

**MYT petition for 3-Year
Control Period from FY 2016-17 to FY 2018-19**

**Submitted by:
Lakshadweep Electricity Department
Administration of Lakshadweep
September-2015**

GENERAL HEADINGS OF PROCEEDINGS

**BEFORE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA & UNION TERRITORIES**

FILE No: _____

CASE No: _____

IN THE MATTER OF : **Petition for Approval of ARR & Tariff Proposal
for MYT Control Period From FY 2016-17 to
2018-19.**

AND

IN THE MATTER OF : **Lakshadweep Electricity Department,
THE PETITIONER** **Kavaratti - 682555**

.....Petitioner

Lakshadweep Electricity Department (hereinafter referred to as 'LED'), files Petition for Approval of ARR & Tariff Proposal for MYT Control Period From FY 2016-17 to 2018-19.

AFFIDAVIT

**BEFORE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA & UNION TERRITORIES**

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IN THE MATTER OF : **Petition for Approval of ARR & Tariff Proposal
for MYT Control Period From FY 2016-17 to
2018-19.**

AND

IN THE MATTER OF : **Lakshadweep Electricity Department,
THE PETITIONER** : **Kavaratti - 682555**

.....Petitioner

I, Shri R. Ravichandar, S/o, Shri Raveendran Ramaswamy (aged 50 years), Executive Engineer, Lakshadweep Electricity Department, U.T of Lakshadweep residing at Govt. Quarter, Kavaratti, Lakshadweep, the deponent named above do hereby solemnly affirm and state on oath as under:-

1. That the deponent is the Executive Engineer of Lakshadweep Electricity Department and is acquainted with the facts deposed to below.
2. I, the deponent named above do hereby verify that the contents of the accompanying petition are based on the records of Lakshadweep Electricity Department maintained in the ordinary course of business and believed by them to be true and I believe that no part of it is false and no material has been concealed there from.

Details of enclosures:

- a) Petition for Approval of ARR & Tariff Proposal for MYT Control Period
From FY 2016-17 to 2018-19
- b) Fee for MYT petition – Rs.....- (through RTGS).

For Lakshadweep Electricity Department

Petitioner

Place: Kavaratti , Lakshadweep,

Dated:

Solemnly affirmed before me on thisday of201.. at
..... a.m. /p.m. by the deponent who is personally know to me.

**BEFORE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA & UNION TERRITORIES**

FILE No: _____

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IN THE MATTER OF
:

Petition for Approval of ARR & Tariff Proposal
for MYT Control Period From FY 2016-17 to 2018-
19.

AND

IN THE MATTER OF :
THE PETITIONER

Lakshadweep Electricity Department,
Kavaratti-682555, U.T. of Lakshadweep.

.....Petitioner

PETITIONER, UNDER JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA AND UNION TERRITORIES (MULTI YEAR DISTRIBUTION TARIFF) REGULATIONS,2014 READ WITH JERC (CONDUCT OF BUSINESS),REGULATIONS,2009 FILES FOR INITIATION OF PROCEEDINGS BY THE HON'BLE COMMISSION FOR APPROVAL OF ARR & TARIFF PROPOSAL FOR MYT CONTROL PERIOD FROM FY 2016-17 TO 2018-19. OF LAKSHADWEEP ELECTRICITY DEPARTMENT (HEREIN AFTER REFERRED TO AS "LED").

LAKSHADWEEP ELECTRICITY DEPARTMENT RESPECTFULLY SUBMITS:

1. The Petitioner, Lakshadweep Electricity Department has been allowed to function as Distribution Utility for UT of Lakshadweep.
2. Pursuant to the enactment of the Electricity Act, 2003, LED is required to submit its Aggregate Revenue Requirement (ARR) and Tariff Petitions as per procedures outlined in section 61, 62 and 64, of EA 2003, and the governing regulations thereof.
3. The Joint Electricity Regulatory Commission For The State Of Goa And Union Territories (Multi Year Distribution Tariff) Regulations, 2014 requires the LED to file MYT petition & tariff proposal, for Control Period of three financial years from April 1, 2016 to March 31, 2019, which shall comprise but not be limited to detailed category-wise sales and demand projections, power procurement, capital investment, financing, physical targets, cost components etc..

4. Further, the regulation requires that, based on the approved Business Plan, the forecast of Aggregate Revenue Requirement, expected revenue from tariff & proposed tariff is to be submitted.
5. LED is submitting its Petition for Approval of ARR & Tariff Proposal for MYT Control Period From FY 2016-17 to 2018-19 to Hon'ble Commission on the basis of the principles outlined in tariff regulations notified by the Joint Electricity Regulatory Commission.
6. LED prays to the Hon'ble Commission to admit the attached MYT petition & Tariff Proposal for Control Period of three financial years from April 1, 2016 to March 31, 2019 and would like to submit that:

PRAYERS TO THE HON'BLE COMMISSION:

1. The petition provides, inter-alia, LED's approach for formulating the present petition, the broad basis for projections used, summary of the proposals being made to the Hon'ble Commission, performance of LED in the recent past, and certain issues impacting the performance of LED in the Licensed Area.
2. Broadly, in formulating the MYT petition for Control Period of three financial years from April 1, 2016 to March 31, 2019, the principles specified by the Joint Electricity Regulatory Commission For The State Of Goa And Union Territories (Multi Year Distribution Tariff) Regulations, 2014 ("Tariff Regulations") have been considered as the basis.
3. In order to align the thoughts and principles behind the MYT petition and Tariff Proposal, LED respectfully seeks an opportunity to present their case prior to the approval of the business plan. LED believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification.
4. LED may also be permitted to propose suitable changes to the petition and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Hon'ble Commission.

