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BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

File No. _____

Case No. _____

IN THE MATTER OF:-

BSES Rajdhani Power Limited ("BRPL")

BSES Bhawan, Nehru Place

New Delhi-110 019.

.....

PETITIONER

AND

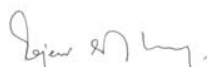
IN THE MATTER OF:-

Petition/Application for Truing up of Expenses for FY 2010-11, Annual Performance Review of FY 2011-12 read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as "**MYT Regulations, 2007**") and Aggregate Revenue Requirement for the MYT Period i.e. FY 2012-13 to FY 2014-15 (hereinafter referred to as "**Second Control Period**") under Section 62 of the Electricity Act 2003 (hereinafter referred to as "**Act**"), read with Hon'ble Commission's letter no. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012, Regulations 7.4 to 7.9, Regulations 10.1 to, 10.4, Regulation 11.1 and Regulation 12.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred to as "**MYT Regulations, 2011**"), Section 11 and Section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, the Delhi Electricity Regulatory Commission (Conduct of Business) Regulation 2001 and in terms of Condition 24 of the License for Distribution and Retail Supply of Electricity issued by the Hon'ble Commission.

The Petitioner most respectfully submits that:

1. The present Petition is filed for:
 - (a) Truing up of Expenses for FY 2010-11 as per the MYT Regulations, 2007
 - (b) Annual Performance Review of FY 2011-12 as per the MYT Regulations, 2007; and
 - (c) Aggregate Revenue Requirement for the Second Control Period.

in compliance with and in the context of the Hon'ble Commission's:



- (a) Order bearing No. F.3 (290)/Tariff/ DERC/2011-12/C.F.3180 passed on 02.12.2011 in the matter of “Approval of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2011” for the Second Control Period;
- (b) Communication bearing No. F.3(290)/Tariff/ DERC/2011-12/C.F.3180/5214 dated 02.12.2011 issued to the Distribution Companies *inter-alia* directing them to file the ARR for the Second Control Period;
- (c) Communication bearing No. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012 issued to the Petitioner *inter-alia* requesting the Petitioner to file the ARR for the Second Control Period;

Copies of the aforesaid order and the communication are annexed here to and marked as “Annexure-1”, “Annexure-2” and “Annexure -3” respectively.

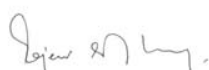
2. The Petitioner is filing the present Petition without prejudice to its rights and entitlements in terms of the judgments/ principles laid down by the Hon’ble Appellate Tribunal for Electricity (Hon’ble ATE) in its various judgments including the following:

- (a) Judgment dated 06.10.2009 in Appeal No. 36/2008 titled BSES Rajdhani Power Limited Vs. Delhi Electricity Regulatory Commission;
- (b) Judgment dated 30.07.2010 passed in Appeal No. 153/2009 titled North Delhi Power Limited; and
- (c) Judgment dated 12.07.2011 passed in appeal No. 142/2009 titled BSES Rajdhani Power Limited Vs. Delhi Electricity Regulatory Commission.
- (d) Judgment dated 11.11.2011 passed in OP No. 1/2011 titled Tariff Revision (Suo-moto action on the letter received from Ministry of Power).

BRIEF RELEVANT FACTS AND CONTEXT OF THE PETITION

3. BRPL, a company incorporated under the Companies Act, 1956, and having its registered office at BSES Bhawan, Nehru Place, New Delhi – 110019, is a license holder for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply as specified in the “*License for Distribution and Retail Supply of Electricity*” issued by the Hon’ble Commission. The Licence granted to BRPL came into force on 12.03.2004 and is valid till 11.03.2029.

4. In accordance with the Act, its license conditions and MYT Regulation, 2011, BRPL is required to file its expected Aggregate Revenues and cost of service for ensuing financial year not later than 120 days before the commencement of the first year of the Control period. The Petitioner further submits that vide its letter number RA/2011-12/01/A/279 dated 02.01.2012, it has sought Hon’ble Commission’s advice in the matter. The Hon’ble



Commission vide its letter No. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012 requested the Petitioner to file the ARR for the Second Control Period.

5. As stated above, this Hon'ble Commission passed an order on 02.12.2011 "Approval of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2011 (**MYT Regulations, 2011**) whereby this Hon'ble Commission approved the MYT Regulations for the Second Control Period. The Hon'ble Commission further observed that these Regulations "**shall come into force on the date of publication in official gazette**". Unless reviewed earlier or extended by the Hon'ble Commission, these Regulations shall remain in force for a period of three years from the date of commencement.

6. Pursuant to the above order, the Hon'ble Commission vide its letter No. F.3(290)/Tariff/DERC/2011-12/C.F.3180/5214 dated 02.12.2011 read with letter no. letter No. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012 requested the Petitioner to file the ARR for the following at the earliest:

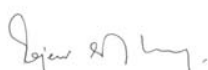
- (a) ARR for the Second Control Period & Tariff Petition for the year 2012-13
- (b) True-up petition for the year 2010-11

7. By its letter no. RA/2011-12/01/A/279 dated 02.01.2012, BRPL informed the Hon'ble Commission that the it is in the process of finalizing the ARR Petition in terms of the Hon'ble Commission's letter and is ready to file (i) ARR for MYT period for FY 2012-15, (ii) Tariff petition for FY 2012-13; and (iii) True up for FY 2010-11. Further, BRPL sought Hon'ble Commission's advice and guidance in facilitating filing of the Petitions in the absence of publication/notification of the MYT Regulation, 2011 in the official gazette. A copy of the aforesaid letter of BRPL is annexed hereto and marked as "**Annexure-4**".

8. In terms of the advice of the Hon'ble Commission vide Letter No. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012, the Petitioner, is filing the present Petition to ensure prompt determination of tariff. Though the Petitioner has made all efforts and has tried diligently to ensure a comprehensive Petition, it may be possible some aspects have not been dealt in detail and/or may have inadvertently omitted some aspect/ component. Such lack of detail/ omission, if any, is only inadvertent and due to time constraints and should not be treated as a waiver of any entitlement. The Petitioner seeks leave of this Hon'ble Commission and reserves its rights to supplement the present Petition with additional facts/ submissions and claims, if any.

CASH FLOW CONCERNS OF BRPL AND NEED FOR COST REFLECTIVE TARIFF

In addition to submissions made in the Petition, BRPL seeks to place the following submissions for the consideration of the Hon'ble Commission:



9. The Petitioner in the present filing requests the Hon'ble Commission to permit recovery of expenses as prayed for as it is urgently needed to deal with the outcomes of compliance with the Hon'ble Commission's orders and performance standards, in particular, the large increase in power purchase costs and other uncontrollable costs. This becomes imperative as:

- (a) The Petitioner has incurred a net Power Purchase rate (after adjustment for Sale/Banking, etc.) of **Rs. 5.21 per unit** in FY 2011-12 (upto Nov '11) as against the power purchase rate of **Rs. 4.12 per unit** estimated by the Hon'ble Commission. Such a significant variation in Power Purchase Rate for FY 2011-12 is primarily on account of various factors, which are beyond the control of the Petitioner. Thus only a part of power purchase cost has been permitted through tariff that too in the absence of a suitable power purchase price adjustment formula.
- (b) The Petitioner is faced with an imminent cash-flow crunch due to unrecovered expenses primarily on account of uncontrollable increase in the power purchase cost resulting in the operations being funded through external borrowings which is an unsustainable model on a long term basis and is contrary to the principles set out in Section 61 of the Act read with the National Electricity Policy, the National Tariff Policy and the tariff model specified by the Hon'ble Commission.
- (c) The Hon'ble Commission is aware of the non cost-reflective tariff given to the Petitioner and has time and again acknowledged the same vide its statutory advice dated 15.12.2010, under section 86(2)(iv) of the Act sent to the GoNCTD, pursuant to its letter dated 4.5.2010, the Hon'ble Commission has concluded as follows:-
 - i. The Commission is of the view that the tariff during previous years has not been cost reflective.
 - ii. The distribution licensees have had to resort to extensive borrowing to sustain their operations such that there is no surplus towards return on equity.
 - iii. The revenue from sale of electricity has not been able to meet even the power purchase cost, resulting in the DISCOM has to borrow even in this account, making their financial position more precarious.
 - iv. Accumulation of revenue gaps beyond sustainable levels.
 - v. Continuation of the Commission's past practice assuming higher surplus for tariff fixation – failure to factor in delay in commissioning various plants, failure to consider rate for surplus energy in terms of CERC's (unscheduled interchange charges and related matters) regulations 2009, increase in power purchase cost due to substantial increase in variable cost of NTPC's stations.

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- vi. Increase in power purchase cost to beyond 100% of revenue recovered has badly affected the financials of the licensees and all operations are sustain on borrowings in additions to the borrowing already needed for the business.
- vii. Distribution licensees are not able to recover power purchase cost in a timely manner from consumers, thus resorting to borrowings over a period of 18-24 months, which entails substantial interest cost.
- viii. Need for a fuel cost adjustment mechanism to provide for periodic recovery of the variation in the fuel cost.

10. It is most respectfully submitted that in addition to the recognition of precarious financial position of the Petitioner by the Hon'ble Commission, even independent experts appointed by GoNCTD have corroborated the said findings of the Hon'ble Commission on various occasions.

11. The Petitioner is in a scenario where its financial health and ability to pay for power procurement besides statutory dues has been constrained such that presently the applicable tariff in terms of Tariff Order dated 26.08.2011 is not adequate to even meet 51% of the Aggregate Revenue Requirement of FY 2011-12.

12. The Petitioner most respectfully states and submits that the Hon'ble ATE vide its Order dated 11.11.2011 in the matter of Suo-Motu action on the letter received from Ministry of Power (O.P. 1 of 2011) has observed that the power purchase cost is a major expenditure in the ARR of the distribution licensee. The fuel and power purchase cost is also uncontrollable and it has to be allowed as quickly as possible according to the National Tariff Policy. The relevant extract of the Order is reproduced below:

"Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism."

13. The Shunglu Committee Report has also reviewed the approach adopted by most of the Regulators during Tariff Determination and recommended the following:

"Generation tariffs usually have an in-built formula to take care of changes in the fuel costs of generation company. Accordingly the bills raised by the Generation companies are based on such updated tariffs. No such mechanism exists in the retails tariffs fixed for distribution companies. This often results in short recoveries for the distribution companies which go on accumulating till the Regulator finally completes

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the truing up exercise. This can be eliminated or at least minimized by incorporating a similar provision in the retail tariffs also or by the Regulator carrying out this correction on ongoing basis. This has been successfully done by some states and there is no reason why similar formulae cannot be incorporated in the Retail Tariffs by other regulators.”

RE: JUDGMENTS OF HON'BLE ATE and HON'ble HIGH COURT IN THE MATTER OF NAND KISHORE GARG Vs. GoNCTD & Ors.

14. **Judgement dated 06.10.2009 passed by the Hon'ble ATE in Appeal No. 36/2008 titled BSES Rajdhani power Limited Vs. Delhi Electricity Regulatory Commission:** The Appeal No. 36/2008 was filed by the BRPL against the MYT order dated 23.03.2008 issued by this Hon'ble Commission. The Hon'ble ATE subsequently issued its judgment in the matter vide its order dated 06.10.2009 Hon'ble ATE in addition to determining the entitlements for FY 2007-08, which was the subject matter of challenge before it, has also spelt out principles, which are relevant to tariff determination for periods other than those which formed the subject matter of challenge, for instance, the manner in which Employee costs have to be determined for the Petitioner, by linking the same to the number of consumers serviced. This Hon'ble Commission has challenged the aforesaid judgment of the Hon'ble ATE before the Supreme Court in C.A. No. 884 of 2010 titled Delhi Electricity Regulatory Commission Vs. BSES Rajdhani Power Limited. However:-

- (a) The principles laid down by the Hon'ble ATE in the judgment have not been challenged and as such have become final and have been accepted by the Hon'ble Commission;
- (b) There is no stay operating against the judgment dated 06.10.2009.

15. As such the judgment dated 06.10.2009 and principles laid down by the Hon'ble ATE in the aforesaid judgment have to be implemented in their letter and spirit. Although these principles are applicable across financial years for the Second Control Period, the Petitioner pending the allowance of the same by the Hon'ble Commission, for the determination of Tariff have adopted the methodology followed by the Hon'ble Commission in its Tariff Order dated 26.08.2011 under the relevant heads.

16. **Judgment dated 12.07.2011 passed in Appeals Nos. 142 & 147/2009 titled BSES Rajdhani Power Limited Vs. Delhi Electricity Regulatory Commission & BSES Yamuna Power Limited Vs. Delhi Electricity Regulatory Commission:** The Petitioner challenged the Tariff Order dated 28.05.2009 passed by the Hon'ble Commission for FY 2009-10 before Hon'ble ATE by an appeal being Appeal No. 142/2009 titled BSES Rajdhani power Limited Vs. Delhi Electricity Regulatory Commission. The Hon'ble ATE by its judgment dated 12.07.2011 disposed off the aforesaid appeal of BRPL. The aforesaid judgment has become final as there

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is no appeal / or stay by any court against the aforesaid judgment of Hon'ble Tribunal Accordingly, the Petitioner request the Hon'ble Commission to adopt the principles which have been set out in the said order, which are applicable across financial years, i.e. through both the MYT Period (FY 2007-08 to FY 2011-12 as well as FY 2012-13 to FY 2014-15) in the present petition under the relevant heads.

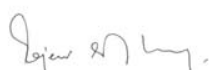
17. Since there is no stay against the above judgments of the Hon'ble Tribunal, it is prayed that these judgment be implemented and the principles laid down in these judgments and/ or entitlements under these judgments be granted to the Petitioner. Implementation of these judgments becomes imperative as Hon'ble Tribunal has directed the Hon'ble Commission to reconsider some of the claims, which were disallowed by the Hon'ble Commission and allowing such claims has direct impact on cash flow of The Petitioner. In this context it is relevant to note that this Hon'ble Commission in its affidavit filed before the Delhi High Court in the matter of Writ Petition (C) No. 4821 of 2010 titled Nand Kishore Garg v. GoNCTD & Ors., has kindly submitted that in the absence of any stay of the Hon'ble ATE's Orders, the entitlements of BRPL under the Hon'ble ATE's Order would be considered and granted forthwith. A copy of the affidavit filed by the Hon'ble Commission is annexed hereto and marked as "**Annexure- 5**".

18. It is noteworthy that the Petitioner has already approached the Hon'ble Commission by way of petitions being filed on 20.11.2009 and 27.07.2011 seeking implementation of the judgments of the Hon'ble Tribunal. The submissions made there in the said petitions are not repeated here for the sake of brevity. BRPL craves leave of the Hon'ble Commission to refer to and rely on the submissions made in the said petitions during the hearing of the present petition.

19. It is relevant to note that on 26.08.2011, this Hon'ble Commission issued the Tariff Order on True up for FY 2008-09 & FY 2009-10 and Annual Revenue Requirement for FY 2011-12. The Petitioner, being aggrieved by certain findings of the Hon'ble Commission in the said Tariff Order, has preferred an appeal before the Hon'ble ATE. In the event, the Hon'ble ATE passes any order/direction/ judgment during the pendency of the present Petition, BRPL craves leave of the Hon'ble Commission to place such order/direction/judgment of Hon'ble ATE for consideration and/ or implementation.

20. The filing of the Petition should not be treated as curtailing any right or claim of BRPL, which it is permitted to recover in terms of its Licence and Orders of the Hon'ble Commission, Hon'ble ATE for Electricity (including the principle of parity / equality in treatment of DISCOMs) and or any other proceedings relevant to the entitlement of the Petitioner.

21. The Petitioner in the present petition has made certain assumptions at relevant sections, and has endeavored to comply with the various applicable legal and regulatory directions of the Hon'ble Commission.

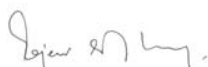


22. Based on the information available, the Petitioner has made bonafide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge its obligations to the best of its abilities. However, should any other information be available in future, BRPL reserves the right to file such additional information and consequently amend / revise the Application / Petition. BRPL is ready and willing to provide any other and further information in respect of the filing that the Hon'ble Commission may require to determine its entitlement in the tariff fixation process. Nothing presented in the Petition should be treated as restricting, estopping, waiving or limiting the rights of the Petitioner to charges which it is permitted to recover under law.

23. The Petitioner in the present filing has submitted information based on the audited accounts of FY 2010-11 (enclosed as **Annexure 6**). It reserves its right to submit additional audited information for FY 2011-12, if available at a later date for truing up as per Section 11.2 and Section 8.8 of the MYT Regulations, 2007, before the issuance of the Tariff Order.

25. In the above context, it becomes necessary, imperative and in the interests of justice that the Hon'ble Commission ensures:

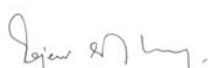
- a) Recovery of the Revenue Gaps upto FY 2011-12, during the Second Control Period, to enable the Petitioner to effectively carry on its operations and pay for power purchase costs in future, in terms of Hon'ble Commissions Letter number 3.(318)/Tariff/DERC/2011-12/OPA No. 3214/5216 dated December 2, 2011 (enclosed as **Annexure 7**);
- b) No further regulatory asset is created in terms of ATE Order dated 11.11.2011; and
- c) Introduction of PPAC to recover any variation in Power Purchase costs in terms of ATE Order dated 11.11.2011
- d) The tariff determined is a cost reflective tariff without any deferment of the recovery of expenses.



PRAYERS

In view of the above facts and circumstances, the Petitioner prays that the Hon'ble Commission may be pleased to :

- (a) Admit and allow the Petition for the Aggregate Revenue Requirement for the MYT Period i.e FY 2013- FY 2015, Truing Up of expenses for FY 2010-11 and Annual Performance Review of FY 2011-12 as submitted herewith.
- (b) Approve Aggregate Revenue Requirement for the Second Control Period i.e. FY 2013 to 2015;
- (c) The Petitioner requests the Hon'ble Commission to pass on the benefit of overachievement of AT&C loss Targets during FY 2010-11 to the consumers of the Petitioner in terms of the MYT Regulations, 2007.
- (d) True up the expenses for FY 2010-11 and Review the performance of BRPL for FY 2011-12 under the MYT Regime (in terms of MYT Regulations, 2007) on account of uncontrollable factors such as power purchase costs, energy sales, new initiatives and other uncontrollable costs as mentioned herein and/or other Petitions that have been filed by the Petitioner before the Hon'ble Commission.
- (e) Make provision for recovery of the Revenue Gaps upto FY 2011-12, as per Tariff Order dated 26.08.2011 and or estimated in this petition, in terms of ATE Order dated 11.11.2011 and Hon'ble Commissions Letter number 3.(318)/Tariff/DERC/2011-12/OPA No. 3214/5216 dated December 2, 2011, and ensure that tariff determined is cost reflective one;
- (f) Approve all expenses while determining Aggregate Revenue Requirement for the Second Control Period without deferring any or part of the expense in the form of Regulatory Asset in terms of ATE Order dated 11.11.2011.
- (g) While determining the tariff and truing up the expenses, implement and give effect to the principles laid down in the following judgments of the Hon'ble Appellate Tribunal for Electricity:
 - (i) Judgment dated 11.11.2011 passed in O.P.No. 1/2011, allow a pass-through of the uncontrollable increase in the power purchase cost and approve suitable power purchase adjustment formula, with adjustments provided on a monthly basis ; and.
 - (ii) Judgment dated 16.10.2009 passed in Appeal No. 36/2008 and re-compute the targets for MYT Tariff period; and
 - (iii) Judgment dated 30.07.2010 in Appeal No. 153/2009; and



- (iv) Judgment dated 12.07.2011 passed in Appeal No. 142/2009 and revise the methodology/targets of the Tariff order dated 28.05.2009;
- (h) Undertake a review of uncontrollable expenses like Sales and Power Purchase cost for FY 2011-12 to address practicalities faced by the Petitioner.
- (i) Permit the Petitioner to submit, during the pendency of the present petition, such audited information for FY 2011-12 that may be available at a later stage, and consider the same for truing up of expenses upto FY 2011-12 in terms of ATE judgment dated 11.11.2011 in OP No. 1 of 2011
- (j) In the event of any/all of the outstanding issues before the Hon'ble Supreme Court / Hon'ble ATE / Hon'ble Central Electricity Regulatory Commission (CERC) / Hon'ble Commission being adjudicated prior to issuance of the tariff Order determining Tariffs for FY 2012-13, the Hon'ble Commission is requested to take into account the impact of the same while approving the tariff adjustments required for FY 2012-13. In the event of Hon'ble Supreme Court's / Hon'ble ATE's / Hon'ble CERC's / Hon'ble Commission's Order(s) being declared after the issuance of the Tariff Order, it is submitted that the impact of the same be allowed forthwith through an additional surcharge during the FY 2012-13
- (k) Take into account the latest Tariff orders, if any, issued by Appropriate Commission for the Generating and Transmission Companies from which the Petitioner draws power, while determining the power purchase and transmission costs of the Petitioner.
- (l) To bring in place forthwith a monthly power purchase cost adjustment mechanism and to align the periodicity of the fuel price adjustment mechanism put in place in terms of the Tariff Order dated 26.08.2011 with the regime prevalent at Ld. CERC. It is further prayed that the periodicity of quarterly adjustment be converted to monthly adjustments which is also in line with the ATE judgment dated 11.11.2011 passed in OP no. 1 of 2011.
- (m) To allow recovery of the Regulatory Assets (including carrying costs) during the control period through a separate surcharge so as to liquidate the Regulatory Assets created in the past period and the under recovery upto FY 2011-12. A separate surcharge would clearly identify the amount of Regulatory Assets recovered by the Petitioner during a Financial Year.
- (n) To implement a mechanism for recovery of the abovementioned Regulatory Asset within the control period (FY13-15) with a minimum of 15% recovery of the outstanding principal amount in a year and carrying cost on the balance unrecovered principal amount.

