Demand	Rs. 200/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
All units	410

iii. Penalty Charges: Twice the applicable Charges**.**

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co – relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

a. The monthly average power factor of the supply shall be maintained by the consumer not less than 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 0.01 in power factor up to 0.7(lagging).

b. In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 0.5% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).

c. If the average power factor falls below 0.70 (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

v. Billing Demand

Billing demand will be the highest among the following:

a) 100 kVA

b) 75% of the Contract demand

c) Actual Demand Established

C. HT Industrial HT(B) (Ferro Metallurgical/ Steel Melting/ Steel Rerolling Power Intensive)

i. Fixed Charges (Demand Charges)

For Billing Demand	Charges (Rs./KVA/month) or part thereof
Up to Contract Demand	Rs. 375/-
In Excess of Contract Demand	Rs. 750/-

ii. Energy Charges

Usage (Units/Month)	Energy charge (Ps./Unit)
For all units	410

iii. **Penalty Charges** Twice the applicable Charges.

a) Penalty charges will be levied on those units, which are drawn beyond the contact demand. These Units will be worked out on pro-rata basis co–relating the total consumption of the month with billing demand.

b) If Industries are overdrawing power by more than 20% of the Contract demand, their electricity connection will be disconnected immediately.

iv. **Power Factor Charges**

a. The monthly average power factor of the supply shall be maintained by the consumer not less than 0.90 (lagging). If the monthly average power factor of a consumer falls below 90% (0.9 lagging), such consumer shall pay a surcharge in addition to his normal tariff @ 1% on billed demand and energy charges for each fall of 0.01 in power factor up to 0.7(lagging).

b. In case the monthly average power factor of the consumer is more than 95% (0.95 lagging), a power factor incentive @ 0.5% on demand and energy charges shall be given for each increase of 0.01 in power factor above 0.95 (lagging).

c. If the average power factor falls below 0.70 (lagging) consecutively for 3 months, the licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

d. The power factor shall be rounded off to two decimal places. For example, 0.944 shall be treated as 0.94 and 0.946 shall be treated as 0.95.

VI. AGRICULTURE AND POULTRY

Agriculture or poultry loads up to 99 HP sanctioned load will be considered in this category.

i. Energy Charges

Usage	Energy charge (Ps./Unit)
For connected load up to 10 HP	70
Beyond 10 HP and up to 99 HP connected load	100

VII. PUBLIC LIGHTING

i. Energy Charges

Usage	Energy charge (Ps./Unit)
For all units	300

VIII. HOARDINGS/SIGNBOARDS

Electricity for lighting external advertisements, external hoardings and displays at departments stores, malls , multiplexes, theatres, clubs, hotels, bus shelters, Railway Stations shall be separately metered and charged at the tariff applicable for “Advertisements and Hoardings” category, except such displays which are for the purpose of indicating / displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises. The connection for ‘’ Advertisements and Hoardings” category would be covered under the permanent supply of connection.

Energy Charges (Paise / kWh)	Fixed Charge
700	Rs 100 per kVA per Month or part thereof

IX. **Temporary Supply:** Tariff for Temporary Connection shall be Fixed / Demand charges (if any) plus energy charges (for relevant slab if any) under corresponding permanent supply category plus 50% of both.

For multi activity pursuit, applicable tariff for temporary connection shall be with reference to that of non-domestic category for permanent supply.

The Temporary Tariff are applicable for temporary period of supply up to 1 (one) month, which can be extended for another period of supply up to maximum period of 2 years.

X. Schedule of Other Charges

a. Meter Rent

S. No.	Meter Type	Tariff (in Rs.) / month or part thereof
1	Single Phase	10
2	Three Phase	25
3	LT Meter with MD indicator	200
4	Tri- vector Meter	500

Note: The type of meters to be installed in consumer premises will be decided by the department. Generally, the consumers having connected load above 50 HP will be provided with L.T.M.D. meters

b. Reconnection Charges

S. No.	Connection Type	Tariff (in Rs.)
1	Single Phase	50
2	Three Phase	100
3	HT	1000

c. Service Connection Charges

S. No.	Connection Type	Tariff (in Rs.)
1	Single Phase	250
2	Three Phase	1000
3	HT (First 500 KVA)	10000
4	HT (Beyond 500 KVA)	Rs 1000 per 100 KVA or part thereof

d. Extra Length Charge

S. No.	Connection Type	Tariff / Meter (in Rs.)
1	Single Phase	25
2	Three Phase	50

Extra length Chargeable will be beyond permissible 30 meters free length from existing network for new connection for all categories except Agriculture. Free length in respect of New Agriculture consumer is 300 meters

e. Cost of HT connection

Entire Cost of setting up HT connection would be borne by the consumer and the agreement period would be two years for the category. 15% supervision charges shall be recovered by DNHPDCL.

f. Testing Fee for various Metering Equipment for FY 2013-14

S. No.	Connection Type	Fee Per Unit (in Rs.)
1	Single Phase	100
2	Three Phase	300
3	Three Phase Tri-vector Meter (0.5 Class) Industrial LT Consumer	500
4	Three Phase Tri-vector Meter (0.5 Class) 11 KV HT Consumer	500
5	Three Phase Tri-vector Meter (0.2 Class) 66KV EHT Consumers	1000
6	Combined CTPT Unit for 11 KV Consumer	500
7	66 KV CT / PT Unit	500
8	Three Phase CT Block	300
9	CT Coil	100

g. Fees (Non-refundable) for submission of Test Report of wiring Completion

S. No.	Connection Type	Fee Per Unit (in Rs.)
1	Single Phase Lighting / Domestic	10
2	Three Phase Lighting /Domestic	25
3	Single Lighting / Domestic	50
4	Three Phase Lighting / Domestic	100
5	Three Phase LT Industries	250
6	Single Phase / Three phase Agriculture /Streetlight / Public Lighting & other	50
7	HT Industries up to 500 KVA	1000
8	HT Industries up to 2500 KVA	5000
9	HT Industries above 2500 KVA	10000

