

### 3. Methodology for Truing up of FY 2019-20

Tata Power- DDL seeks the True up of FY 2019-20 in line with Regulations 152 & 153 of the Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Regulations, 2017, which has stipulated the Truing up mechanism. The relevant extract of the said Regulations are given below;

*"152. True up of ARR for Distribution (Wheeling & Retail Supply) Licensee shall be conducted on the following principles:*

*(a) Variation in revenue and sales of the distribution licensee based on projected revenue and sales vis-a vis actual revenue and sales;*

*(b) Variation in long term power purchase quantum and cost of the distribution licensee based on merit order dispatch principle of projected long term power purchase quantum and cost vis-a-vis actual long term power purchase quantum and cost:*

*Provided that the distribution licensee shall submit report from State Load Dispatch Centre (SLDC) for instances of forced scheduling due to the reasons not attributable to the Distribution licensee for scrutiny of dispatch of power in Delhi on merit order basis in its area of supply;*

*Provided that the cost of credit to the net metering consumer on account of net surplus unit of power injected into the grid as specified in Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014 shall be allowed to the distribution licensee in the power purchase cost of the relevant year;*

*(c) Variation in short term power purchase quantum and cost of the distribution licensee based on projected short term power purchase quantum and cost vis-a-vis actual short term power purchase quantum and cost:*

*Provided that Trading Margin, Transmission Charges and Transmission Losses incurred on Forward And Reverse transaction in the same time slot executed within three months for Forward / Reverse power procurement/sale through Banking And Bilateral shall not be allowed in the Power Purchase Cost of the Distribution Licensee;*

*Provided that Sale through Deviation Settlement Mechanism (Unscheduled Interchange) transactions other than forced scheduling of power as certified by SLDC on monthly basis shall be limited to the contingency limit as specified by the Commission in the Business Plan Regulations in order to promote Grid Discipline and optimize Power Purchase Cost;*

*Provided that any Additional/Penal Deviation Settlement Mechanism (Unscheduled Interchange) Charges other than forced scheduling of power as certified by SLDC paid by the Distribution Licensee shall not be allowed in Power Purchase Cost;*

*Provided that Short-term arrangement or agreement, other than traded through Power Exchange, for procurement/sale of power has to be executed through a transparent process of open tendering and competitive bidding guidelines issued by Ministry of Power (MoP) as amended from time to time, unless specific direction issued by the Commission;*

*Provided further that in case the Distribution Licensee does not follow Short Term Power guidelines for procurement of power/sale the rate of such power procurement shall be restricted to the average rate of power purchase/sale through exchange during same month for Delhi region.*

*(d) Any surplus or deficit on account of controllable parameters i.e., Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and*



*(e) Depreciation, Return on equity and interest on loan shall be trued up every year based on the actual capitalization vis-à-vis capital investment plan (capitalization) approved by the Commission:*

*Provided further that the Commission shall true up the interest rate on the basis of increase/decrease in State Bank of India Base Rate as on April 1 of the relevant financial year vis-a-vis State Bank of India Base Rate as on April 1 of the immediately preceding financial year in accordance with Regulation 0 of these Regulations;*

*(f) Interest on working capital loan shall be trued up every year based on the working capital requirements specified in Regulation 0 of these Regulations.*

*153. The actual expenditure vis-a-vis projected expenditure incurred on Demand Side Management in the ARR shall be trued up."*

Hence in this petition, the Petitioner has sought truing up of all the parameters of ARR:

1. Net Revenue and Power Purchase
2. Non-Tariff Income, Income from Open Access and Income from Non Energy (Other Business)
3. O&M Expenses along with New Initiatives, Statutory Levies, Taxes etc.
4. Depreciation and RoCE based on the actual Capitalization
5. Income Tax
6. Carrying Cost
7. Incentive towards reduction in T&D losses, overachievement of collection efficiency, sharing of savings through refinancing of loans and Incentive on account of sale of surplus power.

The component wise detailed information's are given in relevant paras of this chapter.



**Truing up of Revenue Billed and Revenue available towards ARR**

**Revenue Billed for FY 19-20**

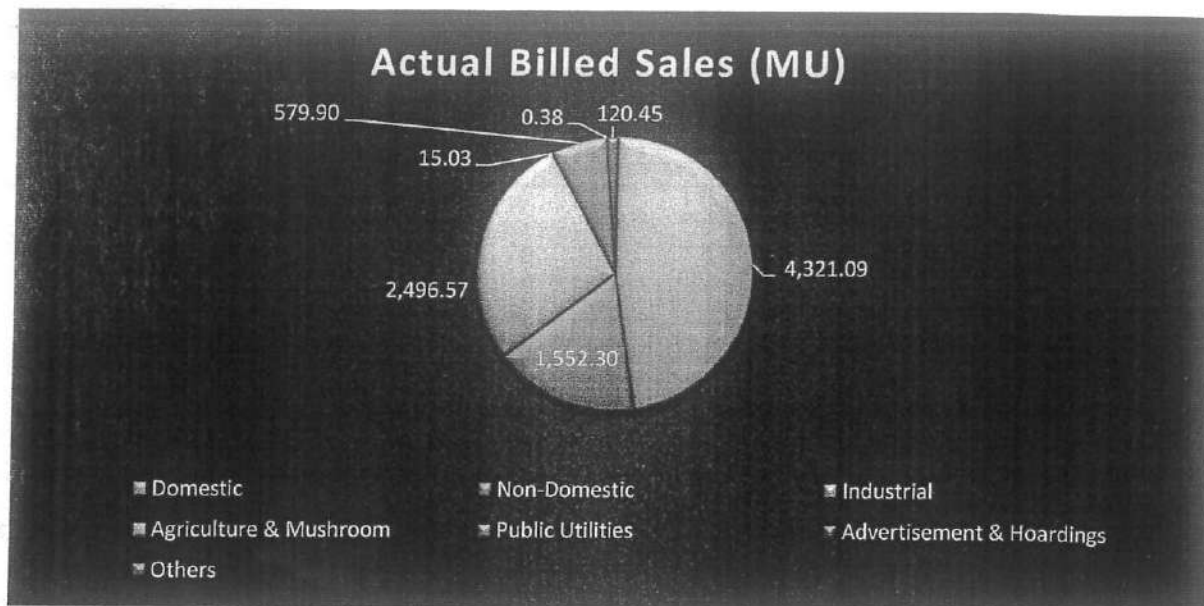
In its Tariff Order for FY 2019-20, the Hon'ble Commission had projected billed sale of energy of 9,495 MU for the FY 2019-20. Against the same, Tata Power- DDL has actually billed 9085.73 MU as sale of energy including actual own consumption of 12.75 MU. Given below is the table showing the category wise comparative between projected energy sale and actual energy billed.

**Table 3.1: Category wise billed energy sale (Projected vis-à-vis Actual) for FY 2019-20**

S. No.	Category	Approved Projected Billed sale of Energy (MU)	Actual Billed sale of Energy (MU)
1	Domestic	4299	4321
2	Non-Domestic	1595	1552
3	Industrial	2660	2497
4	Agriculture	19	15
5	Public Utilities	815	580
6	Advertisement & Hoardings	1	0.4
7	Temporary Supply	64	59
8	Charging Stations for E-Richshaw/ E-Vehicle on Single Delivery Point	7	18
9	Others*	37	43
	<b>Grand Total</b>	<b>9,495</b>	<b>9,086</b>

\*others includes Enforcement, own consumption, staff, misuse & other adjustments

Based on actual energy billed, category wise % share in total energy billed is shown below:



The Hon'ble Commission in its Business Plan Regulations, 2017 has specified that for the purpose of truing up, the Own Consumption shall be considered @ 0.25% of the energy billed or the actual consumption of licensee whichever is lower. Thus, for the purpose of truing up, Tata Power- DDL has considered actual consumption of 12.75 MU towards own consumption against the normative own consumption of 22.68 MU.

**Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2019-20**

S. No.	Category	***Total Number of consumers and sanctioned load		Net Units Sold
		MW	No.	
1	Domestic	3,078	1472465	4321
2	Non-Domestic	1,273	231081	1552
3	Industrial	1,370	30737	2497
4	Agriculture	30	4257	15
5	Public Utilities	297	5909	580
6	Advertisement & Hoardings	1	248	0.4
7	Temporary Supply	40	16831	59
8	Charging Stations for E-Richshaw/ E-Vehicle on Single Delivery Point	5	625	18
9	Others	27	3900	43
	<b>Grand Total</b>	<b>6,119</b>	<b>1766053</b>	<b>9,086</b>

Further, the Hon'ble Commission in its Tariff Order for FY 2019-20 had projected total revenue of Rs. 7585.92 Cr. out of which Rs. 7024 Cr. had been projected towards fixed charges and Energy Charges and balance Rs. 561.92 Cr. (i.e. 8% Deficit Recovery Surcharge to be applied on fixed and energy charges) had been projected towards recovery of carrying cost and accumulated revenue gap. Given below is the category wise billed revenue projected for FY 2019-20.