Signature

- (o) Allow additions / alterations / changes/ modifications of petition and place on developments/ facts/ documents that come to the knowledge of the Petitioner at a future date.
- (p) Condone any inadvertent Omissions / errors/ rounding off difference / shortcomings.
- (q) Pass any other order/ direction, which this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Prayed accordingly



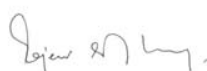
DEPONENT

Rajeev Chowdhury.

Head Regulatory (BRPL)

Authorized Signatory

BSES Rajdhani Power Limited: **Petitioner**





Main Petition

Devar Singh

1. Compliance to Directives

The Hon'ble Commission in its Tariff Order dated 26th August 2011 for the Petitioner had issued various directives which have to be read with the Hon'ble Commission's letter number F.3(102)/Tariff/DERC/2009-10/C.F.No. 2648/4060 dated 18.11.2011. The Petitioner through various submissions had provided to the Hon'ble Commission the information / status report sought on the directives issued. The Petitioner herein provides the status of compliances against all the directives issued by the Hon'ble Commission:

1. Directive on the monthly zone/district wise AT&C Loss data giving break-up of energy input, energy billed and revenue realization (Ref: Para 7.1 of the Tariff Order for FY 2011-12):

Distribution licensee is directed to post the monthly zone/district wise AT&C Loss data giving break-up of energy input, energy billed and revenue realization on its website within three weeks from the end of the month.

Compliance:

In line with the above directive, the Petitioner has already posted the monthly zone/district wise AT&C Loss data giving break-up of energy input, energy billed and revenue realization on its website. The said information is available at <http://www.bsedelhi.com/regulatory>.

2. Directive on reducing AT&C losses by at least 10% in respect of those zones/districts which are currently having losses in excess of 40% (Ref: Para 7.2 of the Tariff Order for FY 2011-12):

Distribution licensee is directed to reduce AT&C losses by at least 10% in respect of those zones/districts which are currently having losses in excess of 40% within one year i.e. by August, 2012. These targets shall have to be met by Distribution licensee irrespective of the overall AT&C loss achievement targets specified in this Order. Failure to do so will invite penalties.

Compliance:

The Petitioner during the meeting held with Hon'ble Commission on 8th August 2011 highlighted that technical losses in the system are around 10-15%. The high distribution loss areas are also plagued with high technical losses and consequently reduction of losses in areas where they are presently in excess of 40%, would require Capex for implementation of loss reduction schemes. The Hon'ble Commission has assured priority approval of all such schemes. The Petitioner has accordingly submitted the schemes to the Hon'ble Commission. The Petitioner as on 30th December 2011 have received approval of only 17 schemes out 143 schemes submitted. With only 3 months left in the current year for implementation of the said 17 schemes, the AT&C loss reduction appears to fall short of the target. Needless to mention that if Capital Expenditure for network strengthening is not commensurate with the load growth, the technical losses would increase or in other words, even to maintain the technical loss levels, the Capex ought to be commensurate with the load growth. In absence of approved schemes for implementation within the year, the required Capex schemes could not be executed. Nevertheless, the Petitioner is making conscious efforts to contain AT&C losses to the extent possible in the constraint situation; however it needs to be noted that substantial loss reduction can only be attained after implementation of loss reduction schemes. In the aforesaid order Hon'ble Commission has recognized absence of cost reflective tariff to the petitioner in the past resulting in creation of Regulatory Assets as contained therein. In addition, even with the implementation of revised tariff as contained in the said order and as submitted in various submissions before the Hon'ble Commission that the petitioner is saddled with huge revenue gap in the current year i.e. FY12 thereby severely impacting the cash flow resulting in deferment of required schemes for AT&C loss reduction. Thus while petitioner endeavored to reduce AT&C losses, however due to the constraints as set out earlier, the petitioner may fall short of the target set by the Hon'ble Commission.

3. Directive to maintain all data required for True-up (including kWh & kVAh for the consumers billed on kVAh basis) (Ref: Para 7.3 of the Tariff Order for FY 2011-12):

All data required for True-up (including kWh & kVAh for the consumers billed on kVAh basis) shall be maintained & shall not be deleted from the data base prior to issuance of Order for True-up for that period by the Commission.

Compliance:

All the data required for True-up (including kWh & kVAh for the consumers billed on kVAh basis) are being maintained by the Petitioner in its ISU System. The same data is being used for reflecting the category-wise sales for Truing up of FY 2010-11.

4. Directive to get the Form 2.1(a) audited by the Statutory auditors on a quarterly basis (Ref: Para 7.4 of the Tariff Order for FY 2011-12):

The Commission directs the Distribution licensee to get the Form 2.1(a) audited by the Statutory auditors on a quarterly basis. The auditor certificate in this regards shall be filed in the Commission within thirty days from the end of the quarter.

Compliance:

The Petitioner has complied with the directive. The Petitioner has submitted the audited information on a quarterly basis, the details of the same are as follows:

1st Quarter (April 2011-June 2011) data was submitted vide Letter no. RA/2011-12/01/A/161 dated 23.09.2011.

2nd Quarter (July 2011-August 2011) data was submitted vide Letter no. RA/2011-12/01/A/200 dated 31.10.2011.

5. Directive to show power station wise power purchase quantum and cost (Ref: Para 7.5 of the Tariff Order for FY 2011-12):

The Commission directs the Distribution licensee to show power station wise power purchase quantum and cost along with break up under various heads in its audited accounts.

Compliance:

The Petitioner will comply with the above directive while finalizing the accounts for FY 2011-12. The audited certificate on the power purchase quantum and cost for FY 2010-11 duly certified by Statutory Auditors have been submitted to the Hon'ble Commission.

6. Directive to comply with guidelines for procurement of short-term power purchase issued by the Commission (Ref: Para 7.6 of the Tariff Order for FY 2011-12):

The Distribution Licensee shall continue to comply with guidelines for procurement of short-term power purchase issued by the Commission. The Distribution licensee is further directed to take necessary steps to restrict the cost of power procured through short term contracts at Rs.5 per kwh. Further in case of short term power purchase at a rate higher than the above ceiling rate (of Rs.5 per kwh), the impact of such purchase on total short term power purchase shall not exceed 10 paise /kWh during the financial year. The Commission shall approve the short term power purchase as above subject to any major exceptions/circumstances as may be brought to the notice of the Commission with full justification within 24 hours.

Compliance:

The Petitioner has complied with the directive and till date has apprised the Hon'ble Commission through its letters/email from time to time.

7. Directive for making timely payment of bills/dues to central & state generating stations and transmission utilities (Ref: Para 7.7 of the Tariff Order for FY 2011-12):

Distribution licensee shall be responsible for making timely payment of bills/dues to central & state generating stations and transmission utilities. The Commission shall not allow surcharge as a pass through in the ARR, if paid by the Distribution licensee on account of delayed payments.

Compliance:

The financial constraints of the Petitioner primarily due to non cost-reflective tariff and the impact thereof on the payment to the central and state generating and transmission utilities is a matter sub-judice before the Hon'ble Commission and Hon'ble Central Electricity Regulatory Commission.

8. Directive to complete the GIS mapping of all the divisions (Ref: Para 7.8 of the Tariff Order for FY 2011-12):

The Commission has already directed that the Distribution licensee shall complete the GIS mapping of all the divisions by end of September, 2011 and submit the data to Delhi State Spatial Data Infrastructure Projects (DSSDIP). The Distribution licensee shall upload the same on its website division-wise by 15th October, 2011. Further, Distribution licensees shall prepare the "Asset Register" and submit to the Commission by 31st December, 2011. Any slippage in this regard will result in no further approvals being given to capital investment proposals till this task is completed.

Compliance:

The Petitioner has complied with the directive of the Hon'ble Commission and has uploaded the GIS Mapping of all divisions on www.bsesdelhi.com. The same information has been given to the Hon'ble Commission vide its letter no. RA/2011-12/01/A/199 dated 24.10.2011.

9. Directive to meter electricity consumption in licensee's offices, grid sub-stations, consumer care centers etc. (Ref: Para 7.9 of the Tariff Order for FY 2011-12):

Distribution Licensee is hereby directed to meter electricity consumption in its offices, grid sub-stations, consumer care centers etc. within 2 months.

Compliance:

The Petitioner has complied with the directive and has also informed the Commission vide its letter no. RA/2011-12/01/A/197 dated 21.10.2011.

10. Directive to conduct Safety Audit (Ref: Para 7.10 of the Tariff Order for FY 2011-12):

The Commission directs the Distribution Licensee to conduct a Safety Audit and ensure proper fencing of distribution sub-station, grounding of the fencing as per Code of Practice for Earthing and proper Locking arrangements for the fencing.

Compliance:

The Petitioner is in the process of complying with the directive. It has already nominated a safety officer.

11. Directive to formulate a protocol regarding the procedure to be followed for meter sealing/de-sealing (Ref: Para 7.11 of the Tariff Order for FY 2011-12):

The Distribution licensee shall formulate a protocol regarding the procedure to be followed for meter sealing/de-sealing within one month of the issue of this Tariff Order and submit the same to the Commission for approval.

Compliance:

The Petitioner has submitted the proposed protocol for meter sealing / de-sealing for the approval of the Hon'ble Commission vide its letter no. RA/2011-12/01/A/251 dated 05.12.2011

12. Directive to submit a protocol for testing a meter (Ref: Para 7.12 of the Tariff Order for FY 2011-12):

The Distribution Licensee shall submit a Protocol for testing of meter within one month of the issue of this Tariff Order.

Compliance:

The Petitioner has submitted the proposed protocol for testing a meter for the approval of the Hon'ble Commission vide its letter no. RA/2011-12/01/A/251 dated 05.12.2011

13. Directive to issue bilingual bills to all consumers (Ref: Para 7.13 of the Tariff Order for FY 2011-12):

The Distribution licensee shall issue bilingual bills to all the consumers commencing not later than 2 months of the date of issue of this Tariff Order.

Compliance:

The Petitioner has complied with the above directive of the Hon'ble Commission and started the practice of issuing bilingual bills to its consumers with effect from the month of October, 2011 after consultation with the Hon'ble Commission.

14. Directives with respect to AT&C losses (Ref: Para 7.14 (a to i) of the Tariff Order for FY 2011-12):

With respect to AT&C losses, the Commission directs the Petitioner for the following:

(a) Submit Form 2.1(a) on monthly basis along with billing database to the Commission within the third week of the following month.

(b) Submit category wise revenue collection on monthly basis along with the supporting documents within the three week of the following month.

(c) Submit auditor's certificate in respect of Form 2.1 a. The Information may be included as a part of the Regulatory accounts.

(d) Include the category wise / slab wise consumer details i.e. no of consumer, connected load, sales, power factor, revenue from fixed charges, revenue from demand charges in the quarterly and annual balance sheet.

(e) Include source wise power purchase and sale details i.e. Quantum in MU and Rs Cr in the quarterly and annual balance sheet.

(f) Submit monthly report to the Commission giving details of on monthly category wise Consumer addition and their detail within the third week of the following month.

(g) Submit monthly report to the Commission giving details of on no. of connection disconnected / reconnected and their detail within the third week of the following month.

(h) Submit monthly report to the Commission on bill correction / JE entries within the third week of the following month.

(i) Submit monthly report to the Commission on change of consumer category for consumer within the third week of the following month.

Compliance:

The Petitioner has complied with the above directive and has submitted the information vide its letter no. RA/2011-12/01/A/281 dated 27.12.2011. Further , pursuant to the meeting held on 28.12.2011 with the Hon'ble Commission and as per discussion with Director – Tariff, the Petitioner has handed over a laptop to the Hon'ble Commission with uploaded SAP and reports prepared by its ISU team on 11.01.2012 in order to enable the Hon'ble Commission to extract the information from the live database.

2. Performance during FY 2010-11

BSES Rajdhani Power Limited (BRPL) has been striving hard for reducing AT&C losses and strengthening its operating system. Without prejudice to the Petitioner's contentions of seeking the AT&C target in accordance with the judgment by the Hon'ble Appellate Tribunal for Electricity in Appeal No. 36 of 2008 and pending the same, the Petitioner states that the major highlights of FY 2010-11 are as follows:-

- During the financial year, the Petitioner has over achieved its AT&C losses reduction target. As against a target of 17% specified by Hon'ble Commission in the MYT Order for the year, the Petitioner was able to achieve 16.85%.
- The Distribution losses for the year have been brought down from 18.90% to 18.02% during the year, i.e. an annual reduction of 0.88%.
- The Petitioner during the year has added 1.23 Lac consumers to its billing fold. An increment of 8% of the previous year's consumer base. The Petitioner presently services 16.51 lakh consumers as opposed to 10.90 lakh consumers at the beginning of the MYT Period.
- The Petitioner has generated additional revenue in form of Non Tariff Income during the financial year, which to an extent mitigates the revenue gap caused due to increase in costs.
- The Petitioner during the year has also augmented its distribution network apart from achieving the Performance Standard yardstick specified by the Hon'ble Commission, the details of which are discussed in the following sections.

The Petitioner reserves its rights to revise its submissions in this regard once the Hon'ble Commission re-determines the distribution loss trajectory in accordance with the judgment of Hon'ble Appellate Tribunal for Electricity ("ATE").

2.1. Augmentation / Maintenance of Network during FY 2010-11

Table 1: Augmentation of Distribution Network during FY 2010-11

Sl. No.	Description	FY 2010-11
1	Number of power transformers	4
2	EHV capacity(MVA)	109
3	Shunt capacitors (MVar)	25
4	Number of distribution transformers	184
5	Distribution transformer capacity(MVA)	80

Sl. No.	Description	FY 2010-11
6	Number of 11kv feeders	3
7	11kv cables laid (km)	28
8	Total number of LT feeders	79
9	LT lines laid (km)	34

2.2. PEAK DEMAND MET

Coincident Peak demand of 1920 MW was met on 1st July 2010 during FY 2010-11.

2.3. Actual vis-à-vis Performance standards during FY 2010-11

2.3.1. Normal fuse-off calls

This head of complaints comprises of the No-Supply complaints made by the consumers attributable to fuse-off. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 2: Normal Fuse Call

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within three hours for Urban areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	5,06,643	5,04,540	99.58%
Within eight hours for Rural areas				

2.3.2. Complaints w.r.t. Line breakdown

This head of complaints comprises of the No-Supply complaints made by the consumers which are attributable to breakdown or fault. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 3: Performance Standard – Line breakdown

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within six hours for Urban areas	At least 95% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	23,612	23,448	99.31%
Within twelve hours for Rural areas				

2.3.3. Complaints w.r.t. Distribution Transformer Failure

This head of complaints comprises the No-Supply complaints made by the consumers attributable to a failure of distribution transformer. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 4: Performance Standard – Distribution Transformer Failure

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Temporary supply to be restored within four hours from alternate source, wherever feasible.	At least 95% of DTR's to be replaced within prescribed time limits in both Cities and Towns and in Rural areas.	253	253	100%
Rectification of fault and thereafter restoration of normal power supply within twelve hours.				

2.3.4. Complaints w.r.t. Scheduled outages

This includes the No-Supply complaints made by the consumers attributable to scheduled outages. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 5: Performance Standard – Scheduled Outage

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Maximum duration in a single stretch shall not exceed 12 hours.	At least 90% of cases should be complied within prescribed time limits.	2607	2606	99.96%
Restoration of supply by 6:00 P.M.		2118	2113	99.76%

2.3.5. Reliability Indices

The Reliability Indices based on interruptions are the primary benchmark used to identify service quality of the distribution utility. The Hon’ble Commission has adopted the reliability / outage indices as prescribed by the Institute of Electrical and Electronics Engineers (IEEE) standard 1366 of 1998. As per the methodology prescribed by the Hon’ble Commission, Licensee has submitted the data on reliability indices for FY 2010-11 vide its letter RA/2010-11/01/A/22 dated 10/05/2011. The indices for FY 2010-11 are given below:

Table 6: Performance Standard – Reliability Indices

Reliability Indices	FY 2010-11
SAIFI	3.105
SAIDI	3.887
MAIFI	0.041

2.3.6. Frequency variation

In an integrated system operation, the Petitioner with the other network operators viz DTL, SLDC, etc, has maintained the supply frequency within specified range as per IEGC.

2.3.7. Complaints w.r.t. Billing Mistakes

This includes the billing related complaints made by the consumers. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 7: Performance Standard – Billing Mistakes

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of bills modified	Number of bills generated during the period	% Modified
Licensee shall maintain the percentage of bills requiring modifications following complaints to the total number of bills issued.	Not exceeding 0.2%	12,648	1,06,06,016	0.12%

2.3.8. Complaints w.r.t. Faulty Meters

The Delhi Electricity Supply Code and Performance Standards Regulations, 2007 requires that the percentage of defective meters to the total number of meters installed should be less than 3%. The performance as on 31.03.2011 is as follows:

Table 8: Performance Standard – Faulty Meter

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of defective meters	Number of meters in service	% Defective
Licensee shall maintain the percentage of defective meters to the total number of meters in service.	Not exceeding 3%	10,005	16,51,339	0.61%

3. Truing up of FY 2010-11

3.1. Sales

In terms of the Section 4.2(f) of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as “MYT Regulations,2007”), the variation in revenue/ costs on account of uncontrollable factors like Sales and Power Purchase would be trued up annually. The category wise Retail Sale to the consumers in the licensed area of the petitioner during the year FY 2010-11 is tabulated below:

Table 9: Category-wise Sales

Sl. No.	Category	FY 2010-11		
		No. of Cons.	Load	Sales
		(as on 31/03/2011)	MW	MU
1	Domestic	1,393,006	3,483	4,545
2	Non-Domestic	234,646	1,815	2,596
3	Industrial	13,023	357	603
A	SIP	12,825	271	440
B	LIP	198	86	163
4	Agriculture	4,143	16	18
5	Mushroom Cultivation	21	0	0
6	Public Lighting	1	-	152
7	Railway Traction	1	22	25
8	DMRC	5	70	140
9	Temporary Supply	-	-	0
10	Enforcement	-	-	73
11	Own Consumption	1	-	43
12	Others	6,395	162	381
A	Worship/Hospital	18	13	24
B	Staff	6,320	15	24
C	DIAL	2	58	242
D	DJB	55	76	91
TOTAL		1,651,242	5,924	8,576

3.2. Revenue Billed

The category wise Revenue billed as per the audited accounts is tabulated below:

Table 10: Category-wise Revenue billed (FY 2010-11)

Sl. No.	Category	Rs. Cr.
1	Domestic	1,643.5
2	Non-Domestic	1,644.7
3	Industrial	320.9
A	SIP	232.0
C	LIP	88.9
4	Agriculture	3.1
5	Mushroom Cultivation	0.0
6	Public Lighting	71.5
7	Railway Traction	11.7
8	DMRC	46.8
9	Temporary Supply	0.1
10	Enforcement	33.7
11	Own Consumption	-
12	Others	204.3
A	Worship/Hospital	12.1
B	Staff	3.9
C	DIAL	126.9
D	DJB	61.3
TOTAL		3,980.2

The Petitioner submits that the aforesaid information finds mention in the audited accounts for FY 2010-11 at Para 25 (b) of the Notes to accounts. The copy of the Annual Audited Accounts is annexed herewith as **Annexure 6**. Additionally, the Petitioner has also submitted the audited billing information in Form 2.1 a, which is also annexed herewith as **Annexure 8**.

