

Order in Petition No. 194/2016

Order on

Aggregate Revenue Requirement for
FirstMYT Control Period
(FY 2016-17 to FY 2018-19)

&

Retail Supply Tariff for FY 2016-17

For

Electricity Department, Lakshadweep Administration



31st March 2016

संयुक्तविद्युत विनियामक आयोग(गोवाराज्य और संघशासित प्रदेशोंके लिए)

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories,

2 तल, वाणिज्यनिकुंज, एचएसआईआईडीसीकार्यालयपरिसर, उद्योगविहारफेज-V, गुडगांव-122016 हरियाणा

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

QUORUM

Shri S.K. Chaturvedi (Chairperson)

Ms. Neerja Mathur (Member)

Petition No. 194/2016

In the matter of

Approval of Aggregate Revenue Requirement for the first MYT Control Period (FY 2016-17 to FY 2018-19) & Wheeling & Retail Supply Tariff for FY 2016-17.

And in the matter of

Electricity Department, Lakshadweep Administration.....**Petitioner**

ORDER

Passed On: 31st March 2016

- a. This order is passed in respect of the petition filed by the Electricity Department, Lakshadweep Administration for approval of Aggregate Revenue Requirement for the first MYT Control Period (FY 2016-17 to FY 2018-19) & Wheeling & Retail Supply Tariff for FY 2016-17.
- b. The Petitioner has submitted the MYT Petition on 15th January 2016.
- c. After receiving the petition, the Commission scrutinized the contents of the petition and called for further information/data so as to take a prudent view of the petition. The Commission also held a technical validation session of the MYT Petition to determine the sufficiency of the petition. Comments/objections/suggestions were also invited from the public/stakeholders. Public hearing was held and parties/people present were heard. The schedule of activities performed under this quasi-judicial process was as below:

Particulars	Details
Date of Admission	22 nd January 2016
Petition No.	194/2016
Technical Validation Session	24 th February 2016 at Kavaratti
Public Hearing	25 th February 2016 at Kavaratti

- d. The approved tariff of FY 2016-17 as detailed in Chapter “Tariff Schedule” shall come in force with effect from 1st April 2016 and shall remain valid till further orders of the Commission.
- e. The licensee shall publish the revised tariff structure and the salient features of tariff within one week in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply. The Commission also directs the licensee to announce the Tariff Structure and the salient features of the Tariff over public address system and local TV Channels, if any, within one week from the date of the tariff order in the respective local languages of the regions, in case of the non-availability/non-publication of any newspaper in the islands of the UT of Lakshadweep.
- f. FPPCA formula has been separately notified under the Regulation. It is seen that in the case of the UT of Lakshadweep, majority of the generation is diesel based, making per unit cost of generation very high compared to the other utilities. Thus, the approved tariff is not covering the full cost of supply. Historically, there has been substantial gap between the actual cost of supply and revenue realized. This gap so far has been borne by the administration of Lakshadweep & is so large that in near future there seems to be no feasibility of recovering average cost of supply from the consumer. Keeping the above fact in view, the Commission is of the view that any variation in the cost of power generation (including variation in power purchase cost, if any) should for the time being be borne by the Utility. Further, the Utility is directed to propose a scheme for sharing of the increase in the cost of power generation (including power purchase cost, if any) with the consumers for the Commission’s consideration and approval.
- g. Ordered as above, read with attached document giving detailed reasons, grounds and conditions.
- h. Copy of this order may be sent to Petitioner, CEA and Administration of UT of Lakshadweep. It shall be placed on the website of the Commission.

नीरजामाथुर
सदस्य

सुधीर चतुर्वेदी
अध्यक्ष

संयुक्तविद्युतविनियामकआयोग
(गोवाऔरकेंद्रशासितप्रदेशोंकेलिए)

स्थान : गुडगाँव

दिनांक: 31मार्च, 2016

Table of Contents

1. Introduction.....	1
1.1. About JERC.....	1
1.2. Electricity Regulatory Process in Lakshadweep Islands.....	1
1.3. Filing of Petition for approval of MYT Petition for the Control Period from FY 2016-17 to FY 2018-19 and Tariff Petition for FY 2016-17.....	1
1.4. Admission of Petition.....	2
1.5. Interaction with the Petitioner.....	2
1.6. Public Hearing Process.....	3
1.7. Notice for Public Hearing.....	3
1.8. Organization of the Order.....	4
2. Summary of Objections/Suggestions received, Response from the Petitioner and Commission's Views.....	5
2.1. Regulatory Process.....	5
2.2. Objections/Suggestions, Response of the Petitioner and Commission's Comments.....	6
2.3. High consumption of electricity by the Government Departments especially through use of air conditioners.....	6
2.4. Direct supply to Power Houses from Bulk Oil Facility.....	7
2.5. No proper publicity of Public Hearing.....	7
3. True-up for FY 2012-13, FY 2013-14, FY 2014-15.....	9
3.1. Applicable Provisions of Tariff Regulations 2009.....	9
3.2. Approach for True-Up of previous years.....	9
4. Review of FY 2015-16.....	11
4.1. Applicable Provisions of Tariff Regulations 2009.....	11
4.2. Approach for Review of FY 2015-16.....	11
5. Approval of the various ARR components for the MYT Control Period FY 2016-17 to FY 2018-19..	12
5.1. Approach for the approval of various ARR components for the MYT Control Period.....	12
5.2. Energy Sales.....	12
5.3. Number of Consumers.....	13
5.4. Connected Load Growth.....	14
5.5. Intra-State Transmission and Distribution losses.....	15
5.6. Energy Requirement.....	16
5.7. Power Purchase Quantum & Cost for MYT Control Period.....	17
5.8. GFA, Capitalization and Depreciation.....	21
5.9. Operation and Maintenance Expenses.....	23

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

5.10.	Interest and Finance Charges.....	28
5.11.	Interest on Security Deposit.....	30
5.12.	Interest on Working Capital.....	31
5.13.	Return on Equity.....	33
5.14.	Provision for bad and doubtful debts.....	34
5.15.	Non-Tariff Income.....	35
5.16.	Income Tax.....	35
5.17.	Aggregate Revenue Requirement for the MYT Control Period.....	36
5.18.	Revenue at Existing Tariff and Gap for FY 2016-17.....	37
5.19.	Average Cost of Supply.....	38
6.	Tariff Principles and Design.....	40
6.1.	Preamble.....	40
6.2.	Principles of Tariff Design.....	40
6.3.	Tariff Proposal.....	42
7.	Tariff Schedule.....	47
7.1.	Tariff Schedule.....	47
7.2.	Applicability.....	48
7.3.	General Terms and Conditions.....	49
7.4.	Other Terms and Conditions for HT Supply.....	52
7.5.	Schedule for Miscellaneous Charges.....	53
8.	Directives.....	55
8.1.	Directives liable for action under Section 142 of Electricity Act 2003 and various provisions of applicable regulations in case of further Non-Compliance.....	55
8.2.	Filing of Review and True-up Petition for Previous Years.....	55
8.3.	Annual Statement of Accounts.....	56
8.4.	Preparation of asset and Depreciation Register.....	57
8.5.	Optimization of Fuel Cost.....	58
8.6.	Segregation of O&M expenses under different accounting heads.....	60
8.7.	Collection of Arrears.....	61
8.8.	Capital expenditure.....	61
8.9.	Metering of consumer installations / replacement of Non-Functional or defective Meters.....	62
8.10.	Interest on Security Deposit.....	63
8.11.	Directives continued in this Tariff Order.....	64
8.12.	Renewable Purchase Obligation and Exploration of alternative sources of electrical energy...	64
8.13.	Bill Payment.....	66

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

8.14.	Strengthening of the Consumer Grievance Redressal System.....	66
8.15.	Energy Audit Report.....	67
8.16.	Improvement in Specific Fuel Consumption (SFC).....	68
8.17.	Energy Efficiency measures.....	69
8.18.	Man Power Studies.....	70
8.19.	Quarterly Reports.....	71
8.20.	Publicity for Consumer Grievance Handling System.....	71
8.21.	Safety of Consumers and Employees.....	72
8.22.	New Directives issued in this tariff order	73
8.23.	Directives dropped in this Tariff Order	73
8.24.	Technology up gradation	73
8.25.	Submission of Business Plan for MYT Control Period	74
Annexure 1: List of Objectors/Stakeholders.....		75

List of Tables

Table 1.1: Details of Tariff and Related Petitions so far submitted by the Petitioner & Tariff Orders Issued by JERC.....	1
Table 1.2: List of Interactions with the Petitioner	3
Table 1.3: Schedule of public hearing at Kavaratti.....	4
Table 5.1: Historical Sales submitted by the Petitioner (in MU)	12
Table 5.2: Projected Sales submitted by the Petitioner (in MU).....	13
Table 5.3: Category-wise Energy Sales as approved by the Commission for MYT Control Period (In MU)	13
Table 5.4: Historical No. of Consumers submitted by the Petitioner.....	14
Table 5.5: Projected No. of Consumers submitted by the Petitioner	14
Table 5.6: Category-wise number of consumers as approved by the Commission for MYT Control Period	14
Table 5.7: Approved T&D Losses (in %age)	16
Table 5.8: Energy Requirement submitted by the Petitioner (in MU).....	16
Table 5.9: Energy Requirement approved by the Commission (in MU)	17
Table 5.10: Projected Generation submitted by the Petitioner (in MU)	17
Table 5.11: Projected Fuel Cost submitted by the Petitioner (in Rs Crores).....	17
Table 5.12: Average per unit Fuel Cost submitted by the Petitioner (in Rs per litre)	18
Table 5.13: Specific HSD and Lube Oil Consumption approved by the Commission.....	19
Table 5.14: Fuel & Power Purchase Cost approved by the Commission (in Rs Crores).....	20
Table 5.15: GFA and Capitalization details submitted by the Petitioner (in Rs Crores)	21
Table 5.16: Depreciation details submitted by the Petitioner (in Rs Crores).....	21
Table 5.17: GFA and Capitalization details approved by the Commission (in Rs Crores).....	21
Table 5.18: Depreciation approved by the Commission for the MYT Control Period (in Rs Crores)	23
Table 5.19: O&M Expenses submitted by the Petitioner (in Rs Crores)	23
Table 5.20: Average WPI Increase in past 3 years.....	24
Table 5.21: Employee Expenses approved by the Commission (In Rs Crores).....	25
Table 5.22: A&G Expenses approved by the Commission (In Rs Crores).....	26
Table 5.23: Average CPI Increase in past 3 years	27
Table 5.24: R&M Expenses approved by the Commission (In Rs Crores).....	28
Table 5.25: Interest on Loan submitted by the Petitioner (In Rs Crores)	28
Table 5.26: Interest on Loan approved by the Commission (In Rs Crores).....	30
Table 5.27: Interest on Consumer Security Deposit submitted by the Petitioner (In Rs Crores)	30
Table 5.28: Interest on Consumer Security Deposit approved by the Commission (In Rs Crores)	31
Table 5.29: Interest on Working Capital submitted by the Petitioner (In Rs Crores).....	32
Table 5.30: Interest on Working Capital approved by the Commission (In Rs Crores).....	33
Table 5.31: Return on Equity submitted by the Petitioner (In Rs Crores).....	33
Table 5.32: Return on Equity approved by the Commission (In Rs Crores)	34
Table 5.33: Provision of Bad and Doubtful Debts Submitted by Petitioner (In Rs Crores).....	34
Table 5.34: Non-Tariff Income Submitted by Petitioner (In Rs Crores)	35
Table 5.35: Non-Tariff Income Approved by the Commission (In Rs Crores).....	35
Table 5.36: Aggregate Revenue Requirement submitted by the Petitioner for MYT Control Period (In Rs Crores).....	36

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Table 5.37: Aggregate Revenue Requirement approved by the Commission for MYT Control Period (In Rs Crores).....	37
Table 5.38: Revenue Gap submitted by the Petitioner for MYT Control Period (In Rs Crores)	37
Table 5.39: Revenue at Existing Tariff Approved by the Commission for FY 2016-17 (In Rs Crores).....	38
Table 5.40: Revenue Gap at Existing Tariff Approved by the Commission for FY 2016-17 (In Rs Crores)	38
Table 5.41: Average Cost of Supply submitted by the Petitioner for MYT Control Period (Rs/ Unit)	39
Table 5.42: Average Cost of Supply approved by the Commission for FY 2016-17 (Rs/ Unit).....	39
Table 6.1: Existing v/s Proposed Tariff for FY 2016-17 submitted by the Petitioner	43
Table 6.2: Tariff Approved by the Commission for FY 2016-17.....	44
Table 6.3: Revenue at Revised Tariff Approved by the Commission for FY 2016-17	45
Table 6.4: Revenue Gap at Revised Tariff Approved by the Commission for FY 2016-17	45
Table 6.5: %age recovery of ACOS at Existing and Revised Tariff Approved by the Commission for FY 2016-17.....	46

List of Abbreviations

Abbreviation		Full Form
A&G	:	Administration & General
Act	:	The Electricity Act, 2003
ARR	:	Aggregate Revenue Requirement
BNP	:	Bharat Nirman Programme
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
DDUGJY	:	Deendayal Upadhyaya Gram Jyoti Yojana
DISCOM	:	Electricity Department of Lakshadweep Islands
CPSU	:	Central Public Sector Undertaking
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
IPDS	:	Integrated Power Development Scheme
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
MYT	:	Multi Year Tariff
NDS	:	Non-Domestic Supply
NFA	:	Net Fixed Assets
O&M	:	Operation & Maintenance
PGCIL	:	Power Grid Corporation of India Ltd.
PLF	:	Plant Load Factor
PX	:	Power Exchange
R-APDRP	:	Restructured Accelerated Power Development and Reforms Programme

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Abbreviation		Full Form
REC	:	Renewable Energy Certificate
RoE	:	Return on Equity
RPO	:	Renewable Purchase Obligation
R&M	:	Repair & Maintenance
SLDC	:	State Load Dispatch Centre
SBI CAPS	:	SBI Capital Market Limited
SBI PLR/SBAR	:	SBI Prime Lending Rate/State Bank Advance Rate
SCC	:	System Control Centre
T&D	:	Transmission & Distribution
UI	:	Unscheduled Interchange
VC	:	Variable Charges

1. Introduction

1.1.About JERC

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 02ndMay2005. 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 30thMay2008. 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 Gurgaon, Haryana.

1.2.Electricity Regulatory Process in Lakshadweep Islands

The Electricity Department of Lakshadweep Administration had submitted their petitions for Determination of Aggregate Revenue Requirement and Tariff before the Commission and the Commission subsequently issued the following tariff orders.

Table 1.1: Details of Tariff and Related Petitions so far submitted by the Petitioner& Tariff Orders Issued by JERC

Sr. No.	For FY	Filing date	Date of Tariff Order
1.	2012-13	01 st August 2012	31 st October 2012
2.	2013-14	09 th April 2013	22 nd May 2013
3.	2014-15	10 th January 2014	11 th April 2014
4.	2015-16	10 th February 2015	17 th April 2015
5.	Business Plan for First MYT Control Period	15 th January 2016	—————

1.3.Filing of Petition for approval of MYT Petition for the Control Period from FY 2016-17 to FY 2018-19 and Tariff Petition for FY 2016-17

As per provisions in clause 5.1 and 12.1 of the MYT Regulations, 2014 and amendments thereon, the Petitioner is required to file for approval of the Commission its Business Plan for three years Control Period i.e. from FY 2016-17 to FY 2018-19 with details for each year

of the Control Period. The Commission, in previous tariff order, had directed the Petitioner to submit the revised Business Plan for the period FY 2016-17 to FY 2018-19, along with requisite details as provided in MYT Regulations 2014, latest by 31st July 2015.