**Table 3.3: Category wise Projected billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2019-20**

S. No.	Category	Net Units Sold	Fixed Charges Billed –	Energy Charges Billed-	Total Revenue	ABR/kWh	Deficit Recovery Surcharge of 8%
		"A"	"B"	"C"	"D" = (B+C)"	E = D/A*10	F = D*8%
		MU	Rs. Cr.				Rs. Cr.
1	Domestic	4299	316	1,815	2,131	4.96	170.48
2	Non-Domestic	1595	393	1,348	1,741	10.92	139.28
3	Industrial	2660	435	2,046	2,481	9.33	198.48
4	Agriculture & Mushroom	19	4	3	7	3.68	0.56
5	Public Utilities	815	55	503	557	6.83	44.56
6	Advertisement and hoarding	1	0	1	1	10.00	0.08
7	Vehicle on Single Delivery Point	7	-	3	3	4.29	0.24
8	Others*	101	12	90	102	10.10	8.16
<b>9</b>	<b>Grand Total</b>	<b>9,497</b>	<b>1,215</b>	<b>5,809</b>	<b>7,024</b>	<b>7.40</b>	<b>561.92</b>

\*others includes Enforcement, own consumption, staff, misuse, other adjustments and temporary supply

Against the said projected billed revenue, Tata Power- DDL has actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 7,771.46 Cr. at approved Retail Supply Tariffs.

The category wise and component wise revenue billed during the year is given in table below:

Table 3.4 Category wise Actual billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2019-20

S. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold	Fixed Charges Billed	Energy Charges /other charges Billed	PPCA Amount Billed	Total	ABR	Surcharge of 8%
		MW	No.							
1	Domestic	3,078	1472465	4321	324.81	1791.93	160.22	2,276.96	5.27	169.36
2	Non-Domestic	1,273	231081	1552	410.80	1300.85	126.33	1,837.97	11.84	136.62
3	Industrial	1,370	30,737	2497	455.33	1942.84	172.16	2,570.33	10.30	192.67
4	Agriculture	30	4,257	15	4.68	2.29	0.51	7.48	4.97	0.55
5	Public Utilities	297	5,909	580	57.10	371.60	31.48	460.18	7.94	34.68
6	Advertisement & Hoardings	0.52	248	0	0.15	0.32	0.03	0.50	13.07	0.04
7	Temporary Supply	40	16831	59	8.50	41.36	3.67	53.53	9.01	3.96
8	Charging Stations for E-Richshaw/ E-Vehicle on Single Delivery Point	5	625	18	0.02	8.85	0.63	9.49	5.20	0.71
9	Others	26.8	3,900	42.81	5.79	19.11	1.26	26.16	6.11	1.94
10	(-)Open Access Charges (to be treated separately)					(9.62)		(9.62)		(2.04)
	<b>Total</b>	<b>6,119</b>	<b>1,766,053</b>	<b>9,086</b>	<b>1,267.18</b>	<b>5,469.51</b>	<b>496.28</b>	<b>7,232.97</b>	<b>7.96</b>	<b>538.49</b>
<b>Reconciliation Statement with the Audited Form 2.1 a</b>										
	Billed amount of Fixed Charges									1,267.18
	Billed amount of Energy Charges									5,469.51
	Billed amount of PPAC Charges									496.28
	Billed Amount of 8% Deficit Recovery Surcharge									538.49
	Billed amount of E. Tax									309.52
	Billed amount of Pension Trust Surcharge of 3.80%									255.72
	<b>Total amount of Revenue Billed</b>									<b>8,336.70</b>
	<b>Average Billing Rate at gross level/ Rs. kWh</b>									<b>9.18</b>

(Auditor Certificate for Billed Energy & Revenue billed is attached as Annexure "A-1" in Volume II of the Petition)

### Pension Trust Surcharge of 3.80%

The Hon'ble Commission in its Tariff Order for FY 2019-20, has increased PT surcharge rate by 0.10% resulting into applicability of Pension Trust surcharge @ of 3.80% w.e.f. 01<sup>st</sup> Aug, 2019 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCTD.

In order to comply with the above requirement, the Hon'ble Commission had issued directive no 6.2.

" 6.2 The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust:

....."

During the FY 19-20, Tata Power DDL has billed an amount of Rs. 256.99 Cr as Pension Trust Surcharge and collected an amount of Rs. 254.72 Cr. The recovery made in FY 19-20 includes outstanding recovery of billed amount at the end of FY 2018-19.

**Table 3.5: Pension Trust amount billed and collected for FY 2019 20 (Rs. Cr.)**

S. No.	Particulars	Other than Open Access	From Access	Open	Total Amount
1	Amount billed on account of Pension Trust Surcharge	255.72	0.97		256.69
2	Amount Collected in FY 2019-20*	253.75	0.97		254.72

\*Entire amount of collected PT surcharge was directly deposited in Pension Trust Account as specified by the Hon'ble Commission on monthly basis.

**Computation of Billing Efficiency and Overachievement Incentive**

The Hon'ble Commission in its Business Plan Regulations, 2017 has specified the target for Distribution Loss Level for the current control period (FY 2017-18 to FY 2019-20). Relevant extract of the Business Plan Regulations, 2017 is reproduced below:

" Regulation 25 (1) The Distribution Loss target in terms of Regulations 4(9)(a) of the DERC (Terms and Conditions for Determination of Tariff) Regulation, 2017 for the Distribution licensees shall be as follows:

**Table 15 Target for Distribution Loss for the Control Period**

Sr. No	Distribution Licensee	2017-18	2018-19	2019-20
1	BSES Rajdhani Power Limited	10.93%	10.19%	9.50%
2	BSES Yamuna Power Limited	13.00%	11.69%	10.50%
3	Tata Power Delhi Distribution Limited	8.38%	8.19%	8.00%
4	New Delhi Municipal Council	10.30%	9.63%	9.00%

....."

with you





Methodology for computation of AT&C loss level has been provided in Regulation 4.7 (a), (b) and (c) of MYT Regulations, 2011.

From the above table, it can be seen that target Distribution Loss Level for FY 2019-20 has been fixed @ 8.00%. Against the said target, Tata Power DDL has achieved actual Distribution loss level of 6.83% for FY 2019-20. Computation of the actual distribution loss level is given below:

**Table 3.6: Computation of T&D loss and overachievement for FY 2019-20**

Sr. No	Particulars	MU	Remark
A	Input	9,751.72	Table 3.13
B	Billed Units	9,085.73	Table 3.4
C	Actual Distribution Loss Level	6.83%	(1-B/A)
D	Target Distribution Loss Level	8.00%	Table 3.7
E	Overachievement/(Underachievement)	1.17%	(D – C)

Further the 25(4) of the Business Plan Regulation, 2017 provided that "Any financial Impact due to overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and consumers as follows:

- i. In case actual distribution loss is between the loss target and loss target minus  $[50\% * (\text{Previous Year Target} - \text{Current Year Target})]$  for the relevant year shall be shared in the ratio of  $2/3^{\text{rd}}$  to Consumers and  $1/3^{\text{rd}}$  to the Distribution Licensee;
- ii. In case actual distribution loss is less than loss target minus  $[50\% * (\text{Previous Year Target} - \text{Current Year Target})]$  for the relevant year shall be shared in the ratio of  $1/3^{\text{rd}}$  to Consumers and  $2/3^{\text{rd}}$  to Distribution Licensee."

Based on above table, previous year loss target has been considered at 8.19% for the purpose of computation of sharing of incentive.