3.3. Amount Collected

The amount of collections for the period FY 2010-11 is Rs 4036.7 Crores. The category wise amount collection has been tabulated below:

Table 11: Amount Collected

Sl. No.	Category	Rs. Cr.
1	Domestic	1,681.0
2	Non-Domestic	1,731.6
3	Industrial	326.1
A	SIP	237.0
C	LIP	89.1
4	Agriculture	3.4
5	Mushroom Cultivation	0.1

Sl. No.	Category	Rs. Cr.
6	Public Lighting	63.7
7	Railway Traction	12.1
8	DMRC	46.4
9	Temporary Supply	-
10	Enforcement	33.6
11	Own Consumption	-
12	Others	138.5
A	Worship/Hospital	12.3
B	Staff	4.1
C	DIAL	122.1
D	DJB	0.1
TOTAL		4,036.7

The Petitioner submits that the aforesaid information finds mention in the audited accounts for FY 2010-11 at Para 23 (a) of the Notes to accounts. It may be noted that the above amount includes arrears collected for the past period. The copy of the Annual Audited Accounts is annexed herewith as [Annexure 6](#).

3.4. AT&C Loss

The Petitioner has performed better than the targets set by the Hon'ble Commission, as shown in the Table below:

Table 12: AT&C loss Achievement vis-à-vis Target

Particular	UoM	FY 2010-11		
		Actual	MYT Order	Better Achievement
AT & C Loss Targets	%	16.85%	17.00%	0.15%

3.5. Benefits of overachievement of AT&C loss levels

The total benefit on account of such better performance is Rs. 7.08 Crores, as computed in the table below.

Table 13: Benefits due to overachievement of AT&C loss target

Particulars	UoM	Target Level	Actual
		X	Y
A. AT&C Losses	%	17%	16.85%
B. Overachievement	%		0.15%

Particulars	UoM	Target Level	Actual
		X	Y
C. Energy Input	Mus		10,461.0
D. Unit realized	Mus		8,697.9
E. Average Billing Rate	Rs/unit		4.6
F. Amount Realized	Rs Cr		4,036.7
G. Total amount on account of overachievement (Y-X)	Rs Cr		7.1
H. Benefit to be retained by Petitioner	Rs Cr		3.5
I. Benefit to be Utilised to meet Revenue Gap	Rs Cr		3.5

The Petitioner requests the Hon'ble Commission to pass on the benefit of such overachievement to the consumers of the Petitioner in terms of the MYT Regulations, 2007.

3.6. Revenue available towards ARR

Table 14: Computation of Revenue available towards ARR (in Rs. Cr)

Particulars	FY 2010-11
Amount Collected	4,036.7
Less: E tax	167.7
Less : LPSC	29.2
Less : Amount to be retained by Discom for AT&C overachievement	3.5
Revenue from Tariff Income available towards ARR	3,836.2

3.7. Power Purchase and Transmission Costs

The actual Power Purchase cost, including Transmission Charges, incurred by the Petitioner is shown below:

Table 15: Power Purchase Costs for FY 2010-11

Sl. No.	Stations	Quantum	Amount	Avg. Rate
		MU	Rs. Cr.	Rs. /kWh
A	NTPC			
1	ANTA GAS	70.3	23.3	3.31
2	AURAIYA GAS	125.3	39.3	3.14
3	BTPS	1,365.6	520.5	3.81
4	DADRI GAS	164.1	51.6	3.15
5	FARAKKA	56.7	20.5	3.62
6	KAHALGAON – I	118.5	35.5	2.99

Sl. No.	Stations	Quantum	Amount	Avg. Rate
		MU	Rs. Cr.	Rs. /kWh
7	NCPP	1,991.6	635.2	3.19
8	RIHAND –I	305.3	62.1	2.03
9	RIHAND –II	435.1	98.9	2.27
10	SINGRAULI	506.3	97.0	1.92
11	UNCHAHAR-I	66.1	18.3	2.77
12	UNCHAHAR-II	135.9	38.6	2.84
13	UNCHAHAR-III	80.4	26.2	3.26
14	Talcher	-	0.0	
	NTPC Total	5,421.1	1,667.1	3.08
B	NHPC			
1	BAIRA SIUL	33.5	3.4	1.01
2	CHAMERA-I	82.9	12.4	1.49
3	CHAMERA-II	86.7	27.9	3.22
4	DHAULIGANGA	66.8	14.6	2.19
5	DULHASTI	126.9	65.2	5.14
6	SALAL	164.2	12.8	0.78
7	TANAKPUR	20.4	3.2	1.60
8	URI	145.6	24.3	1.67
	NHPC Total	726.8	163.9	2.25
C	TEHRI HEP	142.6	69.0	4.84
D	NJPC (SATLUJ)	301.2	83.3	2.77
E	TALA HEP	45.7	8.4	1.84
F	DVC	269.3	79.1	2.94
G	NUCLEAR			
1	NPCIL - RAPS – 3	8.4	1.7	2.08
2	NPCIL - RAPS – 4			
3	NPCIL – NAPS	76.4	15.6	2.04
	Nuclear Total	84.8	17.3	2.05
G	SGS			
1	IP Station	-	0.2	
2	Rajghat	295.2	102.2	3.46
3	GAS TURBINE	578.4	226.2	3.91
4	Pragati -I	716.4	215.4	3.01
	SGS Total	1,590.1	544.1	3.42
H	Future Stations			
1	KAHALGAON STAGE-II	342.5	121.6	3.55
2	NPCIL - RAPS - 5 & 6	142.1	43.0	3.02
3	Dadri Extention unit 5&6	1,832.4	684.1	3.73
4	Sewa – II	21.3	10.4	4.86
5	Aravali PCL (Unit – 1)	22.7	10.1	4.47

Sl. No.	Stations	Quantum	Amount	Avg. Rate
		MU	Rs. Cr.	Rs. /kWh
	Future Stations Total	2,361.1	869.2	3.68
I	Power Purchase from other Sources			
1	Intra State Power Purchase	110.4	42.4	3.84
2	BILATERAL PURCHASE/ IEX	1,724.7	981.9	5.69
3	UI Purchase	37.5	12.5	3.32
5	Banking	703.8	283.1	4.02
	Other Purchases Total	2,576.5	1,319.8	5.12
J	Power Sold to other Sources			
1	Intra State Power Sale	15.2	6.1	3.98
2	BILATERAL SALE/ IEX	1,480.1	497.2	3.36
3	UI Sale	587.8	159.4	2.71
5	Banking	206.7	72.3	3.50
	Sale Total	2,289.8	735.0	3.21
K	Gross Total	11,229.3	4,086.1	3.64
L	Transmission Losses/ Charges			
1	Inter State	629.3	255.6	
2	Intra State	139.0	170.2	
M	Net Power Purchase Costs at DISCOM Periphery	10,461.0	4,511.9	4.31

3.8. Power Purchase Cost (Approved vis-à-vis Actual)

The power purchase quantum and Cost approved by the Hon'ble Commission vis-à-vis actual incurred by the Petitioner during FY 10-11 is tabulated below:

Table 16: Power Purchase Costs for FY 2010-11

S.No.	Stations	DERC approved			Actual			Difference		
		Quantum (A)	Amt. (B)	Avg. Cost (C=B*10/A)	Quantum (D)	Amt. (E)	Avg. Cost (F=E*10/D)	Quantum (D-A)	Amt. (E-B)	Avg. Cost (F-C)
		MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh
1	Power Purchase from Long Term Sources									
a	NTPC	2,691.9	596.0	2.21	2,063.9	511.4	2.48	(627.97)	(84.67)	0.26
b	NHPC	680.9	118.8	1.74	726.8	163.9	2.25	45.92	45.07	0.51
c	DVC				269.3	79.1	2.94	269.28	79.13	2.94
d	Other Hydro*	466.5	142.6	3.06	489.5	160.7	3.28	23.00	18.05	0.23
e	NPCIL	72.7	15.4	2.12	84.8	17.3	2.05	12.08	1.94	(0.07)
f	SGS	5,703.9	1,435.1	2.52	4,947.3	1,699.8	3.44	(756.67)	264.68	0.92

S.No.	Stations	DERC approved			Actual			Difference		
		Quantum (A)	Amt. (B)	Avg. Cost (C=B*10/A)	Quantum (D)	Amt. (E)	Avg. Cost (F=E*10/D)	Quantum (D-A)	Amt. (E-B)	Avg. Cost (F-C)
		MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh
g	Future Stations	2,294.3	656.3	2.86	2,361.1	869.2	3.68	66.84	212.86	0.82
	Sub Total of 1	11,910.2	2,964.3	2.49	10,942.7	3,501.3	3.20	(967.51)	537.1	0.71
2	Other Short Term Sources									
a	Short Term Purchase	481.1	264.0	5.49	2,576.5	1,317.2	5.11	2095.38	1053.25	(0.37)
b	Short Term Sale	(2,272.8)	(749.0)	3.30	(2,289.8)	(735.0)	3.21	(17.06)	13.99	(0.09)
	Sub Total of 2	(1,791.7)	(485.0)		286.6	582.2		2,078.3	1,067.2	
3	Transmission (losses)/Charges									
a	Inter-state	(379.5)	146.2		(629.3)	255.6		(249.85)	109.37	
b	Intra-state	(117.5)	162.3		(139.0)	172.8		(21.49)	10.49	
	Sub Total of 3	(497.0)	308.6		(768.3)	428.4		(271.3)	119.9	
4	Total (1+2+3)	9,621.5	2,787.8	2.90	10,461.0	4,511.9	4.31	839.5	1,724.2	1.42

*Includes Tehri, NJPC and Tala HEP

includes BTPS, NCPP, IPGCL & PPCL

3.9. Tax Expenses

As per the audited accounts, the amount of Income Tax paid by the Petitioner is Rs. 72.13 crores. This amount has thus been considered for computation of ARR for FY 2010-11.

3.10. New Initiatives

The Hon'ble Commission at para 4.146 of the MYT Tariff Order has directed the Petitioner to take prior approval of any new initiatives planned by the Petitioner. The relevant extract of the MYT Order is reproduced as below:

"4.146 Thus in consideration of the above, the Commission is of the view that Petitioner should try to bring efficiency into the system, thereby, reducing the burden of inefficiencies on to the consumers of Delhi. The Commission also directs the Petitioner to carry out a proper cost benefit analysis before taking up any new initiatives and submit the same for the approval of the Commission."

Further the Hon'ble Commission in its written submissions dated 2nd May 2008 against the Petitioner's Appeal no. 36 of 2008 in the matter of BSES Rajdhani Power Limited vs. DERC and Ors. filed before the Hon'ble ATE has stated as follows:

“In light of the aforementioned submissions the Respondent No.1 most respectfully submits that the Appellant is free to take any new initiative during the MYT period but at the same time Appellant has to justify the new initiative by cost benefit analysis. If cost benefit analysis of any new initiative is positive, it would mean that whatever expenses the Appellant is incurring on account of new initiatives, the Appellant is saving more money than that. It is further pertinent to mention that the MYT framework introduced by the Respondent No. 1 doesnot restrict the Appellant; it gives freedom to the Appellant to manage its operation effectively and efficiently. Unlike the past regulation, it rewards the Appellant for better management of the operation and higher efficiency.”

The aforesaid submissions of the Hon’ble Commission also finds mention in the judgment dated 06.10.2009 of the Hon’ble ATE in Appeal No. 36 of 2008.

It is submitted that the Petitioner has taken certain initiatives to meet the statutory and mandatory requirements and has incurred prudent expenditure on the same and the same may be allowed by the Hon’ble Commission.

3.10.1. Credit Rating

Credit Rating of banking (Fund/Non fund based) facilities has become imperative under the newly introduced Basel II Norms under which unrated facilities would be offered facilities at higher costs as the Capital Adequacy Requirement for unrated facilities is at least 4.5% higher.

In view of the above mandated norms the Petitioner has incurred an amount of Rs. 28 Lacs on obtaining the Credit Ratings.

It may be noted that since credit rating is a statutory requirement, and hence no cost benefit analysis is spelt out. Also the base over which the Hon’ble Commission has allowed a normative annual escalation does not include the same. The Hon’ble Commission is therefore requested to consider such expense as uncontrollable and allow it separately for FY 10-11.

3.10.2. Cost of Auditors Certificate

The requirement of the Hon'ble Commission for the Audit Certificates related to various Expenses and Revenue has led to increase in the Audit Fees being paid to the Auditors.

During FY 2010-11, the Hon'ble Commission has directed the Petitioner to get certain information like power purchase cost, 6th Pay Commission impact/payment etc. certified from the statutory Auditors, the cost of which amount to Rs. 7 lacs.

It needs to be noted that while allowing the A&G expenses for the MYT Period, the Hon'ble Commission has considered the expense during FY 06-07 as the base where there was no additional requirement from the Hon'ble Commission apart from the Auditing of the Financial Accounts, and hence we request the Hon'ble Commission to allow the incremental cost incurred on account of Audit Fees which was beyond the control of the Petitioner.

3.10.3. Expenses post Implementation of Supreme Court Order in SLP no. 4270/2006

In terms of the Hon'ble Supreme Court of India order in the above matter the Petitioner has incurred Rs. 3.16 cr. during the FY 2010-11. These expenses pertain to the liabilities relating to employees who ceased to be the employees of erstwhile Delhi Electric Supply Undertaking (Predecessor of Delhi Vidyut Board-DVB) prior to 1.7.2002 on account of their retirement, removal, dismissal or compulsory retirement in accordance with the provisions of Delhi Electricity Reforms Act 2000.

The above expenditure is an uncontrollable expenditure incurred by the Petitioner during the FY 2010-11 in terms of the directions of Hon'ble Supreme Court, and hence needs to be considered separately while truing up the expenses for FY 2010-11.

3.10.4. Training Expenses

The National Training Policy for the Power Sector in India (7th June 2002) formulated by CEA highlights the need for planning for training as an

integrated Human Resource Development (HRD) activity with a commitment to imparting training for all in the power sector at entry level as well as in-service.

Accordingly, the Petitioner had successfully organized various training sessions for training and development of its personnel. In FY 2010-11, the Petitioner imparted training to 3881 employees totalling 10654 Man days of training. Learning Organization (L.O) Department was created to assist in upgrading the knowledge and skill levels of employees through continuous interventions.

Training centers at Malviya Nagar, Vikas Puri and Nehru Place were established with Training divided into 3 levels:

- Technical Level:
Upgrading or refreshing the knowledge of workers with programs on LT & HT Maintenance, Equipment training on Schneider & ABB Switch gears, Meter Technology and Energy Audit, EHV Maintenance, EHV Protection, Training on Fault Relay and SAP IS-U.
- Functional Level:
Trainings on DERC guidelines, rules & regulations; DT Training, Knowledge sharing on protection, Presenting to influence (Certificate Program on Communication & Presentation Skills), Sampoon Bijli Abhiyaan (Creating Customer Centric Culture in Divisions)
- Behavioral Level:
Program on Team Work & Motivation were imparted.
- Month long training program for new incumbents:
Program included classroom sessions on technical & behavioral aspects, as well as field visits to various departments so that these new incumbents have a fair idea and appreciation of the work being carried out in the organization.

In view of the above, the Petitioner during FY 2010-11 has incurred Rs. 65 lacs on training & development (behavioural/ functional and technical) and related activities. Training being a mandate as per the NTP, the expense is included in the Annual Revenue Requirement of the Petitioner.

3.10.5. Tender Cost for procurement of Material

The Competitive Bidding Guidelines (for procurement of material, equipment and/or services relating to major investments) notified by the Hon'ble Commission provides for procurement of any material/services of an amount exceeding Rs. 0.25 Crores through open tendering. Further in revised guidelines notified on 9th October 2009, the Hon'ble Commission subsequently increased the limit of Rs. 0.25 Crores to Rs. 1Crore.

It may be appreciated that this has resulted in additional advertisement expenses in FY 2010-11 as there was no such requirement in earlier years.

Given the fact that this additional expense has been necessitated by the Order of this Hon'ble Commission, the Petitioner has included an amount of Rs. 9 lacs in its Annual Revenue Requirement for FY 2010-11. The Petitioner requests the Hon'ble Commission to allow the expenditure separately while truing up for FY 11.

3.10.6. License Fee paid to Hon'ble Commission

As per Section 12 of the license condition, the Petitioner is liable to pay a license fee equivalent to 0.05% of the amount billed during previous financial year. Since the Sales and the amount Billed during the previous financial year is uncontrollable in nature, the License Fee paid to the Hon'ble Commission over and above the License Fee paid in FY 2006-07, consequently also becomes uncontrollable.

The incremental License Fee incurred by the Petitioner during FY 10-11 due to increase in Sales, which is uncontrollable expense in terms of MYT Regulations, 2007, is tabulated below:

Table 17: Incremental License Fee (in Rs. Cr.)

License Fee	UoM	FY 09-10	FY 10-11
Amount Billed	Rs. Cr.	3,594.5	
License Fee approved	Rs. Cr.		1.2
Actual cost incurred	Rs. Cr.		1.8
Incremental Cost	Rs. Cr.		0.6

Therefore the Petitioner requests the Commission to consider the incremental License Fee amounting to Rs. 0.6 crores while truing up the expenses for the FY 10-11.

The total expenses towards new initiatives are tabulated below:

Table 18: Summary of New Initiatives/ other uncontrollable parameters

Particular	Rs. Cr.
Credit Rating	0.28
Cost of Auditors Certificate	0.07
Training Expenses	0.65
Tender Cost for procurement of Material	0.09
Incremental License Fees paid to DERC	0.60
Total	1.70

3.11. Other Controllable Expenses

The Petitioner has filed an appeal before the Hon'ble Appellate Tribunal for Electricity (ATE) against the tariff order dated 26th August 2011. Pending the decision of ATE and without prejudice to the contentions raised therein for enforcement and compliance of the past ATE judgments in tariff orders issued thereafter by the Hon'ble Commission, the Petitioner only for the purpose of computation of the Annual Revenue Requirement, has restricted itself to the targets specified in the MYT Tariff Order dated 23.02.2008. The reliance on the said targets does not amount to waiver of any claim, right or entitlement of the Petitioner to seek revised targets for which it has already filed separate Petitions (Petition seeking implementation of ATE Orders dated 06.10.2009 and 12.07.2011 in Appeal 36 of 2008 and 142 of 2009 respectively) before the Hon'ble Commission. The contents of the Petition are reiterated but not repeated herein for the sake of brevity yet should be considered as a part of the submissions above.

In view of the above, the Petitioner has considered the O&M Expenses, Depreciation and RoCE as per the Hon'ble Commission's Tariff Order dated 26.08.2011.