In view of the above, the petitioner respectfully prays that Hon'ble Commission may:

- Approve the MYT petition & Tariff Proposal for Control Period of three financial years from April 1, 2016 to March 31, 2019 for LED formulated in accordance with the guidelines outlined as per the regulation of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations ;
- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and LED may please be permitted to add/ change/ modify/ alter the petition;
- Permit LED to file additional data/ information as may be necessary;
- Pass such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case.

Lakshadweep Electricity Department

Petitioner

Place: Kavaratti, Lakshadweep

Dated:

1. INTRODUCTION

1.1 Historical Perspective

Lakshadweep Electricity Department (“LED”) is responsible for power supply in the union territory. Power requirement of LED is met by own generation station as well as power purchase.

The Union Territory (UT) of Lakshadweep is an archipelago consisting of 12 atolls, three reefs and five submerged banks. It is a uni-district Union Territory with an area of 32 Sq. Kms and is comprised of ten inhabited islands, 17 uninhabited islands attached islets, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni, Bangaram and Minicoy.

Electrification of Lakshadweep Islands was initiated during the second Five Year Plan. Minicoy was the first Island electrified in 1962 followed by Kavaratti Island in 1964, then Amini and Andrott in 1965 and 1966 respectively. Bitra was the last Island electrified in 1982. Initially, power supply was limited to 6 - 12 hours till 1982-83 except in Kavaratti where 24 hours power supply was provided from 1964 itself. Round the clock power supply is provided in all the Islands since 1983.

Starting with modest capacity of 51.6 kilo Watts in 1962 from two Diesel Generating Sets, Lakshadweep Electricity Department has grown up by leaps and bounds with generating capacity of 18575 KW from 41 Diesel Generating Sets and 12 SPV Power Plants as on 31/08/2012. The power generated has been steadily increasing over the years to meet the demand of the people in the Islands. Since, the Diesel Generating sets were the only source of power, diesel has to be transported from Calicut (Kerala) in barrels. These barrels are transported in cargo barges to the Islands and stored for use. To alleviate this problem of transportation, oil storage facilities initially at Kavaratti and Minicoy Islands are under installation.

Due to the geographical & topographical peculiarities of these islands including separation by sea over great distances there is no single power grid for the entire electrified island and instead a power house caters independently to the power requirements of area/islands.

Lakshadweep Electricity Department is operating and maintain power generation, transmission & distribution system network in these islands for providing electric power supply to general public and implements various schemes under Plan & Non Plan for augmentation of DG Generating Capacity and establishment of new power houses and T&D Systems. Presently, the department is headed by Executive Engineer.

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1.2 Power Scenario

1.2.1 The salient features about development of electric power supply in these islands are provided below:

ELECTRICITY DEPARTMENT AT A GLANCE (2014-15)

Total Installed capacity	:	24.06 MW <i>(21.86 MW Diesel, 2.20 MW solar)</i>
No. of Power Houses	:	22 Nos <i>(11 nos. Diesel Power Plant and 11 nos. solar power plants)</i>
Total Staff strength	:	399 Nos
HT line	:	95.88 Kms
LT line	:	268.72 Kms
Distribution Transformers	:	864 Nos.
No. of consumers	:	21,344 Nos..
Total unit sold	:	44.26 MU
T&D loss	:	13.75%

1.3 JERC Formation

In exercise of the powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all Union Territories to be known as “Joint Electricity Regulatory Commission for Union Territories” as notified on 2nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” as notified on 30th May 2008.

The Hon’ble Commission is a two-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Goa and Union Territories of Lakshadweep, Lakshadweep, Chandigarh, Daman & Diu, Dadra Nagar & Haveli and Puducherry. The powers and the functions’ of the Hon’ble Commission are as prescribed in the Electricity Act 2003. The Head Office of the Commission presently is located in the district town of Gurgaon, Haryana and falls in the National Capital Region.

The Joint Electricity Regulatory Commission for the State of Goa and Union Territories started to function with effect from August 2008 with the objectives and purposes for which the Commission has been established. Presently the Hon’ble Commission is framing various regulations as mandated in the Electricity Act 2003 to facilitate its functioning. Some of the Regulations notified by the Hon’ble Commission include the following:

- JERC Conduct of Business Regulations 2009;
- JERC Establishment of Forum for Redressal of Grievances of Consumers Regulations 2009;
- JERC Appointment and Functioning of Ombudsman Regulations 2009;
- JERC Recruitment, Control and Service Conditions of Officers and Staff Regulations 2009;
- JERC Treatment of other businesses of Transmission Licensees and Distribution Licensees Regulations, 2009.
- JERC Standard of Performance Regulations, 2009.
- JERC State Advisory Committee Regulations, 2009.
- JERC Appointment of Consultants Regulation, 2009.
- JERC Open Access in Transmission and Distribution Regulations, 2009.
- JERC Terms and condition for determination of Tariff Regulation 2009.
 - (a) Addition / insertion of Clause 7(3) after 7(2)
 - (b) Corrigendum

- JERC Electricity Supply Code Regulations 2010
 - (a) 1st Amendments
 - (b) 2nd Amendments
 - (c) Corrigendum dt. 6th Jan. 2014
- JERC State Grid Code Regulations 2010
- JERC Electricity Trading Regulations 2010
- JERC Procurement of Renewal Energy Regulations 2010
- JERC (Distribution Code) Regulations 2010
- JERC (Procedure for filling Appeal before the Appellate Authority) Regulations 2013
- JERC for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations, 2014.