LED had not submitted the Business Plan Petition till 31st July 2015. However, vide email dated 10th August 2015, LED has requested for extension of the time for submission of the Business Plan for the MYT Control Period from FY 2016-17 to FY 2018-19 till first week of September 2015. The Department subsequently submitted the Business Plan to the Commission on 02nd November 2015.

The Commission noted that the Business Plan Petition was not properly prepared as per the MYT Regulations 2014 and amendment thereon. Hence the Commission directed LED to:

1. Resubmit the Business Plan in line with the said Regulations: and
2. Submit the MYT Petition along with the Business Plan Petition together considering the time constraint to hold the Public Hearing and issuance of the Business Plan and the MYT Orders.

LED resubmitted the Business Plan Petition for the MYT Control Period from FY 2016-17 to FY 2018-19 along with the MYT Petition to the Commission on 15th January 2016.

1.4. Admission of Petition

The MYT Petition for the Control Period FY 2016-17 to FY 2018-19 was admitted on 22nd January 2016 and was marked as Petition no. 194/2016.

1.5. Interaction with the Petitioner

The Order has referred at numerous places to various actions taken by the "Commission". It may be mentioned for the sake of clarity, that the term "Commission", except for the hearing and orders, denotes Secretariat of the Commission for carrying out the technical due diligence and validation of data of the petitions filed by the utilities, obtaining and analyzing information/clarifications received from the utilities and submitting relevant issues for consideration of the Commission.

For purpose of analysis of the petition, 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 by

the Petitioner. The Commission's staff interacted regularly with the Petitioner to seek clarifications and justification on various issues essential for the analysis of the Business Plan. The Commission's staff conducted Technical validation session (TVS) with the Petitioner during which discrepancies in the MYT Petition were discussed and additional information as required by the Commission was indicated. The technical validation session was held at the office of LED at Kavaratti on 24th February 2016. The Petitioner submitted its replies, as shown below, in response to the various queries raised by the Commission during the course of analysis of the petition, which were taken into account for finalization of the Business Plan petition.

Table 1.2: List of Interactions with the Petitioner

S.No.	Date	Subject
1.	15 th January 2016	Receipt of the Petition
2.	22 nd January 2016	Admission of the Petition
3	03 rd February 2016	Request for clarification/ additional information by the Commission
4.	04 th February 2016	Request for clarification/ additional information by the Commission
5.	08 th March 2016	Submission of Response of Data Gaps by the Petitioner
6.	08 th March 2016	Submission of Response of Data Gaps by the Petitioner (HSD Invoices)

1.6.Public Hearing Process

In absence of publication of regular newspapers in the UT of Lakshadweep, the Commission directed the Petitioner to make public announcements and to advertise in the local cable network giving wide publicity to the Public Hearing mentioning the date, time and venue.

The Petitioner also uploaded the petition on its website <http://lakpower.nic.in/> for inviting objections and suggestions on the petition. Interested parties/stakeholders were requested to file their objections/ suggestions on the petition to the Commission with a copy to the Petitioner on or before 16th February 2016. The Commission has not received and written objections/suggestions on the Petition.

1.7.Notice for Public Hearing

The Commission also uploaded the MYT Petition and the Public Notice on its website www.jercuts.gov.in giving due intimation to stakeholders, consumers, objectors and the public at large about the Public Hearing to be conducted by the Commission on 25th February 2016 at Kavaratti. The schedule of public hearing conducted by the Commission is as below.

Table 1.3: Schedule of public hearing at Kavaratti

Sr. No.	Date & Time	Venue of Hearing	Subject
1.	25 th February 2016 at 10:00 AM onwards	Seminar Hall, DIET, Kavaratti	Approval of Business Plan for LED for the Control Period FY 2016-17 to FY 2018-19

During the public hearing, each objector was provided with 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 equal opportunity to express their views. The list of objectors is attached at **Annexure 1** to this order. The list includes the objectors who gave their written objections; those who gave their written objections and presented before the Commission; and other stakeholders who did not give their written objection or prior intimation but presented before the Commission orally. The Commission has examined the issues and concerns expressed by stakeholders. The major issues raised/indicated during the public hearing, along with the comments/replies of the utility and the views of the Commission, thereon, have been summarized in **Chapter 4** of this order.

1.8. Organization of the Order

This Order is organized in the following chapters:

- ❖ **Chapter 1** of the Order provides the background and brief description of the regulatory process undertaken by the Commission.
- ❖ **Chapter 2** of the Order lists out various suggestions and objections raised by the objectors in writing as well as during the public hearing before the Commission. Various suggestions and objections have been summarized, followed by the response of the Petitioner and the rulings of the Commission on the various issues.
- ❖ **Chapter 3** of the Order discusses the views of the Commission on True-Up of previous years
- ❖ **Chapter 4** of the Order discusses the views of the Commission on Review of FY 2015-16.
- ❖ **Chapter 5** of the Order discusses various components of ARR for the MYT Control Period FY 2016-17 to FY 2018-19, key issues and Commission's ruling on the same.
- ❖ **Chapter 6** of the Order discusses the approach of the Commission on Tariff Principles and Design

- ❖ **Chapter 7** of the Order discusses the Tariff Schedule approved by the Commission.
- ❖ **Chapter 8** of the Order provides necessary directions of the Commission to LED.

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

2.1.Regulatory Process

On admitting the Business Plan for Control Period FY 2016-17 to FY 2018-19, the Commission directed the Petitioner to make copies of the petition available to the public, upload the petition on the website and also give wide publicity through public announcements and telecast in the local TV Channels duly inviting comments/objections from the public as per provisions of the JERC (Multiyear Distribution Tariff) Regulations 2014 as amended.

The public hearing was held on 25th February 2016 at Kavaratti. During the public hearing, some persons who had submitted the objections in writing presented their objections/suggestions in person before the Commission. Other participants from the general public, who did not submit written objections earlier, were also given an equal opportunity to offer their views/suggestions in respect of the present petition.

The list of objectors is attached as **Annexure 1** to this order which includes the stakeholders:

- 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) Those who did not give their written objection or prior intimation, but participated in the hearing on the spot and/or also gave written submissions.

All stakeholders were provided the opportunity to present their suggestions. Those stakeholders who did not give prior written objections/suggestions and expressed their

views, objections, suggestions during the hearing were replied to by the Petitioner after the hearing.

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

The Commission appreciates the efforts of various stakeholders for providing suggestions / comments / observations and making the Power Sector responsive and efficient. The details of issues raised by the Stakeholders, response of the Petitioner thereon and the views of the Commission on the same are as follows:

2.3.High consumption of electricity by the Government Departments especially through use of air conditioners

Stakeholder View:

The stakeholder submitted that the Government Offices are having higher number of air conditioning units than other Domestic consumers. This leads to higher overall power consumption which results in the increase of power requirement and generation cost. This increased cost is eventually to be borne by the general consumers only.

Petitioner Reply:

The Petitioner submitted that all the Government connections are billed in commercial category. It is also seen from the statistical report that the number of air conditioning units installed at domestic/private premises are greater than those installed in government buildings.

The Petitioner further clarified that keeping in view the observations of consumers in previous public hearings, a surcharge was introduced @ Rs. 500 per air conditioner in the earlier tariff order, which eventually was stayed by the Kerala High Court on the intervention of the consumers.

Commission View:

The Commission is of the view that the Government connections have a sizeable share of the overall consumption across Lakshadweep Islands and the consumption in these connections is neither domestic in nature nor commercial in nature. Thus, the Commission finds it appropriate to create a separate category for all the Government connections from FY 2016-17 onwards.

2.4. Direct supply to Power Houses from Bulk Oil Facility

Stakeholder View:

The Stakeholder submitted that the bulk oil facility is required to be commissioned at the earliest and a direct connection to power house through pipeline may be provided from this facility to avoid oil transportation losses.

Petitioner Reply:

The Petitioner has submitted that the bulk oil storage facility at Kavaratti is almost complete and license has been received from Petroleum and Explosives Safety Organization (PESO). However, the commissioning is held up due to unavailability of barges to transport oil from mainland to the islands. IOC has assured that it will expedite the resolution of this issue for commencement of the bulk oil facility.

Commission View:

The Commission appreciates the suggestions of the stakeholders and directs the Petitioner to interact with IOC and explore the possibility of having direct connection of DG sets with the bulk oil storage facility so that oil transportation and handling losses are minimized.

2.5. No proper publicity of Public Hearing

Stakeholder View:

In the absence of proper publicity by the department, the overall participation of consumers is very low in Public Hearing.

Petitioner Reply:

The Petitioner submitted that the department will arrange to distribute notices to improve publicity among the consumers about the Public Hearing. Also the venue of the Public Hearing will be shifted near the Jetty premises which has better accessibility as compared to other venues.

Commission View:

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The Commission has noted the submission of the stakeholders and response of the Petitioner and directs the Petitioner to adopt various available means of publicity so as to ensure wider reach across all islands in future.

3. True-up for FY 2012-13, FY 2013-14, FY 2014-15

3.1.Applicable Provisions of Tariff Regulations 2009

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

Quote

“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

3.2.Approach for True-Up of previous years

The Petitioner has not submitted the true-up Petition for previous years. Further, the Petitioner has also not submitted any accounts for previous years. In response to the queries of the Commission, the Petitioner has submitted that:

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

“The audit for the FY 2010-11 to FY 2012-13 has been completed by the AG, however, the audit certificate has yet not been issued. LED is pursuing and same shall be submitted at earliest. The Annual accounts for the FY 2013-14 & FY 2014-15 has been finalized by 28th February 2016.”

The Commission in its previous order had stressed upon the requirement of the audited accounts to bring in more accuracy in the estimates of the Commission. The JERC Tariff regulation also requires the licensee to file the true up along with the audited accounts in the filing.

The Commission has taken serious view of the fact that no action has been taken by the Petitioner for preparation of audited accounts based on commercial principles despite repeated directions by the Commission. The Commission now directs the Petitioner to prepare and submit the accounts from FY 2012-13 onwards prepared on commercial principles by 30th November 2016. In the event, there is further non-compliance by the Petitioner, the Commission will be constrained to take appropriate action against the Petitioner.

4. Review of FY 2015-16

4.1. Applicable Provisions of Tariff Regulations 2009

The Review of FY 2015-16 is to be carried out as per the following provisions of regulation 8 of 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’.”

.....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

4.2. Approach for Review of FY 2015-16

The Petitioner has not submitted any Petition for review of FY 2015-16. The Commission has taken note of the same and directs the Petitioner to follow the Regulations in totality. The Commission further directs the Petitioner to either submit the review for current year or provide proof that any gap arising due to review is being borne by the Government.

5. Approval of the various ARR components for the MYT Control Period FY 2016-17 to FY 2018-19

5.1. Approach for the approval of various ARR components for the MYT Control Period

While the Petitioner has submitted separate Business Plan Petition as well as MYT Petition, the Commission is of view that impact of various components approved in the Business Plan has to be given effect in the MYT Order. The Commission has issued the Business Plan Order separately for the First MYT Control Period on 31st March 2016.

Accordingly, the Commission has considered various components approved in the Business Plan for finalizing various revenue components in this order.

5.2. Energy Sales

Petitioner Submission:

The sales forecast is based on the trends observed in the sales pattern of various categories over the past years, new developments on account of Government Policies, Socio economic changes, industrial growth etc. that would affect consumption across various categories of consumers. The CAGR (%) for 1-3 years has been adopted for different categories for estimating the energy sales for the FY 2015-16 & for projecting the energy sales for the control period i.e. FY 2016-17, FY 2017-18 & FY 2018-19. In addition to this, the growth trend in number of consumers and connected load have been taken as guiding factors in arriving at the requirement of demand and energy.

Table 5.1: Historical Sales submitted by the Petitioner (in MU)

Categories	FY 11	FY 12	FY 13	FY 14	FY 15
	Actuals				
Domestic	20.35	23.75	27.23	29.65	33.57
Commercial	6.98	7.28	9.26	10.08	9.34
Industrial	0.41	0.42	0.39	0.42	0.42
Public	1.34	1.52	1.07	1.17	0.81
Temporary	0.01	0.02	0.05	0.05	0.12
Grand Total	29.09	32.99	38.00	41.37	44.26

Table 5.2: Projected Sales submitted by the Petitioner (in MU)

Categories	CAGR Considered	FY 16	FY 17	FY 18	FY 19
		R.E.	Projected		
Domestic	10.53%	37.10	41.01	45.33	50.10
Commercial	6.00%	9.90	10.49	11.12	11.79
Industrial	0.48%	0.42	0.42	0.43	0.43
Public Lighting	-9.58%	0.73	0.66	0.60	0.54
Temporary		0.12	0.12	0.12	0.12
Grand Total		48.27	52.70	57.60	62.98

Commission Analysis:

The Commission has already approved sales for MYT Control Period in the Business Plan Order. The overall sales approved by the Commission for MYT Control Period is shown below:

Table 5.3: Category-wise Energy Sales as approved by the Commission for MYT Control Period (In MU)

Sr. No.	Category of Consumer	CAGR	FY 16	FY 17	FY 18	FY 19
		Approved	Base Year	MYT Control Period		
1	Domestic	12.23%	37.67	42.28	47.45	53.25
2	Commercial	8.66%	10.15	11.03	11.98	13.02
3	Industrial	0.00%	0.42	0.42	0.42	0.42
4	Public Lighting	0.00%	0.81	0.81	0.81	0.81
Total Sales			49.05	54.54	60.66	67.50

5.3.Number of Consumers

Petitioner Submission:

The forecast of number of consumers is based on the trends observed in the connections pattern of various categories over the past years, new developments on account of Government Policies, Socio economic changes, industrial growth, etc. that would affect consumption across various categories of consumers. The CAGR (%) for 1-3 years has been adopted for different categories for estimating the number of consumers for the FY 2015-16 & for projection for the control period i.e. FY 2016-17, 2017-18 and 2018-19. However, normalization has been undertaken for certain categories where an abnormal rise or reduction has been observed. The number of consumers estimated for the FY 2016-17, FY 2017-18 and FY 2018-19 are tabulated below.

Table 5.4: Historical No. of Consumers submitted by the Petitioner

Categories	FY 13	FY 14	FY 15
	Actuals		
Domestic	16302	17169	17761
Commercial	2989	3140	3189
Industrial	321	317	321
Public Lighting	73	73	73
Grand Total	19685	20699	21344

Table 5.5: Projected No. of Consumers submitted by the Petitioner

Categories	CAGR Considered	FY 16	FY 17	FY 18	FY 19
		R.E.	Projected		
Domestic	2.90%	18276	18806	19351	19911
Commercial	2.18%	3259	3330	3402	3477
Industrial	0.00%	321	321	321	321
Public Lighting	0.00%	73	73	73	73
Grand Total		21929	22530	23147	23782

Commission Analysis:

The Commission has already approved the Number of Consumers for MYT Control Period along with detailed justification in the Business Plan order. The overall number of consumers approved by the Commission for MYT Control Period is shown below:

Table 5.6: Category-wise number of consumers as approved by the Commission for MYT Control Period

Categories	FY 17	FY 18	FY 19
	Projected		
Domestic	19351	20198	21082
Commercial	3402	3514	3630
Industrial	321	321	321
PublicLighting	73	73	73
Grand Total	23147	24106	25106

5.4.Connected Load Growth

Petitioner's Submission

The Petitioner has not submitted the category wise connected load for the past 5 FYs.