Annexure-1

JOINT ELECTRICITY REGULATORY COMMISSION
(For the state of Goa and Union territories)
2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex,
Udyog Vihar, Phase V, Gurgaon (Haryana)
Ph: 0124-2342851, 2342852 Fax: 0124-2342853
Email: secretaryjerc@gmail.com

Petition No. 120/2013 /1541

In the matter of

Aggregate Revenue Requirement (ARR) and Tariff determination for FY 2014-15 and true up for 2012-13 of **DNH Power Distribution Corporation Ltd** under sections 61,62 and 64 of the Electricity Act, 2003, JERC (Conduct of Business) Regulations, 2009 and JERC (Terms and Condition for Determination of Tariff) Regulations, 2009

To,

The Executive Engineer,
DNH Power Distribution Corporation Ltd,
Vidhyut Bhawan Opp. Secretariat,
Silvassa -396230, D& NH.

Whereas you filed a petition for Aggregate Revenue Requirement (ARR) and Tariff determination for FY 2014-15 and true up for 2012-13 of **DNH Power Distribution Corporation** Ltd under sections 61,62 and 64 of the Electricity Act, 2003, JERC (Conduct of Business) Regulations, 2009 and JERC (Terms and Condition for Determination of Tariff) Regulations, 2009. The petition is admitted by the Commission on **27th November, 2013 and numbered as 120/2013.**

Therefore, in compliance of Regulation 29 of JERC (Conduct of Business) Regulations, 2009 and Regulation 12(5) of JERC (Terms and Condition for Determination of Tariff) Regulations, 2009 you are required to publish notice in abridged form in at least two (2) newspapers, widely circulated in the area of UT of Dadra & Nagar Haveli, highlighting the petition and outlining existing & proposed tariff within three days of submission of your tariff proposals for inviting suggestions/objections from General Public / Stakeholders.

A copy of paper-cutting be sent to this Commission.

Date : 27th November, 2013

(Om Prakash)
Bench Officer

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JOINT ELECTRICITY REGULATORY COMMISSION
(*For the state of Goa and Union territories*)
2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex,
Udyog Vihar, Phase V, Gurgaon (Haryana)
Ph: 0124-2342851, 2342852 Fax: 0124-2342853
Email: secretaryjerc@gmail.com

Petition No. 120/2013

In the matter of

Aggregate Revenue Requirement (ARR) and Tariff determination for FY 2014-15 and true up for 2012-13 of **DNH Power Distribution Corporation Ltd** under sections 61,62 and 64 of the Electricity Act, 2003, and JERC (Terms and Condition for Determination of Tariff) Regulations, 2009

To,

The Executive Engineer,
DNH Power Distribution Corporation Ltd,
Vidhyut Bhawan Opp. Secretariat,
Silvassa -396230, D& NH.

Whereas you filed a petition for Aggregate Revenue Requirement (ARR) and Tariff determination for FY 2014-15, Review for 2013-14 and true up for 2012-13 of **DNH Power Distribution Corporation Ltd** under sections 61,62 and 64 of the Electricity Act, 2003, and JERC (Terms and Condition for Determination of Tariff) Regulations, 2009. The petition was admitted by the Commission on **27th November, 2013 and numbered as 120/2013.**

Whereas the public hearing was held at Silvassa on 10.01.2014

Whereas after public hearing, you submitted revised data and revised balance sheet for FY 2012-13, which was in variance of the original data submitted alongwith Tariff Petition.

Whereas you were directed to file revised petition for Annual Revenue Requirement & Tariff proposal for FY 2014-15 and alongwith True-up of ARR for FY 2012-13 & Review of ARR for FY 2013-14.

Whereas you filed revised petition on 26.03.2014.

Therefore, in compliance of Regulation 29 of JERC (Conduct of Business) Regulations, 2009 and Regulation 12(5) of JERC (Terms and Condition for Determination of Tariff) Regulations, 2009 you are again require to upload the revised petition on your website and publish notice in abridged form in at least two (2) newspapers, widely circulated in the area of UT of Dadra & Nagar Haveli, highlighting the petition and outlining existing & proposed tariff for inviting suggestions/objections from General Public / Stakeholders latest by 15.04.2014.

A copy of paper-cutting be sent to this Commission.

Date : 4th April, 2014

(Om Prakash)
Bench Officer

Annexure-2

ીય વર્તમાન પ્રવાહ ૧૦

Administration of the
Union Territory of Dadra & Nagar Haveli
DNH Power Distribution Corporation Ltd, Vidhyut Bhavan, Opp. Secretariat,

PUBLIC NOTICE

No.:1-1(56)/PDCL-AR(Comml)2013/2878 Date: 28/11/2013

Disclosure pursuant to the ARR Petition filed before the Joint Electricity Regulatory Commission (JERC) for determination of tariff for the year 2014-15.