**Table 3.7: Actual Distribution loss level for FY 2019-20**

S. No.	Particulars	Distribution Loss Level	Remark
A	Previous year target	8.19%	
B	Target Distribution Loss Level	8.00%	
C	Actual Distribution Loss Level	6.83%	Table 3.6

**Table 3.8 Overachievement Incentive on account of reduction in Distribution Loss Level**

Sr. No	Particulars	MU	Remark
A	Billed Sales	9,085.73	Table 3.6
B	Actual Distribution Loss Level	6.83%	Table 3.6
C	Target Distribution Loss Level	8.00%	Table 3.6
D	Actual Input @ actual distribution loss level	9,751.72	Table 3.13
E	Desired Input @ Target distribution loss level	9865.87	$D + D*(C-B)$
F	Saving in Input (MU) due to lower distribution loss level	114.15	$(E-D)$ or $D*(C-B)$
G	Power Purchase Cost	6.46	Table 3.27
H	Total Overachievement Incentive	73.74	$F*G/10$
I	TPDDL Share – 2/3 <sup>rd</sup> of Overachievement incentive	47.06	

### Revenue Realization

#### Computation of Collection Efficiency and overachievement incentive for FY 19-20

Regulation 10 of the DERC Tariff Regulations, 2017 provided that

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

Provided that Revenue Realised or Revenue Billed on account of electricity duty, late payment surcharge, any other surcharge shall be excluded from the computation of Collection Efficiency;"

**Table 3.9: Revenue Billed for the purpose of computation of collection efficiency for FY 19-20**

Sl. No.	Particular	UoM	Amount	Remark
A	Total Revenue Billed as per Form 2.1a	(Rs Cr)	8,336.70	Note 40.1 of the Audited Financial Statement
B	Less- Electricity Tax	(Rs Cr)	309.52	
C	Less- 8% Deficit Revenue Recovery Surcharge	(Rs Cr)	538.48	
D	Less- Pension Trust Surcharge of 3.80%	(Rs Cr)	255.72	
E	Net Revenue Billed	(Rs Cr)	7,232.97	(A-B-C-D)

During the FY 2019-20 Tata Power- DDL has realized an amount of Rs. 8,243.39 Cr against the total revenue billed of Rs. 8,336.70 Cr. Given below is the working of revenue collection to be considered for truing up of AT&C Loss Level:

Table 3.10: Amount of revenue available for AT&C Computation for FY 2019-20 (Rs Cr)

Sl. No.	Particular	Amount	Remarks
A	Total Revenue Realized	8243.39	Note 40.2 of the Audited Financial Statement
B	Less: Electricity Tax	299.88	
C	Less: 8% Deficit Revenue Recovery Surcharge	534.60	
D	Less: Pension Trust Surcharge	253.75	
E	Revenue Collected for Collection Efficiency	7,155.16	(A-B-C-D)

In the month of March'20, there was global crisis and the entire world including India was under the grip of the deadly disease. The Central & State Government in order to contain the spread of novel corona virus had issued several precautionary measures and advisories most important being **social distancing** and also ordered a nationwide lockdown/shutdown w.e.f. 23<sup>rd</sup> March, 2020 which was continued in phases manner.

The spread of the COVID-19 disease (*also referred widely as NOVEL CORONA VIRUS*), has already been declared as a PANDEMIC by World Health Organization. The occurrence of this PANDEMIC has been viewed and considered with utmost seriousness by the Government of India and various State Governments including GNCTD.

To contain and arrest the spread, transmission of the disease various Notifications, Guidelines, orders, directions were issued by the Ministry of Home Affairs (Government of India), GNCTD, SEBI, Ministry of Finance (Government of India), Ministry of Civil Aviation, Ministry of Power and various Authorities.

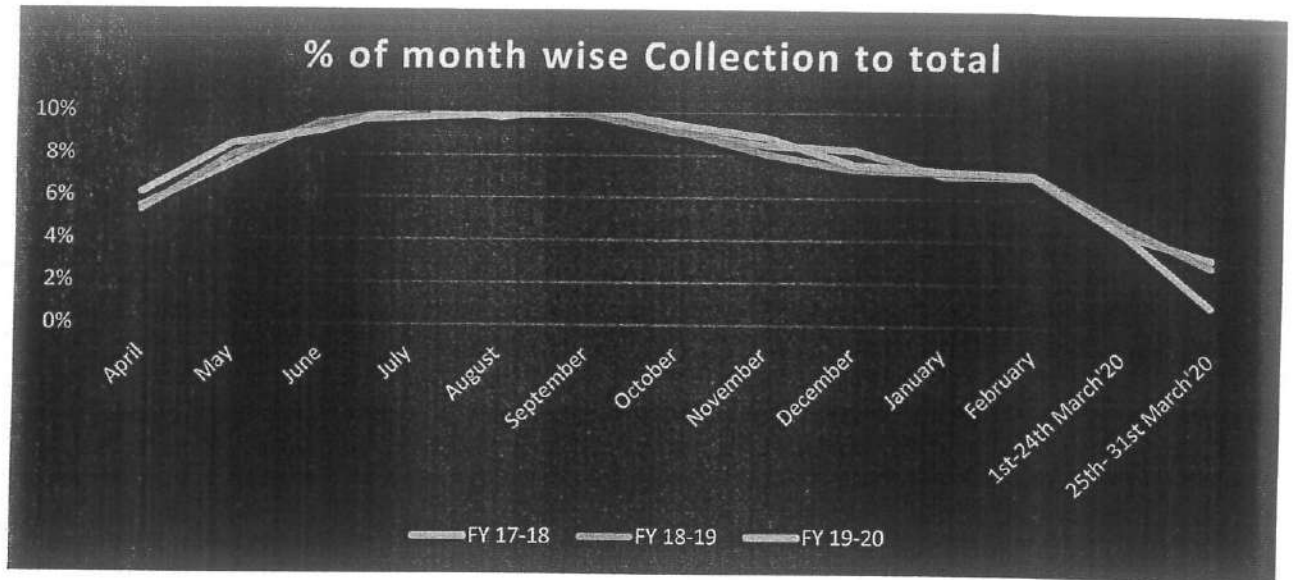
It is worth to mention that it is an admitted position that the collection efficiency of the Petitioner is adversely impacted in this Covid-19 period. The complete lockdown in the Month of March'20 end created uncertainty in mind of people about future. Thereby consumers stopped paying their dues which were already billed before 24<sup>th</sup> March'20 to retain their liquidity for future requirements.

The following table depicts the shortfall in collection which is mainly attributable to the lockdown announced by the Government of India in last week of March'20:

FY 17-18			FY 18-19			FY 19-20		
Particulars	Collected Amount	Month vs Total Collection (%)	Particulars	Collected Amount	Month vs Total Collection (%)	Particulars	Collected Amount	Month vs Total Collection (%)
Apr-17	408.19	6%	Apr-18	427.53	5%	Apr-19	509.86	6%
May-17	554.22	8%	May-18	633.38	8%	May-19	700.05	8%
Jun-17	702.21	10%	Jun-18	755.93	9%	Jun-19	751.37	9%
Jul-17	719.28	10%	Jul-18	805.53	10%	Jul-19	843.93	10%
Aug-17	731.40	10%	Aug-18	819.83	10%	Aug-19	807.13	10%
Sep-17	729.95	10%	Sep-18	791.49	10%	Sep-19	838.80	10%
Oct-17	671.15	9%	Oct-18	731.41	9%	Oct-19	778.99	9%
Nov-17	626.41	8%	Nov-18	644.29	8%	Nov-19	730.89	9%
Dec-17	611.27	8%	Dec-18	586.55	7%	Dec-19	626.18	8%
Jan-18	522.93	7%	Jan-19	578.20	7%	Jan-20	602.08	7%
Feb-18	519.62	7%	Feb-19	570.32	7%	Feb-20	587.89	7%
April- Feb	6796.63	92%	April- Feb	7344.48	92%	April- Feb	7777.18	94%
Mar-18	580.01	8%	Mar-19	629.43	8%	Mar-20	466.21	6%
1st-24th March'18	332.18	5%	1st-24th March'19	391.17	5%	1st-24th March'20	373.45	5%
25th- 31st March'18	247.83	3%	25th- 31st March'19	238.26	3%	25th- 31st March'20	92.76	1% (Dip of 2%)
April- March – Actual	7376.64	100%	April- March	7973.90	100%	April- March	8243.39	100%

From the above table it is evident that the trend of collection throughout the year (i.e. upto 24<sup>th</sup> March every year, means before the announcement made for lockdown in FY 19-20) is same for all the three year i.e. FY 17-18, FY 18-19 and FY 19-20 except that there is dip of 2% in collection from 25<sup>th</sup> March'20 to 31<sup>st</sup> March 20 i.e. the first lockdown announced due to COVID 19. Thus, the unprecedented upheaval caused by COVID-19 has affected normal performance of the Petitioner in its collection and also putting strain on cash flow position of the Petitioner.