Commission Analysis

The Petitioner has not submitted the details of the connected load proposed during the Control Period from FY 2016-17 to FY 2018-19 along with past actual connected load. The

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Commission raised the issue during the TVS. The Petitioner submitted the actual island-wise information for FY 15 upto February 2015.

Categories	FY 15
	Actuals upto Feb'15 (in KW)
Lakshadweep Islands	
Domestic	66606.426
Commercial	18125.230
Industrial	3238.639
Public Lighting	223.749
Temporary	109.197
Grand Total	88313.241

The Commission has observed that the Petitioner did not furnish the past trend of the connected load of the various consumer categories, in the absence of which the Commission has considered the actual connected load for FY 2014-15 (upto Feb-15) for FY 2016-17 also.

5.5. Intra-State Transmission and Distribution losses

Petitioner Submission:

The Petitioner had submitted that it has been trying to reduce the distribution losses during recent years and that the system improvement works executed every year under the plan schemes have also contributed to the reduction of distribution losses and further reduction of distribution losses may not be possible beyond a certain level due to topographical conditions and technical limitations.

The losses have been reduced from 26.85% in the FY 2010-11 to 13.75% in FY 2014-15. While the T&D loss of 14% has been approved for the FY 2015-16, it is expected that the losses for the FY 2015-16 would be in the range of 13.75%.

As can be seen from the above, LED has been successfully reducing the T&D loss y-o-y in spite of having consumer profile where majority of the consumers are LT category consumers.

The Petitioner has submitted the T&D losses trajectory of 13.50%, 13.25% and 13.00% for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

Commission Analysis:

As per the Regulation 17, Treatment of Distribution Loss

“Distribution loss shall be considered as a controllable parameter. Based on the assessment of metered and un-metered sales as per Regulations 15 and 16 of these regulations, the Commission shall prepare the baseline of distribution losses.”

The Commission has already approved the T&D Losses for MYT Control Period along with detailed justification in the Business Plan order. The overall T&D Losses as approved by the Commission for the MYT Control Period is summarized in table below:

Table 5.7: Approved T&D Losses (in %age)

Particulars	FY 17	FY 18	FY 19
	Projected		
Lakshadweep Islands	13.25%	12.75%	12.25%

The gain/loss would be computed as per the approved trajectory of the T&D losses to be done in accordance with the Regulation 10 and 11 of the MYT Regulations 2014.

5.6.Energy Requirement

Petitioner Submission:

The Petitioner has estimated the energy requirement for LED by grossing up the retail sales projections by estimated loss levels.

The energy requirement projected by the Petitioner for the MYT Control Period is summarized in table below:

Table 5.8: Energy Requirement submitted by the Petitioner (in MU)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
	Actuals	R.E.	Projected		
Energy Sales	44.26	48.28	52.71	57.60	62.98
T&D Losses	13.75%	13.75%	13.50%	13.25%	13.00%
Energy Requirement	51.32	55.98	60.94	66.40	72.39

Commission Analysis:

The Commission has already approved the Energy Requirement for MYT Control Period along with detailed justification in the Business Plan order. The overall energy requirement as approved by the Commission for the MYT Control Period is summarized in table below:

Table 5.9: Energy Requirement approved by the Commission (in MU)

Particulars	FY 17	FY 18	FY 19
	Projected		
Energy Sales	54.54	60.66	67.50
T&D Losses	13.25%	12.75%	12.25%
Energy Requirement	62.87	69.53	76.93

5.7. Power Purchase Quantum & Cost for MYT Control Period

Petitioner Submission:

The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc. The present scenario is likely to continue and is projected that energy requirement for FY 2016-17, FY 2017-18 and FY 2018-19 shall be met by own generation. The expected power generation for FY 2016-17, FY 2017-18 and FY 2018-19 from existing and upcoming stations are provided in the table below:

Table 5.10: Projected Generation submitted by the Petitioner (in MU)

Particulars	FY 17	FY 18	FY 19
	Projected		
Units Generated	62.01	67.56	73.66
Auxiliary Consumption	1.07	1.16	1.27
Units Sent Out	60.94	66.40	72.39

Out of total own generation, approximately 96%-97% is generated from Diesel power houses and generation from Solar Power Station accounts for only 3% -4%.

Cost of fuel for FY 2015-16 has been arrived at by taking the average of actual costs for the period April to September, 2015 as basis and projecting for the period of October, 2015 to March, 2015. Cost of fuel for FY 2016-17, FY 2017-18 and FY 2018-19 has been projected at the average current rates in view of the fact that the current market conditions provide reasonable indications that the HSD rates may not escalate during the control period of FY 2016-17, FY 2017-18 and FY 2018-19. The Petitioner has accordingly determined the fuel cost as follows:

Table 5.11: Projected Fuel Cost submitted by the Petitioner (in Rs Crores)

Particulars	FY 17	FY 18	FY 19
	Projected		
HSD	78.31	82.31	87.43
Lubricant	1.03	1.08	1.15
Total	79.34	83.39	88.58

Commission Analysis:

The Commission has already approved the power purchase quantum for MYT Control Period along with detailed justification in the Business Plan order. Further, the Commission had asked for the details of latest specific fuel consumption of various plants/islands during the TVS.

Cost of HSD:

The Petitioner has submitted the following table giving details of average fuel purchase cost:

Table 5.12: Average per unit Fuel Cost submitted by the Petitioner (in Rs per litre)

Sl. No.	Particulars	Amount (in Rs.)
1	Cost of HSD oil/per barrel including local transportation, 1 Service Tax@ 4% and SSC @1% at Beypore, Kerala	8400.00
2	Cost of filling & sealing of the barrels	10.00
3	Transportation charges/per barrel from KSCC yard to wharf3 including loading to the ships	78.00
4	Freight charges/barrel	160.00
5	Port duties and crane charges/barrel	17.71
6	Average cost of empty barrel	587.21
7	Transportation charges/per barrel from wharf to KSCC yard at Beypore	33.00
8	Restacking of empty barrel	7.00
9	Cost of cap seal (big and small)	5.40
10	Leak testing charge/barrel	17.00
11	Welding and reconditioning charge/barrel	3.00
12	Scrapping, cleaning, painting and marking charge/ barrel	79.00
13	Cost of Bunk washer (big and small)/barrel	2.58
14	Total cost/barrel	9399.90
15	Average cost of Oil (14/200) per liter	47.00
16	Add: Local transportation cost at the Islands of the UTs @2% of HSD price / liter	0.84
17	Average cost of HSD (15+16) per liter * 1 barrel = 200 liters	47.84

As per the latest invoice dated 11th February 2016 of HSD supply as furnished by the LED at the time of Public Hearing, the cost of 20 KL of HSD including service tax @ 4% and SSC @ 1% was Rs.783081, which works out to Rs. 39.15 / litre being basic rate.

The Commission, on analysis of the data submitted by the Petitioner as in table above, concludes that the Petitioner has to incur cost towards transportation and other incidentals to bring the HSD oil to the generating stations besides the cost of HSD oil per barrel (200 liters) as follows:

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Sl. No.	Particulars	Amount (in Rs.)
1	Average cost of HSD oil (As per sl.no:1 of table above) (8400/200 liters) at Beypore Port, Kerala (Rs /lt.)	42.00
2	Average landed cost of HSD to bring to the generating stations (As per sl.no:17 of table above) (Rs /lt.)	47.84
3	Transportation and incidentals as a percentage of HSD oil cost (in %age)	13.90%

The HSD oil cost as per the latest invoice is Rs. 39.15 per litre. The HSD cost per litre, inclusive of other charges considering 13.90% on HSD oil cost per litre towards transportation and other incidentals, works out Rs. 44.60 per litre, which is adopted to arrive at the fuel cost for First MYT Control Period.

No escalation is considered for the fuel rates. Any variation will be considered by the Commission at the time of True up based on audited annual accounts.

Cost of New Solar Generating Station:

As per the provisions of JERC Solar Tariff Regulations 2015 and subsequent orders issued by the Commission, the Commission has provisionally considered the approved rate of Rs 9.70 per unit. However, the prevailing rates as approved by the Commission from time to time will be applicable.

Cost of Lube Oil:

As the Petitioner has not submitted any latest invoice, the Commission has considered the rate of Rs 215.62 per litre as approved in tariff order dated 17th April 2015.

Further, the Petitioner had submitted the consumption of HSD and Lube Oil for generation in FY 2014-15. The Petitioner had also submitted the total generation in FY 2014-15. The Commission had accordingly computed the average specific oil consumption and average specific lube oil consumption as shown in table below:

Table 5.13: Specific HSD and Lube Oil Consumption approved by the Commission

Particulars	HSD Consumption	Lube Oil Consumption
Agatti	1642798	4485
Amini	1405410	5857
Androth	2061900	6775
Bitra	97197	555
Chetlat	522342	1453
Kadmat	1194320	4078
Kalpeni	1080189	4394
Kavaratti	2914730	9273
Kiltan	788221	1525
Minicoy	2050092	6446
Total Consumption (in Litres)	13757199	44841

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Particulars	HSD Consumption	Lube Oil Consumption
Total Generation (in MU)	51.32	51.32
Average Specific Oil Consumption per kWh (ml)	268.07	0.874

The Commission has accordingly considered these values for the MYT Control Period.

Keeping in view the generation approved in the Business Plan Order, the Commission hereby approves the fuel cost/power purchase cost as shown in tables below:

Table 5.14: Fuel & Power Purchase Cost approved by the Commission (in Rs Crores)

Source	Cost of Fuel/Power Purchase		
	FY 17	FY 18	FY 19
Existing Solar Plants			
<i>Units Generated (In MU)</i>	2.20	2.20	2.20
<i>Cost of Generation (in Rs/ Unit)</i>	0.00	0.00	0.00
Total Cost of Generation (in Rs Crores)	0.00	0.00	0.00
Upcoming Solar Plants			
<i>Units Generated (In MU)</i>	1.65	5.77	8.90
<i>Cost of Generation (in Rs/ Unit)</i>	9.70	9.70	9.70
Total Power Purchase Cost from New Solar Plants (in Rs Crores)	1.60	5.59	8.63
DG Sets			
<i>Units Generated (In MU)</i>	59.02	61.56	65.83
<i>Specific Oil Consumption per kWh (ml)</i>	268.07	268.07	268.07
<i>Actual Oil Consumption (KL)</i>	15821.58	16502.45	17646.35
<i>Cost of HSD Oil per Litre (Rs.)</i>	44.60	44.60	44.60
Cost of HSD Oil (Rs. Cr.)	70.56	73.60	78.70
<i>Weighted Average lube oil consumption per kWh (ml)</i>	0.87	0.87	0.87
<i>Lube Oil Consumption (Litres)</i>	51569.19	53788.42	57516.88
<i>Cost of Lube Oil per litre (Rs.)</i>	215.62	215.62	215.62
Cost of Lube Oil (Rs. Cr.)	1.11	1.16	1.24
Total Fuel Cost (Rs. Cr.)	71.68	74.76	79.94

FPPCA formula has been separately notified under the Regulation. It is seen that in the case of LED, majority of the generation is diesel based, making per unit cost of generation very high compared to other utilities. In view of this, the approved tariff is not covering the full cost of supply. Historically, there has been substantial gap between the actual cost of supply and revenue realized. This gap so far has been borne by the administration of LED, with budgetary support from the Government of India.

Keeping the above facts in view, the Commission is of the view that any variation in cost of their own generation (including variation in cost of power purchase, if any) should, for the time being, be borne by the Utility. Further, the Utility is directed to propose a scheme for

sharing of the increase in cost of power with the consumers for Commission's consideration and approval.

5.8.GFA, Capitalization and Depreciation

Petitioner Submission:

The Petitioner has submitted that opening value of gross fixed assets (GFA) for 2013-14 has been taken from the Fixed Asset Register for the FY 2012-13 and the same has been increased by addition of assets during the FY 2013-14 and FY 2014-15 & estimated addition during FY 2015- 16. Thereafter, planned additions during 2016-17, 2017-18 and 2018-19 have been considered and accordingly, GFA has been computed for FY 2016-17, FY 2017-18 and FY 2018-19. The details of planned capitalization during the control period as provided in the Business Plan has been taken as base for projecting the GFA movement for the control period.

Table 5.15: GFA and Capitalization details submitted by the Petitioner (in Rs Crores)

Financial Year	Opening GFA	Addition During the Year	Closing GFA
FY 2013-14	125.04	14.25	139.29
FY 2014-15	139.29	6.67	145.96
FY 2015-16	145.96	15.00	160.96
FY 2016-17	160.96	19.60	180.56
FY 2017-18	180.56	20.55	201.11
FY 2018-19	201.11	16.08	217.19

Table 5.16: Depreciation details submitted by the Petitioner (in Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Depreciation	7.85	8.85	9.77

Commission Analysis:

The Commission has approved closing GFA at Rs. 87.47 Crores for FY 2015-16 in the Tariff Order dated 17th April 2015 and the same is considered as opening GFA for FY 2016-17.

The Commission has already approved additions in GFA for the MYT Control Period in the Business Plan Order, subject to true up based on audited accounts of the relevant year.

The Commission, accordingly, has considered the value of GFA for MYT Control Period as given in the table below:

Table 5.17: GFA and Capitalization details approved by the Commission (in Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Opening GFA	87.47	105.17	124.12
Addition during the year	17.70	18.95	14.60
Closing GFA	105.17	124.12	138.72

The Petitioner has not produced any fixed asset register to support the claim of the Gross Fixed Assets. The Commission is of the view that fixed asset register records the asset wise details and various types of information can be extracted from the same including the aging schedule of the asset, present value and capital works in progress etc. As such, in the absence of updated fixed asset registers, the opening value of fixed assets is on an assumption basis. As a standard practice, and as per the Regulation 23 of the MYT Regulations 2014,

- a) *Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year.*
- b) *Depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants.*
- c) *Depreciation shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation. The same shall be as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. (The same may vary as notified by CERC from time to time.)*
- d) *The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.*
- e) *Depreciation shall be charged from the first year of operation of the asset. Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis.*
- f) *A provision of replacement of assets shall be made in the capital investment plan.*

In the absence of updated fixed asset registers, the Commission is unable to allow the depreciation as proposed by the Petitioner based on the assumed value of assets. The Commission therefore directs the Petitioner to maintain the fixed asset register to arrive at the actual historical value of assets and file the same along with the next ARR and tariff petition.

The effective rate of depreciation for assets linked to Plant and Machinery and Vehicles is 5.28%, Buildings is 3.34% and Furniture is 6.33% vide Appendix-III (Depreciation schedule of CERC Terms and Conditions of Tariff Regulations, 2014).