BACK GROUND INFORMATION: DNH Power Distribution Corporation Ltd. has filed ARR Petition and Tariff Proposal before Joint Electricity Regulatory Commission (JERC) under 62, 63 and 64 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2014-15 in accordance with the JERC (conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, Salient Features of the proposed ARR are as under.

2.Revised Estimates for FY 2013-14 and Aggregate Revenue Requirement (ARR) projected for FY 2014-15 are given below:

(Rs.Crore)

S.No.	Item of Expense	FY 2013-14 (Revised Estimates)	FY 2014-15 (Projected)
1.	Cost of Power Purchase	2,220.76	2,409.74
	Employee Cost	8.52	12.24
	Repair and maintenance expense	4.85	5.28
	Administration and general expenses	3.27	3.56
	Depreciation	26.99	31.74
	Interest on Long-term Loans	11.01	19.64
	Interest on Working Capital	24.22	26.28
	Return on NFA/Equity	6.40	6.40
	Interest on Security Deposit	1.58	1.74
	Provision of Bad Debt	22.75	24.57
	Less: Non-Tariff Income	0.11	0.12
	Net Revenue Requirement	2,330.24	2,541.06
	Revenue from tariff (existing)	2,295.90	2,495.48
	Revenue (Gap)/surplus	(34.34)	(45.59)
	Previous Year's(Gap)Surplus carried over	(18.03)	(52.36)
	Carrying Cost	0.00	0.00
	Net(Gap)/Surplus (13+14+15)	(52.36)	(97.95)
	Energy Sales (MU)	5,336.31	5,763.13
	Average cost of supply (Rs./KWh)	4.24	4.19
	Average revenue realization (Rs.kWh)	4.18	4.12

[illegible] is summarized below:

Tariff Structure	Proposed FY 14-15 Energy Charges (Rs./KWH)	Proposed FY 14-15 Fixed Charges
1.LT-D Domestic		
1 - 50 Units	1.10	
51 to 200 Units	1.70	
201 to 400 Units	2.20	
Beyond 401 Units	2.50	
LIG		Rs.5 per connection per month
LT-D/Commercial		
1 st 100 Units	2.25	Rs.45 per connection per month
Beyond 100 Units	3.00	Rs.60 per connection per month
LT-Ag/Agriculture		
Upto 10 HP	0.65	
10 HP to 99 HP	0.95	
LTP Motive Power		
Upto 20 HP	3.00	Rs.20/HP
Above 20 HP	3.00	Rs.50/HP
LT-PL/Public Lighting		
Public Lighting	3.00	
HT		
HTA: Industrail & Motive power-11 KV Or 66 KV having CMD above 100 KVA		
50000 Units	3.70	Rs.150 KVA
50000 to 5 lakh units	3.80	Rs.150 KVA
Beyond 5 lakh units	3.85	Rs.150 KVA
HTB: Ferro Metallugical/Steel Melting/Steel Rolling/ Power Intensive		
First 300 Units per KVA	2.70	Rs.750/KVA
Next 200 Units per KVA	3.40	Rs.750/KVA
Above 500 units per KVA	3.70	Rs.750/KVA

4. Copies of the filings and application referred at para-1 above are available in the office of the Executive Engineer, DNH Power Distribution Corporation LTd, Silvassa.
5. Interested parties may inspect/peruse the said ARR and tariff proposals and take note thereof during office hours at the office.
6. Copies of the above documents can also obtained from the above office on payment of Rs.100/- for each set and is also available on the website of DNHPDCL i.e. **www.dnhpdcl.in.**
7. Objection/suggestions, if any on the ARR and tariff proposal filed by DNH Power Distribution Corporation Ltd. together, with supporting material may be filed with the Secretary, joint Electricity Regulatory Commission (JERC), 2nd Floor, HSIIDC Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon(Haryana) in six copies in person or through registered post.

...Continue to Page No.11

-वापी-दमण जनसंसार 3

Administration of the
Union Territory of Dadra & Nagar Haveli
DNH Power Distribution Corporation Ltd, Vidhyut Bhavan, Opp. Secretariat,
Silvassa.

PUBLIC NOTICE.

No: 1-1 (56)/PDCL-AR(Comml)2013/2878 Date: 28/11/2013

Disclosure pursuant to the ARR Petition filed before the Joint Electricity Regulatory Commission (JERC) for determination of tariff for the year 2014-15.

BACK GROUND INFORMATION: DNH Power Distribution Corporation Ltd has filed ARR Petition and Tariff Proposal before the Joint Electricity Regulatory Commission (JERC) under Section 62, 63 and 64 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2014-15 in accordance with the JERC (conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009. Salient Features of the proposed ARR are as under :

2. Revised Estimates for FY 2013-14 and Aggregate Revenue Requirement (ARR) projected for FY 2014-15 and are given below:

(₹. Crore.)