Actual collection efficiency for FY 17-18, FY 18-19 and FY 19-20 till 24<sup>th</sup> March is as following:

Particulars	FY 17-18		FY 18-19		FY 19-20	
	Billed Amount	Collected Amount	Billed Amount	Collected Amount	Billed Amount	Collected Amount
1 <sup>st</sup> April to 24 <sup>th</sup> March (Rs Cr)	7361.83	7128.81	7962.03	7735.65	8335.52	8150.63
Collection Efficiency for 1 <sup>st</sup> April to 24 <sup>th</sup> March	96.83%		97.16%		97.78%	
Collection Efficiency for full year	99.79%		100.01%		100.65% (would have been considering the trend)	

From the above table it is evident that the actual collection efficiency from 1<sup>st</sup> April to 24<sup>th</sup> March is FY 19-20 is best if compared from last two years. Thus, in case of normal scenario collection efficiency of the Petitioner would have crossed 100% In FY 19-20. But unfortunately due to COVID-19 crisis it dipped severely towards the end of March'20.

Further, based on last two years trend, it can be seen that collection in month of March is in the range of 110%-120% of billed amount. Thus, considering the same for month of March'20 assuming pandemic was not there, the Petitioner would have collected additional Rs. 73.78 Cr. (i.e. Billed amount for March'20 Rs 490.90\*110% = Minimum expected collection of Rs 539.99 Cr for March 2020 would have been collected).

Particulars	FY 19-20
Billed Amount of March'20 (Rs Cr) – A	490.90
Collection Efficiency for March based on last 2 years trend - B	110%
Amount Collected for March'20 (Rs Cr) – C =(A*B)	539.99
Actual Amount Collected (Rs Cr) – D	466.21
Amount would have been Collected (Rs Cr) – E = (C-D)	73.78
Net Collected would have been collected (Net of E Tax, DRS & PT)	64.04

Out of expected collection of Rs 539.99 Cr, Rs 466.21 Cr were collected and balance Rs 73.78 Cr is assumed as deemed collection. For the purpose of computation of collection efficiency and incentive net collection of Rs 64.04 Cr is considered. Thus, after considering additional deemed collection the Petitioner's collection efficiency for FY 19-20 comes to 99.81% (As shown in table below) and the same is considered to compute the collection efficiency incentive.

Based on above submission, computation of collection efficiency and corresponding incentive is calculated as below:

**Table 3.11: Computation of Collection Efficiency and Incentive for FY 19-20**

Sl. No.	Particular	UoM	Amount	Remarks
A	Amount Billed	(Rs Cr)	7,232.97	Table 3.4
B	Amount Collected	(Rs Cr)	7,155.16	Table 3.10
C	Deemed Collection		64.04	
D	Collection Efficiency	%	99.81%	(B+C)/A
E	Target collection efficiency	%	99.50%	As per BPR,2017
F	Amount of Collection over and above 99.50% target		22.39	A*(D-E)
G	Sharing of Incentive			
	Discoms (50% upto 100% and 100% beyond 100% collection)		11.19	
	Consumers (50% upto 100% collection)		11.19	

It is submitted that pandemic has caused lower collection after lockdown, which was well informed to the Hon'ble Commission through various communication and the situation was beyond the control of the Petitioner, hence collection efficiency should be considered atleast equal to last two years average. Further as the shortfall in the collection of March 2020 is

likely to be collected during FY 20-21, the Petitioner will offer shortfall in the collection considered for the purpose of collection efficiency @ 99.94% in the True up of FY 20-21.

**Computation of Revenue Available for FY 2019-20**

The Computation of net revenue available after adjusting the Incentive towards lower Distribution Loss Level and Higher Collection Efficiency is given below. It is worth to mention that for the purpose of computing surplus or deficit for the year, the amount of net revenue is considered based on actual collection only.

**Table 3.12: Computation of Revenue available for FY 19-20**

(Rs Cr.)

Sl. No.	Particular	Collection Other than (DRS/PTS)	Remarks
A	Total Collection*	7,155.16	Table 3.10
B	Less- Overachievement Incentive towards Lower Distribution Loss	47.06	Table 3.8
C	Less- Overachievement incentive towards Collection	11.19	Table 3.11
D	Collection available towards ARR	7,096.91	(A-B-C)

\* Without deemed collection of Rs 64.04 Cr



**Power Purchase**

**Power Purchase Quantum**

During FY 2019-20, the Petitioner has purchased 10,533 MUs out of which 504.10 MUs of surplus energy was sold as short term sale of surplus power.

Deducting the Inter-State transmission loss of 184.90 MUs and Intra-State transmission loss of 92.30 MUs, the Petitioner has submitted a net power purchase quantum of 9,751.72 MUs (excluding open access quantum consumed by open access consumers) delivered at TPDDL distribution periphery.

The summary of power purchase quantum for FY 2019-20 as per Auditor certificate as Annexure A-3 is given below:

**Table 3.13: Power Purchase Quantum (MUs) for FY 2019-20 as per Auditor's certificate**

Sl. No.	Particulars	Actual Power Purchase (MUs)	Remarks / Ref
<b>A</b>	<b>Power Purchase:</b>		
i	Power Purchase Quantum	8179.10	
ii	Short Term Power Purchase quantum	2353.90	
iii	Short term sale of Power	(504.10)	
iv	Net Power Purchase	10028.80	(i+ii+iii)
<b>B</b>	<b>Transmission Loss:</b>		
i	Intra-State Transmission Loss	(184.88)	
ii	Inter-State Transmission Loss	(92.30)	
iii	Total Transmission Loss	(277.18)	(i+ii)
<b>C</b>	<b>Net Power Available after Transmission Loss</b>	<b>9,751.72</b>	<b>(A+B)</b>

**Actual consumption**

It is submitted that Delhi SLDC issues weekly UI bills from where the actual drawl by a utility is finalized. It may be noted that there is a time lag of approx. 2-3 months in issuing of the UI bills by Delhi SLDC and at the time of finalizing of accounts for FY 2019-20, the UI bills were not issued for the period 9<sup>th</sup> March 2020 to 31<sup>st</sup> March 2020. Hence TPDDL had taken a provision of the actual consumption MUs for the months for which bills were not issued. The breakup of consumption in FY 19-20 is as under:





**Table 3.14: Input (MUs) as per Auditor Certificate**

Particulars	MU
Actual demand of FY 19-20 as per Delhi SLDC UI bills	9,420.27
(-) Open Access consumer	(36.55)
(+) TATA Power-DDL Solar generation	2.04
(+) Provisional	365.14
(+) Net metering	0.82
Total consumption	9,751.72

Hence, Input considered for FY 19-20 is 9,751.72 MU.

**Summary of Central Generating Station wise power scheduled during the year is given below:**

The Hon'ble Commission has projected energy purchase of 10,430 MU for FY 2019-20.

During the year, the Petitioner has purchased 8179 MU from long term sources.

**Table 3.15: Energy Purchased (MU) from Central Generating Stations during FY 2019-20**

Sr. No.	Particulars	Energy Projected (MU)	Energy (MU) Actuals	Difference
A	NTPC			
	Anta Gas Power Station	4.00	3.20	(0.80)
	Auraiya Gas Power Station	3.00	12.10	9.10
	Dadri Gas Power Station	18.00	40.20	22.20
	FARAKKA	41.00	38.10	(2.90)
	KAHALGAON - I	92.00	92.90	0.90
	NCPP - DADRI	37.00	24.00	(13.00)
	RIHAND - I	215.00	205.70	(9.30)
	RIHAND - II	296.00	267.00	(29.00)
	SINGRAULI	337.00	312.30	(24.70)
	UNCHAHAR - I	42.00	31.50	(10.50)
	UNCHAHAR - II	80.00	62.10	(17.90)
	UNCHAHAR - III	55.00	41.20	(13.80)
	KAHALGAON - II	300.00	307.40	7.40
	DADRI EXTENSION	35.00	28.80	(6.20)
	ARAVALI	2,598.00	545.20	(2,052.80)
	<b>Sub-Total NTPC</b>	<b>4,153.00</b>	<b>2,011.70</b>	<b>(2,141.30)</b>