3.12. ARR and Revenue (Gap)/Surplus during FY 2010-11

The ARR estimated by the Petitioner vis-à-vis the ARR approved by the Hon'ble Commission in the MYT Tariff Order is tabulated below:

Table 19: Computation of Annual Revenue Requirement (Rs Crores)

Particulars	FY 10-11		
	DERC Approved	Actual	Difference
Expenditure			
Cost of power purchase	2,749.2	4,086.1	1,336.9
Inter-State Transmission charges	146.2	255.6	109.4
Intra-state Transmission (Delhi Transco) charges	165.4	170.2	4.8
O&M Expenses	400.8	400.8	-
Depreciation including Advance Against Depreciation	129.9	129.9	-
New initiatives undertaken by the Petitioner	-	1.7	1.7
RoCE	285.6	285.6	-
Additional Return	16.4	16.4	-
Income Tax	5.0	72.1	67.1
Expenses in terms of ATE order in Appeal no 153/2009	-	27.6	27.6
Litigation Expenses pertaining to Pre- privatisation period	-	3.2	3.2
Less			
Other Income (Including income from wheeling charges)	54.6	133.7	79.1
Interest Capitalised	12.2	-	(12.2)
Aggregate Revenue Requirement (A-B)	3,831.8	5,315.5	1,483.8

Table 20: Computation of Revenue (Gap)/surplus during FY 10-11 (Rs Crores)

Particulars	Rs. Cr.
Annual Revenue Requirement for FY 10-11	5,315.5
Revenue available towards ARR	3,836.2
Revenue (Gap)/Surplus	(1,479.3)

The petitioner respectfully submits that the revenue gap of Rs. 1479.3 Crores in the financial year 2010-11 may please allowed to be recovered along with carrying costs as part of Regulatory Asset Recovery during the MYT control period FY2012-13 to FY2014-15 which is also so directed by ATE in its judgment dt 11th Nov 2011 in OP.no 1 of 2011.

4. Annual Performance Review of FY 2011-12

In terms of Section 11.1 of the MYT Regulations, 2007, the Hon'ble Commission in order to address any unexpected outcomes may undertake a periodic review. The relevant portion of the MYT Regulation, 2007 is reproduced below:

"11.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees' performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise.

11.2 The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited/actual accounts and the tariff worked out in accordance with these Regulations."

It is submitted that the Hon'ble Commission has estimated the expenditure for FY 2011-12 based on the audited accounts of FY 2009-10 and available figures for FY 2010-11. Based on the actual figures upto Nov'2011, it is explicitly clear that there is a wide variation in the uncontrollable expenses, more particularly related to power purchase. In absence of adequate mechanism to pass through the variation in the power purchase cost, the petitioner is saddled with huge under-recovery of costs. The wide variation with respect to the estimate of power purchase cost considered in the tariff order not only creates a cash flow problem for the Petitioner, but also imposes a carrying cost burden to the consumers. The Hon'ble ATE in its judgment dated 11.11.11 in OP no. 1 of 2011 have also expressed similar views. Relevant portion is reproduced below:

"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:

(a) No projection can be so accurate as to equal the real situation.

(b) The burden/benefits of the past years must not be passed on to the consumers of the future.

(c) Delays in timely determination of tariff and truing-up entails:

(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.

(ii) Cash flow problems for the licensees."

The Hon'ble Commission is aware that the Petitioner is facing cash flow problem due to absence of cost reflective tariff. Therefore the Petitioner requests the Hon'ble Commission to undertake a periodic review of uncontrollable expenses like Sales and

Power Purchase cost for FY 2011-12 to address practicalities faced by the Petitioner, concerns or unexpected outcome that may arise.

4.1. Sales

The Petitioner has estimated the category-wise Sales for FY 2011-12 based on the following assumptions:

- Actual trend during the first eight months of FY 2011-12 considered while projecting for the full financial year.
- Growth rate assumed stagnant for Industrial, Agriculture & Railways and for other categories based on 17th EPS report of CEA
- Inter-slab allocation of units as per actual for FY 10-11
- Consumers and load increase considered proportionately based on previous year

Based on the above assumptions the category-wise sales for FY 2011-12 are tabulated below:

Table 21: Category-wise Sales

Sl. No.	Category	FY 2011-12		
		No. of Consumers	Load	Sales
			MW	MU
1	Domestic	1,504,387	4,637	5,074
2	Non-Domestic	250,957	1,933	2,945
3	Industrial	11,987	339	603
A	SIP	11,814	275	452
B	LIP	173	64	150
4	Agriculture	4,334	20	18
5	Mushroom Cultivation	20	0	0
6	Public Lighting	-	-	160
7	Railway Traction	1	14	25
8	DMRC	6	67	245
9	Temporary Supply	-	-	0
10	Enforcement	-	-	30
11	Own Consumption	-	-	49
12	Others	6,172	145	424
A	Worship/Hospital	18	13	28
B	Staff	6,094	20	27
C	DIAL	1	48	274
D	DJB	59	64	96
TOTAL		1,777,864	7,154	9,572

4.2. Revenue Billed

The Petitioner has estimated the Revenue Billed (fixed and Energy Charges) as per the tariff for each tariff slab approved by the Hon'ble Commission in its Tariff Order dated 26.08.2011.

The Power Factor for each tariff slab where the tariff is specified in kVA/ kVAh terms has been considered at the same level as approved by the Hon'ble Commission in its Tariff Order for FY 11-12.

Based on the above methodology, the Petitioner has projected the total revenue billed in FY 2011-12 to be Rs. 4734 Cr. However, in view of the fact that impact of the revised tariff approved by the Hon'ble Commission in its tariff order dated 26.08.2011 was recognized only in the month of November'11, it is submitted that the actual revenue billed during FY 11-12 would be lower than that projected by the Petitioner. The category wise Revenue billed projected by the Petitioner is tabulated below:

Table 22: Category-wise Revenue billed (Net of E-Tax)

Sl. No.	Category	Rs. Cr.
1	Domestic	1,950.5
2	Non-Domestic	1,986.7
3	Industrial	351.4
A	SIP	266.0
C	LIP	85.4
4	Agriculture	3.7
5	Mushroom Cultivation	0.0
6	Public Lighting	84.3
7	Railway Traction	13.5
8	DMRC	90.7
9	Temporary Supply	0.1
10	Enforcement	14.7
11	Own Consumption	-
12	Others	238.4
A	Worship/Hospital	11.6
B	Staff	6.2
C	DIAL	153.9
D	DJB	66.7
TOTAL		4,734.0

4.3. Amount Collected

The Petitioner has estimated the revenue collection (net of E-Tax) of Rs. 4652 Crs. Assuming the collection efficiency of 98.5% during the FY 2011-12.

4.4. Distribution Loss

The Petitioner has filed an appeal before the Hon'ble Appellate Tribunal for Electricity (ATE) challenging the concept of division wise target provided by the Hon'ble Commission in the Tariff Order dated 26.08.2011. Pending the decision of ATE and without prejudice to the contentions raised in the Petition, the Petitioner for the purpose of computation of the Annual Revenue Requirement has restricted itself to the methodology outlined by the Hon'ble Commission in the Tariff Order. The reliance on the same does not amount to waiver of any claim, right or entitlement of the Petitioner.

The Petitioner during the meeting held with Hon'ble Commission on 8th August 2011 highlighted that technical losses in the system are around 10-15%. The high distribution loss areas are also plagued with high technical losses and reduction of losses in such areas, where they are presently in excess of 40%, would require Capex for implementation of loss reduction schemes. The Hon'ble Commission has assured priority approval of all such schemes. The Petitioner has accordingly submitted the schemes to the Hon'ble Commission. As on 30th December 2011, the Petitioner have received approval of only 17 schemes out 143 schemes submitted. It is submitted that even to maintain the loss levels, the Capex should be commensurate with the load growth and in absence of approved schemes, the required Capex schemes could not be executed. Nevertheless, the Petitioner is making conscious efforts to contain AT&C losses to the extent possible in the constraint situation; however it is noteworthy that loss reduction can be attained only after implementation of loss reduction schemes.

The Petitioner has estimated reduction in distribution loss individually for each of its 19 business divisions based on existing distribution loss profile in FY 2010-11. Divisions with higher loss levels are anticipated to reduce losses at a higher pace than others.

The Petitioner has segregated the distribution losses into technical and commercial losses. Based on the study undertaken by the Petitioner, the overall technical losses in the system are in the range of 10%-15%. In view of the reasons mentioned hereinabove, it is respectfully submitted that the Petitioner has not assumed any reduction in technical losses in the system. Out of the total distribution losses, the estimated technical losses of approx 10% are deducted to arrive at the estimated commercial losses in various Divisions. The commercial losses are assumed to be reduced in the manner specified in the table below:

Table 23: Basis of Distribution Loss targets for FY 2011-12

Sl. No.	Division with Commercial Loss	Reduction as %age of existing level
1	Greater than 40%	10%
2	40% to 30%	10%
3	30% to 20%	8%
4	20% to 10%	6%
5	10% to 0%	5%

On the basis of the above assumptions, the Division wise Distribution loss targets for FY 11-12 are tabulated below:

Table 24: Division-wise Distribution Loss targets for FY 2011-12

S. No.	Division Name	Distribution Loss during FY 2010-11	Reduction envisaged as % age of existing levels	Distribution Loss target during FY 2011-12
1	Alakhnanda	7.91%	0%	7.91%
2	Khanpur	19.87%	5%	18.88%
3	Mehrauli	15.07%	5%	14.32%
4	Vasant Kunj	11.90%	5%	11.31%
5	Nehru Place	6.01%	0%	6.01%
6	Nizamuddin	13.74%	5%	13.05%
7	Sarita Vihar	19.54%	5%	18.57%
8	R. K. Puram	6.45%	0%	6.45%
9	Hauz Khas	9.68%	0%	9.68%
10	Janak Puri	13.60%	5%	12.92%
11	Najafgarh	52.76%	10%	47.48%
12	Jaffar Pur	54.59%	10%	49.13%
13	Nangloi	19.17%	5%	18.21%
14	Mundka	40.28%	10%	36.25%
15	Punjabi Bagh	14.95%	5%	14.21%
16	Tagore Garden	27.55%	6%	25.90%

S. No.	Division Name	Distribution Loss during FY 2010-11	Reduction envisaged as % age of existing levels	Distribution Loss target during FY 2011-12
17	Vikas Puri	23.65%	6%	22.23%
18	Palam	26.31%	6%	24.73%
19	Dwarka	15.73%	5%	14.94%
	Total	18.02%	6%	16.94%

4.5. AT&C Loss

The AT&C loss for FY 11-12 has been derived based on the estimated distribution loss and collection efficiency of 98.5%.

Table 25: AT&C loss for FY 11-12

Sl. No.	Particulars (in %)	FY 12
1	Distribution Loss	16.94%
2	Collection Efficiency	98.50%
3	AT&C Loss	18.18%

It is respectfully submitted that the Report of High Level Panel on Financial Position of Distribution Utilities (the Shunglu Committee Report) has highlighted that fixing retail tariffs based on normative T&D losses and ignoring the actual losses results in denial of revenue to distribution utilities. Accordingly, the petitioner respectively submits that while determination of tariff, actual AT&C losses should be considered as target so that achievement better than such target levels are shared with the consumers and at the same time the petitioner is not subjected to unreasonable penalty of not achieving unrealistic target level of AT&C losses.

4.6. Energy Balance

Based on the above loss reduction trajectory and the projected energy sales, the energy balance for FY 2011-12 is tabulated below:

Table 26: Energy Balance for FY 2011-12

Particulars	UoM	FY 11-12
Energy Billed	MU	9,572
Distribution losses	%	16.94%
Energy required at T&D Interface	MU	11,523

4.7. Power Purchase

Actual costs based on bills raised by the Generating and Transmission Companies upto November 2011 has been considered. Further, for projecting the costs for the period Dec'2011 to Mar' 2012 the following assumptions are undertaken:

- Fixed and Variable Costs are as per latest Tariff orders and applicable Tariff Regulations.
- Other charges estimated considering nominal increase of 2% over previous year
- PLF is assumed as per NRPC methodology for projection of demand.
- FPA considered based on the actual FPA billed during the period April-Novemebr'11.
- Plant maintenance schedule considered as per NRPC
- Auxiliary consumption as per appropriate CERC & DERC Tariff regulations
- Monthly Deficit / Surplus considered as Bilateral Purchase / Sale for a particular month
- Bilateral Purchase /Sale rate as per actual weighted average cost of short term purchase/Sale (i.e. April'11to Nov'11)

For projecting availability from future stations the following factors are considered:

- COD considered as per CEA Broad status Report.
- PLF of 80% assumed for all thermal power plants and design energy for Hydro plants
- Auxiliary consumption assumed at 9% for coal based plants, 3% for gas based plants and 1% for hydro plants
- Effective share as per DERC PPA Reassignment Order dated 31 March, 2007 applied on the ex-bus generation to compute the total energy availability
- Cost considered based on actual derived cost during the particular month for similar existing units in the same region.
- Based on the aforestated assumptions, the power purchase costs and quantum is tabulated below:

Table 27: Power Purchase for FY 2011-12

Sl. No.	Stations	Quantum (in MU)			Amount (in Rs. Cr.)			Avg. Rate
		Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Rs. /kWh
A	NTPC							
1	ANTA GAS	66.9	37.9	104.8	34.4	17.0	51.4	4.90
2	AURAIYA GAS	97.9	64.6	162.6	34.6	28.3	62.8	3.87
3	BTPS	937.2	538.7	1,475.9	400.1	198.1	598.2	4.05
4	DADRI GAS	135.3	82.6	217.8	44.9	35.6	80.5	3.70
5	FARAKKA	25.4	22.0	47.4	12.9	13.2	26.1	5.51
6	KAHALGAON - I	77.5	51.5	129.0	34.2	25.0	59.1	4.58
7	NCPP	1,269.8	688.2	1,957.9	509.7	318.1	827.8	4.23
8	RIHAND –I	239.3	106.7	346.0	55.0	34.9	89.9	2.60
9	RIHAND –II	269.8	145.4	415.2	63.6	46.1	109.7	2.64
10	SINGRAULI	326.0	167.9	493.9	63.5	43.6	107.1	2.17
11	UNCHAHAR-I	47.4	26.7	74.1	17.3	10.0	27.3	3.68
12	UNCHAHAR-II	93.6	53.8	147.4	34.4	20.5	54.9	3.73
13	UNCHAHAR-III	66.0	25.5	91.5	31.9	11.5	43.4	4.75
14	KAHALGAON STAGE-II	186.3	121.2	307.5	81.8	63.5	145.3	4.72
15	Talcher	-	-	-	(0.1)	0.0	(0.1)	
16	Dadri Extention unit 5&6	1,628.3	691.1	2,319.4	745.7	313.3	1,059.0	4.57
	NTPC Total	5,466.7	2,823.7	8,290.4	2,164.0	1,178.6	3,342.6	4.03
B	NHPC							
1	BAIRA SIUL	27.0	5.1	32.0	8.8	1.2	10.0	3.12
2	CHAMERA-I	81.0	7.2	88.2	17.2	2.5	19.7	2.24
3	CHAMERA-II	82.2	5.5	87.7	20.9	4.6	25.5	2.90
4	DHAULIGANGA	62.4	5.9	68.3	33.9	4.0	37.9	5.55
5	DULHASTI	111.5	12.8	124.3	86.6	15.5	102.1	8.21
6	SALAL	138.8	14.6	153.4	19.3	3.1	22.4	1.46
7	TANAKPUR	20.5	3.5	24.0	8.4	1.4	9.8	4.08
8	URI	98.5	22.9	121.4	37.9	5.9	43.7	3.60
	NHPC Total	621.9	77.5	699.4	233.0	38.1	271.1	3.88
C	TEHRI HEP	143.4	32.5	175.9	58.0	22.9	80.8	4.59
D	NJPC (SATLUJ)	289.3	33.5	322.8	64.0	26.4	90.4	2.80
E	TALA HEP	41.4	22.5	63.8	7.6	4.1	11.7	1.84
F	DVC	317.9	24.6	342.5	147.1	11.2	158.2	4.62
G	NUCLEAR							
1	NPCIL - RAPS – 3&4	(0.0)	-	(0.0)	0.1	0.1	0.2	
2	NPCIL - RAPS – 5&6	127.2	42.8	170.0	39.7	12.9	52.6	3.09
3	NPCIL – NAPS	52.3	8.4	60.7	10.7	2.2	12.9	2.12
	Nuclear Total	179.5	51.2	230.8	50.4	15.2	65.6	2.84
H	SGS							

Sl. No.	Stations	Quantum (in MU)			Amount (in Rs. Cr.)			Avg. Rate
		Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Rs. /kWh
1	IP Station	-	-	-	-	-	-	#DIV/0!
2	Rajghat	206.9	-	206.9	120.8	-	120.8	5.84
3	GAS TURBINE	351.1	179.3	530.5	165.9	98.3	264.2	4.98
4	Pragati -I	509.0	254.5	763.4	165.7	98.3	264.0	3.46
	SGS Total	1,067.0	433.8	1,500.8	452.4	196.6	649.0	4.32
I	Future Stations							
1	SEWA-II	24.6	3.1	27.8	9.8	2.8	12.6	4.52
2	Chamera-III	-	1.2	1.2	-	0.3	0.3	2.76
3	Uri -II	-	4.0	4.0	-	0.6	0.6	1.56
4	Koteshwar	11.7	8.8	20.5	6.2	3.7	9.9	4.82
5	Aravali Power Corporation Ltd	192.0	344.5	536.5	128.6	196.5	325.1	6.06
6	TOWMCL	-	9.3	9.3	-	2.4	2.4	2.59
7	Pragati -III, Bawana	-	548.1	548.1	-	233.0	233.0	4.25
8	Mejia TPS Extn (unit 1 & 2)	-	299.8	299.8	-	118.7	118.7	3.96
9	Chandrapur Extn	-	274.1	274.1	-	108.5	108.5	3.96
10	Koderma TPS	-	177.0	177.0	-	70.1	70.1	3.96
11	Durgapur Steel	-	257.0	257.0	-	101.7	101.7	3.96
12	Thyagraj Solar	-	0.4	0.4	-	0.7	0.7	17.91
	Future Stations Total	228.3	1,927.4	2,155.7	144.6	839.0	983.6	4.56
J	Power Purchase from other Sources							
1	Intra State Power Purchase	96.6	-	96.6	36.7	-	36.7	3.80
2	BILATERAL / IEX	496.7	126.6	623.2	180.2	45.9	226.2	3.63
3	Banking	948.7	-	948.7	383.4	-	383.4	4.04
4	UI Purchase	66.3	-	66.3	36.0	-	36.0	5.43
	Other Purchases Total	1,608.3	126.6	1,734.8	636.3	45.9	682.3	3.93
K	Power Sold to other Sources							
1	Intra State Power Sale	4.5	-	4.5	1.6	-	1.6	3.49
2	BILATERAL / IEX	836.8	1,194.2	2,030.9	247.4	353.4	600.8	2.96
3	Banking	363.8	694.8	1,058.6	145.5	278.1	423.7	4.00
4	UI Sale	334.1	-	334.1	100.4	-	100.4	3.01
	Sale Total	1,539.2	1,888.9	3,428.1	494.9	631.5	1,126.4	3.29
L	Gross Total	8,424.5	3,664.3	12,088.8	3,462.4	1,746.5	5,208.9	4.31
M	Transmission Losses/ Charges							
1	Inter State			397.2	296.8	148.4	445.2	
2	Intra State			168.2	322.6	161.3	483.9	

Sl. No.	Stations	Quantum (in MU)			Amount (in Rs. Cr.)			Avg. Rate
		Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Upto Nov'11	Dec'11 to Mar'12	FY 11-12	Rs. /kWh
N	Net Power Purchase Costs at DISCOM Periphery			11,523.5	4,081.8	2,056.2	6,138.0	5.33

It may be noted that the aforesaid revised estimates made by the Petitioner based on the actual bills received during the period April'11 to Nov'11, are far in excess of the estimates of the Hon'ble Commission as approved in its Tariff Order for FY 11-12. The power purchase quantum and Cost approved by the Hon'ble Commission vis-à-vis estimated by the Petitioner is tabulated below:

Table 28: Power purchase for FY 11-12 (Approved vis-à-vis actual)

S.No.	Stations	DERC approved			Actual			Difference		
		Quantum (A)	Amt. (B)	Avg. Cost (C=B*10/A)	Quantum (D)	Amt. (E)	Avg. Cost (F=E*10/D)	Quantum (D-A)	Amt. (E-B)	Avg. Cost (F-C)
		MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh
1	Power Purchase from Long Term Sources									
a	NTPC	5,019.0	1,481.0	2.95	4,856.5	1,916.6	3.95	(162.51)	435.60	1.00
b	NHPC	658.5	158.3	2.40	699.4	271.1	3.88	40.89	112.78	1.47
c	DVC	296.1	100.7	3.40	342.5	158.2	4.62	46.36	57.56	1.22
d	Other Hydro*	468.4	104.8	2.24	562.6	182.9	3.25	94.12	78.17	1.02
e	NPCIL	232.3	61.6	2.65	230.8	65.6	2.84	(1.55)	3.99	0.19
f	SGS	4,862.3	1,758.1	3.62	4,934.7	2,075.0	4.20	72.33	316.88	0.59
g	Future Stations	4,033.9	1,530.1	3.79	2,155.7	983.6	4.56	(1878.12)	(546.48)	0.77
	Sub Total of 1	15,570.6	5,194.6	3.34	13,782.1	5,653.1	4.10	(1788.49)	458.51	(2.56)
2	Other Short Term Sources									
a	Short Term Purchase	0.00	0.00		1734.83	682.27	3.93	1734.83	682.27	3.93
b	Short Term Sale	(3845.21)	(1384.28)	3.60	(3428.11)	(1126.43)	3.29	417.10	257.84	(0.31)
	Sub Total of 2	(3845.21)	(1384.28)		(1693.28)	(444.16)		2151.93	940.11	
3	Transmission (losses)/Charges									
a	Inter-state	(549.03)	241.42		(397.17)	445.20		151.86	203.78	
b	Intra-state	(192.28)	475.04		(168.17)	483.91		24.11	8.87	
	Sub Total of 3	(741.31)	716.46		(565.34)	929.11		175.97	212.65	
4	Total (1+2+3)	10984.05	4526.73	4.12	11523.47	6138.01	5.33	539.42	1611.27	1.21

*Includes Tehri, NJPC and Tala HEP

includes BTPS, NCPP, IPGCL & PPCL

4.8. Development of Asset Life Cycle Module in SAP platform

Subsequent to transfer of assets from erstwhile DVB, the Petitioner has invested substantially in upgrading the asset base, with an objective to augment the system related to network operations, while also maintaining the assets inherited from DVB. Simultaneously, the Petitioner has undertaken efforts to completely overhaul the information systems inherited from DVB, which due to its obsolescence was not in a condition to support the massive network revamp that was being undertaken on expedient basis.

