

**JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Quorum

Shri M.K. Goel, Chairperson
Smt. Neerja Mathur, Member

**Review Petition No. 237/2017
Date of Hearing: 27.07.2017
Date of Order: 08.08.2017**

In the matter of:

Petition under Section 94 (1)(f) of the Electricity Act, 2003 seeking review of the Order dated 09.06.2017 of the Hon'ble Commission, Truing up the financial for the year 2015-16, conducting Annual Performance Review for 2016-17 and approving the Annual Revenue Requirements and Tariff for 2017-18.

And in the matter of:

DNH Power Distribution Corporation Ltd.

.... Review Petitioner

Present

For the Petitioner

1. Shri C.A. Parmar, Chief Engineer, DNHPDCL
2. Shri R.B. Choubal, Asstt. Engineer, DNHPDCL
3. Shri Siddharth Mehta, Sr. Vice President (Consultant), DNHPDCL
4. Ms. Neha Garg, Advocate, DNHPDCL
5. Shri Gaurav Lohani, Consultant , DNHPDCL
6. Shri Nitin Gupta, Consultant, JERC
7. Shri Rajan Kumar Roy, Team Leader (PTC)
8. Ms. Sarita Sinha, Advocate, Federation of Industries Association, Silvassa

ORDER

The Review Petitioner through this Review Petition sought the review of the impugned Order dated 09.06.2017 in Petition No. 226/2017 on the following issues:-

1. Surplus considered by the Commission in the ARR for FY 2016-17.
2. Open Access charges of Rs 150 crores considered by the Commission
3. Computation of FPPCA charges
4. Power Factor Incentive @ 1% on demand charges and energy charges.
5. Billing of demand charges of HT consumers at 75% of contracted demand.
6. Change in nomenclature of the new slabs introduced in the HT category.

The Review Petitioner submitted that the Commission has considered a net surplus of Rs 81.20 crores as per the estimate of the revenue requirement for the FY 2016-17. However, as per the actual cost and revenue for the FY 2016-17 instead of a surplus of Rs 81.20 crores there is a deficit of Rs 134.99 crores for the FY 2016-17.

The Review Petitioner further submitted that the said details of actual cost and revenue which were not available at the time of hearing for determination of tariff are now available. The surplus of Rs 81.20 crores considered by the Commission in the impugned Order instead of the deficit of Rs 134.99 crores based on actual accounts would cause a substantial burden on the finances and cash flow of the Review Petitioner.

The Review Petitioner further submitted that the Commission has considered an amount of Rs 150 crores as income on account of Open Access charges to be paid by the Open Access consumers in the impugned Order. However, since issuance of the Tariff Order dated 09.06.2017 by the Commission most of the Open Access consumers have stopped taking power through Open Access due to competitive tariff provided in the impugned Tariff Order. In the month of April & May, 2017 only a few consumers have taken power through Open Access and this has generated approximately only Rs 20 crores as Open Access revenue. Thus, the amount of Rs 150 crores considered by the Commission as Open Access revenue would result in serious cash flow problem to the Review Petitioner.

The Review Petitioner further submitted that in the impugned Order, the Commission has approved power purchase cost at Rs 4.49/Unit to be used for computation of FPPCA charges for the FY 2017-18 on the assumption that HT consumers having connected load of about 320 MW have opted for Open Access. Therefore a large quantum of the capacity of the Petitioner would be stranded and only capacity charges were to be paid to the Generator. The quantum of electricity considered for purchase was less considering the Open Access quantum as mentioned above. However all the consumers who had opted for Open Access have stopped taking power on Open Access due to competitive tariff provided in the impugned Order and as of now the Review Petitioner is supplying power to all such consumers. In view of the higher scheduling of electricity, actual power purchase cost has again come below Rs 4.00/Unit. As a result the FPPCA rate will become negative from the third quarter onwards and this will have a adverse impact on the finances of the Review Petitioner.

The Review Petitioner further submitted that the Commission has in the impugned Order held as under:-

Quote

"While the impact of arrears arising on account of these Orders is usually recovered through FPPCA, the Commission directs the Petitioner to adjust the payments of these arrears directly against the approved surplus of Rs 360.29 crores under intimation to the Commission and not to consider the same in the FPPCA computations".

Unquote

The Review Petitioner further submitted that the surplus of Rs 360.29 crores as mentioned above is not correct. There would be a net gap at the end of 2017-18 of Rs 22.58 crores whose recovery may be allowed through FPPCA.

The Review Petitioner further submitted that the impugned Order has provided that 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 charge shall be given for each increase of 0.01 in power factor above 0.95 (lagging). This would put additional burden on the Review Petitioner. The Review Petitioner prayed to the Commission to reduce the power factor incentive @ 0.5% which is a regulatory practice and is also applicable in other States including the State of Gujarat.

The Review Petitioner further submitted that billing of demand charges of HT consumers at 75% of contracted demand should be increased to 85% that would be more representative of the cost that would be incurred by DNHPDCL. It would also result in the consumers maintaining a more scientific contract demand which would enable DNHPDCL to plan its power purchases in a more economic manner.

The Review Petitioner further submitted that the Commission has approved the tariff for HT category with introduction of new voltage wise slabs as follows:-

Quote

1. "11 kV – with connected load upto 1 MW
2. 11 kV – with connected load 1 MW and above
3. 66 kV
4. 220 kV"

Unquote

It is submitted that in all agreements entered into between the Review Petitioner and HT consumers the connected load has been given in MVA instead of MW. The billing slab of some consumers may change when their connected load is converted from MVA to MW. Further, it is noticed that demand charges given in the impugned Tariff Order are as per kVA basis. It is therefore requested that the Commission may revise the nomenclature of the voltage wise slabs as follows:

Quote

1. 11 kV – with connected load upto 1 MVA
2. 11 kV – with connected load 1 MVA and above
3. 66 kV
4. 220 kV"

Unquote

The Commission heard the Review Petitioner, Ms. Sarita Sinha, Advocate for Federation of Industries Association, Silvassa at length. The Commission is of the view that prima facie there is a case for admission of the said Review Petition. The Commission therefore admits the said Review Petition.

The Commission further directs the Review Petitioner to provide the following additional information to the Commission within two weeks:-

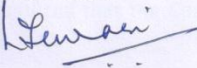
1. Details of Surplus / Gap during 2016-17 and for the period during April, 2017 to July, 2017.
2. Details of the cumulative Surplus /Gap as on 31.03.2017 with year- wise breakup and its utilization.
3. Justification for not considering part of the surplus for operational activities. In this regard, a letter from the Government may be provided.
4. Month wise details of Revenue billed and earned for the period April to July, 2017 under different heads.
5. Reasons for reduction in actual sales by approx. Rs 200 crores compared to that approved in Tariff Order for 2016-17.
6. Reconciliation of the loss of Rs 68 crores as per the actual accounts vis-a-vis the loss of Rs 135 crores projected by the Review Petitioner for the FY 2016-17
7. Details of computation of FPPCA charges for the first quarter from April to June, 2017.
8. Details of power procurement cost for the period April – June, 2017 and for July, 2017.
9. Details of arrears bills and anticipated future liabilities.

Ordered accordingly.

Sd/-
(NEERJA MATHUR)
MEMBER

Sd/-
(M.K. GOEL)
CHAIRPERSON

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(KEERTI TEWARI)
SECRETARY