REVIEW ORDER

Order in the Review Petition filed by the Electricity Department, Goa In respect of the Tariff Order for FY 2014-15 issued on 15th April 2014

(Petition no – 135/2014)

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories

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08th July 2014

Contents

List of Abbreviations

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

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

Before the

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

CORAM
S.K. Chaturvedi (Chairperson)
Petition No. 135/2014

In the matter of
Review Petition in respect of the Tariff Order dated 15th April 2014 passed by the Hon'ble JERC for the Electricity Department, Goa
And in the matter of
Electricity Department, Goa. ….……..Petitioner

Date: 08th July 2014

ORDER

1. INTRODUCTION

1.1 JERC Formation

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

1.2 Electricity Department of Goa

The Electricity Department of Goa herein called ED-Goa, a deemed licensee under Section 14 of the Electricity Act 2003, is carrying on the business of transmission, distribution and retail supply of electricity in the State of Goa. The Goa Electricity Department (ED-Goa) is functioning as an integrated distribution licensee for the State of Goa.

Goa, a tiny emerald land on the west coast of India, the 25th State in the Union of States of India, was liberated from Portuguese rule in 1961. It was part of Union territory of Goa and Daman & Diu till 30 May 1987 when it was carved out to form a separate State. Goa covers an area of 3702 square kilometers and comprises of two Revenue district viz North Goa and South Goa. Boundaries of Goa State are defined in the North TerekholRiver which separates it from Maharashtra, in the East and South by Karnataka State and West by Arabian Sea.

Goa, for the purpose of revenue administration is divided into two-district viz. North and South Goa with headquarters at Panaji and Margao respectively. The entire State comprises 11 talukas. For the purpose of implementation of development programs, the State is further divided into 12 community development blocks.

1.3 Filing of Petition

The Commission has issued Order for Determination of ARR for FY 2014-15, Review of FY 2013-14and Tariff for FY 2014-15 on 15th April 2014 in petition no. 122/2014 filed by the Electricity Department, Goa. Aggrieved by certain provisions of the Tariff Order, Electricity Department, Goa filed a review petition on 19 May 2014.

1.4 Admission of Petition and Notice for Hearing

After initial scrutiny/analysis, the petition was admitted on 27th May 2014. A copy of the Admission Order dated 27th May 2014 is enclosed as **Annexure 1**.

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

2. POWER TO REVIEW.

2.1 Commission's Power to Review

a. The Commission's power to review its own orders flows from Section 94(1)(f) of the Electricity Act, 2003 and as the same is conferred on a Civil Court by the Code of Civil Procedure (CPC). These have been spelt out in Section 114, read with Order 47, of the CPC. The review application has to necessarily meet the requirements of Section 114 and Order 47 of the CPC.

b. As per the said provisions, the specific grounds on which an order already passed can be reviewed are:

   i. if there is mistake or error apparent on the face of the record, or

   ii. on discovery of new and important matter or evidence which, after due diligence, was not within the knowledge or could not be produced at the time of making the order, or

   iii. if there exists other sufficient reasons.

c. The power of review, legally speaking, is permissible where some mistake or error apparent on the face of record is found and the error apparent on record must be such an error which may strike one on a mere looking at the record and would not require any long drawn process of reasoning. A review cannot be equated with the original hearing of a case. A review petition has a limited purpose and cannot be allowed to be an appeal in disguise and it cannot be exercised on the ground that decision was erroneous on merits. But, simultaneously the material on record, which on proper consideration may justify the claim, cannot be ignored.

d. Clerical or arithmetical mistake in judgment or order or error arising therein from any accidental slip or omission may at any stage be corrected by the Commission under Section 152 of the CPC, either of its own motion or on the application of any of the parties. The use of word "may" shows that no party has a right to have a clerical or arithmetical mistake corrected. The matter is left to the discretion of the Court. Such discretion is required to be exercised judiciously to make corrections necessary to meet the ends of justice. The word "accidental" qualifies the slip/ omission. Therefore, this provision cannot be invoked to correct an omission which is intentional, however erroneous. Because Section 152 does not countenance a re-argument on merits of fact or law, the Commission has the limited powers to correct any clerical or arithmetical mistakes in judgment or order, or error arising therein from any accidental slip or omission.