B	NHPC			
	BAIRA SIUL	4.00	10.80	6.80
	CHAMERA – I	60.00	63.70	3.70
	CHAMERA – II	61.00	49.90	(11.10)
	CHAMERA – III	41.00	40.60	(0.40)
	DHAULIGANGA	47.00	56.50	9.50
	DULHASTI	83.00	75.10	(7.90)
	Parbati – III	26.00	26.60	0.60
	SALAL		-	-
	SEWA –II	21.00	25.80	4.80
	TANAKPUR	14.00	17.80	3.80
	URI	85.00	112.10	27.10
	Uri – II	55.00	71.40	16.40
	<b>Sub-Total NHPC</b>	<b>497.00</b>	<b>550.30</b>	<b>53.30</b>
C	NCPP			-
	RAPS – 5 & 6	118.00	127.60	9.60
	NPCIL – NAPS	109.00	112.20	3.20
	<b>Sub-Total Nuclear</b>	<b>227.00</b>	<b>239.80</b>	<b>12.80</b>
D	Other Stations			-
	MPL	1,948.00	1,825.30	(122.70)
	Haryana CLP Jhajjar (LT-5)	592.00	521.80	(70.20)
	DVC Chandrapur (Ext. 7 & 8)	658.00	597.50	(60.50)
	Mejia unit - 6	179.00	144.40	(34.60)
	Sasan UMPP	407.00	441.50	34.50
	KOTESHWAR HEP	38.00	36.00	(2.00)
	TEHRI HEP	63.00	58.50	(4.50)
	Nathpa Jhakri HP	200.00	207.90	7.90
	Tala HEP	32.00	24.30	(7.70)
	<b>Others Total</b>	<b>4,117.00</b>	<b>3,857.20</b>	<b>(259.80)</b>
E	State Generating Stations			-
	BTPS			-
	GTPS	171.00	134.60	(36.40)
	Pragati – I	323.00	296.00	(27.00)
	Pragati – III	761.00	797.20	36.20
	Rajghat Power House		-0.20	(0.20)
	Rithala CCPP		-	-
	<b>SGS Total</b>	<b>1,255.00</b>	<b>1,227.60</b>	<b>(27.40)</b>
F	RENEWABLE ENERGY			-
	Net metering		0.82	0.82
	SOLAR (SECI)	38.00	42.08	4.08



	Own Solar	2.00	2.04	0.04
	DMSWSL	29.00	35.27	6.27
	EDWPCL			
	TOWMCL	54.00	49.88	(4.12)
	SHEPL	48.00	49.00	1.00
	Singrauli Small Hydro	6.00	2.50	(3.50)
	<b>Renewable Total</b>	<b>177.00</b>	<b>181.59</b>	<b>4.59</b>
G	New Stations added during the year			
	SEI Solarvan		20.66	
	SEI Sooraj		16.52	
	SEI Sunshine		22.39	
	NHPPL		47.70	47.70
	THPPL		3.60	3.60
	<b>Sub total</b>	<b>-</b>	<b>110.87</b>	<b>51.30</b>
	<b>Grand Total</b>	<b>10,426.00</b>	<b>8,179.06</b>	<b>(2,246.94)</b>

\* MU scheduled to the petitioner In FY 19-20 as per invoices. Figures fetched from Audited Power Purchase Certificate Annexure A-3

### Short Term Power Purchase

During this financial year the Petitioner has purchased 2,353.90 MU through bilateral/exchange/UI/Intrastate/Banking as short-term power purchase. Out of 2,353.90 MU the Petitioner has received back 723.10 MUs of banking and purchased 4.20 MU through UI, 465.80 MU through Bilateral, 89.70 MU through intra state purchase and balance 1071.10 MU through Exchange mode. A comparative summary of sources wise short term power purchase from various sources from FY 2017-18 onwards are shown below:

**Table 3.16: Details of Short term Power Purchase**

S. No.	Particulars	FY 17-18		FY 18-19		FY 19-20*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	0	0%	0.00	0%	465.80	20%
B	Banking	449.02	70%	852.65	78%	723.10	31%
C	Exchange	133.98	21%	138.98	13%	1071.10	46%
D	Intra state	3.85	1%	34.75	3%	89.70	4%
E	UI	50.43	8%	68.36	6%	4.20	0%
F	<b>Total</b>	<b>637.28</b>	<b>100%</b>	<b>1,094.74</b>	<b>100%</b>	<b>2,353.90</b>	<b>100%</b>

\*Figures fetched from Audited Power Purchase Certificate Annexure A-3



### Short Term Power Sale

The Hon'ble Commission had projected 119 MU sale of surplus power for FY 2019-20 in its Tariff Order for FY 2019-20. However, during the year the Petitioner has sold 504.10 MU of surplus energy out of which 137.40 MU (27%) was sold through UI, 198.40 MU (39%) was banked, 134.80 MU (27%) was sold through exchange, 10.90 MU (2%) was sold through bilateral arrangement and 22.60 MU (4%) through intra-state arrangements.

A comparative summary of source wise short term power sales through various sources from FY 2017-18 onwards are shown below:

**Table 3.17: Details of Short term Power Sales**

S. No.	Particulars	FY 17-18		FY 18-19		FY 19-20*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	18.48	1%	201.97	10%	10.90	2%
B	Banking	904.17	55%	701.39	34%	198.40	39%
C	Exchange	609.76	37%	1081.87	52%	134.80	27%
D	Intra state	44.03	3%	43.80	2%	22.60	4%
E	UI	71.59	4%	57.34	3%	137.40	27%
F	<b>Total</b>	<b>1,648.03</b>	<b>100%</b>	<b>2,086.36</b>	<b>100%</b>	<b>504.10</b>	<b>100%</b>

\*Figures fetched from Audited Power Purchase Certificate Annexure A-3

4th amendment of DSM regulation came into force from 1st Jan 2019. Wherein new Clause of sustained deviation was introduced. Under sustained deviation, it became mandatory to change sign of drawl in every 6 time blocks. Non-reversal of sign attracts very high additional deviation penalty to Discom. Mandatory sign reversal led to higher UI-underdrawn i.e. UI-Sale Mu. Thus, the major reason for high UI-sale Mu is mandatory sign reversal.

### Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 5579 Cr (including cost of RE Certificates) for the gross power purchase quantum of 10,532.9 MUs in FY 2019-20 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 141.24 Cr on account of sale of 504.10 MU of surplus energy through bilateral, intra-state, UI and exchange has been adjusted against the gross power purchase cost. The Petitioner has also incurred transmission charges of Rs. 920.23 Cr.

Table 3.18: Details of Power Purchase Cost Station wise for FY 2019-20 including PY arrears

S. No	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./kWh)	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges including PY arrears (Rs. Cr.)	Avg. Rate
										(Rs./kWh)
Approved In ARR					Sought for Trued up					
A	<b>NTPC</b>									
	Anta Gas Power Station	4	9	19.49	3.24	5.84	1.17	-0.36	6.65	20.54
	Auraiya Gas Power Station	3	12	36.28	12.05	10.42	4.75	0.63	15.79	13.10
	Badarpur Thermal Power Station				-	3.06	10.53	-6.02	-13.50	-
	Dadri Gas Power Station	18	18	10.07	40.20	10.26	15.11	1.46	26.83	6.68
	Farakka Super Thermal Power Station	41	14	3.36	38.11	3.74	10.79	-0.10	14.43	3.79
	Feroze Gandhi Unchahar TPS 1	42	18	4.32	31.46	5.12	10.69	0.19	16.00	5.08
	Feroze Gandhi Unchahar TPS 2	80	35	4.37	62.10	9.19	21.45	0.93	31.56	5.08
	Feroze Gandhi Unchahar TPS 3	55	25	4.61	41.19	7.69	14.11	0.60	22.39	5.44
	Feroze Gandhi Unchahar TPS 4				-	0.05	-	0.03	0.08	-
	Kahalgaoon STPS 1	92	32	3.50	92.90	10.73	20.74	-0.01	31.46	3.39
	Kahalgaoon STPS 2	300	102	3.38	307.36	36.00	64.63	-0.09	100.54	3.27
	Koldam Hydro Power Station				-	-	-	0.00	0.00	
	National Capital Therm Pwr - Dadri 1	37	19	5.10	23.96	7.12	9.54	-3.77	12.89	5.38
	National Capital Therm Pwr - Dadri 2	35	21	5.91	28.78	8.49	10.31	-0.74	18.06	6.27
	Rihand Super Therm Pwr Stn 1	215	47	2.19	205.69	17.85	27.93	-1.37	44.41	2.16
	Rihand Super Therm Pwr Stn 2	296	59	2	266.97	18.99	36.08	-0.17	54.91	2.06
	Rihand Super Therm Pwr Stn 3				-	0.00	-	-0.09	-0.09	
	Singrauli Super Thermal Power Station	337	69	2.04	312.31	20.89	43.24	-0.83	63.30	2.03
	Talcher Super Thermal Power Station				-	-	-	0.00	-	
	<b>NTPC Total</b>	<b>1,555.00</b>	<b>480.00</b>	<b>3.09</b>	<b>1,466.30</b>	<b>175.42</b>	<b>280.01</b>	<b>-9.70</b>	<b>445.72</b>	3.04
B	<b>APCPL</b>									
	Aravali Jhajjar	2598	1544	5.94	545.23	651.75	211.29	45.29	908.33	16.66
	<b>APCPL Total</b>	<b>2,598.00</b>	<b>1,544.00</b>	<b>5.94</b>	<b>545.20</b>	<b>651.75</b>	<b>211.29</b>	<b>45.30</b>	<b>908.33</b>	16.66
C	<b>NHPC</b>									
	Bairasiul	4	2	5.35	10.77	0.87	1.00	2.20	4.07	3.78
	Chamera-I	60	11	1.81	63.70	4.84	7.30	0.51	12.65	1.99
	Chamera-II	61	11	1.88	49.87	3.76	5.05	0.33	9.14	1.83
	Chamera-III	41	16	3.85	40.64	9.07	8.51	-0.16	17.42	4.29
	Dhauliganga	47	10	2.24	56.54	8.04	8.20	-0.15	16.10	2.85
	Dulhasti	83	41	4.88	75.13	17.21	19.34	5.59	42.14	5.61