S. No	Item of Expense	FY 2013-14 (Revised Estiamtes)	FY 2014-15 (Projected)
1	Cost of Power Purchase	2,220.76	2,409.74
	Employee Cost	8.52	12.24
	Repair and maintenance expense	4.85	5.28
	Administration and general expenses	3.27	3.56
	Depreciation	26.99	31.74
	Interest on Long-term Loans	11.01	19.64
	Interest on Working Capital	24.22	26.28
	Return on NFA/Equity	6.40	6.40
	Interest on Security Deposit	1.58	1.74
	Provision for Bad Debt	22.75	24.57
	Less: Non-Tariff income	0.11	0.12
	Net Revenue Requirement	2,330.24	2,541.06
	Revenue from tariff (existing)	2,295.90	2,495.48
	Revenue (Gap)/surplus	(34.34)	(45.59)
	Previous Year's (Gap)/Surplus carried over	(18.03)	(52.36)
	Carrying Cost	0.00	0.00
	Net(Gap)/Surplus (13+14+15)	(52.36)	(97.95)
	Energy Sales (MU)	5,336.31	5,763.13
	Average cost of supply (Rs./KWh)	4.24	4.19
	Average revenue realization (Rs./kWh)	4.18	4.12

3. The category wise tariff structure for FY 14-15 to cover the revenue gap of ₹ 97.95 Crore is summarized below:

Tariff Structure	Proposed FY 14-15	
	Energy Charges (₹/kWh)	Fixed Charges
LT-D/Domestic		
1st 50 Units	1.10	
51 to 200 Units	1.70	
201 to 400 Units	2.20	
Beyond 401 Units	2.50	
LIG		₹ 5 per connection per month
LT-C/Commercial		
1st 100 Units	2.25	₹ 45 per connection per month
Beyond 100 Units	3.00	₹ 60. Per connection per month
LT-Ag/Agriculture		
Upto 10 HP	0.65	
10 HP to 99 HP	0.95	
LTP Motive Power		
Upto 20 HP	3.00	₹ 20/HP
Above 20 HP	3.00	₹ 50/HP
LT-PL/Public Lighting		
Public Lighting	3.00	
HT		
HTA: Industrial & Motive power-11 KV Or 66 KV having CMD above 100 KVA		
50000 Units	3.70	₹ 150 KVA
50000 to 5 lakh units	3.80	₹ 150 KVA
Beyond 5 lakh units	3.85	₹ 150 KVA
HTB: Ferro Metallurgical/Steel Melting/ Steel Rolling/ Power Intensive		
First 300 Units per KVA	2.70	₹ 750/KVA
Next 200 units per KVA	3.40	₹ 750/KVA
Above 500 units per KVA	3.70	₹ 750/KVA

4. Copies of the filings and application referred at para – 1 above are available in the office of the Executive Engineer, DNH Power Distribution Corporation Ltd, Silvassa.

5. Interested parties may inspect/peruse the said ARR and tariff proposals and take note thereof during office hours at the office.

Union Territory of Dadra & Nagar Haveli
DNH Power Distribution Corporation Ltd, Vidhyut Bhavan, Opp. Secretariat
Silvassa.

PUBLIC NOTICE

No: 1-1(56)/PDCL-AR/Comml/2013/2679 Date: 26/11/2013

Disclosure pursuant to the ARR Petition filed before the Joint Electricity Regulatory Commission(JERC) for determination of tariff for the year 2014-15.

BACK GROUND INFORMATION: DNH Power Distribution Corporation Ltd. Has filed ARR Petition and Tariff Proposal before the Joint Electricity Regulatory Commission (JERC) under Section 62, 63 and 64 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2014-15 in accordance with the JERC (conduct Business) Regulations 2009 and JERC (Terms and Condition for Determination of Tariff) Regulations 2009. Salient Features of the proposed ARR are as under :

2. Revised Estimates for FY 2013-14 and Aggregate Revenue Requirement (ARR) projected for FY 2014-15 and are given below :

(₹. Crore)

S. No.	Item of Expense	FY 2013-14 (Revised Estimates)	FY 2014-15 (Projected)
1	Cost of Power Purchase	2220.76	2409.74
	Employee Cost	8.52	12.24
	Repair and maintenance expense	4.95	5.28
	Administration and general expenses	3.27	3.56
	Depreciation	26.38	31.74
	Interest on Long-term Loans	11.01	19.64
	Interest on Working Capital	24.22	28.28
	Return on NFA/Equity	6.4	6.4
	Interest on Security Deposit	1.58	1.74
	Provision for Bad Debt	22.75	24.57
	Less: Non-Tariff Income	0.11	0.12
	Net Revenue Requirement	2330.24	2541.06
	Revenue from tariff (existing)	2295.9	2495.48
	Revenue (Gap)/surplus (13+14+15)	-34.34	-45.59
	Previous Years (Gap)/Surplus carried over	-18.03	-52.36
	Carrying Cost	0	0.06
	Net(Gap)/Surplus (13+14+15)	-52.36	-97.95
	Energy Sales (MU)	5336.01	5,783.13
	Average cost of supply (Rs./KWh)	4.24	4.19
	Average revenue realization (Rs./KWh)	4.18	4.12

- The category wise tariff structure for FY 14-15 to cover the revenue gap of ₹ 97.95 Crore is summarized below :

Tariff Structure	Proposed FY 14-15	
	Energy Charges (₹/KWh)	Fixed Charges
LT-D/Domestic		
1st 50 Units	1.10	
51 to 200 Units	1.70	
201 to 400 Units	2.20	
Beyond 401 Units	2.50	
LIG		₹ 5 per connection per month
LT-C/Commercial		
1st 100 Units	2.25	₹ 45 per connection per month
Beyond 100 Units	3.00	₹ 60 per connection per month
LT-Ag/Agriculture		
Upto 10 HP	0.65	
10 HP to 99 HP	0.95	
LTP Motive Power		
Upto 20 HP	3.00	₹ 20/HP
Above 20 HP	3.00	₹ 50/HP
LT-PL/Public Lighting		
Public Lighting	3.00	
HT		
HTA: Industrial & Motive power-11 KV Or 66 KV having CMD above 100 KVA		
50000 Units	3.70	₹ 150 KVA
50000 to 5 lakh Units	3.80	₹ 150 KVA
Beyond 5 lakh Units	3.85	₹ 150 KVA
HTB: Ferro Metallurgical / Steel Melting / Steel Rolling / Power Intensive		
First 300 Units per KVA	2.70	₹ 750 KVA
Next 300 Units per KVA	3.40	₹ 750 KVA
Above 500 Units per KVA	3.70	₹ 750 KVA

4. Copies of the filings and application referred at para-1 above are available in the office of the Executive Engineer, DNH power Distribution Corporation Ltd., Silvassa.