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

The issues raised by the petitioner in respect of the Review of Commission's Tariff Order dated 15thApril 2014 and on each of these issues, the respective observations and speaking orders of the Commission are as follows:

3.1 Issue: Category-wise number of Consumers and Connected Load

Petitioner's Submission for Review:

In view of certain data discrepancies and strengthening of MIS data by petitioner; the petitioner has accepted the present approach of the Commission.

However, the petitioner has requested to provide computation of CAGR for Sales and No of Consumers for FY 2014-15 arrived at and to provide the details of slab wise Number of Consumers and Connected Load considered for FY 2013-14 & FY 2014-15 in revenue computation for Tariffs at Existing Tariff & Approved Tariff.

The Petitioner had made the submission on ground that detailed computations or information is required to be understood to ensure that next time petitioner is in sync with Commission's ideology and methodology.

Commission's views:

At the outset the Commission holds that there is no apparent error on face of the record, or omissions. Also, the petitioner has not specifically objected to the approach and methodology adopted by the Commission in computation of sales and connected load for the FY 2014-15. The Commission has also noted that the data furnished by the petitioner in this regard is erratic. The Commission had taken exception to the case as there was no response from the petitioner on the data discrepancies related to number of consumers and load. The treatment and exceptions of number of consumers has been spelt out in the order. However, for the information of the petitioner, the Commission has considered the slab-wise sales, no. of consumers and connected load for FY 2014-15 in the same/similar ratio as approved for FY 2013-14 which in turn has been considered on the basis of FY 2013-14 H1 (actuals) submitted by the petitioner and approved by the Commission.

The parameters in contention are subject to true up for which the Commission has already given directions in its order. The Commission also reiterates its direction that the Petitioner should submit the figures of number of consumers, load, sales and revenue from sale of power duly certified by the statutory auditor for the years FY 2010-11 to FY 2013-14 during the filing of true up for the relevant year.

No review is made out to this effect. This issue is decided accordingly.

3.2 Issue: Purchase of Power from Open Market/ Traders instead of RGPPL

Petitioner's Submission for Review:

The Petitioner has referred to RGPPL letter Ref no.: RGPPL/Comml./01(d) dated 04.10.2013 which states

" The state of Goa is being supplied power since April, 2012 as per allocation made by Govt. of India vide letter no. R-1/2009-IPC dtd 29.03.2010. However, since our principal beneficiary MSEDCL is not scheduling power, we are unable to supply you also as the power allocated to you, as the same is below technical minimum requirement load necessary to operate any Gas Turbine at our facility."

The petitioner submitted that presently their principal beneficiary i.e. MSEDCL has already appealed before Hon`ble APTEL and the above mentioned conditions are continuing as on date and might continue in future till availability of domestic APM gas to RGPPL which leads to no supply to ED-Goa from RGGPL. The petitioner has enclosed copy of the letter dated 4.10.2013 issued by RGPPL with this petition.

The Petitioner also submitted that the Commission has erred in considering the energy charges for FY 2014-15 based on the Invoice of October 2013 for RGPPL as ED-Goa has not purchased any power from RGPPL from Sep. 13 to March 14 and hence it would have been reasonable to consider the power purchase from RGPPL based on costs of FY 2012-13.

The Petitioner further suggested that Commission should have allowed power purchase from Open Market/ Traders @ Rs.3.00 per unit, instead of RGPPL costing Rs.3.70 per unit. In fact cost of RGPPL would be much higher in actual scenario as it has barely been able to generate power at envisaged and approved of 92.14% by Commission.

The petitioner has requested the Commission that it should be permitted to pay only fixed charges as per PPA and present court proceedings going on against RGPPL before APTEL and the power purchase would be done only when variable price is at reasonable and affordable levels and that the petitioner should be allowed to purchase the power from open market to avoid undue burden on consumers.