TRUE UP FY 19-20

	NHPC Water Charges							6.50	6.50	
	Parbati-III	26	13	5.11	26.60	27.91	10.92	-0.98	16.00	6.02
	Salal									
	Sewa-II	21	9	4.38	25.81	7.08	6.26	0.27	13.61	5.27
	Tanakpur	14	4	3.05	17.82	3.53	2.68	0.18	6.39	3.59
	Uri	85	13	1.55	112.14	9.09	9.30	4.61	23.00	2.05
	Uri-II	55	22	4.06	71.39	13.75	12.91	3.41	30.07	4.21
	<b>NHPC Total</b>	<b>497.00</b>	<b>152.00</b>	<b>3.06</b>	<b>550.40</b>	<b>105.15</b>	<b>69.64</b>	<b>22.30</b>	<b>197.10</b>	<b>3.58</b>
D	<b>SJVN</b>									
	Nathpa Jhakri	200	45	2.22	207.90	26.03	23.69	1.30	51.02	2.45
	<b>SJVN Total</b>	<b>200.00</b>	<b>45.00</b>	<b>2.22</b>	<b>207.90</b>	<b>26.03</b>	<b>23.69</b>	<b>1.30</b>	<b>51.02</b>	<b>2.45</b>
E	<b>THDC</b>									
	THEP (Koteshwar)	38	16	4.14	35.98	8.98	8.23	0.04	17.25	4.79
	THEP (Tehri)	63	25	3.91	58.49	13.46	16.02	0.00	29.49	5.04
	<b>THDC Total</b>	<b>101.00</b>	<b>41.00</b>	<b>4.06</b>	<b>94.50</b>	<b>22.44</b>	<b>24.25</b>	<b>0.00</b>	<b>46.74</b>	<b>4.95</b>
F	<b>CLP</b>									
	CLP Jhajjar	592	299	5.04	521.85	92.85	189.49	5.67	288.01	5.52
	<b>CLP Total</b>	<b>592.00</b>	<b>299.00</b>	<b>5.04</b>	<b>521.80</b>	<b>92.85</b>	<b>189.49</b>	<b>5.70</b>	<b>288.01</b>	<b>5.52</b>
G	<b>MPL</b>									
	Maithon Power	1948	822	4.22	1,825.29	372.31	489.21	94.73	956.25	5.24
	<b>MPL Total</b>	<b>1,948.00</b>	<b>822.00</b>	<b>4.22</b>	<b>1,825.30</b>	<b>372.31</b>	<b>489.21</b>	<b>94.70</b>	<b>956.25</b>	<b>5.24</b>
H	<b>DVC</b>									
	Chandrapura Thermal Power Station - Unit 7 & 8	658	229	3.48	597.50	97.67	140.31	-	237.98	3.98
	Mejia Thermal Power Station - Unit 6	179	84	4.72	144.42	29.07	44.16	-	73.23	5.07
	<b>DVC Total</b>	<b>837.00</b>	<b>313.00</b>	<b>3.74</b>	<b>741.90</b>	<b>126.74</b>	<b>184.47</b>	<b>0.00</b>	<b>311.21</b>	<b>4.19</b>
I	<b>NPCIL</b>									
	NAPS Unit 1 & 2	118	46	3.93	112.18	-	33.51	2.60	36.11	3.22
	RAPS Unit 5 & 6	109	32	2.97	127.58	-	50.03	2.22	52.25	4.10
	<b>NPCIL Total</b>	<b>227.00</b>	<b>78.00</b>	<b>3.44</b>	<b>239.80</b>	<b>-</b>	<b>83.54</b>	<b>4.80</b>	<b>88.36</b>	<b>3.68</b>
J	<b>Sasan</b>									
	Sasan UMPP	407	54	1.33	441.48	6.40	50.73	12.84	69.96	1.58
	<b>Sasan Total</b>	<b>407.00</b>	<b>54.00</b>	<b>1.33</b>	<b>441.50</b>	<b>6.40</b>	<b>50.73</b>	<b>12.80</b>	<b>69.96</b>	<b>1.58</b>
K	<b>Tala HEP</b>									
	Tala HEP	32	7	2.16	24.32	-	5.25	-	5.25	2.16
	<b>Tala HEP Total</b>	<b>32.00</b>	<b>7.00</b>	<b>2.16</b>	<b>24.30</b>	<b>-</b>	<b>5.25</b>	<b>-</b>	<b>5.25</b>	<b>2.16</b>
	<b>Grand Total</b>	<b>8,994.00</b>	<b>3,835.00</b>	<b>4.26</b>	<b>6,658.97</b>	<b>1,579.10</b>	<b>1,611.60</b>	<b>177.30</b>	<b>3,367.96</b>	<b>5.06</b>

**Energy availability from State Gencos**

The energy scheduled along with total cost to the Petitioner during FY 19-20 from the generating stations based in Delhi is summarized in the table below:

**Table 3.19: Details of Power Purchase Cost Station wise without PY arrears for FY 2019-20**

S. No	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./kWh)	Energy (MU)	Fixed Charges	Variable Charges	Other Charges	Total cost including PY arrears	Avg. Rate (Rs./kWh)
A	<b>State Generating Stations</b>									
	Gas Turbine Power Station (GTPS)	171	119	6.96	134.64	40.53	64.55	0.36	104.72	7.78
	IP Station				-	9.51	-	17.67	27.18	
	Pragati Power Station - I	323	173	5.36	295.98	30.99	163.69	0.16	194.84	6.58
	Pragati Power Station - III, (Bawana)	761	545	7.16	797.21	468.78	303.78	67.14	839.70	10.53
	Rajghat Power House				0.15	-	0.40	5.26	4.86	
	Rithala CCPP				-	2.16	-	-	2.16	
	<b>Total SGS</b>	<b>1,255.00</b>	<b>837.00</b>		<b>1,227.68</b>	<b>547.65</b>	<b>531.62</b>	<b>89.87</b>	<b>1,169.14</b>	<b>9.52</b>

### Renewable Purchase Obligation

The Petitioner would like to submit that the Hon'ble Commission vide notification dated 01<sup>st</sup> Oct' 2012 mandated that all the obligated entities have to meet certain specified percentage of energy through renewable energy.

Further, the Hon'ble Commission in its Business Plan Regulations, 2017 has prescribed the given below RPO trajectory to be met by Delhi Discom's for FY 17-18 to FY 19-20. Extract of the relevant Regulation is reproduced below:

#### **27. TARGET FOR RENEWABLE PURCHASE OBLIGATION**

*(1) The targets for Renewable Purchase Obligation (RPO) in terms of Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 of a Distribution Licensee from FY 2017-18 to FY 2019-20 shall be computed **as a percentage of total sale of power to its retail consumers in its area of supply excluding procurement of hydro power**. The target for Renewable Purchase Obligation shall be as follows:*

Table 3.20: Targets for Renewable Purchase Obligation

Sr. No	Particulars	2017-18	2018-19	2019-20
1	Solar Target (minimum)	2.75%	4.75%	6.75%
2	Total	11.50%	14.25%	17.00%

(2) The Distribution Licensee shall comply with its RPO through procurement of either Solar energy or combination of Solar energy and Non-Solar energy with minimum purchase of Solar energy as specified in the table above:

Provided that the Distribution Licensee may purchase solar energy in excess of the minimum solar Target as specified in aforesaid sub-Regulation (1),

Provided further that the Distribution Licensee may purchase Renewable Energy Certificate ('REC') for any shortfall in meeting their total RPO targets for any financial year within three months from the date of completion of the relevant financial year.

(3) Renewable Energy generation recorded through Renewable Energy meters installed in the premises of net metering Consumers shall be deemed to be part of RPO of the Distribution Licensee as specified in Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014, for the relevant year:

....."