The Commission has taken into consideration the approved break-up of closing GFA for FY 2015-16 as opening of FY 2016-17. Further, the Commission has considered the addition in GFA in line with capitalization of various schemes approved in the MYT Business Plan order for the First MYT Control Period. According, the depreciation approved for the MYT Control Period is summarized below:

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Table 5.18: Depreciation approved by the Commission for the MYT Control Period (in Rs Crores)

S. No.	Particulars	Opening GFA	Additions	Closing GFA	Average Assets	Rate of depreciation	Depreciation
FY 2016-17							
1	Plant and Machinery	78.49	14.8	93.29	85.89	5.28%	4.53
2	Buildings	0.00	2.75	2.75	1.38	3.34%	0.05
3	Vehicles	8.99	0.00	8.99	8.99	9.50%	0.85
4	Furniture and Fixtures	0.00	0.00	0.00	0.00	6.33%	0.00
5	Computers and others	0.00	0.15	0.15	0.08	6.33%	0.00
6	Land	0.00	0.00	0.00	0.00	0.00%	0.00
7	Total	87.48	17.70	105.18	96.33	5.65%	5.44
FY 2017-18							
1	Plant and Machinery	93.29	16.05	109.34	101.32	5.28%	5.35
2	Buildings	2.75	2.75	5.50	4.13	3.34%	0.14
3	Vehicles	8.99	0.00	8.99	8.99	9.50%	0.85
4	Furniture and Fixtures	0.00	0.00	0.00	0.00	6.33%	0.00
5	Computers and others	0.15	0.15	0.30	0.23	6.33%	0.01
6	Land	0.00	0.00	0.00	0.00	0.00%	0.00
7	Total	105.18	18.95	124.13	114.66	5.54%	6.36
FY 2018-19							
1	Plant and Machinery	109.34	11.70	121.04	115.19	5.28%	6.08
2	Buildings	5.50	2.75	8.25	6.88	3.34%	0.23
3	Vehicles	8.99	0.00	8.99	8.99	9.50%	0.85
4	Furniture and Fixtures	0.00	0.00	0.00	0.00	6.33%	0.00
5	Computers and others	0.30	0.15	0.45	0.38	6.33%	0.02
6	Land	0.00	0.00	0.00	0.00	0.00%	0.00
7	Total	124.13	14.60	138.73	131.43	5.47%	7.19

The Commission accordingly approves the depreciation for the MYT Control Period as tabulated above.

5.9.Operation and Maintenance Expenses

Petitioner Submission:

The Petitioner has estimated O&M Expenditure for FY 2016-17, FY 2017-18 and FY 2018-19 as tabulated below:

Table 5.19: O&M Expenses submitted by the Petitioner (in Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Employee	12.44	12.69	12.94
A&G Expenses	1.41	1.44	1.47
R&M Expenses	11.47	11.69	11.93
O&M Expenditure	25.32	25.83	26.34

Commission Analysis:

Employees Cost

As per the regulation 21.1 Employee Cost

Employee cost shall be computed as per the approved norm escalated by wholesale price index (WPI), adjusted by provisions for expenses beyond the control of the Distribution Licensee and one time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears and Interim Relief, governed by the following formula:

$$EMP_n = (EMP_b * WPI \text{ inflation}) + Provision$$

where:

EMP_n: Employee expense for the year n

EMP_b; including yearly increments of employees, bonus, promotion. VRS. Employee expense as per the norm

WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years

Provision: Provision for expenses as necessitated by the licensee due to expansion of the consumer base, yearly increments of Employees, and any expected one-time expenses as specified above.

The Commission had approved the norms for Employee in the Business Plan Order.

The Average WPI increase of last 3 years is summarized in table below:

Table 5.20: Average WPI Increase in past 3 years

Particulars	FY 2011-12	FY 2012-13	FY2013- 14	FY 2014-15
April	152	164	171	181
May	152	164	171	182
June	153	165	173	183
July	154	166	176	185
August	155	167	179	186
September	156	169	181	185
October	157	169	181	184
November	157	169	182	181
December	157	169	180	179
January	159	170	179	177
February	159	171	180	176
March	161	170	180	176
Average	156	168	178	181
% increase		7.35%	5.98%	2.00%
Average Increase				5.11%

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The Commission has accordingly considered the average WPI increase of 5.11% for the MYT Control Period.

Further, the Commission has approved the base Employee Cost of Rs. 2,86,717 per personnel in the Business Plan order as base cost for FY 2014-15. While the Petitioner has projected the sudden increase of no. of substations from 106 in FY 2015-16 to 124 in FY 2016-17, it has not provided any justification for this increase. In absence of any justification from the Petitioner, the Commission has considered only 106 substations for the MYT Control Period.

Accordingly, the Commission has computed the Employee Expenses for the MYT Control Period as shown in table below:

Table 5.21: Employee Expenses approved by the Commission (In Rs Crores)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Approved Annual employee expenses per personnel (FY 15) In Rs	2,86,717				
Projected Employee Expenses per personnel (Considering WPI Escalation)		3,01,372	3,16,776	3,32,968	3,49,987
Approved No. of Employees per 1000 consumers			19.41	19.41	19.41
Approved No. of Consumers (In '000)			23.15	24.11	25.11
No. of Employees as per norms of per 1000 consumers (50%)			225	234	244
Approved No. of employees per sub-station			3.76	3.76	3.76
Approved projected substations			106.00	106.00	106.00
No. of Employees as per norms of per substation (50%)			200	200	200
Total No. of Employees Approved as per norms			425	434	444
Total No. of Employees projected by the Petitioner			401	401	401
Total No. of Employees finally considered by the Commission			401	401	401
Employee Cost approved as per norms (In Rs. Crores)			12.70	13.35	14.03
Provision (In Rs. Crores)			0.00	0.00	0.00
Total Employee Cost approved (In Rs. Crores)			12.70	13.35	14.03

The Commission would like to highlight that the Petitioner has projected only a total of 401 employees every year of the MYT Control Period. The Commission has decided to take the same number of employees as submitted by the Petitioner for approval of Employee Expenses for the MYT Control Period. Further, the Commission has also not approved any provision as the Petitioner itself has not requested for same.

In view of above, the Commission approves the Employee Cost for MYT Control Period as per table above.

Administrative and General Expenses

As per regulation 21.3 Administrative and General Expenses

A&G expenses shall be computed as per the norm escalated by wholesale price index (WPI) and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

$$A\&G_n = (A\&G_b * WPI \text{ inflation}) + Provision$$

where:

A&G_n: A&G expense for the year n A&G_b: A&G expense as per the norm

WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years

Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.

The Commission has already approved the norms for A&G Expenses in the Business Plan Order. Considering the norms approved in the Business Plan Order, the Commission hereby approves the A&G Expenses for the MYT Control Period as follows:

Table 5.22: A&G Expenses approved by the Commission (In Rs Crores)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Approved A&G expense per personnel (FY 15) (In Rs.)	28,404				
Projected A&G expense per personnel (In Rs.) (Considering WPI Escalation)		29,856	31,382	32,986	34,672
Total No. of Employees finally considered by the Commission			401	401	401
A&G Expense as per norms of per personnel (50%)			62,92,143	66,13,759	69,51,813
Approved A&G expense per 1000 consumers (FY 15) (In Rs)	5,48,461				
Projected A&G expense per 1000 consumers (In Rs.) (Considering WPI Escalation)		5,76,495	6,05,962	6,36,935	6,69,491
Approved No. of Consumers (In '000)			23.15	24.11	25.11
A&G Expense as per norms of per '000 consumers (50%)			70,13,096	76,76,972	84,04,117
Total A&G Expenses as per norms (In Rs. Crores)			1.33	1.43	1.54
Add: Provision for skill upgradation			0.40	0.40	0.40
Total A&G Expenses approved (In Rs. Crores)			1.73	1.83	1.94

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

As detailed in the Business Plan Order, the Commission has considered the provision for skill upgradation in the A&G Expenses considering it as a revenue expenditure against the submission of the Petitioner to consider it as a capital expenditure.

Accordingly, the Commission approves the A&G Expenses as tabulated above.

Repair and Maintenance Expenses

As per regulation 21.2 Repairs and Maintenance Expenses

Repairs and Maintenance (R&M) expenses shall be calculated as percentage (as per the norm defined) of Opening Gross Fixed Assets for the year governed by following formula:

$$R\&M_n = K_b * GFAn * \text{Inflation Index}$$

where:

R&M_n: Repairs & Maintenance expense for nth year

GFAn: Opening Gross Fixed Assets for nth year

K_b: Percentage point as per the norm

GFA: Gross Fixed Assets at the beginning of the Financial Year

Inflation Index is CPI: WPI:: 60 : 40

The Average CPI increase of last 3 years is summarized in table below:

Table 5.23: Average CPI Increase in past 3 years

Particulars	FY 2011-12	FY 2012-13	FY2013-14	FY 2014-15
April	186	205	226	242
May	187	206	228	244
June	189	208	231	246
July	193	212	235	252
August	194	214	237	253
September	197	215	238	253
October	198	217	241	253
November	199	218	243	253
December	197	219	239	253
January	198	221	237	254
February	199	223	238	253
March	201	224	239	254
Average	195	215	236	251
% increase		10.44%	9.68%	6.29%
Average Increase				8.80%

The Commission has accordingly considered the average CPI increase of 8.80% for the MYT Control Period.

Accordingly, the inflation index of CPI:WPI:: 60:40 is 7.33%.

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The Commission has already approved the norms for R&M Expenses in the Business Plan Order. Considering the norms approved in the Business Plan Order, the Commission hereby approves the R&M Expenses for the MYT Control Period as follows:

Table 5.24: R&M Expenses approved by the Commission (In Rs Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Approved Norm for R&M expense as percentage of gross fixed assets	4.00%	4.00%	4.00%
Opening GFA (Rs Crores)	87.47	105.17	124.12
R&M expense as per norm (Rs Crores)	3.50	4.21	4.97
R&M expense as per norms considering escalation (Rs Crores)	3.76	4.52	5.33

Accordingly, the Commission approves the R&M Expenses as tabulated above.

5.10. Interest and Finance Charges

Petitioner Submission:

The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. The interest on debt/loan has been calculated considering debt to be 70% of GFA. The details of interest calculation are detailed in the table below:

Table 5.25: Interest on Loan submitted by the Petitioner (In Rs Crores)

No	Particulars	FY 2014 -15	FY 2015 -16	FY 2016 -17	FY 2017 -18	FY 2018 -19
1	Opening Normative Loan/WIP	97.5	102.17	112.67	126.39	140.78
2	Add: Normative Loan during the year/GFA during the year	4.67	10.5	13.72	14.39	11.26
3	Less: Normative Repayment allowed during previous years	3.44	13.19	23.41	34.67	47.31
4	Less: Normative Repayment for the year	9.75	10.22	11.27	12.64	14.08
5	Closing Normative Loan/ GFA	92.42	102.45	115.12	128.14	137.96
6	Average Normative Loan	94.96	102.31	113.9	127.26	139.37
7	Rate of Interest (@ SBI SBAR rate)	14.75%	14.75%	14.75%	14.75%	14.75%
8	Interest on Normative Loan	14.01	15.09	16.8	18.77	20.56

Commission Analysis:

As per regulation 24. Interest on loan

- a. *The Distribution Licensee shall provide detailed loan-wise, project-wise and utilization-wise details of all of the pending loans.*
- b) *If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.*

Provided that where equity actually deployed is less than 30% of the capital cost, the actual loan shall be considered for determination of interest on loans.

- c) Actual loan or normative loan, if any, shall be referred as gross normative loan in this Regulation.*
- d) The normative loan outstanding as of 1st April of Control Period shall be computed by deducting the cumulative repayment as approved by the Commission (basis as mentioned below) up to 31st March of current period (a year before control period) from the gross normative loan.*
- e) The repayment for the control period shall be deemed to be equal to the depreciation allowed for the year.*

Notwithstanding any moratorium period availed by the Distribution Licensee, the repayment of the loan shall be considered from the first year of the control period as per annual depreciation allowed.

- f) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures.*

Provided that if no actual loan is outstanding but normative loan is still outstanding, the last available weighted average rate of interest shall be applicable.

- g) Provided further that the interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

Provided also that exception shall be made for the existing loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.

- 1) The Distribution Licensee shall make every effort to refinance the loan as long as it results in net benefit to the consumers.*

Provided that the cost associated with such refinancing shall be eligible to be passed through in tariffs and the benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 50:50 between the Distribution Licensee and the consumers.

Provided further that the Distribution Licensee shall submit the calculation of such benefit to the Commission for its approval.

- 2) The Distribution Licensee shall enable tracking of the loans converted into grants under schemes like APDRP by providing information and data regularly to the Commission and for ensuring that the interest on these loans which has been passed on to the consumers inappropriately in the earlier years shall be recovered from the Distribution Licensee.*

In view of the above Regulations, the Commission has considered loans at 70% of the GFA for the purpose of interest on loans and allowed interest on loans in earlier Tariff Orders. The Commission for the purpose of interest on loans has considered the same methodology for MYT Control Period.

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The Commission has considered normative closing loan at Rs. 46.97 Crores for FY 2015-16 in the Tariff Order dated 17th April, 2015 and same is considered as opening loan for FY 2016-17. The Commission has considered addition to loan at 70% of the capitalization and repayment is considered equivalent to depreciation allowed during the MYT Control Period. The latest available SBI Prime Lending Rate of 14.05% as notified on 05th October 2015 has been considered as rate of interest for MYT Control Period. The Commission has computed the interest charges for MYT Control Period as given in the Table below:

Table 5.26: Interest on Loan approved by the Commission (In Rs Crores)

No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Normative Loan	46.97	53.92	60.83
2	Add: Normative Loan during the year/GFA during the year	12.39	13.27	10.22
3	Less: Normative Repayment for the year	5.44	6.36	7.19
4	Closing Normative Loan/ GFA	53.92	60.83	63.86
5	Average Normative Loan	50.45	57.38	62.35
6	Rate of Interest	14.05%	14.05%	14.05%
7	Interest on Normative Loan	7.09	8.06	8.76

5.11. Interest on Security Deposit

Petitioner Submission:

Interest on Security Deposits has been calculated on the balance of Security Deposit from the consumers during the financial year.

The rate of interest on security deposit has been considered as per SBI Prime lending rate as on 1st April of the respective year. Accordingly, 14.75%, which was the SBI Prime lending rate as on 1st April 2015 has been considered for the calculation of interest on security deposit.

The interest on security deposit for FY 2016-17, 2017-18 and 2018-19 calculated on the basis of the above parameters is given in the table below:

Table 5.27: Interest on Consumer Security Deposit submitted by the Petitioner (In Rs Crores)

No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Security Deposit	1.13	1.15	1.17	1.18	1.20
2	Add: Deposit during the year	0.02	0.02	0.02	0.02	0.02
3	Less: Deposits refunded	0.00	0.00	0.00	0.00	0.00
4	Closing Security Deposit	1.15	1.17	1.18	1.20	1.22
5	Bank Rate	14.75%	14.75%	14.75%	14.75%	14.75%
6	Interest on Security Deposit	0.17	0.17	0.17	0.18	0.18

Commission Analysis:

As per the regulation 6.10 (8) of Electricity Supply Code Regulations, 2010

The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle.

The Bank rate as on 06th March 2016 is 7.75%. The Commission has considered same rate for the MYT Control Period.

The Commission has considered closing security deposit at Rs.0.10Crores as approved for FY 2015-16 in the Tariff Order dated 17thApril, 2015 and the same is considered as opening security deposit for FY 2016-17. Addition to security deposit during MYT Control Period is considered as projected by the Petitioner.

The Commission, accordingly, has computed the interest on consumer's security deposit for MYT Control Period as given in the table below:

Table 5.28: Interest on Consumer Security Deposit approved by the Commission (In Rs Crores)

No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Security Deposit	0.10	0.12	0.14
2	Add: Deposit during the year	0.02	0.02	0.02
3	Closing Security Deposit	0.12	0.14	0.16
4	RBI Bank Rate	7.75%	7.75%	7.75%
5	Interest on Security Deposit	0.01	0.01	0.01

5.12. Interest on Working Capital

Petitioner Submission:

The LED has computed the Interest on Working Capital for FY 2016-17, 2017-18 AND 2018-19 on normative basis. For the purpose of computation of normative working capital and Interest on working capital, the components of working capital has been considered as follows:

- Two month's fuel cost
- One month's power purchase cost
- One month's employee costs

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

- One month's administration & general expenses
- One month's R&M Cost

The rate of interest on working capital is to be considered as per SBI Prime lending rate as on 1st April of the respective year. Accordingly, 14.75%, which was the SBI Prime lending rate as on 1st April 2015 has been considered for the calculation of interest on working capital.