The petitioner, in additional submission, has submitted the following:

Quote

The petitioner would like to make additional submission with regards to court case proceedings in the matter of RGPPL v/s ED-Goa for capacity charge payments. Following are the chronological events:

1. *The PPA between RGPPL & ED-Goa was executed on 29-04-2011.*
2. *The Power from RGPPL was available to EG-Goa on Domestic gas from April, 2012.*
3. *The average rate of power from RGPPL upto May 2013 was Rs. 5.69/Unit.*
4. *The average rate paid by ED-Goa to RGPPL for June and July, 13 was Rs.14.64 and Rs.16.15/Unit. This higher rate was due to non generation of power in absence of schedule by major beneficiary i.e. Maharashtra with 95% share of the Power. Due to shortage of Domestic Gas, RGPPL approached CERC for generation on R-LNG i.e. costly fuel. RGPPL received order from Hon'ble Central Electricity Regulatory Commission (CERC) dated 30th July 2013 for declaration of the capacity with RLNG Fuel. The Power Generated from this fuel is much costlier as compared to generation on Domestic Gas which was available till May 2013.*
5. *RGPPL vide its letter dated 4/10/2013 has mentioned that Principle Beneficiary i.e. Maharashtra (MSEDCL) is not scheduling the Power and therefore they are unable to generate the power since the schedules of other beneficiaries i.e. Daman and Diu 2%, Dadra and Nagar Haveli 2% and Goa 1% is below the technical minimum requirement necessary to operate any Gas Turbine at their facility.*
6. *Maharashtra (MSEDCL) has taken up the matter before Appellate Tribunal for Electricity, New Delhi with a prayer for stay on the Order of CERC and the matter is pending for disposal.*

7. *RGPPL in spite of the above situation has been regularly issuing the bills to ED-Goa on Declared Capacity based on CERC Order dated 30-07-2013.*
8. *This was not accepted by the ED-Goa, as the department was scheduling the power as per declared Capacity but practically State was not getting the power due to non- scheduling by Maharashtra. However, the ED-Goa had stopped making payment to the firm.*
9. *RGPPL intimated ED-Goa for encashment of L/C for non release of payment and has encashed the L/C of ED-Goa*
10. *Electricity Department Goa had no alternative but to approach the appropriate court for restraining RGPPL for further encashment of L/C since it was revolving.*

Further the petitioner has also requested Ministry of Power to temporarily withdraw the Power Allocation share from RGPPL and has also raised the matter at various other forums as under:

1. *Jt Secretary (Thermal), MOP/ GOI vide letter dated 19.9.2013;*
2. *Secretary (Power), MOP/ GOI vide letter dated 3.10.2013;*
3. *Jt Secretary (Thermal), MOP/ GOI vide letter dated 15.10.2013 (reminder);*
4. *Chairman, WRPC vide letter dated 23.10.2013*
5. *Appraised during the Regional Level meet called by Secretary (Power), MOP / GOI on 17.1.2014*

Unquote

Commission's views:

The Commission is of the view that the letter now submitted by the petitioner is new information being placed on record which was not presented to the Commission at the time of original proceedings. However, taking cognizance of the fact that power purchase is an uncontrollable parameter, the Commission is of the view that in case of non-availability of power from a particular source, the petitioner can purchase the power from alternate sources by prudently reviewing / evaluating the availability from various sources of power. In accordance with the JERC Regulations also the petitioner is duty bound to purchase power on merit order basis.

The Commission, during the truing up process, will consider the payment of applicable charges as per the approved PPA subject to the condition that the petitioner will critically review the terms and conditions of the PPA and ensure that consumers are not burdened by the payment of unjustified charges to RGPPL. The Commission would like to highlight the fact that the petitioner already has the provision of recovery of incremental power purchase charges, if any, through FPPCA. The issue therefore merits no review. The issue is decided accordingly.