1.4 Multi Year Distribution Tariff Regulations, 2014

LED's tariff determination is now governed by "Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations, 2014" (referred to as "MYT Regulations, 2014") which came into force from 30.06.2014. The MYT Regulations, 2014 provide a framework for calculating tariffs on a cost-plus basis initially for a period of three years and allow the licensee to recover operational expenses including depreciation, interest on working capital and debt, and return on equity amongst others. The MYT Regulations, 2014 segregate the items impacting tariffs into controllable and uncontrollable factors. Items that are uncontrollable are passed through to the consumers. Further, the MYT Regulations, 2014 identifies the uncontrollable and controllable parameters as follows:

1.4.1 Uncontrollable factors

The "uncontrollable factors" comprises of the following factors:

- (a) Force Majeure events, such as acts of war, fire, natural calamities, etc.
- (b) Change in law;
- (c) Taxes and Duties;
- (d) Variation in sales; and
- (e) Variation in the cost of power generation and/or power purchase due to the circumstance specified in these Regulations;

1.4.2 Controllable factors

Controllable factors include, but are not limited to the following:

- (a) Variations in capital expenditure on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;
- (b) Variations in Transmission and Distribution Losses (T&D) losses in case of bundled utilities and Distribution losses in case of un-bundled utilities which shall be measured as the difference between the units input into the distribution system and the units supplied and billed.
- (c) Depreciation and working capital requirements
- (d) Failure to meet the standards specified in the Joint Electricity Regulatory Commission(Standards of Performance) Regulations, 2009 except where exempted;
- (e) Variation in operation & maintenance expenses, except those attributable to directions of the Commission.
- (f) Variation in Wires Availability and Supply availability.
- (g) Variation on account of inflation.

1.5 Filing of MYT Petition & Tariff Proposal for Control Period from FY 2016-17 to 2018-19

LED hereby submits its MYT petition for approval of ARR & Tariff Proposal for the first control period i.e. FY 2016-17, 2017-18 and 2018-19. This petition is being submitted in compliance with the provisions of MYT Regulations, 2014. The petitioner has attempted to comply with the various guidelines in the Act and regulations within the limitations of availability of data.

2. OVERALL APPROACH FOR PRESENT FILING

2.1 MYT Petition & Tariff Proposal for the Control Period from FY 2016-17 to 2018-19

LED hereby submits its MYT petition for approval of ARR & Tariff Proposal for the first control period i.e. FY 2016-17, 2017-18 and 2018-19. This petition is being submitted in compliance with the provisions of MYT Regulations, 2014. The petitioner has attempted to comply with the various guidelines in the Act and regulations within the limitations of availability of data

LED is filing the MYT Petition & Tariff Proposal based on the various parameters submitted in the Business Plan, past performance and expected changes in each element of cost and revenue for the ensuing year. LED has studied the past trends and taken cognisance of other internal and external developments to estimate the likely performance during the control period i.e. FY 2016-17, 2017-18 and 2018-19.

2.2 Approach for the Filing

The subsequent sections provide projection for various expenses, the investment plan for the control period.

The LED has submitted the Business Plan for the control period FY 2016-17, 2017-18 and 2018-19 detailing there in the methodology adopted for projecting energy requirement, T&D loss trajectory, sources of power, investment plan, operation parameters for O&M expenses etc. The LED in the instant MYT petition is submitting the various cost components required for determination of Aggregate Revenue Requirement based on the various parameters provided in the Business Plan along with the rationale for estimation of such cost, the philosophy adopted by LED for projecting sales, number of consumers and power generation & purchase cost for the control period in subsequent sections.

For the purpose of projecting the financial & technical parameters, LED has considered the parameters as provided in the Business Plan and actual performance during FY 2013-14 and FY 2014-15 as base and has projected the figures for the control period with supporting rationales.

3. MYT PETITION FOR CONTROL PERIOD I.E. FY 2016-17, 2017-18 AND 2018-19.

This section outlines the MYT Petition of the LED for control period i.e. FY 2016-17, 2017-18 AND 2018-19, which takes into consideration:

- i. The various parameters as provided in the Business Plan
- ii. Actual Performance in FY 2013-14;

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- iii. Actual Performance in FY 2014-15;
- iv. Estimated Performance for FY 2015-16 based on the Actual performance for the first quarter of the FY 2015-16;
- v. Projection based on the Actual performance in FY 2013-14 & FY 2014-15 and estimated performance in FY 2015-16;
- vi. Principles outlined in Tariff Regulations of JERC.

Past trends have been taken into cognizance in case of certain elements as deemed necessary. The present section has been structured in the following manner:

- Energy Requirement
 - Sales Projections
 - Loss Trajectory
 - Energy Balance
- Capital Expenditure and capitalization
 - Capital Expenditure
 - Asset Capitalisation
- Determination of the Aggregate Revenue Requirement
 - Power Generation/Purchase Costs
 - Transmission Charges
 - Operation and Maintenance Expenses
 - Depreciation
 - Interest charges (including interest on working capital)
 - Return on NFA
 - Provision for Bad and Doubtful Debts
 - Return on Equity

4.1 Energy Requirement

The energy requirement of the license area is determined based on the expected sales in the area during the period under consideration and the expected distribution losses in the network. Accordingly, the energy requirement projected by the LED for the control period i.e. FY 2016-17, 2017-18 AND 2018-19 is as given in the succeeding paragraphs.