These two exercises were running in parallel and hence a phase lag got built into the acquisition of new assets in the field, retirement of old assets in the field, and their reflection in the information systems. As a result reconciling information became necessary particularly in the wake of the audit commissioned by Hon'ble Commission and conducted through ASCI in 2009-10. Thereafter, the Petitioner decided to undertake a dedicated initiative to exhaustively review the status of all major equipment / network assets on field and their related information on records, with the intention of (i) cleansing the past records based on field information, and (ii) setting right the process for future whereby any new equipment purchased / asset acquired can be traced throughout its life cycle. This initiative is first of its kind by any utility in the country.

One part of this initiative addresses the traceability of new assets – this part has now been put in place for the key / high value assets, using the SAP based ERP system existing at the Petitioner, and shall be rolled out to other asset categories in due course of time. The other part of this initiative addresses the issue of checking historical records vis-à-vis equipment status on field and identifying information gaps that need to be plugged in so as to trace back the assets inherited from DVB or acquired by BRPL till date. The Petitioner proposes to update this information in the Fixed Asset Register both in terms of location and retirement from time to time, so that corrections are reflected appropriately in the accounts.

4.9. ARR and Revenue Gap during FY 2011-12

The ARR estimated by the Petitioner vis-à-vis the ARR approved by the Hon'ble Commission in the MYT Tariff Order is tabulated below:

Table 29: Computation of Annual Revenue Requirement (Rs Crores)

Particulars	FY 11-12		
	DERC Approved (A)	Actual (B)	Difference (B-A)
Power Purchase Cost	4,526.73	6,138.01	1,611.27
Cost of power purchase	3,810.27	5,208.89	1,398.62
Inter-State Transmission charges	241.42	445.20	203.78
Intra-state Transmission (Delhi Transco) charges	475.04	483.91	8.87
Distribution Cost	924.67	924.67	-
O&M Expenses	427.48	427.48	-
Depreciation including Advance Against Depreciation	145.77	145.77	-
RoCE including Supply margin	346.42	346.42	-
Income Tax	5	5	-
Less: Non Tariff Income	54.63	54.63	-
Aggregate Revenue Requirement	5,396.77	7,008.05	1,611.27

Table 30: Computation of Revenue (Gap)/Surplus for FY 11-12

Particulars	Rs. Cr.
Annual Revenue Requirement for FY 11-12	7,008.0
Revenue available towards ARR	4,652.0
Revenue (Gap)/Surplus	(2,356.1)
Revenue (Gap) approved by the Commission in Tariff Order dated 26/08/2011	(617.2)
Incremental (Gap)/Surplus	(1,738.9)

It is evident from Table 29 above that the Revenue Gap during FY 2011-12 is primarily on account of absence of a mechanism for uncontrollable element of Power Purchase Cost Adjustment on a monthly basis.

The Petitioner submits that its financial health and ability to pay for power procurement besides statutory dues has been constrained in spite of 99% collection efficiency, such that presently the applicable tariff in terms of Tariff Order dated 26.08.2011 is not adequate to even meet 50.57% of the prudently incurred costs. The denial of a cost reflective tariff has resulted into severe financial constraints to the Petitioner company resulting into the operations being funded through external borrowings which is an unsustainable model on a long term basis and is contrary to

the principles set out in Section 61 of the Act read with the National Electricity Policy, the National Tariff Policy and the Tariff regulations specified by the Hon'ble Commission.

The Hon'ble Commission is aware of the non cost-reflective tariff given to the Petitioner and has time and again acknowledged the same. Vide its statutory advice dated 15.12.2010, under section 86(2)(iv) of the Act sent to the GoNCTD, pursuant to its letter dated 4.5.2010, the Hon'ble Commission has concluded as follows:-

- i. The Commission is of the view that the tariff during previous years has not been cost reflective.
- ii. The distribution licensees have had to resort to extensive borrowing to sustain their operations such that there is no surplus towards return on equity.
- iii. The revenue from sale of electricity has not been able to meet even the power purchase cost, resulting in the DISCOM to borrow even on this account, making their financial position more precarious.
- iv. Accumulation of revenue gaps beyond sustainable levels.
- v. Continuation of the Commission's past practice assuming higher surplus for tariff fixation – failure to factor in delay in commissioning various plants, failure to consider rate for surplus energy in terms of CERC's (unscheduled interchange charges and related matters) Regulations 2009, increase in power purchase cost due to substantial increase in variable cost of NTPC's stations.
- vi. Increase in power purchase cost to beyond 100% of revenue recovered has badly affected the financials of the licensees and all operations are sustain on borrowings in additions to the borrowing already needed for the business.
- vii. Distribution licensees are not able to recover power purchase cost in a timely manner from consumers, thus resorting to borrowings over a period of 18-24 months, which entails substantial interest cost.
- viii. Need for a fuel cost adjustment mechanism to provide for periodic recovery of the variation in the fuel cost.

It is most respectfully submitted that in addition to the recognition of precarious financial position of the Petitioner by the Hon'ble Commission, even independent experts appointed by GoNCTD have corroborated the said findings of the Hon'ble Commission on various occasions. The Petitioner submits that it has taken and is

consistently taking steps to the best of its abilities to alleviate the financial crisis being faced by it, acting as a responsible licensee. However, in spite of its best efforts and having explored all possibilities, the Petitioner finds itself in a position where it cannot fund its operations in absence of a cost-reflective tariff and accumulation of revenue gaps beyond sustainable levels.

The Petitioner requests the Hon'ble Commission to bring in place forthwith a monthly power purchase cost adjustment mechanism and to align the periodicity of the fuel price adjustment mechanism put in place in terms of the Tariff Order dated 26.08.2011 with the regime prevalent at Ld. CERC. It is further prayed that the periodicity of quarterly adjustment be converted to monthly adjustments which is also in line with the ATE judgment dated 11.11.2011 passed in OP no. 1 of 2011. The power purchase cost adjustment formulae and mechanism for its implementation is elaborated in Chapter 7 of this petition.

5. Projections for Second MYT Period FY 2012-13 to FY 2014-15

5.1. Sales

The Petitioner has forecasted sales to each consumer category and sub-categories for each year of the Control Period based on the following assumptions:

- Sales for various category and sub categories for the control period are projected based on estimated Sales of FY 2011-12.
- Growth rate assumed stagnant for Industrial, Agriculture & Railways.
- Growth rate projected in the 17th EPS report of CEA for FY 2011-12 have been assumed for all other categories.
- No projections have been made for Theft units and Temporary Connections. Sales being an uncontrollable item, the same would be trued up based on actuals.
- Inter-slab allocation of units as per actual for FY 10-11
- Consumers and load increase considered proportionately based on previous year

Based on the above assumptions the category-wise sales for the control Period is tabulated below:

Table 31: Estimated Sales for the control period

Sl. No.	Category	Sales (MU)		
		FY 12-13	FY 13-14	FY 14-15
1	Domestic	5,664.19	6,323.15	7,058.77
2	Non-Domestic	3,340.74	3,789.52	4,298.58
3	Industrial	602.54	602.54	602.54
A	SIP	461.66	461.66	461.66
B	LIP	140.88	140.88	140.88
4	Agriculture	17.60	17.60	17.60
5	Mushroom Cultivation	0.08	0.08	0.08
6	Public Lighting	167.70	176.11	184.95
7	Railway Traction	24.77	24.77	24.77
8	DMRC	277.49	314.77	357.05
9	Temporary Supply	-	-	-
10	Enforcement	-	-	-
11	Own Consumption	55.97	63.49	72.02
12	Others	472.79	527.31	588.68
A	Worship/Hospital	31.46	35.68	40.48

Sl. No.	Category	Sales (MU)		
		FY 12-13	FY 13-14	FY 14-15
B	Staff	29.91	33.39	37.27
C	DIAL	310.97	352.75	400.13
D	DJB	100.45	105.49	110.79
TOTAL		10,623.87	11,839.34	13,205.03

The number of consumers and load across various categories is projected as under:

Table 32: Estimated Business growth – number of consumers

Sl. No.	Category	Consumers		
		FY 12-13	FY 13-14	FY 14-15
1	Domestic	1,623,653	1,752,378	1,891,306
2	Non-Domestic	270,319	291,751	314,881
3	Industrial	12,657	12,657	12,657
A	SIP	12,513	12,513	12,513
B	LIP	144	144	144
4	Agriculture	4,375	4,375	4,375
5	Mushroom Cultivation	21	21	21
6	Public Lighting	-	-	-
7	Railway Traction	1	1	1
8	DMRC	6	6	6
9	Temporary Supply	-	-	-
10	Enforcement	-	-	-
11	Own Consumption	-	-	-
12	Others	5,888	5,888	5,888
A	Worship/Hospital	18	18	18
B	Staff	5,810	5,810	5,810
C	DIAL	1	1	1
D	DJB	59	59	59
TOTAL		1,916,920	2,067,077	2,229,135

Table 33: Estimated Business growth – Load (in MW)

Sl. No.	Category	Load (MW)		
		FY 12-13	FY 13-14	FY 14-15
1	Domestic	5,370.7	5,796.4	6,256.0
2	Non-Domestic	2,160.7	2,343.5	2,541.8
3	Industrial	342.3	342.3	342.3
A	SIP	282.8	282.8	282.8
B	LIP	59.5	59.5	59.5
4	Agriculture	21.8	21.8	21.8
5	Mushroom Cultivation	0.1	0.1	0.1
6	Public Lighting	-	-	-

Sl. No.	Category	Load (MW)		
		FY 12-13	FY 13-14	FY 14-15
7	Railway Traction	12.8	12.8	12.8
8	DMRC	73.6	73.6	73.6
9	Temporary Supply	-	-	-
10	Enforcement	-	-	-
11	Own Consumption	-	-	-
12	Others	150.0	150.0	150.0
A	Worship/Hospital	13.3	13.3	13.3
B	Staff	22.6	22.6	22.6
C	DIAL	51.3	51.3	51.3
D	DJB	62.9	62.9	62.9
TOTAL		8,131.9	8,740.5	9,398.3

5.2. Revenue Billed

The Petitioner has estimated the Revenue Billed (fixed and Energy Charges) as per the tariff for each tariff slab approved by the Hon'ble Commission in its Tariff Order dated 26.08.2011.

The Power Factor for each tariff slab where the tariff is specified in kVA/ kVAh terms has been considered at the same level as approved by the Hon'ble Commission in its Tariff Order for FY 11-12.

The Revenue Billed by the Petitioner based on the Tariff approved by the Hon'ble Commission, for the projection purpose, needs to be separated from Electricity Tax determined based on the MCD notification so that any change thereon can be quantified and recovered separately.

Based on the above methodology, the Revenue Billed (Net of E. Tax) at existing tariff projected by the Petitioner for the control Period is as follows:

Table 34: Revenue Billed (Net of E-Tax) during the control period

Sl. No.	Category	Revenue Billed (Rs. Cr.)		
		FY 12-13	FY 13-14	FY 14-15
1	Domestic	2,422.4	2,715.9	3,044.5
2	Non-Domestic	2,447.2	2,762.7	3,119.5
3	Industrial	379.6	379.6	379.6
A	SIP	293.4	293.4	293.4
B	LIP	86.1	86.1	86.1
4	Agriculture	3.6	3.6	3.6
5	Mushroom Cultivation	0.0	0.0	0.0

Sl. No.	Category	Revenue Billed (Rs. Cr.)		
		FY 12-13	FY 13-14	FY 14-15
6	Public Lighting	93.9	98.6	103.6
7	Railway Traction	13.7	13.7	13.7
8	DMRC	114.3	128.4	144.5
9	Temporary Supply	-	-	-
10	Enforcement	-	-	-
11	Own Consumption	-	-	-
12	Others	286.7	316.5	350.0
A	Worship/Hospital	9.7	10.9	12.4
B	Staff	9.4	10.4	11.6
C	DIAL	189.9	214.2	241.7
D	DJB	77.7	80.9	84.3
TOTAL		5,761.2	6,419.0	7,159.0

5.3. Collection Efficiency

As per the MYT Regulations 2011, the Collection Efficiency is defined as follows:

“Collection efficiency, which shall be measured as ratio of total revenue realised to the total revenue billed in the same year:

Provided that revenue realisation from electricity duty and late payment surcharge shall not be included for computation of collection efficiency;”

It is further submitted that given the fact that the collection efficiency is an important factor for the purpose of calculating the AT&C loss, it is imperative that the levels of collection efficiency are set at reasonable/ realistic levels and at levels generally followed in the sector. The Petitioner submits that one of the main reasons it was able to achieve a high collection efficiency in the previous years was on account of the fact that the company was able to recover the arrears of past period including the arrears on account of DVB, which now have been either collected or written off. Further, as per the earlier MYT Regulations, 2007 the Collection Efficiency included portion of revenue realization from electricity duty and late payment surcharge collected during the financial year. For example in FY10-11, while distribution losses were in the range of 18.02%, the AT&C loss of 16.85% could be achieved through higher collection efficiency of 101.4%. If the Petitioner was required to exclude the same, the Collection Efficiency would be substantially lower. In view of the above, the Petitioner anticipates that the collection efficiency as per the revised definition would not be more than 98.5% as per the industry standards.

Accordingly the Petitioner has projected the AT&C losses for the Control Period assuming the collection efficiency of 98.5% as tabulated below:

Table 35: Collection Efficiency during the control period (%)

Particular	FY 12-13	FY 13-14	FY 14-15
Collection Efficiency (%)	98.50%	98.50%	98.50%

5.4. Distribution Loss

The Petitioner has filed an appeal before the Hon'ble Appellate Tribunal for Electricity (ATE) challenging the concept of division wise target provided by the Hon'ble Commission in the Tariff Order dated 26.08.2011. Pending the decision of ATE and without prejudice to the contentions raised in the Petition, the Petitioner for the purpose of distribution loss projection for the control period has projected division-wise loss reduction target. The reliance on the same does not amount to waiver of any claim, right or entitlement of the Petitioner.

As per the MYT Regulations 2011, the distribution loss is defined as follows:

"Distribution losses, which shall be measured as the difference between the net units input into the distribution system for sale to all its consumer and sum of the total energy billed in its Licence area in the same year;"

During the control period, the Petitioner envisages to focus on high loss making divisions so as to meet the commercial losses reduction targets as set out in the table 37 & 38 below. The Petitioner would submit the detailed Capital Expenditure Schemes for such divisions in this regard to the Hon'ble Commission. The Petitioner requests the Hon'ble Commission to consider such schemes on priority so as to enable the Petitioner to reduce the losses in such areas.

The Petitioner has segregated the distribution losses into technical and commercial losses. Given the geographical area of the licensee, the technical losses in the distribution system is in the range of 10%. The high distribution loss areas are also plagued with high technical losses and reduction of losses in such areas, where they are presently in excess of 40%, would require commensurate Capital Expenditure for implementation of loss reduction schemes. It may be appreciated that even to maintain the distribution losses at existing levels, the Capital Expenditure ought to be commensurate with the anticipated load growth.

The Petitioner has estimated reduction in distribution loss individually for each of its 19 business divisions based on the actual distribution loss profile in FY 2010-11 and proposed losses for FY 11-12 and control period FY2012-13 to FY 2014-15. Divisions with higher loss levels are anticipated to reduce losses at a higher pace than others.

The Petitioner while estimating the reduction in distribution losses, has not assumed any reduction in technical losses in the system. The commercial losses are however assumed to be reduced in the manner as specified in the table below:

Table 36: Reduction of losses in the Control Period

Sl. No.	Division with Commercial Loss	Reduction as %age of existing level
1	Greater than 40%	10%
2	40% to 30%	10%
3	30% to 20%	8%
4	20% to 10%	6%
5	10% to 0%	5%

Based on the aforesaid principle, the Petitioner in the Control Period envisages reducing the distribution losses in all its divisions in the following manner:

Table 37: Division wise Reduction in distribution losses envisaged (as % age of last year's levels Reduction of losses) in the Control Period

S. No.	Division Name	Reduction envisaged as % age of FY 11-12 levels		
		FY 12-13	FY 13-14	FY 14-15
1	Alakhnanda	0.00%	0.00%	0.00%
2	Khanpur	5.00%	5.00%	5.00%
3	Mehrauli	5.00%	5.00%	5.00%
4	Vasant Kunj	5.00%	5.00%	5.00%
5	Nehru Place	0.00%	0.00%	0.00%
6	Nizamuddin	5.00%	5.00%	5.00%
7	Sarita Vihar	5.00%	5.00%	5.00%
8	R. K. Puram	0.00%	0.00%	0.00%
9	Hauz Khas	0.00%	0.00%	0.00%
10	Janak Puri	5.00%	5.00%	5.00%
11	Najafgarh	10.00%	10.00%	8.00%
12	Jaffar Pur	10.00%	10.00%	8.00%
13	Nangloi	5.00%	5.00%	5.00%
14	Mundka	8.00%	8.00%	8.00%
15	Punjabi Bagh	5.00%	5.00%	5.00%
16	Tagore Garden	6.00%	6.00%	6.00%
17	Vikas Puri	6.00%	6.00%	5.00%
18	Palam	6.00%	6.00%	6.00%

S. No.	Division Name	Reduction envisaged as % age of FY 11-12 levels		
		FY 12-13	FY 13-14	FY 14-15
19	Dwarka	5.00%	5.00%	5.00%
Total		5.66%	6.12%	5.56%

Accordingly, the distribution loss levels for each of the divisions and the company as a whole for the control period is tabulated below:

Table 38: Division wise distribution losses during the Control Period

S. No.	Division Name	Distribution Loss (in %)		
		FY 12-13	FY 13-14	FY 14-15
1	Alakhnanda	7.91%	7.91%	7.91%
2	Khanpur	17.93%	17.04%	16.18%
3	Mehrauli	13.60%	12.92%	12.28%
4	Vasant Kunj	10.74%	10.21%	9.69%
5	Nehru Place	6.01%	6.01%	6.01%
6	Nizamuddin	12.40%	11.78%	11.19%
7	Sarita Vihar	17.64%	16.76%	15.92%
8	R. K. Puram	6.45%	6.45%	6.45%
9	Hauz Khas	9.68%	9.68%	9.68%
10	Janak Puri	12.27%	11.66%	11.07%
11	Najafgarh	42.74%	38.46%	35.39%
12	Jaffar Pur	44.22%	39.80%	36.61%
13	Nangloi	17.30%	16.44%	15.61%
14	Mundka	33.35%	30.68%	28.23%
15	Punjabi Bagh	13.49%	12.82%	12.18%
16	Tagore Garden	24.34%	22.88%	21.51%
17	Vikas Puri	20.90%	19.64%	18.66%
18	Palam	23.25%	21.85%	20.54%
19	Dwarka	14.19%	13.49%	12.81%
Total		15.98%	15.00%	14.17%

5.5. AT&C Losses

As per the MYT Regulations, 2011 notified by the Hon'ble Commission, AT&C Loss is defined as follows:

"AT&C Loss, which shall be measured as the difference between the units input into the distribution system for sale to all its consumer and the units realised wherein the units realised shall be equal to the product of units billed and collection efficiency:

Provided that units billed shall include the units realised on account of theft measured on actual basis i.e. number of units against which payment of theft billing has been realised;”

Accordingly, the AT&C Loss for the control period is tabulated below:

Table 39: AT&C losses during the Control Period

Sl. No.	Particulars (in %)	FY 12-13	FY 13-14	FY 14-15
1	Distribution Loss	15.98%	15.00%	14.17%
2	Collection Efficiency	98.50%	98.50%	98.50%
3	AT&C Loss	17.24%	16.27%	15.45%

5.6. Energy Balance

Based on the above loss reduction trajectory and the projected energy sales discussed earlier, the energy balance as projected for each year of the MYT Period is as under:

Table 40: Energy Balance during the Control Period

Particulars	FY 12-13	FY 13-14	FY 14-15
Energy Sale (MU)	10,623.9	11,839.3	13,205.0
Distribution losses %	15.98%	15.00%	14.17%
Total Energy at Periphery (MU)	12,644.0	13,928.6	15,384.4

5.7. Power Purchase

5.7.1. Power Purchase Quantum

Based on the energy balance, the Petitioner for the purpose of estimation of power purchase has considered the Energy availability from Generating Stations within Delhi, Central Generating Stations, new generating plants expected to be Commissioned during the control period, Power purchase through short term sources and banking arrangements.