3.3 Issue: Computation of PGCIL Charges as per CERC Methodology and Escalation to be provided at minimum 5% level

Petitioner's Submission for Review:

The Petitioner has submitted that the Commission has considered POC rates as per Dec 2013 CERC Order for H2 of FY 2013-14 and that no escalation has been considered by the Commission for FY 2014-15 against the Petitioners projection of 10%.

The petitioner has requested the Commission to allow the deviation of PGCIL Charges in FPPCA mechanism.

Commission's views:

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

The Commission would like to emphasize on the fact that any submission by the petitioner is considered on its merits as well as applicable rules and regulations and prevailing scenario after the prudence check by the Commission. In the issue cited above, the Commission has computed transmission charges as per the CERC Regulation for 'Sharing of InSTS Charges & Losses' 2010 and the latest orders issued by CERC in this context. The Commission would like to emphasis on the fact that in the absence of any order of CERC, it would be inappropriate to consider any adhoc increase in the transmission charges. The issue has already been adequately dealt within the order. Any changes in transmission charges will be reviewed by the Commission in the review of FY 2014-15 and will be subsequently trued up on the basis of audited accounts. Thus, the Commission finds no merit in the petitioner's submission and the issue is decided accordingly.

3.4 Issue: Computation of Non-Solar RPO for FY 2014-15

Petitioner's Submission for Review:

The Petitioner has submitted that as per Tariff Order, it has to purchase 3.90% of total energy purchase from sale to the consumers in its area as power purchase from renewable sources for FY 2014-15 including 0.60% for Solar and 3.30% for Non-Solar whereas the amendment of RPO regulations mentions of total RPO of 3.30% i.e. Non solar 2.70% & Solar 0.60%.

The Petitioner has requested the Commission to clarify on same. The Petitioner also requested the Commission to provide detailed calculation of RPO for FY 2014-15 and allow the shortfall of Non-Solar RPO amount.

Commission's views:

The Commission acknowledges that there is an apparent error in the write-up of the Renewable Power Obligation. The obligation has inadvertently been mentioned as 3.90% i.e. 3.30% (Non-Solar) plus 0.60% (Solar).

The Commission would like to highlight that the actual requirement for FY 2014-15 is 3.30% i.e. 2.70% (Non-Solar) plus 0.60% (Solar). The Commission has actually considered the correct obligation requirement for FY 2014-15 which is shown as below:

S.N.	Description	FY 2014-15
1	**Sales Within State**	3078.09
2	**RPO Obligation (in %)**	
	- Solar	0.60%
	-Non Solar	2.70%
3	**RPO Obligation (in MU)**	
	- Solar	18.47
	-Non Solar	83.11
4	**Floor Price of REC Certificates /MWH**	
	- Solar	**9300.00**
	-Non Solar	**1500.00**
5	**Provision for RPO Compliance**	
	- Solar	**17.18**
	-Non Solar	**12.47**
	-Total	**29.64**

The Commission thus orders following corrections in the clause 6.6 Power Purchase Quantum and Cost – Renewable Energy Obligation for FY 2014-15 of tariff order:

Original Provision

"………..The Petitioner has to purchase 3.90% of total energy purchase for sale to the consumers in its area as power purchase from renewable sources for FY 2014-15 including 0.60% for Solar and 3.30% for Non-Solar…………."

Revised Provision

*"………..The Petitioner has to purchase **3.30%** of total energy purchase for sale to the consumers in its area as power purchase from renewable sources for FY 2014-15 including 0.60% for Solar and **2.70%** for Non-Solar…………."*

Original Provision

"………..Therefore, the Commission has considered the RPO obligation through REC certificates at Rs 4.00 and Rs 9.00 per unit for non-solar and solar respectively. However, the Petitioner can explore alternatives for fulfillment of RPO that would be considered at the time of true up…………"

Revised Provision

*"………..Therefore, the Commission has considered the RPO obligation through REC certificates at floor price of **Rs 1.5 per unit and Rs 9.3 per unit**for non-solar and solar respectively. However, the Petitioner can explore alternatives for fulfillment of RPO that would be considered at the time of true up…………."*

However, while there is error on the write-up part, there is no error on the computational part of the impact of the obligation. Thus, there is no financial implication and the Commission accordingly approves the submission of the petitioner to the extent of change in write-up of relevant provisions of the tariff order only and the issue is decided accordingly.