Table 3.21: Meeting of pending RPO obligations at the end of FY 2019-20

Particulars	RPO requirement for FY 19-20*		
	Solar	Non Solar	Total Rs Cr
Total Billed Sales			9,085.73
Less- units from Hydro			877.12
Balance Billed sales to be met through RPO obligation			8,208.61
RPO obligation (%)	6.75%	10.25%	17.00%
A. Total RPO to be met – Mu	554	841	1395
B. RPO to be met through Tied up Quantum- Mu	127	188	315
a) Gross Generation (Rooftop Solar)	23.34		
b) Sun Edison	59.56		
c) SECI Solar	42.06		
d) TPDDL Own Solar	2.04		
e) TOWMCL		49.88	
f) DMSWSL		35.27	



g) SHEPL (Surya Kanta Small Hydro)		48.98	
h) NHPPL (Nanti Small Hydro)		47.69	
i) THPPL (Taranda Small Hydro)		3.56	
j) Singrauli Small Hydro		2.50	
C. Non Solar RPO met through tied up quantum (HPSEB) – Mu		287	287
D. Shortfall of RPO obligation – Mu	427	366	793
E. REC purchased – Mu	225	294	519
F. Adjustment done from Q1 FY 2020-21	202	72	274
G. Balance to be met from the short term physical power received during FY 2020-21 – Mu	0	0	0.00
Balance REC yet to be purchased – Mu	0	0	0
<b>H. REC purchased (corresponding to 225 Mus Solar and 294 Mus Non-Solar) - Rs. Crs.</b>	<b>61.01</b>	<b>68.55</b>	<b>129.56</b>
<b>I. Provision created in FY 19-20 for purchase of RE certificates – Rs Cr.</b>			<b>8.62</b>

\*information already shared with the Hon'ble Commission

### Details of Short Term Power Purchase

During this financial year the petitioner has procured 2353.92 MU through bilateral/exchange/UI/Intrastate/Banking under short-term power purchase.

**Table 3.22: Details of Short term Power Purchase in FY 2019-20**

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Purchase	89.72	3.12	27.99
B	IEX Purchase	1071.08	3.13	335.39
C	Banking Purchase	723.06	2.64	190.69
D	DSM Purchase	4.22	6.47	2.73
E	Bilateral Purchase	465.84	4.40	205.05
<b>F</b>	<b>Short Term Purchase Total</b>	<b>2353.92</b>	<b>3.24</b>	<b>761.85</b>

Further the Hon'ble Commission in its Regulation 121(3) has stated that the distribution licensee has to follow the normative cost of banking transactions at the rate of average power purchase cost of the portfolio of the distribution licensee.

It is further mentioned that the Hon'ble Commission in its various Tariff Orders has mentioned that banking transaction are revenue neutral transactions, hence, all banking transaction should be done at one rate only.

However, previously the Petitioner in its accounts has followed the following methodology for accounting of banking transactions. The Petitioner while banking the units with the other utility

record the transaction at normative cost say Rs 2.75/unit. At the time of return of the said banked units along with extra unit if any, recorded the transactions equal to the value recorded at the time on inception of transaction, thus, not considering the impact of additional units, which are reimbursed by the other utility towards cost of funding the time lag between the payment to generator and sale of actual units. For example: If the utility has banked 100 MUs then for the purpose of recording the transaction in books of accounts, it has considered notional value of Rs. 40 Cr. (i.e. 100 Mus \* Rs 4/unit). At the time of return of those banked units the other utility has returned 104 MUs. However in order to nullify the said transaction for accounting purpose the original utility has kept the value Rs 40 Cr. by reducing the notional rate of Rs 4/unit to Rs. 3.84/unit in its books of account. As the statutory auditor has certified the power purchase cost based on books of account, hence, has certified return of banked units of 723.10 MUs @ reducing cost of Rs 2.64/unit against the notional cost of Rs 2.75 /unit.

Therefore, for the purpose of truing up of banking transaction, the Petitioner is seeking return of banking transaction at notional rate of Rs. 2.75 per unit. Impact of the same is given in table below:

**Table 3.23: Details of Short term Power Purchase**

S. No.	Short Term Purchase	MOU	Units (MU)	Amount (Rs Cr)
A	Banking Purchase/refund	MUs	723.10	190.69
B	Rate Considered	Rs./unit		2.64
C	Notional Rate to be considered	Rs./unit		2.75
D	Additional Impact to be computed for the purpose of ARR	Rs Cr.		8.11

**Details for Short Term Surplus Power Sale**

During the year the petitioner has sold 504.05 Mus at the average rate of Rs 2.81 per unit. The source wise summary of sale of surplus power during the FY 2019-20 is shown below:

with you *Don't Stop*



Table 3.24: Details of Short term Power Sales

S. No.	Particulars	FY 19-20		
		Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Sale	22.57	4.63	10.46
B	IEX Sale	134.82	3.72	50.09
C	Banking Sale	198.37	2.75	54.50
D	Bilateral sale	10.91	4.57	4.99
E	DSM Sale	137.38	1.56	21.38
<b>F</b>	<b>Short Term Sale Total</b>	<b>504.06</b>	<b>2.81</b>	<b>141.42</b>

### Transmission Charges

The Petitioner has incurred transmission charges of Rs. 920.23 Cr. The party wise breakup of the transmission charges is given in the table below:

Table 3.25: Summary of Transmission charges for FY 19-20

S No.	Name of Station-Particulars / Party Name	Amount (Rs. Cr.)
<b>A</b>	<b>PGCIL TRANSMISSION CHARGES</b>	
	PGCIL POC BILL-Power Grid Corporation of India Ltd.	461.17
	PGCIL POC BILL 3	148.28
	PGCIL Non PoC	18.24
<b>B</b>	<b>DTL/ SLDC TRANSMISSION CHARGES</b>	
	DTL-Wheeling Charges	275.12
	DTL-NRLDC Charges	1.31
	DTL-Application Charges	0.10
	DTL-Reactive Energy Charges	7.35
	DTL-SLDC Charges	2.55
	DTL-STOA Credit	-135.95
<b>C</b>	<b>OTHER TRANSMISSION CHARGES</b>	
	Banking Purchase STOA	33.12
	Banking Sale STOA	7.00
	BBMB Charges	0.43
	Bilateral purchase STOA	24.97
	Bilateral sale STOA	0.36
	Chandrapura Thermal Power Station - Unit 7 & 8 Tx Charges	1.56
	CLP Jhajjhar Tx charges	-0.01



IX Purchase STOA	46.46
IX Sale STOA	4.73
Maithon Power Tx Charges	0.38
Mejia Thermal Power Station - Unit 6 Tx Charges	0.20
NAPS Unit 1 & 2 NRLDC	0.00
NHPPL- Transmission	3.80
NTPC TRANSMISSION Charges	0.21
SECI- SLDC	0.03
SECI- Transmission	1.97
SHEPL- Transmission	6.21
THEP (Koteshwar)- NRLDC Charges	0.01
THEP (Tehri)-NRLDC Charges	0.01
CLP Jhajjar Tx Charges	7.71
SEI- Transmission	2.03
THPPL- Transmission	0.87
RAPS Unit 5 & 6 NRLDC	0.01
<b>Grand Total</b>	<b>920.23</b>

### Normative Rebate

The Hon'ble Commission in its Tariff Determination Regulations, 2017 has specified that

*"119. Distribution Licensee shall be allowed to recover the net cost of power purchase from long term sources who's PPAs are approved by the Commission, assuming maximum normative rebate available from each source, for supply to consumers."*

The Hon'ble Commission in its Tariff Order FY 2019-20 has considered 2% and 1.50% normative rebate and approved power purchase cost net of rebate. Following the same principle of normative rebate of 2% and 1.50%, the Petitioner has computed net normative rebate.

It is worth to mention that COVID-19 crisis has also impacted operating cycle of the Petitioner. The Petitioner's billing and collections had dropped to such a level, where the Petitioner was finding it difficult to make regular payment to power supply/ transmission companies and has resorted to bill discounting option therefore has not been in a position to avail any such rebate which was available if the payment was made on presentation of power purchase supply/ transmission bill. Thus, the Petitioner has computed net normative rebate of Rs 83.49 Cr after considering such amount pertaining during the COVID-19 period.

with you



Table 3.26: Summary of Normative Rebate for FY 19-20

(Rs. Cr.)