5.7.1.1. Allocation of Power from existing Generating Stations

The Petitioner has considered allocation of firm and unallocated power of CSGS as per NRPC Notification no. NRPC/SE (O)/Allocations/2011-12 dated 12.12.2011 (enclosed as [Annexure 9](#)).

The Petitioner's share from the State Generating stations has been considered as per the Hon'ble Commission Order No F.17 (115)/Engg./DERC/2006-07/4757 dated 31.03.2007.

The Petitioner has considered the allocation of unallocated power as per the GoNCTD order No F.11 (41)/2007- Power/PF-1/1430 dated 20.05.2011 valid with effect from 01.04.2011 and has assumed the same allocation to continue further upto March 2015 (enclosed as [Annexure 10](#)).

5.7.1.2. Plant Maintenance program of Generating Stations

The Petitioner has considered the latest plant Maintenance program of the Generating stations from the Maintenance schedule for thermal, gas and nuclear units from January, 2011 to March, 2012 –NRPC vide letter number NRPC/SE(O)/LGBR/2011-12 dated 20.01.2011. (enclosed as [Annexure 11](#))

5.7.1.3. Energy Availability from the Generating Stations

While projecting the energy availability from generating stations, the Petitioner has considered the actual energy available (firm and unallocated) from the generating stations for the period April'11 to November '11.

For the rest of the period, the Petitioner has estimated the energy availability considering the following assumptions:

- Energy available from the existing Thermal Plants (except for APCL Jhajjar, Dadri –II and Kahalgaon –II) is derived based upon the installed capacity and PLF for each plant. PLF has been projected as per NRPC methodology for projection of demand. Energy availability from APCL, Dadri-II and Kahalgaon –II has been considered based on the actual average PLF upto November'11. Auxiliary consumption applicable as per CERC Tariff Regulations, 2009 has been assumed while estimating the net generation.
- Power purchase quantum from Hydro Plants (except Tehri HEP, Tala and Naptha Jhakri HEP) has been estimated by considering the monthly availability factor based on the design energy of respective plants (as per

latest CERC orders). The Auxiliary consumption & Free energy for home state has been considered as per CERC Tariff Regulations, 2009.

- Power availability from Tehri HEP has been considered based on the program energy of the respective plants as per monthly CEA report whereas the power availability from Naptha Jhakri HEP as been considered based on the design energy submitted in its tariff petition.
- Energy availability from the NPCIL based on the installed capacity and PLF for each plant where PLF is taken as per NRPC methodology for projection of demand.
- Energy availability from future thermal generating stations estimated based on 80% PLF.
- Energy availability from renewable energy sources, Timarpur (TOWMCL) and Tyagraj Solar Plant, has been considered based on the installed capacity and PLF as per CERC (Terms and Conditions for Tariff determination from Renewable Energy sources) Regulations 2012.
- Effective share of the Petitioner as per the PPA Reassignment Order (Order no. F.17 (115)/Engg./DERC/2006-07/) dated 31 March, 2007 and notification no. F.11/41/2007-Power/PF-I/1430 dated 20.5.2011 has been applied on the ex-bus generation from all stations to estimate the total energy purchases from the respective stations.
- Even with the uniform retail supply tariff the average billing rate of the Petitioner is lower compared to other DISCOMs in Delhi. The same reflects the skewed ness of the consumer mix of the Petitioner. It is therefore imperative to neutralize the impact of un-favourable consumer mix through higher allocation of low cost power to the Petitioner. While the Petitioner, for the purpose of this petition, has assumed the Power allocation as per the Effective share of the Petitioner as per the PPA Reassignment Order. However, the Petitioner request the Hon'ble Commission to consider the same favourably to neutralize the impact of skewed consumer mix.
- COD for Future Generating Stations is as per CEA Broad status of Central Sector Thermal Power projects as on November 2011 (enclosed as

Annexure 12) & CEA Report on Status of Hydro Electric Projects under execution as on September 2011(enclosed as **Annexure 13**).

- Deficit or Surplus power in a particular month, if any, after considering purchases from long term sources, has been considered as a part of Bilateral Purchase or Sale for that month.

The quantum of energy availability from various sources during the control period is tabulated below:

Table 41: Power Purchase Quantum (MUs) during the Control Period

S.No.	Source	FY 12-13	FY 13-14	FY 14-15
	Central Generating Stations			
A	NTPC			
1	ANTA GAS	109.7	109.9	109.7
2	AURAIYA GAS	182.3	181.7	181.7
3	BTPS	1,777.1	1,571.5	1,661.0
4	DADRI GAS	234.7	234.4	234.5
5	FARAKKA	61.0	61.1	60.9
6	KAHALGAON	145.4	144.7	144.3
7	NCPP	2,058.9	1,919.4	2,010.7
8	RIHAND -I	315.9	317.2	316.8
9	RIHAND -II	408.6	407.7	408.0
10	SINGRAULI	469.9	469.2	469.3
11	UNCHAHAAR-I	76.8	76.4	76.4
12	UNCHAHAAR-II	148.2	148.0	147.9
13	UNCHAHAAR-III	90.9	92.1	91.8
14	KAHALGAON STAGE-II	383.5	383.5	383.5
15	Talcher	0.0	0.0	0.0
16	Dadri Ext	2,363.5	2,220.1	2,312.5
17	Aravali Power Corporation Ltd	1,793.2	2,084.4	2,084.4
	NTPC-Total	10,619.5	10,421.2	10,693.4
B	NHPC			
1	BAIRA SIUL	25.8	26.3	26.0
2	CHAMERA-I	47.4	47.9	47.5
3	CHAMERA-II	39.4	39.6	39.4
4	DHAULIGANGA	52.6	52.4	52.2
5	DULHASTI	89.6	89.0	88.3
6	SALAL	121.3	121.2	121.2
7	TANAKPUR	20.0	20.3	20.4
8	URI	101.4	101.2	100.6
9	SEWA-II	21.2	21.2	21.2
	NHPC-Total	518.5	519.1	517.0
C	TEHRI HEP	95.4	95.4	95.4
D	Koteshwar	35.3	36.9	36.9

S.No.	Source	FY 12-13	FY 13-14	FY 14-15
E	NJPC (SATLUJ)	223.0	222.9	222.4
F	TALA HEP	67.4	67.4	67.4
G	DVC	81.5	81.5	81.5
H	NUCLEAR			
1	RAPS - 3 & 4	-	-	-
2	RAPS - 5 & 6	141.8	141.8	141.8
3	NPCIL - NAPS	35.8	35.6	35.7
	Nuclear Total	177.6	177.4	177.5
I	State generating Stations			
1	IP Station	-	-	-
2	Rajghat	-	-	-
3	GAS TURBINE	567.2	566.9	567.3
4	Pragati -I	756.8	757.3	757.4
	State Generating Stations-Total	1,324.0	1,324.2	1,324.8
J	Future Stations			
1	Chamera-III	30.5	30.5	30.5
2	Parbati -III	27.1	49.2	49.2
3	Uri -II	38.9	38.9	38.9
4	Pragati -III, Bawana	2,667.6	2,667.6	2,667.6
5	Mejia TPS Extn (unit 1 & 2)	2,331.9	2,431.8	2,431.8
6	Chandrapur Extn	1,111.7	1,111.7	1,111.7
7	Koderma TPS	2,065.4	2,153.9	2,153.9
8	Durgapur Steel	1,250.6	1,250.6	1,250.6
9	Koldam HEP	31.7	82.6	101.8
10	Rihand-III	91.5	183.4	183.4
11	Barh-I(3*660 Mw)	83.0	419.0	430.8
12	Sasan UMPP(6*660)	-	155.3	901.7
13	Barh -II(2*660)Mw	-	175.1	175.1
14	Parbati -II	-	-	76.1
15	TOWMCL	42.6	44.7	50.5
16	Thyagraj Solar	1.5	1.5	1.5
	Future Stations Total	9,773.9	10,795.8	11,655.0
K	Total Energy Availability Generating Stations	22,916.1	23,741.8	24,871.2

5.7.2. Power Purchase Cost

It is submitted that the power purchase cost of the Petitioner depends upon various factors which are uncontrollable as well as unpredictable in nature. The Petitioner most respectfully submits that it procures power from the Central Generating stations, cost of which is derived based on projections of the Central Generating Stations as per the formula specified by the Hon'ble CERC and thus are unpredictable and also beyond the control of the Petitioner.

The Petitioner submits that the cost of power procured through the various State Generating Stations is determined by the Hon'ble Commission, which is based on the submissions made by the State Generating Stations and thus are unpredictable and uncontrollable in nature. Further, the cost of power which is procured by the Petitioner from the Power exchange or that which is drawn by the Petitioner from UI Pool is also uncontrollable as the same is linked to market dynamics and prevalent system frequency respectively. The Petitioner further submits that sale price of the surplus power sold is also governed by the price which is prevalent in the market and thus is uncontrollable and unpredictable at the end of the Petitioner.

In view of all above stated, it is submitted that in such a circumstance where all the parameters/elements of the power purchase cost are uncontrollable and unpredictable in nature, the Petitioner has assumed the price of power purchase as approved by the Hon'ble Commission in its Tariff Order dated 26.8.2011 for the Control Period i.e. FY 2012-13 to FY 2014-15. As the Power purchase cost is uncontrollable the Petitioner requests the variation in such costs be allowed through PPPAC formula as explained in Chapter 7 and prayed for.

Summary of Power Purchase Costs during the control period is tabulated below:

Table 42: Power Purchase Costs (in Rs. Cr.) during the Control Period

S.No.	Source	FY 12-13	FY 13-14	FY 14-15
	Central Generating Stations			
A	NTPC			
1	ANTA GAS	35.3	35.3	35.3
2	AURAIYA GAS	52.5	52.3	52.3
3	BTPS	710.1	628.0	663.8
4	DADRI GAS	66.0	65.9	66.0
5	FARAKKA	22.6	22.7	22.6
6	KAHALGAON	46.9	46.7	46.6
7	NCPP	643.9	600.2	628.8
8	RIHAND -I	63.1	63.3	63.3
9	RIHAND -II	90.1	89.9	89.9
10	SINGRAULI	85.8	85.7	85.7
11	UNCHAHAR-I	20.8	20.6	20.6
12	UNCHAHAR-II	41.8	41.7	41.7
13	UNCHAHAR-III	29.1	29.5	29.4
14	KAHALGAON STAGE-II	131.1	131.1	131.1
15	Talcher	-	-	-
16	Dadri Ext	803.0	754.3	785.7
17	Aravali Power Corporation Ltd	842.6	979.5	979.5

S.No.	Source	FY 12-13	FY 13-14	FY 14-15
	NTPC-Total	3,684.8	3,646.9	3,742.3
B	NHPC			
1	BAIRA SIUL	3.5	3.6	3.5
2	CHAMERA-I	8.4	8.5	8.4
3	CHAMERA-II	11.2	11.2	11.2
4	DHAULIGANGA	14.4	14.3	14.3
5	DULHASTI	52.8	52.5	52.1
6	SALAL	10.5	10.5	10.5
7	TANAKPUR	4.1	4.2	4.2
8	URI	14.8	14.8	14.7
9	SEWA-II	14.0	14.1	14.1
	NHPC-Total	133.8	133.7	133.0
C	TEHRI HEP	24.5	24.5	24.5
D	Koteshwar	12.4	12.9	12.9
E	NJPC (SATLUJ)	48.2	48.2	48.1
F	TALA HEP	12.4	12.4	12.4
G	DVC	27.7	27.7	27.7
H	NUCLEAR			
1	RAPS - 3 & 4	-	-	-
2	RAPS - 5 & 6	42.8	42.8	42.8
3	NPCIL - NAPS	7.3	7.3	7.3
	Nuclear Total	50.1	50.1	50.1
I	State generating Stations			
1	IP Station	-	-	-
2	Rajghat	-	-	-
3	GAS TURBINE	239.4	239.3	239.5
4	Pragati -I	224.2	224.4	224.4
	State Generating Stations-Total	463.7	463.7	463.9
J	Future Stations			
1	Chamera-III	10.6	10.6	10.6
2	Parbati -III	9.5	17.2	17.2
3	Uri -II	13.6	13.6	13.6
4	Pragati -III, Bawana	1,085.7	1,085.7	1,085.7
5	Mejia TPS Extn (unit 1 & 2)	792.8	826.8	826.8
6	Chandrapur Extn	378.0	378.0	378.0
7	Koderma TPS	702.2	732.3	732.3
8	Durgapur Steel	425.2	425.2	425.2
9	Koldam HEP	11.1	28.9	35.6
10	Rihand-III	20.2	40.4	40.4
11	Barh-I(3*660 Mw)	28.2	142.5	146.5
12	Sasan UMPP(6*660)	-	16.3	154.2
13	Barh -II(2*660)Mw	-	59.5	59.5
14	Parbati -II	-	-	26.6
15	TOWMCL	11.0	11.6	13.1
16	Thyagraj Solar	2.7	2.7	2.7

S.No.	Source	FY 12-13	FY 13-14	FY 14-15
	Future Stations Total	3,490.8	3,791.3	3,967.9
K	Total Cost	7,948.3	8,211.3	8,482.8

5.7.3. Transmission Losses and Charges

The Petitioner has considered intra-state transmission losses of 1.25% based on the losses reported by DTL vide letter no. F.DTL/207/DGM (SO)/2011-12/467 dated 31.10.2011 (copy of letter enclosed as [Annexure 14](#)). Inter-state transmission losses have been considered based on CERC Order on Determination of POC rates and transmission losses in accordance with Regulation 17(2) of Central Electricity Regulatory Commission (sharing of inter state transmission charges and losses) Regulations, 2010.

Similar to the cost of power purchased from the generating stations, the transmission charges are also uncontrollable and unpredictable in nature. Thus, the intra-state transmission charges for the control period are considered at the same level as approved by the Hon'ble Commission in its Tariff Order dated 26.08.2011.

Inter-state transmission charges are estimated based on the per MW charges as approved by the Hon'ble Commission in its Tariff Order dated 26.08.2011.

The transmission losses and charges estimated for the control period are tabulated below:

Table 43: Transmission losses and charges during the Control Period

Particulars	UoM	FY 12-13	FY 13-14	FY 14-15
Intra-state transmission				
Transmission Loss	MU	273.0	282.6	295.5
Transmission Charges	Rs cr.	475.0	475.0	475.0
Inter-state transmission				
Transmission Loss	MU	916.4	970.1	1038.2
Transmission Charges	Rs cr.	314.4	346.5	382.8

5.7.4. Summary of Power Purchase Cost

The Summary of Power Purchase costs for the year 2012-13 to FY 2014-15 is shown in the figure and also tabulated below:

Table 44: Power Purchase Costs from various sources

S.No.	Stations	FY 12-13			FY 13-14			FY 14-15		
		Quantum (A)	Amt. (B)	Avg. Cost (C=B*10/A)	Quantum (D)	Amt. (E)	Avg. Cost (F=E*10/D)	Quantum (G)	Amt. (H)	Avg. Cost (I=H*10/G)
		MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh
1	Power Purchase from Long Term Sources									
a	NTPC	6,783.6	2,330.8	3.44	6,930.3	2,418.7	3.49	7,021.6	2,449.7	3.49
b	NHPC	518.5	133.8	2.58	519.1	133.7	2.58	517.0	133.0	2.57
c	DVC	81.5	27.7	3.40	81.5	27.7	3.40	81.5	27.7	3.40
d	Other Hydro*	421.1	97.5	2.31	422.6	98.0	2.32	422.1	97.9	2.32
e	NPCIL	177.6	50.1	2.82	177.4	50.1	2.82	177.5	50.1	2.82
f	SGS	5,159.9	1,817.6	3.52	4,815.1	1,691.9	3.51	4,996.5	1,756.5	3.52
g	Future Stations	9,773.9	3,490.8	3.57	10,795.8	3,791.3	3.51	11,655.0	3,967.9	3.40
	Sub Total of 1	22,916.1	7,948.3	3.47	23,741.8	8,211.3	3.46	24871.24	8482.81	3.41
2	Other Short Term Sources									
a	Short Term Purchase	0.0	0.0		0.0	0.0		0.0	0.0	
b	Short Term Sale	(9082.66)	(3269.76)	3.60	(8560.56)	(3081.80)	3.60	(8153.14)	(2935.13)	3.60
	Sub Total of 2	(9082.66)	(3269.76)		(8560.56)	(3081.80)		(8153.14)	(2935.13)	
3	Transmission (losses)/Charges									
a	Inter-state	(916.38)	314.4		(970.06)	346.51		(1038.16)	382.8	
b	Intra-state	(273.03)	475.0		(282.55)	475.04		(295.50)	475.0	
	Sub Total of 3	(1189.41)	789.49		(1252.62)	821.55		(1333.65)	857.83	
4	Total (1+2+3)	12644.05	5468.06	4.32	13928.62	5951.05	4.27	15384.45	6405.51	4.16

*Includes Tehri, NJPC and Tala HEP

includes BTPS, NCPP, IPGCL & PPCL

With the approval of the Hon'ble Prime Minister the Planning Commission in July 2010 appointed a High Level Panel, headed by Sh. V. K. Shunglu, former CAG, to look into the financial position of the distribution utilities and identify corrective steps. The Committee in its report has strongly recommended a pass through mechanism for pass through of power purchase cost on a regular basis. Further, the Ministry of Power through its Secretary sent a letter to the Chairperson of the Hon'ble ATE dated 21.01.2011 complaining about poor financial health of Distribution utilities. The Ministry of Power requested Hon'ble ATE to take appropriate action by issuing necessary direction to all State Commissions. The Hon'ble ATE in its judgment dated 11.11.2011 inter alia recognized that Fuel and Power Purchase cost is a major expense for the distribution company which is uncontrollable and recommended to recover the variations in power purchase cost on a monthly basis.

In view of the above, the Petitioner submits that for the purpose of projecting the power purchase costs for the control period, the Petitioner has assumed the Power

Purchase Cost approved by the Hon'ble Commission in its Tariff Order dated 26.08.2011. Since the Power Purchase cost forms 80% of the ARR, any variation therein needs to be passed on to the consumers on a regular basis so as to prevent the burden of interest cost on the consumers. It is trusted that the Hon'ble Commission will allow the Petitioner to recover the variation in power purchase costs on a monthly basis in accordance with the formulae proposed in Chapter 7.