3.5 Issue: Inflation Index

Petitioner's Submission for Review:

The petitioner has submitted that it has computed Inflation Index as per methodology adopted by the Commission in previous tariff orders and further submitted that the Commission has erred in maintaining its own stand for computation of Inflation Index. Earlier it had computed the same on month to month basis and in this tariff order it has considered WPI Index as on 1st April of the relevant financial year.

The petitioner had detailed out computation of WPI Index at para 5.4.2 & 5.4.3 of the petition and arrived at 7.36%. The Commission has computed WPI Index of 5.69%. Hence the difference of Inflation Index is 1.67% which needs to be claimed on O&M Expenses of FY 2013-14.

The Petitioner has requested the Commission to approve Inflation index as per past tariff order and maintain consistency with all utilities in terms of implementation of tariff regulations. The Petitioner has also requested to allow the shortfall amount of Rs.2.88 Crs due to Inflation Index for O&M Expenses for FY 2014-15.

Commission's views:

The Commission is of view that there is no apparent error on the face of record. As per JERC Tariff Regulations -

> *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;*
>
> *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****;*(Emphasis added)

The Commission would like to highlight that for FY 2014-15, the relevant WPI Index is as on 01st April 2014. Accordingly, the Commission has used the latest WPI index till Jan 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 and considering the increase in WPI of FY 2013-14 over FY 2012-13). The Commission has accordingly computed the WPI increase of 5.69% for FY 2014-15 and considered the same for escalation of O&M Expenses.

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

3.6 Issue: Reasonable Return / Return on Equity

Petitioner's Submission for Review:

The petitioner has submitted that the Commission has approved Reasonable Return as per approach of ED-Goa; however it is contrary to the principles of Tariff Regulations. ED-Goa was also unaware of this and it came to notice only while referring to tariff orders of other utilities under this Commission.

The Petitioner has submitted that the Commission has erred in allowing Reasonable Return for ED-Goa (integrated utility) and in fact has adopted differential treatment for different utilities. The Commission has adopted correct approach for Puducherry as compared to ED-Goa where certain elements are not considered while computing Reasonable Return.

It is pertinent to know the formula adopted by Commission and ED-Goa also claims as per the same.

The shortfall of Rs. 7.43 Crs (Rs.18.55 Crs – Rs.11.12 Crs approved amount) for FY 2014-15 needs to be allowed by the Commission under this review petition.

The Petitioner requested the Commission to approve Reasonable Return as per provisions of Tariff Regulations and also maintain consistency with all utilities in terms of implementation of tariff regulations.

Commission's views:

The Commission would like to emphasize on the fact that as far as the petitioner is concerned the reasonable return @ 3% of NFA has been computed strictly as per regulations only. The Commission would also like to draw the attention of the petitioner towards the format 6 of the notified JERC Terms and Conditions of determination of tariff 2009 wherein the methodology for determination of Reasonable return @3% of NFA is clearly defined which is in sync with the submission of petitioner and order issued by the Commission. Thus, there is no apparent error on the face of record as far as the petitioner is concerned.

However, regarding the issue of consistency of approach across various utilities for determination of reasonable return @ 3% of NFA, the Commission would revisit the approach for determination of reasonable return for ED-Puducherry and make necessary corrections, if required, through a separate order. The issue is decided accordingly.

3.7 Issue: Mismatch between Fixed Charges Income & Fixed Charges Obligation

Petitioner's Submission for Review:

The petitioner has submitted that the Commission has merged tariffs of certain categories and lowered the Demand Charges and increased the Energy Charges and that this approach of the Commission is incorrect and would increase working capital burden for ED-Goa.