5. Interested parties may inspect/peruse the said ARR and tariff proposals and take note thereof during office hours at the office.

6. Copies of the above documents can also be obtained from the above office on payment of Rs. 100/- for each set and is also available on the website of DNHPDCL i.e www.dnhpdcl.in.

7. Objection/suggestions, if any on the ARR and tariff proposal filed by DNH Power Distribution Corporation Ltd., together with supporting material may be filed with the Secretary, Joint Electricity Regulatory Commission (JERC), 2nd Floor, HSIIDC Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon(Haryana) in six copies in person or through registered post.

8. The Objection/suggestions as above should be filed in six copies and carry full name and post address of the person sending the objections and should be supported by an affidavit duly attested. If the objection is filed on behalf of any organization or any class of consumers, same should be mentioned. It may also be specifically mentioned if the person putting in objections/comments also wants to be heard in person.

9. The Joint Electricity Regulatory Commission (JERC), after perusing the written objection recieved in response to this notice may invite such objector as it considers appropriate for a hearing on the specified dates which will be notified by the Commission in due course.

Sd/-
Executive Engineer (Dist).
DNH Power Distribution Corporation Ltd.,
Dadra and Nagar Haveli
Silvassa.

No: IP/DNH/567/2013
Silvassa Dt. 02/12/2013

MUMBAI

MUMBAI

GUJARAT DARPAN Date:- 3/4/2014

ગુજરાતદર્પણ

હોર્ડિંગ્સનો ખર્ચ ઉમેદવારી પત્ર ભર્યા પછી અડવાણીના એકાઉન્ટમાં પડશે

Administration of the
Union Territory of Dadra & Nagar Haveli
DNH Power Distribution Corporation Ltd., Vidhyut Bhavan, Opp. Secretariat, Silvassa

No. - 1-1 (56)/PDCL-AF (10mm)/2013/Part-II/101

Date : 01-04-2014

PUBLIC NOTICE

Disclosure pursuant to the Revised ARR Petition filed before the Joint Electricity Regulatory Commission (JERC) for determination of tariff for the year 2014-15

BACK GROUND INFORMATION : DNH Power Distribution Corporation Ltd. has filed Revised ARR Petition and Tariff Proposal before the Joint Electricity Regulatory Commission (JERC) under Section 62,63 and 64 of the Electricity Act, 2003 for determination of Aggregate Revenue Requirement and Tariff for the year 2014-15 in accordance with the JERC (Conduct Business) Regulations 2009 and JERC (Terms and Conditions for Determination of Tariff) Regulations 2009. Salient features of the proposed ARR are as under :

2. Revised Estimates for FY 2013-14 and Aggregate Revenue Requirement (ARR) projected for FY 2014-15 are given below.

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14 (Revised Estimates)	FY 2014-15 (Projected)
1	Cost of Power Purchase	2,083.44	2,166.39
2	Operation & Maintenance expenses	16.64	21.08
3	Depreciation	28.09	31.74
4	Interest on Long-term Loans	11.01	15.64
5	Interest on Working Capital	22.60	23.36
6	Return on NFA/Equity	6.40	6.40
7	Interest on Security Deposit	1.58	1.74
8	Provision for Bad Debt	21.11	22.86
9	Less : Non-Tariff Income	0.11	0.12
10	Net Revenue Requirement	2,191.65	2,293.58
11	Revenue from tariff (existing)	2,116.72	2,286.37
12	Revenue (Gap)/surplus	(74.93)	(7.21)
13	Previous Year's (Gap)/Surplus Carried Over	(25.52)	(100.45)
14	Carrying Cost	0.00	0.00
15	Net (Gap)/Surplus (12+13+14)	(100.45)	(107.67)
16	Energy sales (MU)	4,977.33	5,374.90
17	Average cost of supply (Rs./kWh)	4.36	4.27
18	Average revenue realization (Rs./kWh)	4.22	4.25

3. The category wise tariff structure for FY 14-15 to cover the revenue gap of Rs. 107.67 Crore is summarized below :

Tariff Structure	Proposed FY 14-15 Energy Charges (Rs./kWh)	Proposed FY 14-15 Fixed Charges
LT-D/Domestic		
1st 50 Units	1.10	
51 to 200 Units	1.70	
201 to 400 Units	2.20	
Beyond 401 Units	2.50	
LIGH		Rs. 5 per connection

summarized below :