5.8. Operation and Maintenance Expenses

The Petitioner has projected the O&M expenses as per the MYT Regulations, 2011 read with the Transfer Scheme and ATE Order.

It is submitted that most of the O&M Expenses are subjected to uncontrollable factors like statutory implications arising out of increase in minimum wage rate under the Minimum Wages Act, increase in certain expenses due to increase/growth in consumer base e.g call center expenses, meter reading expenses, further some expenses are directly linked to rate of petrol/diesel, which is at an all time high. The Labour Department, GoNCTD periodically revises the minimum wage rate for worker and clerical and Non Technical supervisory staff w.e.f. 01.02.2010. All these factors have a direct impact on the Petitioner's O&M Expenses.

Further, due to the precarious financial condition caused in the absence of cost reflective tariff, the Petitioner is unable to make timely payments to its suppliers. As a result, it is currently not in a position to effectively negotiate and reduce costs thereby to bring in further efficiency in the system.

Therefore in view of the above cited reasons and the finding of the Hon'ble ATE in Appeal No 28/2008 dated 29.09.2010 as reproduced below, the Petitioner has not applied any efficiency factor for determination of O&M Expenses during the control period:

"The MYT Regulations do provide for reduction of O&M expenditure by application of efficiency factor. However, the efficiency factor has to be determined by the Commission based on licensee's filing, benchmarking, approved cost by the Commission in the past and any other factor that Commission feels appropriate. In the impugned order the Commission has determined the efficiency improvement factor as 2%, 3% and 4% for FY 2009, FY 2010 and FY-2011 respectively arbitrarily without any benchmarking or any analysis and identification of area of inefficiency where the improvement is desired to be carried out. Such efficiency factor has naturally to be determined only on the basis of material placed before the State Commission and analysis of various factors and not on ad-hoc basis as

done by the State Commission. Therefore, this point is answered accordingly in favour of the Appellant.”

5.8.1. Increase in Inflation Index

As per the MYT Regulations, 2011 for determination of distribution tariff, employee and A&G expenses for the Control Period shall be determined using the following methodology:

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX)$$

The inflation factor for the control period is determined using a combination of Consumer Price Index (CPI) and Wholesale Price Index (WPI) as shown below:

$$INDX = 0.55 * CPI + 0.45 * WPI$$

The inflation factor used for indexing the Employee expenses and A&G expenses is determined using a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding five years. Accordingly the Petitioner has computed the inflation factor of 8.41% as tabulated in the table below:

Table 45: Inflation Factor for the Control Period

FY	Average CPI	Average WPI	Index (0.55*CPI + 0.45*WPI)	% Growth
2006-07	125	206.18	161.53	
2007-08	132.75	215.8	170.12	5.32%
2008-09	144.83	233.94	184.93	8.71%
2009-10	162.75	242.94	198.84	7.52%
2010-11	179.75	269.35	220.07	10.68%
2011-12	195.8	297.78	241.69	9.82%
Inflation Factor for the Control Period				8.41%

5.8.2. Employee Expenses

For projecting the expenses for the control period, the petitioner has considered an annual escalation equivalent to the weighted average of CPI and WPI Index for the preceding five years over the base year of FY 2011-12.

Further, the Appellate Tribunal for Electricity in its judgment dated 6.10.2009 in the Appeal 36/2008 has viewed that employee expenses to the extent of increased cost by increase in consumer base needs to be trued up. The Petitioner has estimated the

employee expenses as per projected increase in consumers and reserves its right to true up the same based on the actual number of consumers during the truing up exercise.

The Hon'ble Commission is aware that the salary structure of FR/SR employees is governed by the rules and pay scales as specified by the GoNCTD, even post privatization. In fact, in terms of the Transfer Scheme and the Tripartite Agreement dated 16th January 2001 entered into between GoNCTD, DVB and the various DVB employee unions (prior to privatization) the FR/SR employees are guaranteed that their service terms and conditions shall not be less favourable than or inferior to the terms and conditions of service applicable to them immediately before privatization. The relevant extract of the Agreement is set out below:

"3(b) The terms and conditions of service upon transfer to the corporate entities, such as promotions, transfer, leave and other allowances, etc regulated by existing regulations/service rules e.g. FR/SR will be guaranteed to continue the same and any modification shall be by mutual negotiation and settlement with recognised unions/associations without detriment to existing benefits."

It is worthwhile to mention that the Hon'ble Commission too vide para 4.108 of the Tariff Order dated 23.02.2008 had recognized that the Salary / promotions etc. of FR/SR Structure employees are governed by rules and pay scales as specified by the GoNCTD and post privatization the terms of their service shall in no way be less favorable than of inferior to that applicable to them immediately before the transfer. Thus, the same is not within the control of the Petitioner and need to be trued up based on actual increase in their salaries. Relevant extract of the MYT Order is produced below:

"Para 4.108: During the privatization process, part of the employees of the erstwhile DVB were transferred to BRPL. As per the Transfer Scheme, the terms and conditions of service applicable to the erstwhile Board employees in the Transferee Company shall in no way be less favourable than or inferior to that applicable to them immediately before the Transfer. Further, their service shall continue to be governed by various rules and laws applicable to them prior to privatization. Thus the salary / compensation and promotion of

the erstwhile DVB employees in BRPL are still governed by the rules and pay scales as specified by the GoNCTD.”

The Petitioner respectfully submits that all the terms and conditions of the FR/SR employees are determined by the decisions of the Government, be it for D.A. or the Pay Bands, and the Petitioner has no say in the same. The Petitioner only implements the same once the Government notifies changes in the terms and conditions of service for the FR/SR employees. Accordingly, the Petitioner prays that given the lack of control over the determination of the terms and conditions of service coupled with its obligations to merely implement the decisions of the Government on these issues through payment of salary and other perquisites in accordance with the said decisions also establishes the uncontrollable nature of the said expense. Consequently, the salary expenses of FR/SR employees ought to be granted on actual basis. The Petitioner reserves its right to claim the salary expenses of FR/SR employees as per audited accounts during the truing up exercise. Based on the above assumptions, the Employee Costs for the control period is projected below:

Table 46: Employee Expenses (in Rs. Crores)

Particulars	2011-12	2012-13	2013-14	2014-15
Projected Employee Cost for FY 2011-12	288.7			
Inflation Index	8.41%	8.41%	8.41%	8.41%
No. of Consumers	1777864	1916920	2067077	2229135
% increase		7.82%	7.83%	7.84%
Total Employee Expenses		337.4	394.4	461.1

5.8.3. A&G Expenses

The MYT Regulations, 2011 provide that A&G expenses shall be linked to an inflation-based index that takes into account the inflation indices of the immediately preceding five years. These expenses are incurred by the Petitioner for meeting the day-to-day expenses relating to the administration, tax liability and working of the offices. All these expenses are directly affected by increase in cost of fuel, consumers, load, sales, assets, initiatives undertaken for the consumers, communication costs, as well as by GoI policies (such as Sales Tax, Service Tax, etc.). The Petitioner has taken several steps for enhancing customer care, system augmentation and computerization for better process management. It has also taken steps to increase the communications network with the field persons so as to

reduce the downtime for restoration of power. The benefits from all these initiatives have greater economic/social value and far outweigh the costs associated with these activities, besides generating higher revenue from loss reduction, etc. These initiatives help the Petitioner in discharge of its obligations including quality standards prescribed by the Hon'ble Commission. These steps have been viewed positively by many stakeholders and even acknowledged by the Hon'ble Commission in its Tariff Orders. Further these initiatives are also in line with best utility practices. The expenses are also instrumental in decreasing the losses occurring at various stages of the revenue cycle and to meet the committed loss reduction levels.

The Petitioner for the Control Period has estimated its A&G Expenses based on the following factors:

- Increase in number of consumers and load
- Growth in Sales

For projecting the A&G expenses for the Control Period, the Petitioner has considered an annual escalation equivalent to the weighted average of CPI and WPI Index for the preceding five years over the base year of FY 2011-12.

Therefore, based on the aforesaid factors and principles, the Petitioner has estimated A&G Expenses during the Control Period as tabulated below:

Table 47: A&G Expenses (in Rs. Crores)

Particulars	2011-12	2012-13	2013-14	2014-15
Projected A&G Cost for FY 2011-12	107.1			
Inflation Index	8.41%	8.41%	8.41%	8.41%
No. of Consumers	1,777,864	1,916,920	2,067,077	2,229,135
% increase		7.82%	7.83%	7.84%
Total A&G Expenses		125.2	146.4	171.1

The Petitioner reserves its right to claim expenses incurred towards new initiatives on actual basis as per audited accounts during the truing up exercise.

5.8.4. R&M Expenses

These expenses are incurred by the Petitioner to maintain the system in healthy condition by carrying out preventive maintenance activity and attending to faults/breakdowns. The Petitioner would like to submit that in past the proactive preventive maintenance initiatives and Capital Expenditure incurred by the

Petitioner to improve the quality of supply in its distribution area have resulted in a significant improvement by way of reduced transformer failures, improvement in quality of power (reliability index), reduction in number of overloaded transformers, etc. The factors influencing these expenses include both controllable and uncontrollable factors. Most of the factors which increase the raw material prices of the Petitioner are beyond its control, and therefore, the Petitioner while projecting for the expenses during the Control Period has not accounted for the increase in R&M Expenses due to these factors. The Hon'ble Commission at the end of the year may true-up the R&M Expense as most of the factors influencing the R&M expense are beyond the control of the Petitioner.

For projecting the R&M expenses for the Control Period, the Petitioner has considered the same principles laid down in the MYT Regulations. The constant 'K' factor has been computed as 3.55%, being taken at the same level as per the previous MYT Order. Accordingly, the R&M Expenses for the Control Period as tabulated below:

Table 48: Estimated R&M Expenses (in Rs. Crores)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Opening GFA as per T.O.	5,151.1	5,938.9	6,735.6
K factor	3.55%	3.55%	3.55%
R&M Expenses	182.9	210.8	239.1

5.9. Depreciation

In accordance with the existing practice and that prescribed under MYT Regulations, 2011 Depreciation for each year of the Control Period has been computed in accordance with the Asset wise depreciation rates as approved in the MYT Regulations, 2011 which is tabulated below:

Table 49: Depreciation (in Rs. Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Opening GFA	3,588.4	4,325.3	5,113.1
Closing GFA	4,325.3	5,113.1	5,909.8
Average Balance	3,956.8	4,719.2	5,511.4
Depreciation	147.0	175.5	205.1

5.10. Means of Finance

The Petitioner while commenting on the draft MYT Regulations, 2011 has submitted that the return on equity should be allowed on CWIP to the extent that has been financed through retained earnings subject to a Debt / Equity of 70:30. This is because there is some gestation period between the time of inception of a scheme to the time when these assets are put to use.

The table below provides the Means of Finance for the Investment Plan envisaged during the Control Period under the MYT Regime:

Table 50: Capital Expenditure and Means of Finance (in Rs. Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Capitalization out of fresh investments	736.9	787.8	796.7
Means of Finance			
Internal Accruals	221.1	236.3	239.0
Commercial Borrowings	515.8	551.4	557.7
Total	736.9	787.8	796.7

5.11. Return on Capital Employed

The Petitioner has considered the Return on Capital Employed (RoCE) as per the principles laid down by the Hon'ble Commission under Section 5.6 of the MYT Regulations, 2011. The RoCE includes all financing costs including loan and interest on the Working Capital. The Petitioner reiterates that as per the National Tariff Policy, "Balance needs to be maintained between the interests of consumers and the need for investments while laying down rate of return".

Return should attract investments at par with, if not in preference to, other sectors so that the electricity sector is able to create adequate capacity. The rate of return should be such that it allows generation of reasonable surplus for growth of the sector. Since there is higher risk involved in the distribution business coupled with the fact that the opportunity cost of capital is comparatively higher than the previous MYT Regime, the Hon'ble Commission is requested to fix an appropriate return so as to attract adequate investments at par with, if not in preference to, investment opportunities in other sectors. Therefore, the Petitioner requests the Hon'ble Commission to fix an appropriate return considering the relatively higher risk involved in the distribution business as compared to generation and

transmission businesses. This has also been mentioned in Para 5.3 (a) of the National Tariff Policy, which clearly states that *“The rate of return notified by CERC for transmission may be adopted by the State Electricity Regulatory Commissions (SERCs) for distribution with appropriate modification taking into view the higher risks involved”*.

The return for the Control Period under the MYT Regime is tabulated below:

Table 51: Return (in Rs. Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Weighted Average Cost of Capital	15.14%	15.10%	15.10%
Regulated Rate Base	3,300.4	3,935.7	4,626.0
RoCE	499.8	594.3	698.3
Return	188.8	223.3	262.3

5.11.1. Weighted Average Cost of Capital

The Weighted Average Cost of Capital (WACC) for each year of the Control Period has been computed as per the principles laid down by the Hon’ble Commission in the MYT Regulations, 2011. The Petitioner has calculated WACC by considering Return on equity at the rate of 16% and Return on debt based on the weighted average rate of debt as on 30th. Sept 2011. The WACC for each year of the Control Period is tabulated below:

Table 52: Weighted Average Cost of Capital (in Rs. Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Debt	2,170.07	2,615.40	3,045.47
Equity	1,207.74	1,436.44	1,674.11
Cost of Debt	14.67%	14.61%	14.59%
Cost of Equity	16.00%	16.00%	16.00%
WACC	15.14%	15.10%	15.09%

5.11.2. Regulated Rate Base

The Regulated Rate Base (RRB) includes the original cost of assets and working capital less the accumulated depreciation. The RRB for the Control Period has been computed after considering the methodology specified by the Hon’ble Commission in the MYT Regulations, 2011.

The details of RRB for the base year and each year of the Control Period under MYT Regime are tabulated below:

Table 53: Computation of RRB (in Rs. Crores)

Particulars	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Original Cost of Fixed Assets	3,588.4			
Accumulated depreciation	1,414.1			
Total Consumer Contribution	377.6			
Opening Working Capital	1,177.6			
RRB for the Base Year	2,974.4			
Computation of Change in RRB		524.0	608.5	592.9
Investment during the year		671.0	784.0	798.0
Depreciation during the year (including AAD)		147.0	175.5	205.1
Consumer Contribution		-	-	-
Change in WC		64.1	69.4	85.5
Computation for change in Working Capital				
Two months Receivables		960.2	1,069.8	1,193.2
Less One Month Transmission Charges		83.2	85.9	88.9
Less power purchase 1 month		389.9	427.5	462.3
Closing RRB		3,562.5	4,240.4	4,918.7
RRB for the Year		3,300.5	3,936.1	4,622.3

5.12. Income Tax

Income tax is treated as an expense recoverable from consumers through tariff. As per the MYT Regulations, 2011 the tax on income, liable to be paid on the licensed business of the distribution licensee shall be limited to tax on return on the equity component of capital employed. In absence of a cost reflective tariff, the tax incurred by the Petitioner is lower than the tax on return on equity component. The Petitioner in its comments on the draft MYT Regulations, 2011 submitted that the same needs to clarify how the deferred tax would be dealt with in future. Taxes paid due to any change in the methodology or any other changes brought by the legislation with respect to taxation shall be allowed as a pass through. The MYT Regulations, 2011 should also include all taxes, cesses as per Clause 5.1 (h) of the National Tariff Policy to be allowed in ARR.

The Petitioner requests the Hon'ble Commission to consider the actual income tax paid while truing up. The details of the estimated income tax are tabulated below:

Table 54: Computation of Income Tax (in Rs. Crores)

Sl. No.	Particulars	FY 12-13	FY 13-14	FY 14-15
1	Return on Capital Employed			
2	RoE component of capital employed	188.8	223.3	262.3
3	Income including Tax	279.5	330.5	388.4
4	Tax Rate	32.45%	32.45%	32.45%
5	Income Tax (Grossed up)	90.7	107.3	126.0

The Petitioner has not considered any other miscellaneous expenses separately. All the expenses of the Petitioner have been categorized under the relevant accounting head.

5.13. Non-tariff Income

The Petitioner has considered the Non-Tariff income at the same level as approved by the Hon'ble Commission for FY 11-12 in its Tariff Order dated 26.08.2011, for the entire control period as tabulated below:

Table 55: Non-Tariff Income for the control period (in Rs. Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Non Tariff Income	54.6	54.6	54.6

5.14. Contingency Reserve

The Petitioner doesn't have any revenue surplus at the beginning of the Control Period under the MYT Regime. Despite, the Petitioner is facing precarious financial crisis in the absence of a timely and cost reflective tariff. The Petitioner is presently burdened with a huge unamortized Revenue Gap upto FY 2011-12 as observed by the Hon'ble Commission vide its Order dated 26.08.2011. Therefore, the Petitioner has not considered any Contingency Reserve in this ARR Petition.

5.15. Annual Revenue Requirement during the control period

The ARR estimated by the Petitioner for the control period is tabulated below:

Table 56: Computation of Annual Revenue Requirement (Rs Crores)

Particulars	FY 12-13	FY 13-14	FY 14-15
Power Purchase Cost (A)			
Cost of power purchase at price approved in tariff order dated 26/08/2011	4,678.6	5,129.5	5,547.7
Inter-State Transmission charges	314.4	346.5	382.8

Intra-state Transmission (Delhi Transco) charges	475.0	475.0	475.0
Distribution Cost (B)			
O&M Expenses	645.5	751.6	871.4
Depreciation including Advance Against Depreciation	147.0	175.5	205.1
RoCE including Supply margin	499.8	594.4	697.7
Income Tax	90.7	107.3	126.0
Less: Non Tariff Income (c)	54.6	54.6	54.6
Aggregate Revenue Requirement (A+B-C)	6,796.4	7,525.2	8,251.0

In view that the above projections are based on DERC tariff order dated 26th August 2011, the petitioner requests the Hon'ble Commission to allow adjustment of uncontrollable power purchase cost on monthly basis in accordance with formulae specified in Chapter 7.

6. Cost of Supply Model

As per Section 7.7 (c) of the MYT Regulations, 2011 “Each tariff proposal submitted by the Distribution Licensee shall be supported with a cost-of-service model allocating the costs of the licensed business to each category of consumers based on voltage-wise costs and losses”;

The Petitioner in the following Sections has attempted to estimate the voltage wise cost (EHV, HV and LV) of Supply for the MYT Period on the basis of Cost Audit Report of FY 2010-11. For the purpose of bifurcation ARR across different Wheeling and Retail Supply and across different Voltage Level, the Petitioner has relied on the cost audit report enclosed in **Annexure – 15**.