The interest on normative working capital for FY 2016-17, FY 2017-18 and FY 2018-19 calculated on the basis of the above parameters is given in the table below.

Table 5.29: Interest on Working Capital submitted by the Petitioner (In Rs Crores)

No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	Fuel Cost for two months	14.71	12.82	13.22	13.90	14.76
2	Power Purchase Cost for one month	0.00	0.00	0.00	0.00	0.00
3	Employee Cost for one month	1.00	1.02	1.04	1.06	1.08
4	A&G Expenses for one month	0.11	0.12	0.12	0.12	0.12
5	R&M Expenses for one month	0.92	0.94	0.96	0.97	0.99
6	Total Working Capital	16.74	14.88	15.33	16.05	16.96
7	SBI PLR Rate	14.75%	14.75%	14.75%	14.75%	14.75%
8	Interest on Working Capital	2.47	2.20	2.26	2.37	2.50

Commission Analysis:

As per regulation 25. Interest on Working Capital of MYT Regulations 2014

Working capital for retail supply activity of the licensee shall consist of:

- Receivables of two months of billing*
- Less power purchase cost of one month*
- Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit Receipt*
- Inventory for two months based on annual requirement for previous year.*

The rate of interest on working capital shall be equal to the base rate for the 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 licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan worked out on the normative figures.

The latest available rate of interest of 9.30% (SBI Base rate) as on 05.10.2015 has been considered the rate of interest for computation of interest on working capital.

The Commission, based on the cost parameters approved for MYT Control Period has computed the interest on working capital for MYT Control Period as given in the table below:

Table 5.30: Interest on Working Capital approved by the Commission (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Receivables of 2 Months Billing	18.22	20.13	22.17
2	Less: Power Purchase Cost 1 Month	6.11	6.70	7.38
3	Less: Consumer Security Deposit Excl. BG/FDR	0.12	0.14	0.16
4	Add: Inventory Based on Annual Requirement for Previous FY for 2 months	0.00	0.00	0.00
5	Total Working Capital Requirement	11.99	13.29	14.63
6	SBAR Rate (%)	9.30%	9.30%	9.30%
7	Interest on Working Capital	1.12	1.24	1.36

5.13. Return on Equity

Petitioner Submission:

LED has in accordance with the regulation. Debt: Equity norm of 70:30 and RoE of 16% for FY 2016-17, FY 2017-18 and FY 2018-19 has been considered and accordingly, the return on equity is calculated as given below.

Table 5.31: Return on Equity submitted by the Petitioner (In Rs Crores)

Sr. No	Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Equity Amount	43.79	48.29	54.17	60.33
2	Equity Addition during year (30% of Capitalization)	4.5	5.88	6.17	4.82
3	Closing Equity Amount	48.29	54.17	60.33	65.16
4	Average Equity Amount	46.04	51.23	57.25	62.75
5	Rate of Return on Equity	16.00%	16.00%	16.00%	16.00%
6	Return on Equity	7.37	8.20	9.16	10.04

Further, the Petitioner has also calculated the return on capital base and has considered same for arriving at the ARR.

Commission Analysis:

As per regulation 27. Return on equity of MYT Regulations 2014

- a. *Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:
Provided that assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in this Regulation.*
- b. *The return on the equity invested in working capital shall be allowed from the date of start of commercial operation.*

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

c. 16% post-tax return on equity shall be considered irrespective of whether the Distribution Licensee has claimed return on equity in the ARR petition.

The Commission is of the view that historically, all the asset has been funded through budgetary support of the Government which is equivalent to equity infusion only.

Accordingly the Commission considers 30% of the approved opening capital base of FY 2016-17 as the opening equity base of FY 2016-17. The Commission has considered addition to equity at 30% of the capitalization.

The return on equity approved by the Commission for the MYT Control Period is summarized in table below:

Table 5.32: Return on Equity approved by the Commission (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Opening Equity Amount	26.24	31.55	37.24
2	Equity Addition during year (30% of Capitalization)	5.31	5.69	4.38
3	Closing Equity Amount	31.55	37.24	41.62
4	Average Equity Amount	28.90	34.39	39.43
5	Rate of Return on Equity	16.00%	16.00%	16.00%
6	Return on Equity	4.62	5.50	6.31

5.14. Provision for bad and doubtful debts

Petitioner Submission:

Provision for bad debts of revenue from sale of power to the consumers has been considered at 1% of receivables for the respective financial year of the control period. Accordingly, calculation of provision for bad debt is provided in the Table below.

Table 5.33: Provision of Bad and Doubtful Debts Submitted by Petitioner (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Provision - 1% of Estimated Revenue	0.17	0.18	0.20

Commission Analysis:

As per regulation 32. Bad and Doubtful Debt of the MYT Regulations

Bad and doubtful debt shall be limited to 1% of the receivables in the true-up, subject to the condition that amount of bad and doubtful debt is actually written-off in the licensee's books of accounts.

As per regulations the bad and doubtful debts have to be reviewed at the true-up stage only, the Commission is not approving any provision for same in the current order and will review the same at the time of true-up only.

5.15. Non-Tariff Income

Petitioner Submission:

Non-tariff income for the FY 2016-17, FY 2017-18 and FY 2018-19 has been projected by escalating the Non-tariff income of FY 2013-14 by 5% YOY. Accordingly, Non-tariff income for the FY 2016-17, FY 2017-18 and FY 2018-19 is given in the table below:

Table 5.34: Non-Tariff Income Submitted by Petitioner (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Non-Tariff Income	0.43	0.45	0.47

Commission Analysis:

As per regulation 29. Non-Tariff Income of MYT Regulations 2014

- a) *All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee.*
- b) *Interest on security deposits, in excess of the rate specified by the Commission shall be considered as Non-Tariff income of the Licensees.*
- c) *The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.*

The Commission considers the projected Non-Tariff Income as reasonable and accordingly, approves same for the MYT Control Period. The Non-Tariff Income approved by the Commission is tabulated below:

Table 5.35: Non-Tariff Income Approved by the Commission (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Non-Tariff Income	0.43	0.45	0.47

5.16. Income Tax

Petitioner Submission:

The Petitioner has not submitted any details of Income Tax.

Commission Analysis:

As per regulation 28. Income Tax of the MYT Regulations 2014

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

(a) *Income Tax, if any, on the Licensed business of the Distribution Licensee shall be treated as expense and shall be recoverable from consumers through tariff. However, tax on any income other than that through its Licensed business shall not be a pass through, and it shall be payable by the Distribution Licensee itself.*

(b) *The income tax actually payable or paid shall be included in the ARR. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 shall be passed on to the consumers.*

In absence of any claim from the Petitioner, the Commission has not approved any income tax claim for the MYT Control Period. The Commission will review same at the time of true-up.

5.17. Aggregate Revenue Requirement for the MYT Control Period

Petitioner Submission:

The Petitioner has submitted the Aggregate Annual Requirement for the MYT Control Period as per the following table

Table 5.36: Aggregate Revenue Requirement submitted by the Petitioner for MYT Control Period (In Rs Crores)

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	Cost of Fuel	88.28	76.89	79.34	83.40	88.58
2	Cost of Power Purchase	0.00	0.00	0.00	0.00	0.00
3	Employee Expenses	11.96	12.20	12.44	12.69	12.94
4	R&M Expenses	11.02	11.24	11.47	11.69	11.93
5	A&G Expenses	1.36	1.39	1.41	1.44	1.47
6	Depreciation	6.45	6.99	7.85	8.85	9.77
7	Interest Charges (including interest on WC)	16.65	17.46	19.24	21.32	23.24
8	Return on NFA /Equity	3.04	3.04	3.28	3.64	3.99
9	Provision for Bad Debit	0.14	0.16	0.17	0.18	0.20
10	Total Revenue Requirement	138.90	129.36	135.20	143.21	152.12
11	Less: Non-Tariff Income	0.39	0.41	0.43	0.45	0.47
12	Net Revenue Requirement	138.51	128.95	134.77	142.76	151.65

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Commission Analysis:

The Commission, based on the detailed analysis of the cost parameters, has considered the ARR for MYT Control Period as given in the table below:

Table 5.37: Aggregate Revenue Requirement approved by the Commission for MYT Control Period (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Cost of Fuel	71.68	74.76	79.94
2	Cost of Power Purchase	1.60	5.59	8.63
3	Employee Expenses	12.70	13.35	14.03
4	R&M Expenses	3.76	4.52	5.33
5	A&G Expenses	1.73	1.83	1.94
6	Depreciation	5.44	6.36	7.19
7	Interest on Loan	7.09	8.06	8.76
8	Interest on Consumer Security Deposit	0.01	0.01	0.01
9	Interest on Working Capital	1.12	1.24	1.36
10	Return on Equity	4.62	5.50	6.31
11	Provision for Bad Debit	0.00	0.00	0.00
12	Total Revenue Requirement	109.74	121.22	133.51
13	Less: Non-Tariff Income	0.43	0.45	0.47
14	Net Revenue Requirement	109.31	120.77	133.04

5.18. Revenue at Existing Tariff and Gap for FY 2016-17

Petitioner Submission:

The estimated revenue at existing tariff for FY 2016-17 and gap is provided in the table below:

Table 5.38: Revenue Gap submitted by the Petitioner for MYT Control Period (In Rs Crores)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Net Revenue Requirement	134.77	142.76	151.65
2	Revenue from Sale of Power	16.90	18.24	19.70
3	Net Gap During the Year	117.87	124.52	131.95
4	Add: Previous Year Gap	0.00	0.00	0.00
5	Total Gap	117.87	124.52	131.95

Commission Analysis:

The Commission is of the view that as the tariff has to be approved for FY 2016-17 only, the revenue and revenue gap computations are accordingly required to be done for FY 2016-17 only. Based on the slab-wise information provided by the Petitioner and category-wise sales, connected load and number of consumers approved by the Commission, the Commission has computed the revenue from sale of power for the FY 2016-17 as follows.

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Table 5.39: Revenue at Existing Tariff Approved by the Commission for FY 2016-17 (In Rs Crores)

S. No.	Category	No. of Consumers	Energy Sales (In MU)	Existing Tariff		Revenue At Existing Tariff (Rs Crores)		
				Energy Charges (in Rs /Unit)	Fixed Charges	Fixed Charges	Energy Charge	Total Revenue
1	Domestic							
	Upto 100		3.59	1.25	Rs. 10/- per connection per month for single phase and Rs. 50/- per connection per month for three phase		0.45	
	101 to 200		10.40	2.50			2.60	
	201 to 300		11.30	4.00			4.52	
	301 & above		16.99	5.10			8.67	
Sub-Total		19351	42.28			0.51	16.23	16.74
2	Commercial							
	0-100		0.76	5.00	Rs. 25/- per connection per month for single phase and Rs. 100/- per connection per month for three phase		0.38	
	101-200		0.70	6.00			0.42	
	201 & above		9.58	7.00			6.70	
Sub-Total		3402	11.03			0.19	7.50	7.69
3	Industrial							
	All Units	319	0.24	4.95	Rs. 30/- per KVA per month	0.13	0.12	0.25
4	HT Consumers							
	All Units	2	0.18	6.60	Rs. 100/- per KVA per month	0.03	0.12	0.15
5	Public Lighting							
	All Units	73	0.81	4.40			0.36	0.36
Total		23147	54.54			0.86	24.33	25.19

Keeping in view the ARR and Revenue from sale of power approved above, the Commission hereby approved the revenue gap for the FY 2016-17 as shown in table below:

Table 5.40: Revenue Gap at Existing Tariff Approved by the Commission for FY 2016-17 (In Rs Crores)

Sr. No	Particulars	FY 2016-17
1	Net Revenue Requirement	109.31
2	Revenue from Sale of Power	25.19
3	Net Gap During the Year	84.12
4	Add: Previous Year Gap	0.00
5	Total Gap	84.12

5.19. Average Cost of Supply

Petitioner Submission:

The Petitioner has submitted the Average Cost to Supply for the Control Period in the table below:

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Table 5.41: Average Cost of Supply submitted by the Petitioner for MYT Control Period (Rs/ Unit)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Average Cost of Supply	25.57	24.78	24.08
2	Average BillingRate	3.21	3.17	3.13
3	Net Gap	22.37	21.62	20.95

Commission Analysis:

The Commission has computed the Average Cost of Supply based on the expense and revenue components approved in previous sections as shown in table below:

Table 5.42: Average Cost of Supply approved by the Commission for FY 2016-17 (Rs/ Unit)

Sr. No	Particulars	FY 2016-17
1	Average Cost of Supply	20.04
2	Average BillingRate at existing tariff	4.62
3	Net Gap	15.42

6. Tariff Principles and Design

6.1.Preamble

The Commission in determining the Aggregate Revenue Requirement for MYT Control Period and Retail Supply Tariff for FY 2016-17, has been guided by the provisions of the Electricity Act, 2003, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and MYT Regulations 2014 notified by JERC under Section 64 of the Act which lay down the broad principles, which shall guide determination of retail tariff.

6.2.Principles of Tariff Design

As per regulation 36. Cross Subsidy, Allocation of Cost to Serve and Tariff Design of MYT Regulations 2014

- a. *The Commission shall gradually move towards reduction of cross subsidy in accordance with Electricity Act, Tariff Policy & such other guidelines of the government as applicable.*
- b. *The Distribution Licensee shall compute the consumer category-wise cost of supply as per the methodology elaborated below.*
- c. **Allocation of Cost:** *The Cost to serve shall be allocated to the consumer categories in the following manner:*

Step 1: Functional Demarcation of Cost - *Total cost shall be divided on the basis of functions performed such as power purchase, distribution etc.*

Step 2: Classification of Cost - *Each of the functionalized costs shall be further classified, based on its intrinsic nature into Demand related cost, Energy related cost and Customer related cost. Demand related costs shall generally be of fixed nature, related to capacity creation and shall include interest on capital borrowing, depreciation etc. Energy cost shall be related to quantum of electricity consumption of consumer, such as fuel cost, interest on working capital, etc. Consumer related cost shall include operating expenses associated with meter reading, billing and accounting.*

Step 3: Allocation of Cost

- 1) **Allocation of Demand Costs:** *Demand costs of all three functions shall be allocated among consumer categories on the basis of average coincident peak demand of the tariff categories (average of past 12 months). To facilitate determination of average coincident peak demand for the various tariff categories, load research shall be made an integral part of the operations of the DISCOMs and systematic load research exercises shall be initiated.*

- 2) **Allocation of Energy Costs:** Energy related costs of Distribution functions shall be allocated to consumer categories on the basis of ratio of electricity consumption of each consumer category to the total electricity consumption under the purview of the Distribution Licensee. Energy related costs of Power purchase shall be allocated to various tariff categories on the basis of block approach merit order dispatch and incremental principle, where each tariff category shall be allocated the incremental (energy related) power purchase cost on the basis of their respective share in the incremental power purchase. For the purpose of operationalizing the block approach and incremental principle, the Commission shall identify and notify a suitable year as the "base year".
- 3) **Allocation of Customer Costs:** Customer related costs shall be allocated to consumer categories on the basis of the ratio of number of consumers in each category to total number of consumers under the purview of the Distribution Licensee.
- d. Summation of allocated Demand cost, Energy cost and Customer cost across functions shall be total cost to serve for respective consumer categories. Cost to serve reduced by revenue from a consumer category shall give total subsidy for that category. Total subsidy for a consumer category reduced by Government subsidy, if any, shall be cross-subsidy for that consumer category.
- e. The consumers below poverty line who consume power below a specified level, say 30 units per month, shall receive a special support through cross subsidy.
- f. **Cross-subsidy surcharge and additional surcharge in Open Access**
 1. The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time in accordance with the Regulations specified by the Commission, shall be shown separately against the consumer category that is permitted open access as per the phasing plan.
 2. Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories who have been permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Distribution Licensee arising out of his obligation to supply. Provided that the licensee shall provide such details in its annual filings.
- g. **Tariff Design**
 - 1) The Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity.
 - 2) After the costs have been allocated based on the method specified in clauses (c) and (d) above, tariffs for different consumer categories shall be designed with due regard to factors provided under section 62(3) of the Act.
 - 3) The time of day tariff would be structured across three time slabs to denote normal, peak and off-peak periods. The time-periods would vary according to different seasons of the year i.e. summer, winter and the monsoon season. The peak tariff would be 10%-

20% higher than the normal tariff and the off-peak tariff would be priced 5%-10% lower than the normal tariff.