Tariff Structure	Proposed FY 14-15	
	Energy Charges (Rs./kWh)	Fixed Charges
LT-D/Domestic		
1st 50 Units	1.10	
51 to 200 Units	1.70	
201 to 400 Units	2.20	
Beyond 401 Units	2.30	
LIGH		Rs. 5 per connection per month
LT-C/Commercial		
1st 100 Units	2.25	Rs. 45 per connection per month
Beyond 100 Units	3.00	Rs. 60 per connection per month
LT-Ag/Agriculture		
Upto 10 HP	0.65	
10 HP to 99 HP	0.95	
LTP Motive Power		
Upto 20 HP	3.00	Rs. 20/HP
Above 20 HP	3.00	Rs. 30/HP
LT-PL/Public Lighting		
Public Lighting	3.00	
HT		
HTA : Industrial & Motive power - 11 KV or 66 KV having CMD above 100 KVA		
50000 units	3.70	Rs. 150 KVA
50000 to 5 lakh units	3.80	Rs. 150 KVA
Beyond 5 lakh units	3.85	Rs. 150 KVA
HTB : Ferro Metallurgical/Steel Melting/Steel Rolling/ Power Intensive		
First 300 Units per KVA	2.70	Rs. 750/KVA
Next 200 units per KVA	3.40	Rs. 750/KVA
Above 500 units per KVA	3.70	Rs. 750/KVA

4. Copies of the filings and application referred at para-1 above are available in the office of the Executive Engineer, DNH Power Distribution Corporation Ltd., Silvassa.
5. Interested parties may inspect/peruse the said ARR and tariff proposals and take note thereof during office hours at the office.
6. Copies of the above documents can also be obtained from the above office on payment of Rs 100/- for each set and is also available on the website of DNHPDCL i.e. www.dnhpdcl.in
7. Objections/suggestions, if any on the ARR and tariff proposal filed by DNH Power Distribution Corporation Ltd., together with supporting material may be filed with the Secretary, Joint Electricity Regulatory Commission (JERC), 2nd Floor, HSIIDC Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon (Haryana) in six copies in person or through registered post.
8. The Objections/suggestions as above should be filed in six copies and carry full name and postal address of the person sending the objections and should be supported by an affidavit duly attested. If the objection is filed on behalf of any organisation or any class of consumers, same should be mentioned. It may also be specifically mentioned if the person putting in objections/comments also wants to be heard in person.
9. The Joint Electricity Regulatory Commission (JERC), after perusing the written objection received in response to this notice may invite such objector as it considers appropriate for a hearing on the specified dates which will be notified by the Commission in due course.

For DNH Power Distribution Corporation Ltd.
Administration of UT of Dadra and Nagar Haveli.
Executive Engineer (Dist.)
DNH Power Distribution Corporation Ltd.
U.T. of Dadra & Nagar Haveli
Silvassa

No. IP/DNH/131/2014
Silvassa Dt. 02/04/2014

Hindustan Times e-Paper - Hindustan Times (Mumbai) - 4 Apr 2014 - Page #13

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hindustantimes | metro | 03

ough-to curb
wants to know

Driver, two passengers die after car flips over

e vendor murder:
f accused released

Central Railway

http://paper.hindustantimes.com/epaper/services/OnlinePrintHandler.ashx?issue=87332014... 4/7/2014

Annexure-3

Free Press Journel
30.11.13
Mumbai edition.

ATION 5

SC notice on PIL seeking independent regulator for e-media

New Delhi

The Supreme Court on Friday issued notice to the central government, the Election Commission, and Press Council of India on a PIL seeking framing of guidelines and setting up an independent body for regulating electronic media that has a wide reach and influence on the masses.

A bench of Chief Justice P.Sathasivam and Justice Ranjan Gogoi also issued notice to News Broadcasters Association, Indian Broadcasting Association and the Advertising Standards Council of India on the PIL petition by NGO Hindu Janjagriti Samiti.

The PIL urged the court to issue direction for the "framing and/or issuing guidelines in the matter of regulation of TV channels in India after considering the suggestions made in the petition and after hearing such persons and bodies as deemed necessarily till the legislature enacts a law".

"The influence this broadcasting media holds on the general public is unfortunately being misused by these channels. The instances of such misuses are 'paid news' or the uncontrolled ownership turning into cross media ownership," the PIL said. "There are many such instances of cross media ownership. This kind of cross ownership tends to create 'private treaties' between the media houses and the business houses or the politicians which again exposes the general public to 'paid news'," the PIL contended.

Joint Electricity Regulatory Commission
(for The State of Goa and Union Territories)
2nd Floor, HSIIDC Office Complex, Vanijya Nikunj Complex, Udyog Vihar, Phase-V, Gurgaon - 122016, Haryana
Ph. 0124 – 2342851, 2342852, Fax: 0124 – 2342853,
Email: secy.jerc@nic.in, Website: www.jercuts.gov.in

NOTICE

Notice is hereby given to all stakeholders of UT of Dadra & Nagar Haveli that **DNH Power Distribution Corporation Ltd.** has filed Petition on 28th November, 2013 for True-up of ARR for FY 2012-13, Review of ARR for FY 2013-14 & ARR Petition & Tariff Proposal for FY 2014-15 u/s 61, 62 & 64 of the Electricity Act, 2003 before the Joint Electricity Regulatory Commission (for Goa State and Union Territories). The same has been admitted under **Petition Reference No. 120/2013** and is available on Commission's website **www.jercuts.gov.in**.