4.1.1 Approach for Sales Projection

The LED has submitted the Business Plan for approval of the Hon'ble Commission detailing therein the methodology adopted for projecting the energy requirement for the control period.

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,

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Socio economic changes, industrial growth etc. that would affect consumption across various categories of consumers. The CAGR (%) for last 1-3 years has been considered for projecting the sales for various categories in the Business Plan. Sales projections for the control period based on the CAGR adopted for various categories is detailed below.

4.1.2 Category wise Sales Forecast

Based on the methodology outlined above, the projected energy sales of various categories of consumers FY 2016-17, 2017-18 AND 2018-19 are given below:

Table 4.1: Category wise growth rate for energy considered for sales

Category	Assumed Growth Rate for FY 2015-16 & FY 2018-19
Domestic	10.53%
Commercial	6.00%
Industry	0.48%
Public Lighting	-9.58%
Temporary Connection	-

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Table 4.2: Projected Energy Sales – FY 2016-17, 2017-18 AND 2018-19

Category	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
Domestic	41.01	45.33	50.10
Commercial	10.49	11.12	11.79
Industry	0.42	0.43	0.43
Public Lighting	0.66	0.60	0.54
Temporary Connection	0.12	0.12	0.12
Total	52.71	57.60	62.98

4.1.3 Number of Consumers

The LED has submitted the Business Plan for approval of the Hon'ble Commission detailing therein the methodology adopted for projecting the number of consumers for the control period.

The forecast of number of consumers is based on the trends observed in the various categories over the past years, new developments on account of Government Policies, Socio economic changes, industrial growth etc. The CAGR (%) for last 1-3 years has been considered for projecting the number of consumers for various categories in the Business Plan. The projections for the control period

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based on the CAGR adopted for various categories is detailed below.

Based on the methodology outlined above, the projected number of consumers for various categories for FY 2016-17, 2017-18 AND 2018-19 are given below:

Table 4.3:

Category	% Increase
Domestic	2.90%
Commercial	2.18%
Industry	0.00%
Public Lighting	0.00%
Temporary Connection	-

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Table 4.4: No. of Consumers - FY 2016-17, 2017-18 AND 2018-19

Category	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
Domestic	18806	19351	19911
Commercial	3330	3402	3477
Industry	321	321	321
Public Lighting	73	73	73
Temporary Connection	0	0	0
Total	22529	23147	23782

4.1.4 Transmission & Distribution Losses

LED has proposed the T&D loss trajectory for the control period FY 2016-17, 2017-18 AND 2018-19 in the Business Plan based on the past trends and investment plans made for the control period. The T&D loss targets for the control period is given below:

Table 4.5:

T&D loss	FY 2016-2017	FY 2017-2018	FY 2018-19
	(Projected)	(Projected)	(Projected)
Overall T & D Losses %	13.50	13.25	13.00

4.1.5 Energy Requirement & Sources of Power Purchase

Accordingly, the energy requirement for LED is estimated based on the retail sales projections, grossed up by estimated loss levels. The energy balance expected for the FY 2016-17, 2017-18 AND 2018-19 is as given below:

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Table 4.6: Energy Requirement - FY 2016-17, 2017-18 AND 2018-19

Energy Balance	FY 2016-2017	FY 2017-2018	FY 2018-19
	(Projected)	(Projected)	(Projected)
	MU's	MU's	MU's
ENERGY REQUIREMENT			
Energy Sales			
LT Supply	52.71	57.60	62.98
HT Supply	0.00	0.00	0.00
Total Energy Sales	52.71	57.60	62.98
Overall T & D Losses %	13.50	13.25	13.00
Overall T & D Losses (MUs)	8.23	8.80	9.41
Total Energy Requirement	60.94	66.40	72.39
ENERGY AVAILABILITY AT PERIPHERY			
Power Purchase	0.00	0.00	0.00
Own Generation	60.94	66.40	72.39
Total Energy Availability	60.94	66.40	72.39
ENERGY SURPLUS/(GAP)	NIL	NIL	NIL

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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. Based on the details of the sources of power and energy available for the control period as provided in the Business Plan, the expected power generation for FY 2016-17, 2017-18 AND 2018-19 are provided in the table below.

Table 4.7: Details of Power Generation - FY 2016-17, 2017-18 AND 2018-19

Units Generated & Sent Out			
	FY 2016-17	FY 2017-18	FY 2018-19
Units Generated	62.01	67.56	73.66
Auxiliary Consumption	1.07	1.16	1.27
Sent Out	60.94	66.40	72.39

The estimated cost for power generation has been discussed in subsequent sections.

4.2 Capital Expenditure & Capitalisation

LED has undertaken significant capital expenditure during FY 2014-15 and the current FY 2015-16 and has plans to implement schemes for development of infrastructure during FY 2016-17, 2017-18 AND 2018-19. The investment plan along with scheme wise details as provided in the Business Plan has been taken as base for projecting the capital expenditure during the control period.