- 4) Time of Day tariff may be introduced in a phased manner, wherein in phase 1 it would be for HT Consumers, in phase 2 – for LT consumers consuming more than 25 KW and in phase 3 for LT consumers consuming more than 10 KW.*

It may be noted that the sole source of power is own generation only with no availability of external generating sources. Further, more than 99% sales is at LT level only, in which Domestic and Commercial Categories constitute more than 97% share.

Accordingly, the Commission is of the view that the functional demarcation of costs will not be of substantial impact on the present tariff structure. Further, due to practical constraints open access is not an option for the consumers of Lakshadweep.

In view of the above, the tariff needs to be designed in such a way that cross subsidy between different categories of consumers is progressively brought within $\pm 20\%$ of average cost of supply and that even for BPL category consumers, tariff rates are close to 50% of the average cost of supply. Commission has taken a considerate view in this regard balancing the interest of the utility and the consumer, thus compensating the department with additional revenue and providing a reasonable hike in consumer's tariff.

Accordingly, the Commission has designed the tariff for different categories of consumers as brought out subsequently.

6.3. Tariff Proposal

Petitioner Submission:

The basic requirement of any Tariff proposal is that it has to be transparent and justifiable against various policy guidelines and the framework evolved by the JERC and various SERCs. In the light of the experience gained by other utilities in implementation of the tariff orders and regulatory requirements specified under various states and policy guidelines an attempt has been made to improve upon the present tariff design. The Cost of supply computes to Rs 25.57 per unit. Average revenue per unit is Rs.3.21. Thus there is gap of Rs.22.36 per unit.

It is submitted that over 96% of power is generated from Diesel based generating stations. There is no other source of energy. Major component of cost of supply is cost of HSD and Lubricants. It is also submitted that Lakshadweep Electricity Department is also bearing the additional cost towards setting of CGRF. Cost incurred on this account for the FY 2014-15 amounts to Rs.16 lakhs. Further, there has been a reduction in budgetary support from the government. The above factors apart from general rise in prices have necessitated the increase in tariff. However, in this Tariff proposal only partial recovery of cost is proposed.

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

At the proposed tariff only 13.87% of the Annual Revenue requirement would be recovered.

Considering the above, the tariff proposal for FY 2016-17 for individual categories is given below along with the comparison of existing and proposed energy charges.

Table 6.1: Existing v/s Proposed Tariff for FY 2016-17 submitted by the Petitioner

Category	Existing Charges		Category	Proposed Charges	
	Energy Charge (Rs./Kwh)	Fixed Charges		Energy Charge (Rs.Kwh)	Fixed Charges
BPL/Kutri Jyoti		Rs. 25/- per service connection for month or part thereof	BPL/Kutri Jyoti		Rs. 27/- per service connection per month or part thereof
Domestic Connection			Domestic Connection		
-0 to 100 units	1.25	Rs. 10/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase	-0 to 100 units	1.40	Rs. 12/- per connection per month or part thereof for single phase Rs. 52/- per connection per month or part thereof for three phase
-101 to 200 units	2.50		-101 to 200 units	2.75	
-201 to 300 units	4.00		-201 to 300 units	4.40	
-301 units & above	5.10		-301 units & above	5.70	
Commercial			Commercial		
-0 to 100 units	5.00	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase	-0 to 100 units	5.50	Rs. 27/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase
-101 to 200 units	6.00		-101 to 200 units	6.60	
-201 units & above	7.00		-201 to 300 units	7.70	
			-301 units & above	8.00	
Industrial			Industrial		
All Units	4.95	Rs. 30/- per KVA per month or part thereof	-0 to 200 units	5.00	Rs. 32/- per KVA per month or part thereof
			-201 units & above	5.50	
HT Consumers	6.60	Rs. 100/- per KVA per month or part thereof	HT Consumers	7.25	Rs. 102/- per KVA per month or part thereof
Public Lighting	4.40		Public Lighting	4.80	
Temporary Connection	7.70		Temporary Connection	8.50	

Commission Analysis:

It is important to understand that the utility has not been meeting its cost from the approved tariff.

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The Commission, after analysis of the various components of Aggregate Revenue Requirement for FY 2016-17, has come to the conclusion that the utility has to increase the average tariff from the existing level of Rs. 4.66 per unit to Rs. 20.15 per unit to recover the full amount of ARR as projected for FY 2016-17.

The Petitioner has proposed an increase of 10.59% in the Tariff for FY 2016-17.

The Commission also notes that approximately 84% of the consumers fall in the Domestic category.

The difficult and remote areas, number of small islands, distance between the islands and logistic / communication problems are also considered by the Commission. Having regard to the above considerations, in order to avoid tariff shock, the Commission has approved a marginal increase of 10.45% in tariff.

The Commission is of the view that the Government connections have sizeable share of the overall consumption across Lakshadweep Islands and the consumption in these connections is neither domestic nor commercial in nature. Thus, the Commission finds it appropriate to create a separate category for all the Government connections from this year.

The Commission has determined the retail tariff for FY 2016-17 keeping in view the guiding principles as stated in the Electricity Act 2003, the Tariff Policy, MYT Regulations 2014 and amendments thereon, the suggestions/objections of the stakeholders in this regard and the petition submitted by the LED.

The Commission approves the tariff for FY 2016-17 as given below:

Table 6.2: Tariff Approved by the Commission for FY 2016-17

Category	Approved Charges	
	Energy Charge (Rs./KwH)	Fixed Charges
BPL/Kutri Jyoti		Rs. 25/- per service connection for month or part thereof
Domestic Connection		
-0 to 100 units	1.25	Rs. 15/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase
-101 to 200 units	2.75	
-201 to 300 units	4.40	
-301 units & above	5.70	
Commercial		
-0 to 100 units	5.50	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase
-101 to 200 units	6.60	
-201 units & above	7.70	
Government Connections		
-0 to 200 units	6.60	Rs. 25/- per connection per month or part thereof for single phase
-201 units & above	7.70	Rs. 100/- per connection per month or part thereof for three phase

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

Category	Approved Charges	
	Energy Charge (Rs./KwH)	Fixed Charges
Industrial		
All Units	5.25	Rs. 35/- per KVA per month or part thereof
HT Consumers	7.00	Rs. 100/- per KVA per month or part thereof
Public Lighting	4.80	
Temporary Connection	8.50	

The Revenue at revised tariff approved by the Commission for FY 2016-17 is given below:

Table 6.3: Revenue at Revised Tariff Approved by the Commission for FY 2016-17

S. No.	Category	No. of Consumers	Energy Sales (In MU)	Revised Tariff		Revenue At Revised Tariff (Rs Crores)		
				Energy Charges (in Rs /Unit)	Fixed Charges	Fixed Charges	Energy Charge	Total Revenue
1	Domestic							
	Upto 100		3.59	1.25	Rs. 15/- per connection per month for single phase and Rs. 50/- per connection per month for three phase		0.45	
	101 to 200		10.40	2.75			2.86	
	201 to 300		11.30	4.40			4.97	
	301 & above		16.99	5.70			9.68	
	Sub-Total	19351	42.28			0.59	17.97	18.56
2	Commercial							
	0-100		0.76	5.50	Rs. 25/- per connection per month for single phase and Rs. 100/- per connection per month for three phase		0.42	
	101-200		0.70	6.60			0.46	
	201 & above		9.58	7.70			7.37	
	Sub-Total	3402	11.03			0.19	8.25	8.44
3	Industrial							
	All Units	319	0.24	5.25	Rs. 35/- per KVA per month	0.15	0.13	0.28
4	HT Consumers							
	All Units	2	0.18	7.00	Rs. 100/- per KVA per month	0.03	0.13	0.15
5	Public Lighting							
	All Units	73	0.81	4.80			0.39	0.39
	Total	23147	54.54			0.96	26.85	27.82

The revenue gap at revised tariff approved by the Commission is given in table below:

Table 6.4: Revenue Gap at Revised Tariff Approved by the Commission for FY 2016-17

Sr. No	Particulars	FY 2016-17
1	Net Revenue Requirement	109.31
2	Revenue from Sale of Power	27.82
3	Net Gap During the Year	81.49
4	Add: Previous Year Gap	0.00
5	Total Gap	81.49

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

The following comparative chart gives the overview of the category wise levels of %age recovery of ACOS at existing and revised tariffs.

Table 6.5: %age recovery of ACOS at Existing and Revised Tariff Approved by the Commission for FY 2016-17

S. No.	Category	Existing Tariff		%age Hike	Approved Tariff	
		ABR	%age of ACOS		ABR	%age of ACOS
1	Domestic	3.96	19.76%	10.83%	4.39	21.90%
2	Commercial	6.98	34.80%	9.75%	7.66	38.20%
3	Industrial	10.35	51.63%	11.59%	11.55	57.61%
4	HT Consumers	8.13	40.54%	4.92%	8.53	42.54%
5	Public Lighting	4.40	21.95%	9.09%	4.80	23.95%
6	Overall	4.62	23.04%	10.45%	5.10	25.45%

The Commission observes that the Revenue Gap of the previous years was funded by the Government as a Budgetary Support. Previously, LED had submitted a copy of the letter from Administration of the UT, Lakshadweep regarding budgetary support to meet the Revenue Gap. However, the Petitioner has not submitted any such letter for FY 2016-17. The Commission recommends the Electricity Department, Lakshadweep to take up the matter with the Administration, UT of Lakshadweep to get the budgetary support to meet the Revenue Gap for FY 2016-17.

7. Tariff Schedule

7.1. Tariff Schedule

S. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES
1.	BELOW POVERTY LINE (BPL)		
	Upto 30 units per Month	Rs. 25/- per service connection per month or part thereof	
2.	DOMESTIC		
i	-0 to 100 units	Rs. 15/- per connection per month or part thereof for single phase Rs. 50/- per connection per month or part thereof for three phase	1.25
ii	-101 to 200 units		2.75
iii	-201 to 300 units		4.40
iv	-301 units & above		5.70
3.	COMMERCIAL		
i	-0 to 100 units	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase	5.50
ii	-101 to 200 units		6.60
iii	-201 units & above		7.70
4.	GOVERNMENT CONNECTIONS		
I	-0 to 200 units	Rs. 25/- per connection per month or part thereof for single phase Rs. 100/- per connection per month or part thereof for three phase	6.60
iii	-201 units & above		7.70
5.	INDUSTRIAL SUPPLY		
i	All Units	Rs. 35/- per KVA per month or part thereof	5.25
6.	HT Consumers		
i	All Units	Rs. 100/- per KVA per month or part thereof	7.00
7.	PUBLIC LIGHTING		
i	All Units		4.80
8.	Temporary Supply		
i	All Units		8.50

7.2.Applicability

Category	Applicability	Point of Supply/Notes
1. BPL/Kutir Jyoti	Applicable to consumers of Below Poverty Line (BPL) category with monthly consumption of 30 units and below.	<i>Note: Production of relevant BPL certificate issued by the authority concerned in the Island is a must for considering tariff for this category and their consumption does not exceed 30 kWh per month at any instance</i>
2. Domestic	Applicable to private houses, bungalows, hostels and hospitals run on non-commercial lines, charitable educational and religious institutions for lights, fans, radios, domestic heating and other household appliances	
3. Commercial	This includes all categories which are not covered by other tariff categories i.e. Domestic Category, BPL, Industrial LT, HT Consumers and Public Lighting. Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting, clubs and other commercial installations.	
4. Government Connections	Applicable to all Government Connections except those connections specifically included in Industrial LT and Public Lighting.	
5. Industrial Supply	Applicable to all Low Tension Industrial Connections including water works/pumps.	
6. HT Supply	Applicable for the consumers connected with 11 KV.	<i>Note: To be read with other Terms and Conditions for HT Supply</i>

Category	Applicability	Point of Supply/Notes
		<i>mentioned separately.</i>
7. Public Lighting	Applicable for lighting on public roads, footpaths, streets and fares in parks & markets.	
8. Temporary Supply	The supply shall be given for a period of not more than three months. For any extension a fresh connection has to be obtained on proper fresh application. The temporary connection can only be for a maximum period of six months.	The above mentioned tariff is based on the supply being given through a single delivery and metering point and at a single voltage.

7.3.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) 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 Regulations 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.

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.

- 4) If connected load of a domestic category is found to be at variance from the sanctioned/contracted load as a result of replacement of appliances such as lamps, fans, fuses, switches, low voltage domestic appliances, fittings, etc it shall not fall under Section 126 and Section 135 of the EA 2003.
- 5) The department shall not permit installation of contracted load of 3 HP and above in LT unless they are provided with the capacitors of adequate rating to comply with power factor conditions as specified in the JERC Supply Code Regulations 2010. The consumer has to provide appropriate capacitors for these installations presently running on without capacitors.
- 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 the provision of the Act & Supply Code Regulations. Notice to this effect shall be printed on the bill of the consumer.
- 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) Supply to consumers connected at 11kV will be charged as per the HT Consumer category rate.
- 9) The billing in case of HT 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 JERC Supply Code Regulations, 2010. If such overdrawl is

more than 20% of the contract demand then the connections shall be disconnected after due notice to the consumers.

i. **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 ($12000 \times 100 / 120$) 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 after due notice.

10) In case of exceeding the sanctioned load by the low-tension consumers by adding additional load, the penalty charges shall be charged as per the relevant provisions of the JERC Supply Code Regulations 2010.

11) Unless specifically stated to the contrary, the figures of energy charges relates to paise per unit (kWh) charge for energy consumed during the month.

12) **Delayed payment surcharge** shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month shall be levied on all arrears of bills. In case of delay less than a month, the surcharge will be levied at 2% per month on proportionate basis considering a month consists of 30 days. 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 upto the month of permanent disconnection.

13) **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.

14) **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.

15) Schedule of other charges would be as approved in this Tariff Order.

16) In case any dispute arises about the applicability of any tariff for any particular class of service or as to the interpretation of any clause of these tariffs, the decision of the Commission shall be final and binding.

7.4. Other Terms and Conditions for HT Supply

i. **Penalty Charges:**

Shall be in accordance with Sl. No. 9 of the General Terms and Conditions.

ii. **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 upto 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 @ 1% 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.

iii. **Billing Demand**

Billing demand in a billing cycle will be the higher of the following: (a) 75% of the Contract Demand (b) Actual Demand recorded by the meter.