The petitioner also submitted that the tariffs in case of HT Ferro (above 500 units per kVA) and HT Steel Rolling (above 300 units per kVA) have actually reduced and that by reducing demand charges, it has put ED-Goa in danger of fixed charges recovery of expenses. The Petitioner further submitted that the tariff design is lop-sided and needs immediate correction mainly on part of demand charges for HT Consumers of categories HT Industrial Ferro Metallurgical/ Steel Melting/ Power Intensive and HT Steel Rolling and that the Commission has arbitrarily reduced the fixed/ demand charges of HT Industrial Ferro Metallurgical/ Steel Melting/ Power Intensive and HT Steel Rolling class of consumers and thereby burdening ED-Goa with heavy deficit of cash flow. There is need to re-determine the fixed / demand charges for the HT categories.

Commission's views:

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

> *"The Commission, this time, has rationalized the tariff structure of some of the consumer categories. The Commission has made the following tariff changes in the tariff structure*
>
> - *It has been observed that the nature of work under category HT Industrial (Ferro Metallurgical / Steel melting / Power Intensive) and (HT Industrial Steel rolling) is same. Therefore the Commission has merged the two categories which can be seen from the tariff schedule annexed to this order*
> - *Slabs for the merged category have been done away and single tariff for all slabs have been determined".*

The Commission has rationalized the tariff structure which is even mentioned in the tariff order. The Commission would also like to emphasise on the fact that while formulating the overall tariff design, the Commission has considered the revenue neutral approach (keeping the provisions of National Tariff Policy) and ensured full recovery to the petitioner by revisiting the energy charges also along with the demand charges.

As per the National Tariff Policy the cross subsidisation can exist in the range of + / - 20% which the commission has adhered too. Further, the Commission cannot discriminate between consumers having similar nature of service. The Commission has taken a conscious view to merge the categories in view of the fact that the nature of work is the same in the two pre-existing categories i.e. HT Industrial (Ferro Metallurgical / Steel melting / Power Intensive) and HT (Industrial Steel rolling). As regards the issue of Fixed Charge vis-à-vis fixed cost recovery the tariff inherently did not address the issue of parity on the same. The Commission would gradually move towards tariff which is a true reflection of the fixed cost. Presently the Commission has given a cost reflective tariff whereby the tariffs were increased for the entire revenue gap post government subsidy.

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

3.8 Issue: Computation of Cross Subsidy Surcharge (CSS)

Petitioner's Submission for Review:

The petitioner has submitted that the Commission has shown the table for approval of cross subsidy surcharge at page no.158 of Tariff Order, but there are no figures appearing in the table.

The Petitioner also submitted that the computation of 'C' factor being utilised in Cross Subsidy Surcharge is unclear and hence there is need to re-determine CSS for FY 2014-15 for the open access consumers in the State of Goa. Further the logic of computing 5% energy with Gross Purchase and while computing cost of such 5% energy considering net purchase also appears to be unreasonable.

The petitioner also submitted that as per National Tariff Policy formula, Liquid Fuel based generation needs to be excluded while computing cost of top 5% power. It is requested to the Commission to exclude the quantum of Liquid Fuel/ Non-APM fuel from total power purchase for KGPP & GGPP while computing 'C' factor. The petitioner emphasised on the fact that it is unreasonable to include RGPPL in 'C' factor considering the actual scenario for RGPPL where gas is unavailable. As per information provided earlier in this petition, the weighted average cost of RGPPL is much more as generation is less and petitioner ends up paying entire fixed / capacity charges. Hence petitioner requested that the Commission may exclude RGPPL while computing 'C' factor considering practical difficulties.

The petitioner requested the Commission to provide detailed calculation of CSS as per formula prescribed in National Tariff Policy so that it is clear and also in future such errors are avoided by petitioner.

Commission's views:

The Commission would like to draw attention of the petitioner towards the National Tariff Policy wherein it is stated that:

"C is the weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power".