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The year wise capital expenditure and scheme details & the summary of the proposed capital expenditure and capitalisation is outlined below:

Table 4.8

Sl No.	Particulars	Year of capitalisation	FY 16-17 (Projected) (Rs in Crore)
1	Augmentation of DG set (Old)	FY 2016-17	4.55
2	Augmentation of DG Generating Capacity (New)	FY 2016-17	3.10
3	Augmentation of Solar Generating Capacity (New)	FY 2016-17	1.50
4	Setting up of Installation of transformers	FY 2016-17	0.70
5	Construction of HT Lines / RMU	FY 2016-17	1.10
6	Service connections /LT Line	FY 2016-17	0.30
7	Street Lights	FY 2016-17	0.30
8	Distribution Box	FY 2016-17	0.30
9	Energy Meter	FY 2016-17	0.75
10	Under ground cable for consumers	FY 2016-17	0.20
11	Energy Conservation	FY 2016-17	0.05
12	e-Governance	FY 2016-17	0.15
13	Special Tools and Plants	FY 2016-17	0.20
14	Admintrative set up	FY 2016-17	0.30
15	Oil Storage facilities	FY 2016-17	2.95
16	Civil works	FY 2016-17	2.75
17	Skill up gradation (Paid Apprenticesand Training to Staff)	FY 2016-17	0.40
	Total capital expenditure		19.60

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Table 4.9

**Petition for Approval of MYT & Tariff Proposal for 3
year Control Period from FY 2016-17 to FY 2018-19**

Sl No.	Particulars	Year of capitalisation	FY 17-18 (Projected) (Rs in Crore)
1	Augmentation of DG set (Old)	2017-18	4.55
2	Augmentation of DG Generating Capacity (New)	2017-18	4.35
3	Augmentation of Solar Generating Capacity (New)	2017-18	1.20
4	Setting up of Installation of transformers	2017-18	0.70
5	Construction of HT Lines / RMU	2017-18	1.10
6	Service connections /LT Line	2017-18	0.30
7	Street Lights	2017-18	0.30
8	Distribution Box	2017-18	0.30
9	Energy Meter	2017-18	0.75
10	Under ground cable for consumers	2017-18	0.20
11	Energy Conservation	2017-18	0.05
12	e-Governance	2017-18	0.15
13	Special Tools and Plants	2017-18	0.20
14	Admintrative set up	2017-18	0.30
15	Oil Storage facilities	2017-18	2.95
16	Civil works	2017-18	2.75
17	Skill up gradation (Paid Apprenticesand Training to Staff)		0.40
	Total capital expenditure		20.55

Table 4.10

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Sl No.	Particulars	Year of capitalisation	FY 18-19 (Projected) (Rs in Crore)
1	Augmentation of DG set (Old)	2018-19	4.550
2	Augmentation of Solar Generating Capacity (New)	2018-19	1.080
3	Setting up of Installation of transformers	2018-19	0.700
4	Construction of HT Lines / RMU	2018-19	1.100
5	Service connections /LT Line	2018-19	0.300
6	Street Lights	2018-19	0.300
7	Distribution Box	2018-19	0.300
8	Energy Meter	2018-19	0.750
9	Under ground cable for consumers	2018-19	0.200
10	Energy Conservation	2018-19	0.050
11	e-Governance	2018-19	0.150
12	Special Tools and Plants	2018-19	0.200
13	Admintrative set up	2018-19	0.300
14	Oil Storage facilities	2018-19	2.950
15	Civil works	2018-19	2.750
16	Skill up gradation (Paid Apprenticesand Training to Staff)		0.400
	Total capital expenditure		16.080

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Table 4.11: Summary of Proposed Capital Expenditure & Capitalisation FY 2016-17, 2017-18 AND 2018-19

Sr. No.	Particulars	2014-15 (Actuals)	2015-16 (Estimated)	2016-17 (Projections)	2017-18 (Projections)	2018-19 (Projections)
1	2	3	4	5	6	7
1	Opening balance	9.46	9.46	9.46	9.46	9.46
2	Add: New investments	8.75	17.00	16.28	16.28	16.28
3	Total	18.21	26.46	25.74	25.74	25.74
4	Less investment capitalized	8.75	17.00	16.28	16.28	16.28
5	Closing balance	9.46	9.46	9.46	9.46	9.46

4.3 Aggregate Revenue Requirement for LED

Based on the provisions of the Tariff Regulations, the estimate for the ARR would consist of the following elements:

- Power Generation
- Transmission Charges
- Operation and Maintenance Expenses
- Depreciation
- Interest charges (including interest on working capital)
- Return on NFA
- Provision for Bad and Doubtful Debts
- Return on Equity

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4.3.1 Power Purchase/Generation

There are no sources for purchase of Power and the entire requirement of power is met by own generation. Accordingly, LED has considered the entire power available from own generation sources during FY 2016-17, 2017-18 AND 2018-19 to meet the demand to the extent possible.

4.3.2 Details Own Generation

Details own Generating Stations with Installed Capacity along with the proposed addition to the generating capacity is provided below:

Table 4.12

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Sl. No.	Name of Island	Existing Installed Capacity (DG Sets)			
		New		Old	Total
1	Minicoy	2X1000	2000	800	4400
		1X1600	1600		
2	Kavaratti	2X1000	2000		3200
		2X600	1200		
3	Amini	3X750	2250	400	2650
4	Androth	3X750	2250		3250
		1X1000	1000		
5	Kalpeni	2X250	500	750	1250
6	Agatti	3X400	1200	400	2350
		1X750	750		
7	Kadmat	1X400	400	750	2150
		1X250	250		
		1X750	750		
8	Kiltal	2X400	800	200	1000
9	Chetlat	2X250	500		1000
		1X500	500		
10	Bitra	1X100	100	330	430
11	Bangram	1X60	60	120	180
12	Total		18110	3750	21860

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Table 4.13

Sl. No.	Name of Island	Existing Installed Capacity (Solar)
		(KWp)
1	Minicoy	320
2	Kavaratti	760
3	Amini	100
4	Androth	320
5	Kalpeni	100
6	Agatti	100
7	Kadmat	150
8	Kiltal	100
9	Chetlat	100
10	Bitra	100
11	Bangram	50
12	Total	2200