Interested persons may file objections/suggestions in six copies on the above Petition in person or through registered post on or before **31st December, 2013** addressed to The Secretary, JERC (for Goa & UTs) with a copy to **DNH Power Distribution Corporation Ltd, Vidhyut Bhawan Opp. Secretariat, Silvassa -396230.**

Sd/-
(Rajeev Amit)
Secretary

...ग और ...गल में 'वेब बेस्ड पार्किंग'

दोषपूर्ण प्रश्न पत्र से परीक्षार्थी परेशान

DIRECTORATE OF AVIATION
GOVERNMENT OF MADHYA PRADESH
RAJA BHOJ INTERNATIONAL AIRPORT: BHOPAL 462030

No. E-2/971 dated. 27th November, 2013

RECRUITMENT

Application from S.T candidates with full particulars are invited for the post of Senior Pilot Helicopter (one Post) in the Directorate of Aviation, Government of Madhya Pradesh, so as to reach by Monday 16th December, 2013. The other relevant details are available on our web site: mpaviation@nic.in

Sd/-
Director Aviation

3-22547/13

संयुक्त विद्युत विनियामक आयोग

सूचना

NAV Bharat times 30.11.13

गृह विभाग, महाराष्ट्र शासन

जाहीर आवाहन

लोकांनी गुंतवणूक केलेल्या रक्कमेवर जास्तीत जास्त व्याजाचे आमिष दाखवून किंवा काही वर्षांत रक्कम दाम दुप्पट करून देण्याच्या नावाखाली व्यक्ती, संस्था अथवा कंपन्या लोकांकडून ठेवी/ रक्कम स्वीकारून सदर गुंतवणूकदारांना रक्कम गुंत्विल्यानंतर सुरुवातीच्या काळात काही प्रमाणात परतावा देतात. त्यांनी दिलेला परतावा हा त्यांच्या योजनेप्रमाणे असल्यामुळे लोकांचा त्यावर विश्वास बसतो व इ ांनाही ते सदर योजनेमध्ये गुंतवणूक करण्यास प्रवृत्त करतात. त्यामुळे अशा प्रकारच्या गुंतवणुकीच्या योजनांमध्ये कमी दिवसांत जास्तीत जास्त लोक पैसे गुंतवितात, तसेच साखळी पद्धतीच्या गुंतवणूक योजनांमध्ये मूळ गुंतवणूकदारांचा मोठ्या प्रमाणावर फायदा होत असल्याने मूळ गुंतवणूकदारांकडून सदर योजनेचा मोठ्या प्रमाणावर जाहिरात केली जाते व त्यास बळी पडून अल्पावधीतच गुंतवणूकदारांची संख्या खूप मोठ्या प्रमाणावर वाढत आहे. त्यानंतर मात्र ठेव/

~~The Freeth~~ THE FREE PRESS

8/01/2014

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...nitted to HC

...Y LAUNDERING, ...GRABBING CASE

...ourt had in the ...g, while asking ...s to submit their ...rts, said if it was ...fied with the man... which the probe was ...ed then it would be ...ded to consider hand... ...er the investigation to ...dependent agency like ...CBI.

...he High Court on Tues... ...y stated that it would pe... ruse the reports and posted the matter for hearing on January 24.

Somaiya has listed 51 companies formed by Tatkare, which have his family members and friends as directors, and alleged that they purchased benami lands in Maharashtra and indulged in money-laundering, causing loss to the public exchequer.

...ORKERS ...APSE

Bharat Yashwant Andher (18), Salman (15), Geeta Annana Pange (19), Shantaram Vilakadu (21), Jayesh (24), Geeta Watha (13).

There has been an unprecedented spurt in illegal construction activities in the Vasai-Virar region especially industrial units which are being built by fly-by-night builders. API Yogesh Awhad is investigating the case.

चैंपियन के तौर पर लौटना गर्व की बात

परवेज रसूल

रेल भूमि विकास प्राधिकरण

शुद्धिपत्र

www.rlda.in देखें।

संयुक्त महाप्रबंधक (मानव संसाधन विकास)
रेल भूमि विकास प्राधिकरण
सफदरजंग रेलवे स्टेशन के पास,
मोती बाग-I, नई दिल्ली-110021,
फोन : 011-24102850

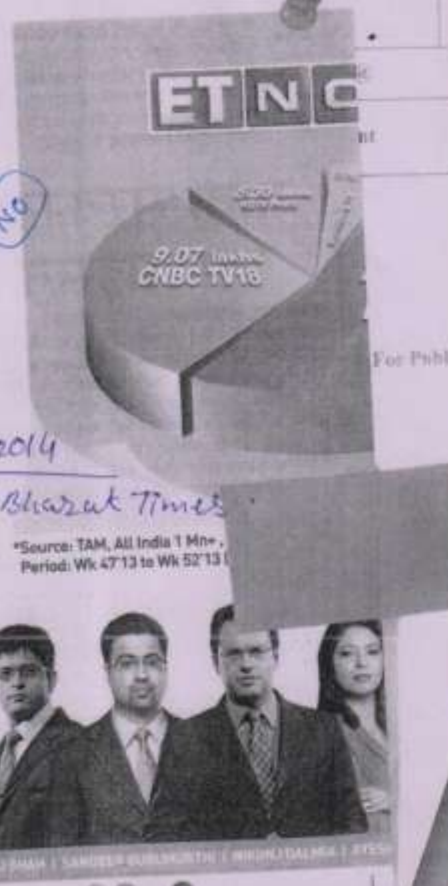
संयुक्त विद्युत विनियामक आयोग

सार्वजनिक सुनवाई हेतु सूचना

www.jercuts.gov.in

तिथि/दिन/समय	स्थान	टिप्पणी
10 जनवरी, 2014 (शुक्रवार) 10.30 बजे के बाद	टाउन हॉल, सिलवासा	दादरा व नगर हवेली के संघशासित क्षेत्र के सभी स्टेकहोल्डर्स