The Commission would like to highlight that the sources being considered by the Commission are all Gas Based Stations and not liquid fuel based stations. Thus, these stations are very much in the purview as far as determination of cross subsidy surcharge is concerned. The Commission has accordingly considered these stations for determination of Cross subsidy surcharge. The detailed computation of "C" in the formula of cross subsidy surcharges is summarized below:

Generator	MU	Power Purchase rate	Total Power Purchase cost
KGPP	54.00	4.50	24.32
GGPP	73.53	4.21	30.97
RGPPL	54.91	3.98	21.85
Total	**182.44**	**4.23**	**77.15**

The Commission has already detailed in the order that the wheeling charges for HT and EHT consumers are Rs 0.28 per unit ("D") and the losses for HT and EHT level are 3.64% ("L"). The Commission has also detailed in the tariff order itself the "T" applicable to various categories which is reiterated below:

Particular	Sales	Revenue from approved tariff	Average Tariff
Tariff HT-Mixed	112.09	51.56	4.60
Tariff HTI/Industrial	654.90	301.87	4.61
H.T. Industrial (Ferro Metallurgical/ Steel Melting/ Power Intensive)	554.81	213.88	3.86
EHTI/Industrial	192	88.30	4.60
H.T. Industrial (Steel Rolling)	61	26	4.17
Tariff HT-Industries (IT High Tech).	21	7.93	3.79

As the Cross subsidy charge considering the formula specified in the National Tariff Policy i.e. S = T – [C (1+ L / 100) + D] and the above mentioned parameters is coming out to be negative for all categories, the Commission accordingly considered "Nil" Cross subsidy surcharge for these categories. Thus, this issue does not require a review and is decided accordingly.

3.9 Issue: Interest on Working Capital

Petitioner's Submission for Review:

The Petitioner has submitted that the deduction of security deposit from working capital requirement is not mentioned in Tariff Regulations. Many SERCs have adopted this approach considering that it is the amount available for meeting working capital requirements.

The Petitioner believes that, with the correction / review of certain elements of ARR for FY 2014-15, the net ARR would increase and as a result the Interest on working capital would also get revise upwards. The petitioner requests this Commission to approve the additional amount of Interest on Working Capital for FY 2014-15.

Commission's views:

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

The issue has been dealt with adequately at para 5.13 of its order dated 15th April 2014. The Commission would like to emphasize on the fact that the Consumer security deposit is an amount available with the petitioner. The petitioner has the option to either prudently deposit this amount to earn interest to pay to consumers as per the provisions of applicable regulations or to use this amount to meet its working capital requirements. In the first case, as the amount has been deposited by the petitioner and is not available for working capital requirement, the same is not deducted from the working capital requirement. However, no additional interest on consumer security deposit is admissible in this case.

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

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

The Commission thus finds no merit in petitioner’s submission and since other issues raised by the petitioner do not require a review as detailed above, this issue also does not require a review and is decided accordingly.

4. CONCLUSION OF COMMISSION'S ORDER

Having considered the Petition no. 135/2014 of Electricity Department of Goa for Review in respect of the Tariff Order dated 15thApril 2014 passed by the Hon'ble JERC, The Commission approves the following.

a) Issue: Category-wise number of Consumers and Connected Load

- ***No Review Required***

b) Issue: Purchase of Power from Open Market/ Traders instead of RGPPL

- ***No Review Required***

c) Issue: Computation of PGCIL Charges as per CERC Methodology and Escalation to be provided at minimum 5% level

- ***No Review Required***

d) Issue: Computation of Non-Solar RPO for FY 2014-15

- ***Partial Review approved (To the extent in change in write-up only)***

e) Issue: Inflation Index

- ***No Review Required***

f) Issue: Reasonable Return / Return on Equity

- ***No Review Required***

g) Issue: Mismatch between Fixed Charges Income & Fixed Charges Obligation

- ***No Review Required***

h) Issue: Computation of Cross Subsidy Surcharge (CSS)

- ***No Review Required***

i) Issue: Interest on Working Capital

- ***No Review Required***

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

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

Sd/-
(S.K. Chaturvedi)
Chairman

Dated 08.07.2014
Gurgaon

Certified Copy

(Keerti Tewari)
Secretary