Table 4.14

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year Control Period from FY 2016-17 to FY 2018-19***

Sl. No.	New source of power	Location	Installed Capacity (MW)		
			FY 16-17 (Projected)	FY 17-18 (Projected)	FY 18-19 (Projected)
1	DG set	MINICOY		0.4	
2	DG set	KAVARATTI	1		
3	DG set	AMINI		0.75	
4	DG set	ANDROTH	1		
5	DG set	KALPENI		0.5	
6	DG set	AGATHI		0.75	
7	DG set	KADMATH		0.75	
8	DG set	KILTAN	0.65		
9	Solar	KAVARATTI	1		
10	Solar	MINICOY	1.5		
11	Solar	AMINI		1	
12	Solar	KADMATH		1	
13	Solar	AGATHI			1
14	Solar	KALPENI			0.8
Total			5.15	5.15	1.8

Summary of units generated

The Generation forecast is based on the plant availability and energy demand for the period. Accordingly, generation for FY 2015-16,

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FY 2016-17, 2017-18 and 2018-19 is estimated.

Table 4.15: Projected Power Generation- FY 2016-17, 2017-18 AND 2018-19

Units Generated & Sent Out			
	FY 2016-17	FY 2017-18	FY 2018-19
Units Generated	62.01	67.56	73.66
Auxiliary Consumption	1.07	1.16	1.27
Sent Out	60.94	66.40	72.39

4.3.3 Cost of Fuel:

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%. Hence, cost of fuel (HSD and lubricants) is a major component of the cost of generation. Details of cost of fuel are provided below:

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Table 4.16: Cost of Fuel for FY 2016-17, FY 2017-18 And FY 2018-19

Rs. In Crores.

Cost of Fuel					
Type of Fuel	FY	FY	FY	FY	FY
	2014-15	2015-16	2016-17	2017-18	2018-19
	(Actuals)	(Estimated)	(Projected)	(Projected)	1
HSD	87.37	75.89	78.31	82.31	87.43
Lubricant	0.91	1.00	1.03	1.08	1.15
Total	88.28	76.89	79.34	83.40	88.58

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, 2016. Cost of fuel for FY 2016-17, 2017-18 and 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, 2017-18 and 2018-19.

Considering the above, the Hon'ble Commission is requested to allow the cost of fuel as estimated by LED for FY 2016-17, 2017-18 and 2018-19.

4.3.4 Transmission and Other Charges

There are no separate transmission charges as the transmission and distribution system is being operated & maintained by LED and same is included in operation and maintenance cost.

4.4 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

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

4.4.1 Employee Expenses

The expense head of employee cost consists of salary and allowance, bonus, Leave Travel Concession (LTC) & Honorarium etc. LED has projected the employee cost taking into consideration increase in the basic salary and related other remunerations at the rate of 2% i.e. (WPI from 2013-14 to 2014-15) year over year on the actual cost for the year 2014-15. The Parameters as provided in the Business Plan has been taken as base for projecting the expense. It is therefore kindly requested that Hon'ble Commission may approve the employee expenses as projected. The parameters adopted for projecting the employee cost is given below:

Table 4.17

SL. No.	Particulars	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Estimated	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
a.	Number of employees at the end of the Year	399.000	399.000	399.000	399.000	401.000	401.000	401.000
b.	Number of consumers	19685.00	20699.00	21344.00	21928.39	22529.22	23146.96	23782.08
c.	Number of employees per '000 consumers	20.269241	19.276294	18.693778	18.195589	17.799105	17.324089	16.861434
d.	No. of substations	106	106	106	106	124	124	124
e.	Number of employees per sub-station	3.76	3.76	3.76	3.76	3.23	3.23	3.23

4.4.2 Administration and General Expenses

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A&G expenses comprise of the following broad subheads of expenditure, viz.

- Domestic Travelling Expenses
- Office Expenses
- Legal, Regulatory & Consultancy Fees
- Insurance etc.

The A&G expenses for the FY 2016-17, FY 2017-18 AND FY 2018-19 has been projected by escalating the A&G expenses for the FY FY2014-15 by 2% i.e. (WPI from 2013-14 to 2014-15) YOY. The Parameters as provided in the Business Plan has been taken as base for projecting the expense. It is therefore requested that the Hon'ble Commission may kindly approve the A&G expenses as proposed. The escalation is to absorb the normal inflationary increases in the costs. The parameters adopted for projecting the A&G expenses is given below:

Table 4.18

SL. No.	Particulars	FY 2014-15 Actual	FY 2015-16 Estimated	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
a	A&G Expenses (Rs. Lakhs)	135.98	138.70	141.47	144.30	147.19
b.	A&G expense per employee (Rs lakh)	0.34	0.35	0.35	0.36	0.37
c	A&G expense per '000 consumers (Rs Lakh)	6.91	6.70	6.63	6.58	6.53

4.4.3 Repairs and Maintenance Expenses

LED has been undertaking various Repairs and Maintenance activities as a step towards improvement of systems, reduction in breakdowns, reduction in response time and increasing preventive maintenance. The R&M expenses for FY 2014-15 are escalated by

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2% i.e. (WPI from 2013-14 to 2014-15) YOY to project the expenses for FY 2016-17, 2017-18 AND 2018-19 to capture the inflationary increases in the costs. The Parameters as provided in the Business Plan has been taken as base for projecting the expense. It is requested to Hon'ble Commission to kindly approve R&M expenses as proposed. The parameters adopted for projecting the Repairs & Maintenance expenses is given below:

Table 4.19

SL. No.	Particulars	FY 2014-15 Actual	FY 2015-16 Estimated	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
a.	R&M Expenses (Rs Crores)	11.020	11.240	11.465	11.695	11.928
b.	GFA at the end of the year (Rs. Crores)	145.960	160.960	180.560	201.110	217.190
c.	R&M expense as % of GFA	7.55	6.98	6.35	5.81	5.49

4.4.4 O&M Expenditure

On the basis of the above parameters the estimated O&M Expenditure for FY 2016-17, 2017-18 AND 2018-19 is tabulated below:

Table 4.20: O&M Expenditure - FY 2016-17, 2017-18 AND 2018-19

Rs. In Crores.