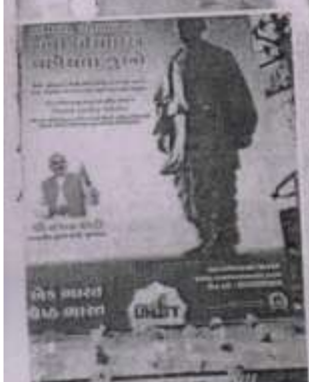
ET (NO)



8/01/2014

Naba Bharat Times

आर ए पंचाल उपस्थित रहेंगे।



चणोद गांव में स्टेच्यू ऑफ यूनिटी का कार्यक्रम

जनसंसार संवाददाता

वापी, 7 जनवरी

वापी के चणोद गांव में रन स्टेच्यू ऑफ यूनिटी का कार्यक्रम गांव के सरपंच द्वारा किया गया। जिसमें सरपंच श्रीमती कामिनी बेन भदक भाई हालानी, जीतू भाई और भाजपा के अन्य कार्यकर्ता हाजिर थे। केवडिया कॉलोनी में बन रही दुनिया की सबसे ऊंची सरदार वल्लभ भाई पटेल की प्रतिमा जिसमें सभी जिलों से इसके लिए गांव गांव से मिट्टी और लोहा इकट्ठा करके अर्पण किया जा रहा है। जो एक एकता की मिसाल है। आज इस मिसाल को कायम करके कार्यकर्ताओं ने बढ़चढ़ कर हिस्सा लिया।

संयुक्त विद्युत विनियामक आयोग

(गोवा राज्य और संघ शासित क्षेत्र)

सार्वजनिक सुनवाई हेतु सूचना

[illegible] 30 नवम्बर, 2013 [illegible] विद्युत अधिनियम, 2003 [illegible] 2013–14 [illegible] 2014–15 [illegible] www.jercuts.gov.in पर उपलब्ध है। [illegible]

तिथि / दिन / समय	स्थान	टिप्पणी
10 जनवरी, 2014 (शुक्रवार) 10.30 बजे के बाद	टाउन हॉल, सिलवासा	दादरा व नगर हवेली के संघशासित क्षेत्र के सभी [illegible]

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(राजीव [illegible])

सचिव

8/01/2014 जनसंसार

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R O U

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~~Gujarat~~
Sanvi India Times, Hindi 6.4.14
Free Press Journal, Eng 16.4.14

सूरत

3

सोसा. के लोगों द्वारा मुख्य गेट पर ताला लगाने पर जैन समाज ने किया विरोध

बालाजी वेफर्स कंपनी में फ्लाईंग स्कवोर्ड का छापा

■ सेम्पल गांधीनगर रवाना

तापमान 40 डिग्री के करीब पहुंचने से शहरीजन गर्मी से बेहाल

चैम्बर के नेतृत्व में विवर्सो ने पुलिस आयुक्त को सौंपा ज्ञापन

जिला में अलग-अलग सड़क हादसों में दो मरे

ठगबाज गिरोह ने और दो जनों के खाते से उड़ाये 74 हजार

12

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SOUTHERN RAILWAY

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REPLACEMENT OF OLD VINTAGE MES FIRE FIGHTING PUMP SETS AND CONNECTED WORKS IN KARVA PUMP HOUSE AT NOFRA, UNDER GE (NW) NAVY NAGAR, COLABA, MUMBAI

Mobile : 8693057486

बुधवार, 16 अप्रैल 2014

सूरत

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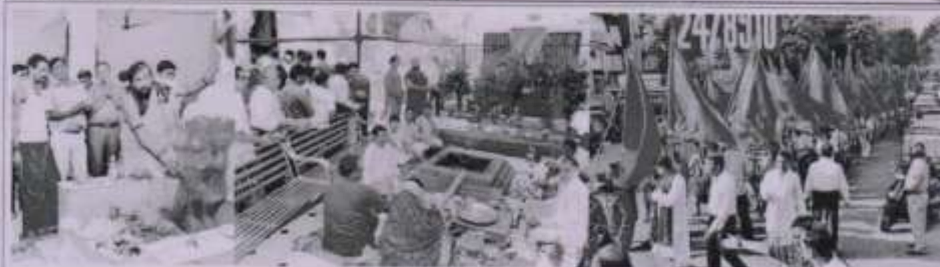


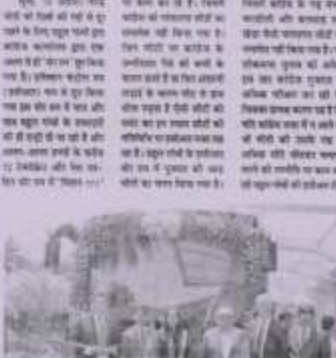
जय हनुमान ज्ञान गुन सागर...

राहुल के 'इसीआर' टीम की नजर राज्य की आठ सीटों पर

वलसाड के निःसहाय वृद्ध को कौन देगा सहारा?

■ दो पुत्र और तीन पुत्री होने के बावजूद कोई भी हाल चाल लेने या देखरेख करने के लिए तैयार नहीं

विश्वास अर्जित करने के बाद ताले की खरीदी कर पैमेन्ट नहीं देने वाले गिरोह के दो सदस्य गिरफ्तार: एक वॉन्टेड



एसवीएलएल कनेक्ट प्रा. लि. ने इन्टरसिटी सेवन स्टार लक्जरी पैसेन्जर बस लॉन्च किया

असह्य गरमी में नींबू हुआ महंगा

सूरत में मित्तल ग्रुप द्वारा पावर मार्केट कोनक्लेव का आयोजन

रुपये के लेन-देन में युवक पर सरिये से हमला