7.5.Schedule for Miscellaneous Charges

S. NO.	PARTICULARS	CHARGES
METER RENT CHARGES		
1.	Single Phase Meter	Rs. 10 per month or part thereof
2.	Three Phase Meter	Rs. 25 per month or part thereof
3.	LT Meter with MD indicator	Rs. 200 per month or part thereof
4.	Tri-vector Meter	Rs. 500 per month or part thereof
Note: <i>The type of meters to be installed in consumer premises will be decided by the department. Generally the LT consumers having connected load above 50 HP will be provided with LT (Maximum Demand Indicator) meters. Considering the constraints prevailing in Lakshadweep Islands, the energy meters will be provided by the department only.</i>		
RECONNECTION CHARGES AFTER TEMPORARY DISCONNECTION		
5.	Single Phase LT Connection	Rs. 50
6.	Three Phase LT Connection	Rs. 100
7.	HT Connection	Rs. 500
SERVICE CONNECTION CHARGES		
8.	Single Phase LT Connection	Rs.250
9.	Three Phase LT Connection	Rs. 500
10.	HT Connection	Rs. 1000
EXTRA LENGTH CHARGE		
11.	Single Phase	Rs 50/meter
12.	Three Phase	Rs 100/meter
Note: <i>Extra length chargeable will be beyond permissible 30 meters free length from existing network for new connection for all categories</i>		
TESTING FEE FOR VARIOUS METERING EQUIPMENT		
13.	Single Phase Meter	Rs. 100 per meter
14.	Three Phase Meter	Rs. 300 per meter
15.	Three Phase Tri-vector Meter (0.5 Class) IndustrialLT Consumer	Rs. 500 per meter
16.	Three Phase Tri-vector Meter (0.5 Class) 11 KV HT Consumer	Rs. 500 per meter
17.	Combined CT-PT Unit for 11 KV Consumer	Rs. 500 per unit
18.	Three Phase CT Block	Rs. 300 per block
19.	CT Coil	Rs. 100 per coil
FEES (NON-REFUNDABLE) FOR SUBMISSION OF TEST REPORT OF WIRING COMPLETION		
20.	Single Phase Lighting / Domestic Connection	Rs. 10 per test report
21.	Three Phase Lighting /Domestic Connection	Rs. 25 per test report
22.	Single Phase Lighting / Commercial Connection	Rs. 50 per test report

Multi Year Tariff Order for 1st MYT Control Period and Retail Supply Tariff for FY 2016-17

S. NO.	PARTICULARS	CHARGES
23.	Three Phase Lighting / Commercial Connection	Rs. 100 per test report
24.	Three Phase LT Industries	Rs. 250 per test report
25.	Single Phase / Streetlight / Public Lighting & others	Rs. 50 per test report
OTHER CHARGES		
26.	Meter shifting charges (within the premises on consumer request)	Rs. 1000
27.	Shifting of poles on consumer request	Rs. 1500
28.	Diversion of HT/LT line on consumer request	Rs. 100/- per meter
29.	Penalty for tampering/damaging of supplier equipment	As per the relevant provisions of the JERC Supply Code Regulations, 2010

8. Directives

8.1. Directives liable for action under Section 142 of Electricity Act 2003 and various provisions of applicable regulations in case of further Non-Compliance

While examining the compliance note and supporting documents submitted by the Petitioner in the present petition, it has been observed that the some of the directives issued in previous tariff orders have not been fully complied with by the Petitioner.

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.

8.2. Filing of Review and True-up Petition for Previous Years

As per the Regulation No. 8 of JERC (Terms and Conditions for Determination of Tariff) Regulations 2009, the Petitioner is directed to submit the Review of FY 2012-13 along with the ARR and Tariff Petition for FY 2013-14 in line with JERC regulations as modified from time to time. The Commission shall consider variations between approval and revised estimates/provisional 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 for FY 2012-13 during Review.

After audited accounts of FY 2012-13 are made available; the Commission shall undertake similar exercise as mentioned 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', for which true-up petition should be submitted along with the audited accounts for consideration of the Commission.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that the Financial Accounts for the FY 2010-11, FY 2011-12 and FY 2012-13 has already been prepared and the same has been submitted to AG for Audit. LED would submit the audited figures after receiving the audit certificate from the AG	The Commission noted with concern the delay in finalizing the past three years annual accounts. The matter may be pursued and copies of the audited financial accounts for FY 2010-11 to FY 2012-13 may be submitted by 31 st July,

		2015. Similar action may be taken to finalize the annual accounts for FY 2013-14.
Present Petition	It is submitted that the audit for the FY 2010-11 to FY 2012-13 has been completed by the AG, however, the audit certificate has yet not been issued. LED is pursuing and same shall be submitted at earliest. The Annual accounts for the FY 2013-14 & FY 2014-15 has been finalized by 28.02.2016	The Commission has noted with serious concern that Petitioner is yet to take any action on preparation of accounts on commercial principles from FY 2012-13 onwards. The Commission directs the Petitioner to prepare accounts on Commercial Principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the true-up Petitions for all the pending years immediately thereafter, failing which the Commission will be constrained to take appropriate action against the Petitioner.

8.3. Annual Statement of Accounts

The Commission has observed that the department of Lakshadweep is not maintaining separate accounts on commercially accepted principles for the electricity business. The Petitioner is directed to segregate the accounts pertaining to electricity business as per the Electricity Act 2003 and get them duly audited as required under JERC (Terms and Conditions for Determination of Tariff) Regulations 2009.		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that the Financial Accounts for the FY 2010-11, FY 2011-12 and FY 2012-13 has already been prepared and the same has been submitted to AG	The action taken is noted. The matter may be pursued and the Audited Accounts for FY 2010-11 to FY 2012-13 may be submitted by

	for Audit. LED would submit the audited figures after receiving the audit certificate from the AG.	31st July, 2015.
Present Petition	It is submitted that the audit for the FY 2010-11 to FY 2012-13 has been completed by the AG, however, the audit certificate has yet not been issued. LED is pursuing the matter and same shall be submitted as earliest.	The Commission has noted with serious concern that Petitioner is yet to take any action on preparation of accounts on commercial principles from FY 2012-13 onwards. The Commission directs the Petitioner to prepare accounts on Commercial Principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the true-up Petitions for these years along with next Petition failing which, the Commission will be constrained to take appropriate action against the Petitioner.

8.4.Preparation of asset and Depreciation Register

The Electricity Department, Lakshadweep is directed to arrange for the preparation of asset and depreciation registers function wise, and asset classification wise. Till such time the above registers are prepared and got audited, the Commission cannot consider the gross fixed assets and accumulated depreciation over the years to arrive at the capital base and allow the return thereon as per JERC (Terms and Conditions of Determination of Tariff) Regulations, 2009.

The Petitioner is directed to submit quarterly progress report and the completion date of the preparation of the asset and depreciation registers, function wise and asset classification wise after getting them audited.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that the Asset Register up-to 31.03.2013	The matter may be pursued and the Audited Asset

	has already been compiled and the same is under audit by AG. The audited Asset Register shall be submitted on completion of audit.	Register upto FY 2012-13 may be submitted by 31st July, 2015.
Present Petition	It is submitted that AG has audited the Annual Accounts along with Fixed Asset Register upto 31.03.2013. However, audit certificate is yet to be issued. The matter is being pursued and certificate upto 31.03.2013 shall be submitted shortly.	The Commission has noted with serious concern that the Petitioner is yet to submit the Fixed Asset and Depreciation Register. The Commission directs the Petitioner to prepare Fixed Asset and Depreciation Register and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file along with next Petition failing which, the Commission will be constrained to take appropriate action against the Petitioner.

8.5.Optimization of Fuel Cost

The UT of Lakshadweep is an archipelago consisting of 11 inhabited islands and located far from the mainland of India; it is entirely dependent on its own generation for supply of power. The power in the UT of Lakshadweep is generated mainly from its Diesel Generating (DG) sets besides some production from solar plants.

The diesel is generally received in bulk in big tankers, thereafter it is transported to various islands in drums. Obviously, there are losses in transportation, storage and handling of which no assessment is available. It is understood that presently there is no system through which actual fuel consumption per generating station can be ascertained for generation of one unit of energy. In fact, there should be proper accounting of generating station wise fuel receipts & issues. The LED is directed to evolve a system of accounting of fuel received at port, dispatched island-wise, actual quantity received on the islands and actual quantity consumed island wise for generating electricity; so that actual fuel consumption per unit generation could be worked out. Accordingly, the Petitioner is directed to furnish such details along with the next filing.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner has submitted actual island wise fuel	The data submitted are inadequate and do not give

	<p>consumption for FY 2013-14.</p>	<p>the full details as directed earlier. The above Table only gives consumption of fuel whereas the Commission directed the Petitioner to give generating station wise fuel receipts and issues. Moreover, to assess the transportation losses, a system of accounting was to be evolved to compile the data of fuel quantity received at the Port end, dispatches to the different Islands and quantity actually received at the Islands, besides consumption details given above.</p> <p>The Commission directs the LED to evolve a proper fuel accounting system from the time it is received in the Port till consumption at the generating stations.</p>
<p>Present Petition</p>	<p>It is submitted that LED has developed fuel accounting system from the time it is received in the Port till consumption at the generating stations. The generating station wise fuel receipts and issue is being maintained and the same is attached for the FY 2014-15.</p>	<p>The Commission appreciates the efforts taken in streamlining Fuel Accounting System. However, the Commission directs the Petitioner to prepare software based fuel accounting system for generating station wise fuel receipts and issues along with the data of fuel quantity received at the Port end, dispatches to the different Islands and quantity actually received at the Islands.</p> <p>The Commission directs the Petitioner to ensure compliance of same by 31st</p>

	December 2016.
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8.6. Segregation of O&M expenses under different accounting heads

<p>The Commission directs the Petitioner to maintain segregation of the O&M expenses under different accounting heads and maintain the information as desired as per the regulatory formats and submit the same along with the next ARR/tariff filing.</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that the Financial Accounts for FY 2010-11, FY 2011-12 and FY 2012-13 have already been prepared and the same have been submitted to AG for Audit. LED would submit the actual expenses after completion of audit by AG.	The action of the Petitioner is noted. The matter may be pursued and the audited data may be submitted by 31 st July, 2015.
Present Petition	It is submitted that the audit for the FY 2010-11 to FY 2012-13 has been completed by the AG, however, the audit certificate has yet not been issued. LED is pursuing the matter and same shall be submitted at earliest.	<p>The Commission has noted with serious concern that Petitioner is yet to take any action on preparation of accounts on commercial principles from FY 2012-13 onwards.</p> <p>The Commission directs the Petitioner to prepare accounts on Commercial Principles and get them audited before 30th October 2016 for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 and file the true-up Petitions for these years along with next Petition failing which, the Commission will be constrained to take appropriate action against the Petitioner.</p>

8.7.Collection of Arrears

<p>The Petitioner is directed to analyze the outstanding dues; bad debts etc. & construct a data base of such consumers including particulars like amount, aging schedule and category. The Petitioner should identify those consumers having an outstanding of Rs. 50 thousand and above, for more than six months from the due date.</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
<p>Tariff Order Dated 17th April 2015</p>	<p>The arrears outstanding above Rs. 50000/- is not available online. It is submitted that the age-wise analysis of consumers or age-wise details of arrears, is presently not maintained by the Department. However, steps have been taken to maintain the records as required. It is prayed that the Hon'ble Commission may kindly give more time for compliance of the directive.</p>	<p>The Petitioner is once again directed to submit the island-wise, age-wise details of arrears by 30th June, 2015.</p>
<p>Present Petition</p>	<p>It is submitted that island wise, age wise details is being compiled and the same shall be compiled and submitted shortly.</p>	<p>The Commission has noted with serious concern the submission of Petitioner. The Commission directs the Petitioner to submit the requisite details as sought by the Commission by 30th May 2016, failing which the Commission will be constrained to take appropriate action against the Petitioner.</p>

8.8.Capital expenditure

<p>The Petitioner is directed to submit the detailed statement of capital expenditure incurred and capitalized for every quarter, within 15 days of the subsequent quarter.</p>		
Reference Order/	Petitioner Submission	Commission Analysis

Petitions		
Tariff Order Dated 17 th April 2015	It is submitted that the Asset Register has been prepared and the same shall be submitted after completion of Audit by AG. Total allocated Plan fund for FY 2014-15 under Power and NRSE was Rs.6.75 Cr and Rs. 2.00 Cr respectively and expenditure incurred as on 28 th February 2015 is Rs. 5.56 Cr and Rs. 2.00 Cr respectively.	The Commission directs the Petitioner to submit the quarterly statement showing project-wise physical and financial progress of various capital schemes. The date of Commissioning of the Plant and equipment and the capitalization figures of all fixed assets should be given in the statement. The matter may be pursued and the Audited Asset Register may be submitted by 31st July, 2015.
Present Petition	It is submitted that quarterly statement showing project-wise physical and financial progress of various capital schemes shall be submitted henceforth.	The Commission has noted with serious concern the submission of Petitioner. The Commission directs the Petitioner to submit the requisite details as sought by the Commission every quarter, failing which the Commission will be constrained to take appropriate action against the Petitioner.

8.9. Metering of consumer installations / replacement of Non-Functional or defective Meters

Under Section 55 (1) of Electricity Act 2003, no licensee shall supply electricity after expiry of 2 years from the appointed date except through installation of correct meter in accordance with the regulation to be made in this behalf by the authority. Accordingly, metering is required to be done in line with CEA (installation and operation of meters) Regulations 2006 for all consumers. ED LED is directed to submit an action plan regarding installation/replacement of meters by 30 th December 2012.		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner had submitted category wise consumer metering	From the details submitted by the Petitioner, it is seen

	<p>details.</p>	<p>that meters are installed for all consumers. However, nearly 14.28% of the total installed meters are mechanical meters which are to be replaced with electronic meters. Moreover, out of 3026 mechanical meters installed, 151 meters are defective. In the case of electronic meters also, 137 meters are defective. The Commission directs the Petitioner to take immediate action for replacement of all mechanical meters by electronic meters and to replace defective electronic meters by 31st December, 2015.</p>
<p>Present Petition</p>	<p>It is submitted that LED is making efforts for replacement of all mechanical meters by electronic meters and to replace defective electronic meters. The status report in this regard shall be submitted by 31.03.2016</p>	<p>The Commission has noted with serious concern the submission of Petitioner. The Commission is of the view that already substantial delay has been occurred in 100% metering. The Commission directs the Petitioner to report with 100% compliance of this directive by 30th October 2016, failing which the Commission will be constrained to take appropriate action against the Petitioner.</p>

8.10. 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 licensee shall pay interest on security deposit collected from the consumers, equivalent to the bank rate or more as may be specified by

<p>the Commission. On account of provisions mentioned in the Act and regulation, the Commission directs the Petitioner, that the Petitioner must pay the interest on consumer security deposit for FY 2012-13 (at the Bank Rate) with effect from 1stApril 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.</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	It is submitted that the details of payment of interest on security deposit is being compiled and incorporated in the online billing software may be adjusted in the April 2015 bill onwards.	The action taken is noted. A report on details of payment of interest on security deposits to the consumers may be submitted by 30 th July, 2015.
Present Petition	It is submitted that the details of interest on security deposit to consumers and adjustment of the same shall be submitted by 31.03.2016	The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to submit the status report by 30th April 2016 failing which the Commission will be constrained to take appropriate action against the Petitioner.

