

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

Coram*
Shri S.K.Chaturvedi, Chairman
Petition No. 128/2014
Date of Order 25.04.2014

In the matter of

Petition for seeking approval of the Commission for implementation of Demand Side Management (DSM) based Efficient Lighting Program (DELP) in UT of Puducherry under Demand Side Management Program.

And in the matter of

Electricity Department – Puducherry

..... Petitioner

Order

The petitioner – ED- Puducherry has filed the present petition under Demand Side Management Program for seeking approval of this Commission for implementation of Demand Side Management (DSM) based Efficient Lighting Program (DELP) in UT of Puducherry.

The Commission received the petition on 27.01.2014. The Commission examined the petition and found the same in line with JERC (Conduct of Business) Regulations, 2009. The Commission admitted the petition on 28.01.2014.

The Commission scheduled hearing on 5.02.2014 at Commission’s Headquarters and approved the DELP- program “in principle” with the direction to the petitioner to file revised petition on or before 14.02.2014.

ED-Puducherry as per the direction given by the Commission vide order dated 05.02.2014 has submitted the revised petition by email on 14.02.2014 and hard copy with affidavit was received on 21.02.2014.

The petitioner in the revised petition has given the following parameters regarding supply of LED bulbs under DELP Program and “pay out” of ED-Puducherry over the period of the life of the LED bulbs namely, 10 years:-

S. No.	Particulars	Revised petition 14.02.2014	Remarks
1.	Wattage of LED bulb (in replacement of 60 W incandescent bulb)	7 Watt	Revision based on (lowest) L ₁ bid received by EESL.
2.	Cost of LED bulbs and recovery from consumers (life of bulb estimated at 10 years).	Rs. 320/- per bulb including transportation, insurance, storage & distribution cost.	Rs. 10/- per bulb will be recovered from the domestic consumers. Totally 7,35,000 Nos. bulbs will be distributed under this program.
3.	Energy saved per LED bulb p.a	55.65 Kw/hr	2,45,000 households-3 bulbs per house-3.5 hrs per day usage of bulb for 300 days.

4.	Total Energy saved p.a. before reckoning T&D losses and Pool loss	40.90 million units	-do-
5.	Deemed energy available through this program p.a. considering 12.5% T&D losses and 4.37% Pool loss.	48.88 million units	-do-
6.	Project Cost (net of consumer contribution)-namely, Investment by EESL.	Rs. 22.785 Crores	Rs. (320-10)x 7,35,000 bulbs; price includes 8 years warranty by L ₁ bidder.
7.	Debt (70% of Project Cost)	Rs. 15.9495 Crs.	To be arranged by EESL.
8.	Equity (30% of project cost)	Rs. 6.8355 Crs.	-do-
9.	Interest on Loan	12.5% p.a. estimated.	EESL has agreed for reimbursement on actual basis on finalization of the loan agreement.
10.	Return on Equity	15.5%	As per CERC norms.
11.	Annual Maintenance Cost	3% of project cost (including replacement warranty cost for 2 years by EESL)	Reduction as agreed during hearing.
12.	Total payout ED-P to EESL over 10 years EXCLUDING TAXES.	Rs. 46.41 Crs.	-----

The Commission regarding Sr. No. 5 above observed as under:-

The Commission in the tariff order dated 25.04.2014 of ED- Puducherry for FY 2014-15, has approved T&D losses of 12% and pool losses of 4.64%. Considering the approved figures, the deemed energy available through this program works out to 48.73 million units. However, this figure will change year after year based on actual T&D losses and pool losses of the year concerned.

The petitioner has prayed for approval of the Commission,(i) for implementation of DELP Program; (ii)Capital Investment (Rs. 22.785 Cr.);(iii) DELP- SOP (Standard Offer Program) prices per unit of energy saved; (iv)ED-Puducherry to recover the annual payout to be made to EESL through ARR for the respective year; and(v) draft Energy Savings Agreement.

The Commission on 19.02.2014 decided to hear the present petition on 14.03.2014 at Puducherry along with public hearing of petition no. 125/2014 for approval of ARR and determination of tariff of ED-Puducherry for FY 2014-15.