6.1. Allocation of ARR for the Wheeling Business

The Gross Energy Sales, Distribution Loss and Energy Input across different Voltages are tabulated below:

Table 57 : Gross Energy Sales, Distribution Loss and Energy Input across different Voltages

	EHV	HV	LV
Energy Sales			
FY 13	645	1,755	8,224
FY 14	728	1,960	9,151
FY 15	822	2,192	10,191
Distribution loss			
FY 13	1.41%	2.40%	19.31%
FY 14	1.39%	2.35%	18.17%
FY 15	1.37%	2.30%	17.20%
Energy Input			
FY 13	654	1,798	10,192
FY 14	738	2,007	11,183
FY 15	834	2,243	12,307

Asset wise allocation of cost for the Wheeling Business is tabulated below:

Table 58 : Asset wise allocation of cost for the Wheeling Business

Voltage level	Unit	FY 12-13	FY 13-14	FY 14-15
EHV	Rs. Cr.	6.9	8.10	9.43
HV	Rs. Cr.	154.5	182.48	213.13
LV	Rs. Cr.	847.4	1,001.05	1,169.09
Total	Rs. Cr.	1,008.8	1,191.63	1,391.64

The Wheeling cost apportioned above to a particular assets category is thereby reallocated to different voltage levels in proportion of their contribution to the energy input at that level as shown below:

Table 59 : Estimated Wheeling Cost Allocated to different Voltage levels

Voltage level	Unit	FY 12-13	FY 13-14	FY 14-15
EHV	Rs. Cr.	0.36	0.43	0.64
HV	Rs. Cr.	22.95	27.46	32.45
LV	Rs. Cr.	985.45	1,163.74	1,358.55
Total	Rs. Cr.	1,008.76	1,191.63	1,391.64

Based on the energy sales at the respective voltage level the Petitioner has estimated the Wheeling Charge per unit for different voltages as tabulated below:

Table 60 : Estimated Wheeling Charge

Voltage level	Unit	FY 12-13	FY 13-14	FY 14-15
EHV	p/kWh	0.55	0.59	0.78
HV	p/kWh	13.08	14.01	14.81
LV	p/kWh	119.82	127.17	133.31
Average	p/kWh	94.95	100.65	117.54

6.2. Allocation of ARR Retail Supply Business

The Petitioner has further allocated the Retail Supply ARR in the ratio of energy input as determined above for different voltage levels. The Petitioner thereafter has determined the Retail Supply charge and Supply Margin charge for a particular voltage level by considering energy sales at that particular voltage level as shown below:

Table 61 : Retail Supply Charge

Voltage level	Unit	FY 12-13	FY 13-14	FY 14-15
EHV	p/kWh	511.61	499.92	482.66
HV	p/kWh	506.55	495.36	478.56
LV	p/kWh	507.78	496.44	479.50
Average	p/kWh	507.81	496.47	479.54

Table 62 : Supply Margin Charge

Voltage level	Unit	FY 12-13	FY 13-14	FY 14-15
EHV	p/kWh	7.08	7.65	8.16
HV	p/kWh	27.94	30.09	32.05
LV	p/kWh	32.34	34.74	36.99
Average	p/kWh	30.08	32.31	34.37

The Cost of Supply as estimated by the Petitioner is tabulated below:

Table 63 : Cost of Supply

Cost of Supply	Unit	Wheeling	RST	SM	Total
FY 12-13					
EHV	p/kWh	0.55	511.61	7.08	519.24
HV	p/kWh	13.08	506.55	27.94	547.57
LV	p/kWh	119.82	507.78	32.34	659.95
Average	p/kWh	94.95	507.81	30.08	632.84
FY 13-14					
EHV	p/kWh	0.59	499.92	7.65	508.15
HV	p/kWh	14.01	495.36	30.09	539.46
LV	p/kWh	127.17	496.44	34.74	658.35
Average	p/kWh	100.65	496.47	32.31	629.43
FY 14-15					
EHV	p/kWh	0.78	482.66	8.16	491.59
HV	p/kWh	14.81	478.56	32.05	525.41
LV	p/kWh	133.31	479.50	36.99	649.80
Average	p/kWh	117.54	479.54	34.37	631.46

7. Revenue Gap and Treatment of Revenue Gap

In this section, the Petitioner has attempted to analyze the various components of total Revenue Gap during the Control Period. Based on the analysis of various components of the ARR, it is observed that the major factors attributable to projected revenue gap at existing tariff for the Control Period are as follows:

- a. Revenue Gap during the financial year, excluding power purchase price variation.
- b. Revenue Gap during the financial year due to Power Purchase Price variation (which is neither predictable and nor controllable).
- c. Revenue Gap for the past period due to creation of Regulatory Assets / under recovery.

The Petitioner submits that the Revenue Gap during the financial year, due to factors other than power purchase price variation is predictable. The power purchase price variation and the creation of regulatory assets/ past under recovery is beyond the control of the Petitioner. Therefore the same is required to be recognized and recovered separately. This will enable the consumers and all stakeholders to identify the payable amount for the predictable items and the payable amount on account of unpredictable and or uncontrollable items such as power purchase price variation and regulatory assets recovery separately in a transparent manner. Further the above mechanism would avoid distortion of the base Retail Supply Tariff during the control period.

The Petitioner proposes to recover the Revenue Gap during the financial year, excluding power purchase price variation, in accordance with the tariff proposed in the table below:

Table 64: Tariff Proposal

Particulars	UoM	FY 12-13	FY 13-14	FY 14-15
Annual Revenue Requirement	Rs. Cr.	6,796.4	7,525.2	8,251.0
Revenue Realised	Rs. Cr.	5,674.8	6,322.7	7,051.6
Revenue (Gap)/Surplus	Rs. Cr.	(1,121.6)	(1,202.5)	(1,199.4)
Tariff Hike required from existing level	%	19.8%		
Revenue at revised tariff	Rs. Cr.		7572.3	8401.3
Revised Revenue (Gap)/Surplus	Rs. Cr.		47.2	150.3
Tariff Hike proposed during the financial year	%	19.8%	-0.6%	-1.8%

It is respectfully submitted that any variation in power purchase price from that approved by Hon'ble Commission, is uncontrollable in nature. In order to supply electricity to its consumers, the petitioner is required to pay towards cost of power purchase and transmission charges thereon on regular basis. The power purchase cost is a pass through item. Thus Petitioner merely acts as a collecting agent on behalf of the agencies charging towards the power purchase cost and transmission charges thereon.

In this regard it is submitted that the Hon'ble ATE vide its judgment dated 11.11.2011 in the matter of Suo-Motu action on the letter received from Ministry of Power (O.P. 1 of 2011) has observed that the power purchase cost is a major expenditure in the ARR of the distribution licensee . Since both the fuel and power purchase cost are uncontrollable both have to be allowed to be recovered as quickly as possible. The relevant extract of the judgment is reproduced below:

“Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission’s Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.”

The Shunglu Committee Report has also reviewed the approach adopted by most of the Regulators during Tariff Determination and recommended the following:

“Generation tariffs usually have an in-built formula to take care of changes in the fuel costs of generation company. Accordingly the bills raised by the Generation companies are based on such updated tariffs. No such mechanism exists in the retails tariffs fixed for distribution companies. This often results in short recoveries for the distribution companies which go on accumulating till the Regulator finally completes the truing up exercise. This can be eliminated or at least minimized by incorporating a similar provision in the retail tariffs also or by the Regulator carrying out this correction on ongoing basis. This has been successfully done by some states and there is no reason why similar formulae cannot be incorporated in the Retail Tariffs by other regulators.”

In view of the aforesaid recommendation read with the Hon'ble ATE judgment dated 11.11.2011, the Petitioner humbly submits that the Fuel and Power Purchase cost adjustment should be done on a monthly basis as the same are uncontrollable parameters and a major expenditure in the ARR of the distribution licensee . It is further submitted that the Petitioner had already filed a Petition seeking implementation of Power Purchase Price Adjustment formula on Quarterly basis for timely True-up of variance between estimated Power Purchase Costs and Actual Power Purchase Costs (Petition No. 24 of 2010) before the Hon'ble Commission. Accordingly, the Hon'ble Commission vide its order dated 26.08.2011 implemented the Fuel Price Adjustment (FPA) on Quarterly basis and held the following at Para 29 as follows:

*“The Commission holds that **at present** Quarterly adjustment of fuel cost is only being considered, not the Petitioner's request for a full power purchase price adjustment. “*

The petitioner requests the Hon'ble Commission to recall the order dated 26th August 2011 in case no 24 of 2010 and modify the same as suggested hereunder; If the Hon'ble Commission is of the view that such recall/modification can not be done as a part of this Petition, then if so directed by the Hon'ble Commission the Petitioner would approach Hon'ble Commission separately.

The Petitioner submits that in absence of a mechanism to pass on the power purchase price adjustment, the Discoms like petitioner ends up becoming the aggregator of under recovery from the consumers and is required to borrow heavily to fund the revenue gap which only further burdens consumers by way of interest costs. In view of the same the petitioner is faced with an imminent cash-flow crunch due to unrecovered expenses primarily on account of uncontrollable increase in the power purchase cost. The Petitioner prays the Hon'ble Commission to allow a pass-through of the uncontrollable increase in the power purchase cost and seeks the approval and implementation of a suitable power purchase adjustment formula, with adjustments provided on a monthly basis.

The Petitioner suggests the following formula for power purchase price adjustment:

$$\text{PPPA}_n (\text{Rs. Cr}) = \text{C}_n + \text{A}_n$$

Where,

PPPA_n = The total amount of Power Purchase Price Adjustment (in Rs Cr) required in current month for the variation in actual vis a vis average net power purchase rate (including transmission charges) approved in the Tariff Order for the year.

C_n = Change in cost of power purchase (in Rs Cr) due to variation in the power purchase rate during the previous month vis-à-vis average net power purchase rate approved in the Tariff Order for the year.

$$C_n = Q_{n-1} \times (AAPP_{n-1} - APP_{appd}) / 10$$

Where

Q_{n-1} = Quantum of Power received (in MUs) at BRPL periphery for meeting requirements of its licensed area (i.e. power purchased including Central / State allocation, bilateral, exchange, UI etc. and net off transmission losses & sale of power outside licensed area) during the previous month.

AAPP_{n-1} = Actual Average Power Purchase Rate (in Rs. /unit) including transmission charges for the previous month

APP_{appd} = Average Power Purchase Rate (in Rs. /unit) approved in Tariff Order

A_n = Adjustment factor for over-recovery / under-recovery i.e. difference between the amount actually recovered through PPPAC and amount recoverable.

where, $A_n = PPPA_{(Recovered)_n} - PPPA_{n-1}$

$PPPA_{(Recovered)_n}$ = PPPA recovered in current quarter for previous month.

If the PPPAC is recovered uniformly across all the tariff categories of consumers, in case of positive value of such charge, the low end consumers may see very high impact on their monthly bills. Therefore in order to avoid the burden on the low end consumers, it is proposed to recover the same in the ratio of the category tariff to the Average Billing Rate (ABR) of the petitioner in accordance with the mechanism specified below:

$$PPPAC_{cat} \text{ Rs/kWh} = (PPPA/UB) * S * 10$$

Where,

PPPAC_{cat} = PPAC for a particular tariff category/sub-category/consumption slab in Rs./kWh

PPPA = Power purchase price adjustment (in Rs. Cr.) as per the above formula

UB = Units Billed for that particular tariff category/sub-category/consumption slab (in MU)

S = (Energy Charge) / (ABR)

Where,

Energy Charge = Energy Charge for a particular tariff category / sub-category/ consumption slab under consideration (in Rs. /kWh) as approved by the Commission in the Tariff Order.

ABR = Average Billing Rate (in Rs. /kWh) as approved for recovery by the Hon'ble Commission in the Tariff Order.

8. Regulatory Asset

The Petitioner most respectfully submits that the absence of definite recovery mechanism for Regulatory Asset leads to lack of confidence amongst lenders. Therefore, the Petitioner requests the Hon'ble Commission to allow recovery of the Regulatory Assets (including carrying costs) during the control period through a separate surcharge so as to liquidate the Regulatory Assets created in the past period and the under recovery upto FY 2011-12. A separate surcharge would clearly identify the amount of Regulatory Assets recovered by the Petitioner during a Financial Year.

Further, it is humbly submitted that the National Tariff Policy states that the creation of Regulatory Asset should only be under exceptional circumstances and should not be a repetitive affair. Therefore the Petitioner requests that during the Second Control Period, there should not be creation of any Regulatory Assets. The Petitioner further submits that the circumstances under which a Regulatory Asset is created should be clearly defined through Regulations, and should only include natural causes or *force majeure* conditions. The relevant extract of the National Tariff Policy is reproduced below:

*"8.2.2. The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. **This should be done only as exception, and subject to the following guidelines:***

*a. **The circumstances should be clearly defined through regulations, and should only include natural causes or force majeure conditions. Under business as usual conditions, the opening balances of uncovered gap must be covered through transition financing arrangement or capital restructuring;***

b. Carrying cost of Regulatory Asset should be allowed to the utilities;

*c. **Recovery of Regulatory Asset should be time-bound and within a period not exceeding three years at the most and preferably within control period;***

*d. **The use of the facility of Regulatory Asset should not be repetitive.***

e. In cases where regulatory asset is proposed to be adopted, it should be ensured that the return on equity should not become unreasonably low in any year so that the capability of the licensee to borrow is not adversely affected. "

The Petitioner puts reliance upon the Hon'ble ATE judgment dated 11.11.2011 in the matter of Suo-Motu action on the letter received from Ministry of Power (O.P. 1 of 2011) wherein, the Hon'ble ATE observed that the creation of the regulatory asset without any directions

for carrying cost and time bound recovery was neither in the interest of the distribution licensee nor the consumers. The relevant extract of the Order is reproduced as below:

*“In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. **The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period.** Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.”*

It is respectfully submitted that in the past Ex-ante unrealistic assumptions on Power purchase and sale price for suppressing the ARR at the time of tariff determination resulted in Ex-post revenue gap of the petitioner and carrying cost burden on the consumers. Leaving uncovered revenue gap in the ARR , with or without creating regulatory assets and also not allowing interest charges on the regulatory assets in the ARR creates a problem of cash flow for the Petitioner company which are already burdened with heavy debts. The cash flow hitch may result in constraints in procurement of power by the petitioner and operation and maintenance of the distribution network affecting the reliability of power supply to the consumers.

It is therefore expected that in the second control period Hon’ble Commission would not only consider realistic power purchase and sale price at the time of tariff determination but also ensure that the petitioner finances are not burdened due to variation in the same through appropriate Power Purchase Price Adjustment Charges (PPPAC) mechanism. With such a mechanism in place, the petitioner would not accrue under recovery of the cost during the control period. At the same time Hon’ble Commission is also requested to allow recovery of Regulatory Assets and past un recovered cost including carrying costs.

As regards the Carrying costs on the Regulatory Assets is concerned the Petitioner would like to submit that the Hon’ble ATE in its judgment in the matter of *North Delhi Power Ltd. Vs. DERC 2010 ELR (APTEL) 0891* has upheld that the carrying cost is a legitimate expense and therefore the recovery of such carrying cost is a legitimate expectation of the distribution company. The aforesaid would ensure that the cash flow of the Petitioner company is

maintained and the company is not faced with a financial crisis of the nature which it is presently facing on account of huge revenue gaps, which gaps have been accepted and recognized by the Hon'ble Commission itself in its Tariff order dated 26.08.2011.

The Petitioner requests this Hon'ble Commission to provide a mechanism for recovery of the Regulatory Asset with carrying cost accrued till FY12, within the second control period, with a minimum of 15% recovery of the outstanding principal amount in a year and carrying cost on the balance un-recovered principal amount. It is requested that the amount towards principal and carrying cost be indicated separately. This will instill confidence amongst lenders and prevent accrual of interest on the carrying cost which can result to compounding of interest burden on the consumers.

It is further prayed that the Carrying cost on the estimated under recovery during in FY 2011-12 should be allowed to the Petitioner during the first year of the second control period in order to avoid cash crisis in the business of the Petitioner.

The past unrecovered gap of the Petitioner which resulted in creation of huge regulatory assets has been segregated into three different components:

1. Unrecovered Revenue Gap upto FY 2009-10 (as recognized by the Hon'ble Commission in its tariff order dated 26.08.2011)
2. Revenue Gap on account of Truing up for FY 2010-11 (Gap as per table 20 above)
3. Revenue Gap on account of provisional Truing up for FY 2011-12 (As per Table 30 above)
4. Impact (including carrying cost upto 31.03.2012) of ATE judgments not yet implemented by the Hon'ble Commission (As per the Table below)

S.No	Particulars	Rs.Cr.
Amount allowed by Hon ATE but not considered due DERC intent to contest before Hon'ble Supreme Court		
1	Interest	
1A	Methodology of Computation of Working Capital Interest	73.0
1B	Funding of Revenue Gap as per SBI PLR	67.8
2	Rebate availed from GENCO/TRANSCO for early repayment of dues to be retained by DISCOM	70.4
3	Terminal benefit payments to SVRS optees as per directions of Delhi High Court	161.2
4	Comparable pay (vis-à-vis 6th pay) for Non-FRSR Employees	217.1

S.No	Particulars	Rs.Cr.
5	Capital Expenditure	
5A	Disallowances due to Related Party Purchases	377.5
5B	Disallowances pending EIC Clearance	530.5
	A	1,497.7
Hon'ble DERC intends to do further prudence check		
6	Repairs and Maintenance Expenses	104.5
7	A&G Expenses	22.2
	B	126.7
Issues not found mentioned in the Tariff Orders		
8	Truing up of FY 2007-08 as per MYT Regulations	402.2
9	Review of Distribution Loss for the first control period	312.8
10	Amount paid to DTL but yet to be allowed by DERC	12.7
11	Truing up of Interest Rates for Long Term Loans	297.0
	C	1,024.7
	Total	A+B+C 2,649.1

Summarization of all the above components along with carrying cost upto 31.03.2012 is tabulated as below:

Table 65: Accumulated Regulatory Asset upto FY 2011-12

Particulars	Rs. Cr.
Revenue Gap upto FY 2009-10 approved in T.O. dated 28.06.2011	1679.6
Revenue Gap on account of Truing up for FY 2010-11	1479.3
Incremental Revenue Gap on account of provisional Truing up for FY 2011-12	1738.9
Unrecovered Revenue Gap for FY 11-12 approved in T.O. dated 28.06.2011	617.2
Carrying Cost on Revenue Gap upto FY 11-12	855.1
Impact of ATE judgments including carrying cost	2649.1
Total Gap as on 31/ 03/ 2012	9019.1

The Petitioner requests this Hon'ble Commission to provide a mechanism for recovery of the above Regulatory Asset within the control period (FY13-15) with a minimum of 15% recovery of the outstanding principal amount in a year and carrying cost on the balance un-recovered principal amount.



Affidavit

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

File No. _____

Case No. _____

IN THE MATTER OF:-

BSES Rajdhani Power Limited ("BRPL")

BSES Bhawan, Nehru Place

New Delhi-110 019.

..... PETITIONER

AND

IN THE MATTER OF:-

Petition/Application for Truing up of Expenses for FY 2010-11, Annual Performance Review of FY 2011-12 read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as "MYT Regulations,2007") and Aggregate Revenue Requirement for the MYT Period i.e. FY 2012-13 to FY 2014-15 (hereinafter referred to as "Second Control Period") under Section 62 of the Electricity Act 2003 (hereinafter referred to as "Act"), read with Hon'ble Commission's letter no. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012, Regulations 7.4 to 7.9, Regulations 10.1 to 10.4, Regulation 11.1 and Regulation 12.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred to as "MYT Regulations, 2011"), Section 11 and Section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, the Delhi Electricity Regulatory Commission (Conduct of Business) Regulation 2001 and in terms of Condition 24 of the License for Distribution and Retail Supply of Electricity issued by the Hon'ble Commission.

AFFIDAVIT VERIFYING THE PETITION

I, Rajeev Chowdhury, s/o Shri Sunil K. Chowdhury, aged 40 years, having my office at BSES Bhawan, Nehru Place, New Delhi-110019, do hereby solemnly affirm and state as follows:

1. I am working with BSES Rajdhani Power Limited, the Petitioner, as Head (Regulatory Affairs) and am duly authorized by the said Petitioner to make this affidavit.



2. I say that on behalf of BSES Rajdhani Power Limited, I am filing this Petition under the Act, read with Hon'ble Commission's letter no. F.3 (331)/Tariff/DERC/2011-12/3263/5784 dated 16.01.2012, MYT Regulations 2007, MYT Regulations 2011, Delhi Electricity Reforms Act 2000 to the extent applicable, the Delhi Electricity Regulatory Commission (Conduct of Business) Regulation 2001 and in terms of Condition 24 of the License for Distribution and Retail Supply of Electricity issued by the Hon'ble Commission, for approval of Truing up of Expenses for FY 2010-11, Annual Performance Review of FY 2011-12 and corresponding tariff adjustment for the Second Control Period.
3. I further say that the statements made and data presented in the aforesaid petition are to the best of my knowledge derived from records of the Company and based on estimations arising from data and or records of the company. Further, to my knowledge and belief, no material information has been concealed in the aforesaid Petition.



DEPONENT
RAJEEV CHOWDHURY
 Head (Regulatory Affairs)
 Authorized Signatory
 BSES Rajdhani Power Limited: Petitioner

VERIFICATION:-


I, Rajeev Chowdhury, the Petitioner hereby solemnly affirms that the contents of above affidavit are true to the best of my knowledge, no part of it is false and nothing material has been concealed there from.

Verified by me on this the 27th January 2012 at New Delhi.




DEPONENT
RAJEEV CHOWDHURY
 Head (Regulatory Affairs)
 Authorized Signatory
 BSES Rajdhani Power Limited: Petitioner

WITNESS:-


 Sh. Ravi
 Asst. Manager
 BSES Rajdhani Power Ltd.
 BSES Bhawan, Nehru Place,
 New Delhi-110019.



Signature Attested


 Notary Public
 Delhi (India)

27 JAN 2012