8.11. Directives continued in this Tariff Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present petition, it has been observed that the some of the directives issued in previous tariff orders have not been fully complied with by the Petitioner.

The Commission, considering the constraints/submissions of the Petitioner, is of the view that some of the directions needs further action by the Petitioner. Thus, the Commission has decided to continue with the following directives:

8.12. Renewable Purchase Obligation and Exploration of alternative sources of electrical energy

The Petitioner is directed to encourage and incentivize generation from renewable sources to meet its overall and individual RPO targets. The Petitioner has to purchase 3% of total consumption of all the consumers in its area as power purchase from renewable sources for FY 2012-13 including 0.40% from Solar and 2.60% from Non-Solar as per the JERC (Procurement of Renewable Energy) Regulations 2010.

Exploration of alternative sources of electrical energy:

Directive: The Commission has observed that there is huge dependency on diesel for generating electricity, which not only increases the average cost of supply but also puts a huge burden on the financial health of the Utility. The Commission has noticed that the Petitioner has taken some initiatives in this regard but firm execution is required so as to speed up the process of the construction and achievement of commercial operation date of renewable generation plants. It is inevitable for the distribution licensee to explore alternative sources of power, and at the same time consumer's contribution in this regard is required in terms of installation of roof top solar, wind or hybrid equipments etc. to reduce the load on the existing power stations of the Utility. The Petitioner is directed to submit a quarterly progress report for the initiatives taken in this regard and submit the first report by 30th January 2013.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	<p>The Petitioner submitted that the LED is procuring more than 3% of its power requirement from Renewable Energy source (solar plants). However, steps are also being taken to explore & develop other Renewable sources.</p> <p>Availability of Solar energy is higher than the other renewable sources for LED. Non-solar sources may result a burden on consumers. LED may be excluded from meeting the Non Solar RPO as the whole Obligation was met through Solar sources.</p> <p>LED has introduced solar street lights and is also encouraging rooftop solar.</p> <p>Further, LED is in the process of setting up Biomass plants at three Islands - Androth - 2 MWs, Kavaratti - 2 MWs & Kadmat - 1 MW.</p> <p>The LED invited tender and two bidders participated; however they were not qualified by the Tender</p>	<p>The Commission, after considering the availability of solar energy and the difficult logistic/terrain conditions of the Islands, as a special case, approves clubbing of Renewable Purchase Obligations of Solar and non-solar energy to meet the target set by the Commission. However, in view of the cost of fuel and environmental pollution caused by using diesel, the Commission directs the LED to maximize the generation and purchase of renewable (both Solar and non-solar) energy.</p> <p>The Petitioner is directed to pursue the matter of setting up of Bio-mass plants and see that these plants contribute to the energy requirement during FY 2016-17 positively.</p>

	Evaluation Committee due to lack of experience. Relaxed tender which is suitable for Lakshadweep was prepared and submitted to MNRE for final approval	
Present Petition	It is submitted that LED is making all efforts to increase the capacity of renewable energy sources. Accordingly, LED has proposed augmentation solar power generating capacity in the investment plan for the control period FY 2016-17 to FY 2018-19.	The Commission has noted the submission of the Petitioner and directs the Petitioner to continue its efforts in this direction.

8.13. Bill Payment

The Petitioner is directed to explore options for multiple payment points/gateways for online collection and status of existing system of bill payment should be submitted within three months.		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that LED has started the system of online collection of bills from 21 st January, 2015. Status report for online collection for the quarter ending on 31.03.2015 shall be submitted by April, 2015.	The status report for online collection for quarter ending 31.03.2015 may be submitted by April, 2015.
Present Petition	It is submitted that system of online collection of bills is already operating and LED is further, working to further improve it and increase its reach. The status report shall be submitted shortly	The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to submit the latest status report with one month of issuance of this order.

8.14. Strengthening of the Consumer Grievance Redressal System

The Commission directs the Petitioner to find a way to dispose all pending applications

as per the provisions under Section 43 of the Electricity Act, and relevant JERC Regulations, other than the cases pending due to lack of documentary evidence of legal heirs after the death of original owner of the premises. The Commission also directs the Petitioner to follow the Standard of Performance notified by the Commission strictly and the status report on all new/shifting connection applications pending by more than 45 days, with the reason for their pendency be submitted to the Commission by 30th December 2012. The Petitioner is directed to promote and give publicity to the functioning of the Consumer Grievance Redressal Forum (CGRF), so that consumers can approach CGRF for redressal of their grievances. The Commission directs to publicize the benefit to consumers, highlighting the steps and necessary documents required for redressal of complaints and to initiate action on the following:

- Complaints against fast meters/defective meters
- Application for shifting of electricity connection
- Application for new Connection
- Complaints regarding no-supply.
- Any other complaints

The Commission further directs to prepare monthly/ quarterly schedule for visit to different islands by officers i.e. S.D.O., Executive Engineers and Superintendent Engineer LED to bring in greater efficiency in the working of LED and also to hear and settle the public grievances and complaints of the consumers at the spot so that no consumer is forced to visit the main office of the LED.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that already the Department provided a consumer portal (www.powerlak.gov.in) to register all complaints through on line or through CSC centers.	The action taken is noted. The quarterly reports starting April, 2015 on the number of complaints received, attended etc., may be submitted to the Commission.
Present Petition	is submitted that the quarterly report on the number of complaints received,attended etc, shall be submitted henceforth	The Commission has noted that the Petitioner has not yet complied with the directive. The Commission directs the Petitioner to submit the latest status report with one month of issuance of this order and submit quarterly reports henceforth.

8.15. Energy Audit Report

The Petitioner is directed to get an energy audit conducted to assess actual technical and commercial losses. The energy audit of the generating stations is required for an actual assessment of losses. Based on the studies, ED LED shall propose an action plan for the reduction of losses in subsequent years along with the investment required for reduction of such losses and augmentation of transmission and distribution system. Effective technical and administrative measures shall be taken to reduce the commercial losses. The action plan for energy audit and loss reduction measures shall be furnished to the Commission by 30th December 2012.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Energy Audit Report has been submitted.	The action taken by the Petitioner is noted.
Present Petition	Complied	The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to submit the energy audit reports of relevant years along with all the future filings.

8.16. Improvement in Specific Fuel Consumption (SFC)

It is observed that the specific fuel consumption in case of LED is much higher at 0.32 litres per unit of electricity based on actual for FY 2011-12 whereas for similarly placed territory of Andaman & Nicobar Islands it is 0.232 litres to generate one unit of electricity based on approved cost for FY 2012-13. Also, the actual specific fuel consumption for the IPP at A&N is 0.24 litres/unit based on actual for FY 2011-12. So, the Utility needs to take serious steps to economize its use of the HSD fuel and bring its specific fuel consumption at par with other similarly placed utilities.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that LED has taken steps to improve its SFC by overhauling of existing DG sets as well as phasing out of old DG sets. LED has provided for augmentation of DG capacity in its capital expenditure plan submitted in the MYT petition. This would decrease the SFC. Apart from this, implementation of more renewable energy projects would further reduce the use of the HSD	The action taken is noted. Further a report should be submitted to the Commission regarding the progress in this matter by end of September, 2015.

	based generation. Coil Cooler at Kavaratti and Roof top ventilators are provided to improve the efficiency of the machines. Bulk Oil storage Facility to be commissioned at Kavaratti and Minicoy shortly, will reduce the transportation losses and leakages and will improve the overall efficiency of the fuel consumption.	
Present Petition	It is submitted that LED has taken efforts in this direction by overhauling of the existing DG sets and augmentation of DG capacity and has proposed accordingly in the investment plan of the Business Plan for the control period FY 2016-17 to FY2018-19. Further, other efficiency improvement initiatives have also been taken. Thereport as directed shall be submitted by 31.03.2016	The Commission has noted the submission of the Petitioner. The Commission directs the Petitioner to submit half yearly status reports for same.

8.17. Energy Efficiency measures

The power generation cost in Lakshadweep is the highest compared to any utility under the ambit of JERC. In addition, E.D of Lakshadweep cannot sustain on diesel based power source, which is uneconomical in long run with fuel prices increasing drastically. Therefore, in addition to scout for other source of power generation, LED has to spread energy saving measures including introduction of energy efficient lamps, getting inefficient electrical equipment replaced & other demand side management measures among the consumers.

LED has to overview the practices being adopted presently for the Technical Loss Reduction, matching it with the best practices and has to draw a road map for the same.

The Commission directs LED to provide a detailed action report on these measures by 30th June 2014

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that the Department has taken various steps for energy conservation like introduction of LED lamps for	The Action taken is noted.

	Street Lighting, domestic consumers & Government Offices. 1780 Nos. of LED Lamps are installed by replacing conversional Street lights and 1200 Nos. to be installed on this financial year Further, steps for replacement of inefficient electrical equipment and energy conservation awareness programmes have also been undertaken	
Present Petition	Directive Complied	The Commission directs the Petitioner to submit the details of roll out plan for distribution of LED bulbs along with year-wise potential savings within 2 months of issuance of this order.

8.18. Man Power Studies

<p>LED is required to initiate action to get a Study conducted by an accredited agency on manpower requirements, taking into account, gaps for improvements in Standard of Performance, Future Load Requirements, Use of Renewable Power, Demand Side management measures, Skilling and multi skilling of the manpower in view of geographic distance from Mainland Organization set up in view of spread of the Islands, techno-commercial realities and benchmarking with best practices.</p> <p>The Commission directs the Petitioner to submit a report on action initiated in this regard latest by 31stDec. 2014</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Tariff Order Dated 17 th April 2015	The Petitioner submitted that LED has initiated action in this regard for floating tender. The report on the same shall be submitted shortly	The report on the action taken in this regard may be submitted by 31 st July, 2015.
Present Petition	Department has shared the data with Power Sector Skill Council (PSSC) which is an apex body for development of skills in power sector constituted under the National Skilling Program of Hon'ble Prime Minister of India.	The report on the action taken in this regard may be submitted by 30 th September, 2016.

	<p>PSSC is being promoted by Central Electricity Authority and is presently conducting a study on skill gap analysis.</p> <p>The objective of the study is to assess the job role wise requirement and the gap existing in the industry so as to develop a strategy for skill development for specific job roles (having manpower deficit) in the country.</p>	
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8.19. Quarterly Reports

<p>All the reports that are required to be submitted quarterly shall be submitted in hard and soft Copy, by the Petitioner without fail, even if there is no change in status. The formats for the reports may be developed immediately in the meanwhile.</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
<p>Tariff Order Dated 17th April 2015</p>	<p>The Petitioner submitted that LED shall comply with the directive of the Commission. Online Power house Management, Inventory system and indexing system of consumers are under development by NIC, Kavaratti. Once the project is completed the quarterly reports will be incorporated in the system itself. Mean time we will collect the details through manual method and submitted to the Commission shortly</p>	<p>The formats developed for the quarterly, reports may be submitted immediately and the quarterly reports shall be submitted regularly from 1st June 2015 onwards.</p>
<p>Present Petition</p>	<p>Quarterly reports in prescribed formats will be submitted shortly.</p>	<p>The Petitioner is directed to submit the quarterly reports without fail from 1st Quarter of FY 2016-17 onwards.</p>

8.20. Publicity for Consumer Grievance Handling System

<p>The Commission directs the Petitioner to give proper publicity to the consumer through bills, advertisement in local TV channels and during the monthly consumer grievances</p>
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meetings, the entire system of handling the consumer grievances as envisaged in the Electricity Act and the Regulations of the Commission. This will create awareness amongst the consumers to approach the proper forum for redressal of their grievances.		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Present Petition	It is submitted that LED has taken steps for creating awareness among consumers regarding Consumer Grievance Handling System. The online portal of the department has details of CGRF along with contacts. Further, LED has also introduced online consumers complaint registration mechanism.	The Commission has noted the submission of the Petitioner. However, the Commission directs the Petitioner to explore offline means for creating awareness and submit status report along with next filing.

8.21. Safety of Consumers and Employees

<p>The Commission directs the Petitioner to take necessary steps for regular patrolling to check the distribution lines particularly during the monsoon season. Further, the Petitioner should disseminate information and tips among the consumers during their monthly consumer grievance meetings to handle electrical items and to avoid coming in contact with the live wires. Apart from compliance to the statutory requirements, these types of consumer education and awareness programs will be very helpful to avoid electrocution/accidents in semi-urban and rural areas.</p> <p>The Commission also directs the Petitioner to take necessary steps to provide safety equipments/tools such as gum boots, safety boots, mechanical ladders, helmets etc. for the safety of their employees.</p>		
Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Present Petition	It is submitted that LED has taken initiatives in regard to safety of the consumers & employees. Accordingly, training programs have been planned for employees and safety awareness campaigns for consumers.	<p>The Commission has noted the submission of the Petitioner. The Commission is of the view that Petitioner has not fully complied with the directive.</p> <p>The Commission directs the Petitioner to ensure 100% compliance of this directive and submit status report along with next filing.</p>

8.22. New Directives issued in this tariff order

No New Directives have been issued in this order.

8.23. Directives dropped in this Tariff Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present petition, it has been observed that the some of the directives issued in previous Tariff Orders 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. No further compliance/status is required to be submitted by the petitioner for following directives:

8.24. Technology up gradation

The Commission directs that the Petitioner should upgrade transmission and distribution lines and substations with latest and advanced technology. While drafting the Business Plan for the control period from FY 2016-17, this aspect should be kept in mind to improve efficiency in service and to provide uninterrupted/reliable power supply. The commercial, financial and administrative functions should be fully computerized. The Commission also directs the Petitioner to initiate immediate action to introduce online billing, collection and complaint system to facilitate the consumers. The Business Plan should also make provision for proper training of the employees to handle the modern equipments, computer network etc.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Present Petition	It is submitted that LED has already introduced online system for bill payment and complaints registration. Further, provision for training of employees has also been made in the Business Plan . The LED has also planned to strengthen the transmission and distribution lines and substations with latest and advanced technology to improve performance and efficiency.	The Commission has noted the submission of the Petitioner and drops this directive.

8.25. Submission of Business Plan for MYT Control Period

As elaborated in Para 1.9 of this Tariff Order, the details in the Business Plan submitted by the Petitioner is insufficient. The supporting data such as, scheme-wise cost benefit analysis, financing plan, loss trajectory have not been adequately submitted. In view of the same, the Commission is constrained to defer the implementation of Multi Year Tariff and concomitant Business Plan. The Petitioner is therefore, directed to submit the revised Business Plan for the period FY 2016-17 to FY 2018-19, along with the requisite details as provided in JERC (Multi-year Tariff and Distribution) Regulations, 2014, latest by 31st July 2015. No further extension will be given as the MYT Petition would be required to be prepared only after approval of the Business Plan. The MYT submission deadline remains 30th November, 2015.

Reference Order/ Petitions	Petitioner Submission	Commission Analysis
Present Petition	The Business Plan & MYT petition stands submitted.	The Commission has noted the submission of the Petitioner and drops this directive.

Annexure 1: List of Objectors/Stakeholders

The following is the list of the stakeholders who have submitted objections/ suggestions:

Sl. No.	Name of Stakeholder	Representation (in Writing)	Representation (In Person)
1.	Mr. Basheer MP, Kavaratti	X	√
2.	Mr. Abdul Kadhar, Kavaratti	X	√
3.	Mr. Hamsath Haji, Kavaratti	X	√
4.	Mr.Khaleel, Kavaratti	X	√