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Particulars	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
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

It is submitted that LED is now gearing up for meeting the operational requirement of servicing existing and additional new consumers in line with the Standards of performance which the licensees have to adhere to. Hence, there would be an increase in O&M expenditure to support full-fledged distribution business operations.

4.5 Gross Fixed Assets

It is 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, 2017-18 AND 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 4.21: Gross Fixed Assets Movement

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Financial Year	Opening Balance	Addition during year	Closing Balance
	(Rs. Crores)	(Rs. Crores)	(Rs. Crores)
FY2013-14	125.04	14.25	139.29
FY2014-15	139.29	6.67	145.96
FY2015-16	145.96	15.00	160.96
FY2016-17	160.96	19.60	180.56
FY2017-18	180.56	20.55	201.11
FY2018-19	201.11	16.08	217.19

4.6 Depreciation

The depreciation for FY 2013-14, FY2014-15, FY 2016-17, 2017-18 AND 2018-19 is computed on the basis of rates as prescribed in the Regulations and the average assets for the respective financial year. The table below provides the summary of depreciation for the control period.

Table 4.22: Depreciation - FY 2016-17 to FY 2018-19

Particulars	FY2016-17	FY2017-18	FY2018-19
Depreciation	7.85	8.85	9.77

4.7 Capital Based Return

The LED is government department funded by the budgetary support from GOI. Therefore return on the capital invested has been calculated by the methodology of capital based return . The capital based return has been computed as outlined below:

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Table 4.23: Capital Base and Return

(Rs. In Crore)

Sr. No.	Particulars	Previous Year	Current Year	Ensuing Year	Ensuing Year	Ensuing Year
		(Actuals)	(Estimated)	(Projection)	(Projection)	(Projection)
		2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
1	Gross block at beginning of the year	139.29	145.96	160.96	180.56	201.11
2	Less accumulated depreciation	38.08	44.53	51.51	59.36	68.22
3	Net block at beginning of the year	101.21	101.43	109.45	121.20	132.89
4	Less accumulated consumer contribution	0.00	0.00	0.00	0.00	0.00
5	Net fixed assets at beginning of the year	101.21	101.43	109.45	121.20	132.89
6	Reasonable return @3% of NFA	3.04	3.04	3.28	3.64	3.99

4.8 Interest and Financial Charges

The Interest costs have been estimated under following three heads:

- Interest on Debt/ Long term loans
- Interest on Working Capital
- Interest on Security Deposit

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4.8.1 Interest on Loan/Debt

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 4.24: Interest on Loan

(Rs. In Crore)

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	3	4	5	6	7
1	Opening Normative Loan/WIP	97.50	102.17	112.67	126.39	140.78
2	Add: Normative Loan during the year/GFA during the year	4.67	10.50	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	113.90	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	16.80	18.77	20.56

4.8.2 Interest on Working Capital

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
- 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, 2017-18 AND 2018-19 calculated on the basis of the above parameters is given in the table below:

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Table 4.25: Interest on Working Capital

(Rs. In Crore)

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	3	4	5	6	7
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
9	SBI PLR Rate	14.75%	14.75%	14.75%	14.75%	14.75%
10	Interest on Working Capital	2.47	2.20	2.26	2.37	2.50

The Hon'ble Commission is requested to kindly approve the interest on working capital as proposed.

4.8.3 Interest on Security Deposit

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:

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Table 4.26: Interest on Security Deposit

(Rs. In Crore)

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	4	5	6	7	8
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

4.9 Provision for Bad and Doubtful Debts

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 4.27: Provision for Bad Debt

(Rs. In Crore)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	2	5	6	7
1	Provision - 1%of Estimated Revenue	0.17	0.18	0.20

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4.10 Return on Equity/Return on capital base

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

Table 4.28: Return on Equity – FY 2016-17, 2017-18 AND 2018-19

(Rs. In Crore)

Sr. No.	Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
		Estimates (Rs. Crores)	Estimates (Rs. Crores)	Estimates (Rs. Crores)	Estimates (Rs. Crores)
1	Opening Equity Amount	43.79	48.29	54.17	60.33
2	Equity Addition during year (30% of Capitalisation)	4.50	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	62.74
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

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4.11 Aggregate Revenue Requirement

Based on the above estimates and projections, the ARR for LED for FY 2016-17, 2017-18 AND 2018-19 works out as under:

Table 4.29: Annual Revenue Requirement

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	4	5	6	7	8
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 costs	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	Administration and general 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 working capital)	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	0.14	0.14	0.14	0.14
10	Total revenue requirement	138.90	129.36	135.20	143.21	152.12

4.11 Non-Tariff Income

Non-tariff income for the FY 2016-17, 2017-18 AND 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, 2017-18 AND 2018-19 is given in the table below:

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Table 4.30: Non-Tariff Income

(Rs. In Crore)

Sr. No.	Particulars	2014-15 (Actuals)	2015-16 (Estimated)	2016-17 (Projections)	2017-18 (Projections)	2018-19 (Projections)
1	2	5	6	7	8	9
12	Non tariff income	0.39	0.41	0.43	0.45	0.47

4.13 Average Cost to Supply

Based on the above computed ARR the Average Cost to Supply for the control period is calculated in the table below.