The Commission had noted that in view of the General Elections 2014, the Model Code of Conduct has been imposed since March 5' 2014. In this context, the Principal Secretary, Secretariat of the Election Commission of India, vide its letter no. 437/6/Misc./2014-CC&BE/322 dated February 17' 2014, clarified to the CERC/FOR that the model code of conduct is applicable to the Electricity Regulatory Commissions also as had been done during the last Lok Sabha Elections 2009, and that in case any relaxation is required under model code of conduct, CERC/SERC may refer the matter to the Commission.

The FOR (Forum of Regulators) communicated the above mentioned clarification as received from the Election Commission to all SERCs vide its letter no. 15/2(39)/2013-FOR/CERC dated February 24' 2014.

Accordingly, Chairperson JERC, vide his D.O. No. 21/46/2014-Jerc/1876 dated March 7' 2014 to the Election Commission communicated the following:

Quote:

.....*“While Public Hearings have already been held in respect of tariff petitions filed by Goa and three UTs, the Public Hearings are scheduled from second week of March ‘14 in respect of tariff petitions filed by Electricity Departments of Puducherry (clubbed with the petition filed by State Generating Company, PPCL), Dadra & Nagar Haveli and Chandigarh. Subsequently, the Commission also is to issue the Tariff Orders for the generator and all the licensees situated in Goa and six Union Territories on or before 31st March 2014.*

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

Unquote

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

Quote:

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

Unquote

The Commission held public hearing on 14.03.2014 after public hearing notice published in daily newspapers namely “Dina Thanihi”, “The Hindu” and “Dinakaran” all dated 12.03.2014” at Puducherry along with petition no. 125/2014 for approval of ARR and determination of tariff of ED-Puducherry for FY 2014-15.

Subsequently, The Principal Secretary, Secretariat of the Election Commission of India, vide letter no. 437/6/1/2014-CC&BE/235 dated March 29' 2014, clarified to CERC as follows:

Quote:

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

Unquote

The FOR (Forum of Regulators) communicated the above mentioned clarifications as received from Election Commission to all SERCs vide letter no. 15/2(39)/2013-FOR/CERC/36750 dated April 4' 2014. The poll date in Puducherry, which was on April 24' 2014, is over.

Since, the present order will have an impact on the ARR of ED- Puducherry on implementation of the DELP program, the Commission is issuing the present order after the poll is over in Puducherry by adhering to the instructions received from the Election Commission of India.

The Commission has gone through and examined the original petition as well as revised petition carefully and thoroughly. The Commission has also heard the representatives of ED-Puducherry, Energy Efficiency Services Ltd. (EESL) and the General Public at length during the public hearing on 14.03.2014 at Puducherry.

The Commission found the petition and DELP Program in line with the Electricity Act, 2003 and the Regulations framed thereunder by JERC. Therefore, the Commission allow the petition and approves implementation of DELP Program; Capital Investment (Rs. 22.785 Cr.); DELP- SOP (Standard Offer Program) prices per unit of energy saved as per Annexure "A"; ED-Puducherry to recover the annual payout to be made to EESL through ARR for the respective year; and draft Energy Savings Agreement with the condition that the petitioner as per CERC norms in the agreement at appropriate places shall include (i) Return on Equity at 15.5%; (ii) Provision of letter of credit for the monthly payout; (iii) Rebate to ED-Puducherry for prompt payment; and (iv) Surcharge for delayed payment. The Commission also approves that apart from the SOP payments, tax liabilities such as Income Tax, Service Tax, VAT, CST, or any other taxes that may be applicable to EESL during the period of the contract and arising out of this transaction will be reimbursed on actual basis to EESL on production of necessary documentary proof.

The Commission also directs the petitioner that the petitioner shall submit progress/ status report after six months from implementation of DELP program. The petitioner in future shall also submit the progress/ status report once in six months.

Sd/-

(S.K.Chaturvedi)

Chairman

Member (Vacant)

* As per Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 "Coram is two". Whereas as per proviso of Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 if Chairperson or the Member is prevented from attending hearing of which he has been given notice the Member or the Chairman as the case may be attending the meeting shall validly constitute the Coram. Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, 2003 no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. So the Chairperson only constitute a valid Coram.

Certified Copy

(Rajeev Amit)

Secretary