Table 4.31 : Average Cost of Supply for FY 2016-17 to FY17-18

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	4	5	6	7	8
1	Net revenue requirement	138.51	128.95	134.77	142.76	151.65
2	Energy sales (MU)	44.26	48.28	52.71	57.60	62.98
3	Average cost of supply/unit	31.29	26.71	25.57	24.79	24.08

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4.14 Revenue at Existing Tariff and Gap for the control period

The estimated revenue at Existing Tariff for FY 2016-17, 2017-18 AND 2018-19 and gap is provided in the table below.

Table 4.32 : Revenue Gap at Existing Tariff FY 2016-17 to FY17-18

Sr. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
1	2	4	5	6	7	8
1	Net Revenue Requirement	138.51	128.95	134.77	142.76	151.65
2	Revenue from Retail Sales at Existing Tariff	14.42	15.67	16.90	18.24	19.70
3	Net Gap (1-2)	124.09	113.29	117.87	124.52	131.95
4	Gap for the previous year	0.00	0.00	0.00	0.00	0.00
5	Total Gap (3+4)	124.09	113.29	117.87	124.52	131.95

5. TARIFF PROPOSAL FOR FY 2016-17

LED in the previous sections has discussed the estimated performance for the FY 2016-17 based on the past years performances and certain assumptions explained at appropriate places to determine the Aggregate Revenue Required for the control period

5.1 Recovery of Revenue Gap for FY 2016-17

The estimated gap in the FY 2016-17 has been computed by deducting the ARR from Revenue at Existing Tariff. LED has projected gap for the FY 2016-17 at Rs. 117.87 Crores as detailed in the table above.

Tariff is a sensitive subject having substantial impact on social, economic and financial well being of the public at large as well as the viability and growth of power sector. LED proposes to recover a part of the gap through hike in tariff as recovery of the total gap would result in huge burden on the consumers. The proposed tariff for recovery of the gap is detailed in the subsequent section.

5.2 Proposed Tariff in FY 2016-17

5.2.1 Tariff Proposal for FY 2016-17

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

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proposal only partial recovery of cost is proposed. 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 5.1 :Energy Charge Existing v/s Proposed Tariff

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Existing			Proposed		
Category	Energy Charge (Rs./Kwh)	Fixed Charges	Category	Energy Charge (Rs./Kwh)	Fixed Charges
BPL/Kutir Jyoti		Rs. 25/- per service connection per month or part thereof	BPL/Kutir Jyoti		Rs. 27/- per service connection per month or part thereof
Domestic Connection			Domestic Connection		
-0 to 50 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
-51 to 100 units	2.50		-101 to 200 units	2.75	
-101 to 200 units	4.00		-201 to 300 units	4.40	
-201 units & above	5.10		-301 units & above	5.70	
Commercial			Commercial		
0-100 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	0-100 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	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	

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5.3 Revenue at Proposed Tariff in FY 2016-17

Based on the tariff proposed above, following is the summary of the revenue from various consumer categories at the proposed tariff rates, which is being compared with the consumer category-wise revenue at existing tariff:

Table 5.2 : Comparison of Existing Tariff with Proposed Tariff

Consumer Category	Energy Billed MU's	At Existing Tariff		At Proposed Tariff	
		Revenue Rs. Crores	Revenue Billed Rs. per unit	Revenue Rs. Crores	Revenue Billed Rs. per unit
Domestic	41.01	9.41	2.30	10.44	2.55
Commercial	10.49	6.74	6.43	7.48	7.13
Industry	0.42	0.35	8.30	0.36	8.49
Public Lighting	0.66	0.29	4.40	0.32	4.80
Temporary Connection	0.12	0.09	7.70	0.10	8.50
Revenue from Sale of Power	52.71	16.90	3.21	18.70	3.55

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5.3.1 Impact of Tariff on Consumers

The revenue gap and the average tariff hike proposed are presented in the table below:

Table 5.3 : Revenue Gap and average tariff hike

Sr. No.	Particulars	Units	FY 2016-17	
			Existing	Proposed
1	Net ARR for FY 2016-17	Rs. Crores	134.77	134.77
2	Revenue for FY 2016-17	Rs. Crores	16.90	18.70
3	Gap (1 -2)	Rs. Crores	117.87	116.07
4	Total Sales	MU's	52.71	52.71
5	Average Cost of Supply (1 /4 x 10)	Rs. per kWh	25.57	25.57
6	Average Revenue (2 /4 x 10)	Rs. per kWh	3.21	3.55
7	Pure Gap (5-6)	Rs. per kWh	22.36	22.02
8	Average Hike in Tariff			0.34
	Hike in %			11%

Hence, it is submitted that the average tariff required to recover the gap attributable to FY 2016-17 is Rs.22.36 but keeping in view the resultant burden on the consumers, the proposed hike has been restricted to Rs.0.34.

In view of the above, it is prayed to the Hon'ble Commission that considering the whole sale price index (all commodities) for the period, the hike in tariff be allowed.

6. Reply to Directives:

It is submitted that the reply directives issued by the Hon'ble Commission in the Tariff Order for the FY 2015-16 shall be submitted separately.

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