SI No.	Vendor	Maximum Normative Rebate (in %) (A)	Rebatable Amt (B)	Rebatable Amt (not availed due to Covid19) (C)	Amount offered as normative rebate [D=(B-C)*A]
<b>A</b>	<b>Towards Power Purchase</b>				
1	APCPL	1.50%	928.88	64.54	12.97
2	DTL (LT) *	2.00%	138.95		5.50
3	DVC	1.50%	312.82	54.13	3.88
4	DMSWSL	2.00%	24.80		0.50
5	KEIPL	2.00%	204.97		4.10
6	IPGCL	2.00%	136.75	20.91	2.32
7	NHPC	1.50%	175.06	21.55	2.30
8	NHPPL	1.50%	20.50		0.31
9	NPCIL	2.50%	85.92	12.89	1.83
10	NTPC	1.50%	449.96	40.17	6.15
11	PGCIL *	1.50%	607.68	65.49	8.91
12	PPCL I	2.00%	194.77	28.40	3.33
13	PPCL III	1.50%	839.78	174.46	9.98
14	PTC	0.01paisa/KWh for energy from tala	5.25		0.02
15	SASAN	1.50%	57.67		0.87
16	SEI SUNSHINE	1.50%	8.86		0.13
17	SEI SOLARVANA	1.50%	8.18		0.12
18	SEI SOORAJ	1.50%	6.54		0.10
19	SJVNL	1.50%	48.50		0.73
20	SHEPL	1.50%	18.62		0.28
21	TARANDA HYDRO	1.50%	1.53		0.02
22	THDC	1.50%	46.76	6.87	0.60
23	TOWMCL	2.00%	32.03		0.64
24	TPTCL	1.50%	1275.78	74.28	18.02
	<b>Total (A)</b>		<b>5630.56</b>	<b>563.70</b>	<b>83.59</b>
	<b>Towards Sale of Power</b>				
1	GMR	2.00%	4.99		0.10
	<b>Total (B)</b>		<b>4.99</b>		<b>0.10</b>
	<b>Grand Total (A)-(B)</b>		<b>5625.57</b>	<b>563.70</b>	<b>83.49</b>

\* Normative rebate has been offered on gross bill (Rs 274.89 cr) excluding STOA amount & for PGCIL gross bill (Rs 659.48)



### Incentive on Sale of surplus Power

The Hon'ble Commission in its Business Plan Regulations, 2017 issued by Hon'ble DERC on the Incentive on Sale of surplus Power. The same has been reproduced below for ready reference:

#### "29. INCENTIVE SHARING MECHANISM FOR SALE RATE OF SURPLUS POWER

- (1) *The computation of incentive for Sale Rate of Surplus Power in terms of the Regulation 165 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensees shall be as follows:*
- i. The variable cost of the generating station for which power is surplus and required to be sold through **Power Exchanges** shall be considered as the previous month's billed variable cost of such generating station.*
  - ii. The variable cost of the generating station for which power is surplus and required to be sold through **Banking and Bilateral arrangements** shall be considered as the previous month's billed variable cost of such generating station prevalent at the date of entering into such contracts.*
  - iii. The incentive shall be the product of Rate difference (Actual Sale Rate-Variable Cost) and Quantum of Power actually sold."*

Accordingly the Hon'ble Commission is requested for doing true up of the incentive of Rs. 6.88 Cr as per MYT Regulations, 2017. Due to very voluminous data, information for slot wise computation of incentive amount would be shared with third party auditors/ the Hon'ble Commission during the course of prudence check.

Further in order to meet RPO obligations an amount of Rs 157.3 Cr. has been incurred towards purchase of RE certificates. The Petitioner has clubbed the said amount in the normal Power Purchase Cost of FY 2019-20. Thus, arrived at total audited power purchase cost of Rs. 6,358 Cr for FY 2019-20. It is worth to mention that certain GST bills pertaining to REC purchase are pending and will be claimed as and when the Petitioner receives them. Given below is the energy balance approved by DERC and the corresponding cost incurred by the Petitioner.

**Impact of Other Adjustments required to be done**

**A) Negative Power Purchase cost of Rithala Power Plant for FY 2019-20 of Rs 2.16 Cr.**

The Petitioner would like to mention that in FY 2019-20, an adjustment entry related to previous years for Rs. (2.16) Cr. has been passed in its books of accounts. The said amount is reflected in Table 3.19, which already forms part of Audited Power Purchase Cost for FY 2019-20.

The Hon'ble Commission had already issued separate True up Tariff Order for Rithala on 11<sup>th</sup> Nov, 2019, hence, for the purpose of Truing up of FY 2019-20, the said amount is excluded from the total power purchase cost of FY 2019-20.

**B) Negative Power Purchase cost of TPDDL Solar Power Generation for FY 2019-20 of Rs. 7.89 Cr.**

The Petitioner would like to mention that in FY 2019-20, an adjustment entry related to previous years for Rs. (7.89) Cr. has been passed in the books of accounts for redetermination of tariff in line with the Hon'ble APTEL judgement in Appeal 82 of 2015 dated 16<sup>th</sup> April'19. Also, for FY 19-20 the cost of TPDDL Solar Power Generation Plant was Rs 2.39 Cr, hence net amount of Rs. (5.50) Cr. forms part of Audited Power Purchase Cost for FY 2019-20.

Thus, Rs. (7.89) Cr. amount is excluded from the total power purchase cost of FY 2019-20.

**C) REC Purchase of Rs. 20.07 Cr for RPO Compliance of FY 18-19 Purchase in FY 19-20**

The Petitioner would like to mention that for FY 2018-19, the total REC purchase for meeting RPO compliance was Rs.156.32 Cr. For the same the Petitioner had created provision for Rs. 134.40 Cr in FY 18-19. Thus, the balance cost of Rs. 20.07 Cr is booked in FY 19-20.

Thus, Rs. 20.07 Cr pertaining to FY 18-19 REC purchase is not excluded from total power purchase cost of FY 2019-20 and it is requested to the Hon'ble Commission to allow the same as part of FY 19-20 power purchase cost.

Based on all above submissions, the net energy balance for FY 2019-20 comes as below:

**Table 3.27: Power Purchase Cost for FY 2019-20**

Particulars	as per the Hon'ble Commission			as per the Petitioner			Reference
	MU	(Rs Cr)	Rs/kWh	MU	(Rs Cr)	Rs/kWh	
Power Purchase from CSGS	8,994.00	3,835.00	4.26	6,658.97	3,367.96	5.06	Table 3.18
Short Term Power Purchase				2,353.92	761.85	3.24	Table 3.22
Power Purchase -- Delhi Gencos	1255.00	837.00	6.67	1227.68	1169.14	9.52	Table 3.19
RPO Obligations	439.00	215.00		292.37	122.63	4.19	
Cost of REC certificate -- towards RPO compliance FY 18-19 & FY 19- 20		122.00			157.31		
Gross Power Purchase Cost	10,688.00	5,009.00	4.69	10,532.93	5,578.89	5.30	
Add: Transmission Charges							
PGCIL charges	154	481		277.16	627.69		Table 3.25
DTL charges (including Pension Trust)	97	264			150.48		
Other transmission charges					142.06		
Less: Surplus Power sold / Banked / UI sales	119	45	3.78	504.06	141.42	2.81	Table 3.24
Power Purchase Cost (Audited)	10,318.00	5,709.00	5.53	9,751.72	6,357.70	6.52	
Less- Net Normative Rebate on power purchase		91			-69.08		Table 3.26
Less- Rebate on account of Transmission charges					-14.41		
Less- Rithala Impact					2.16		Table 3.19
Less- TPDDL Solar adjustment					7.89		
Add-Incentive on Sale of Surplus Power					6.88		
Add- Normative additional units of power Banking @ 2.90/unit					8.11		Table 3.23
Net Power Purchase Cost	10,318.00	5,618.00	5.44	9,751.72	6,299.25	6.46	





**Operation and Maintenance (O&M Expenses)**

Regulation 87 of Tariff Regulations, 2017 provided that " *The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Assets as specified by the Commission in the Business Plan Regulations for the respective Control Period.*

*Provided that the Normative O&M Expenses for the respective Control Period shall not be trued up.*

*Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M Expenses."*

Further Regulation 92 provided that "Normative Operation and Maintenance expenses of a Distribution Licensee shall consist of

- a) Employee Expenses,
- b) Administrative and General Expenses, and
- c) Repair and Maintenance Expense."

*In the Business Plan Regulations, 2017 the Hon'ble Commission in its Regulations 23(1) has determined year wise normative O&M expenses for the Petitioner for the current control period. Relevant extract of the table of normative O&M expenses is given below:*

**O&M Expenses for TPDDL for the Control Period**

Particulars	Unit	2017-18	2018-19	2019-20
66 kV Line	Rs. Lakh/ckt.km	3.297	<b>3.482</b>	3.678
33 kV Line	Rs. Lakh/ckt.km	3.297	<b>3.482</b>	3.678
11 kV Line	Rs. Lakh/ckt.km	0.862	<b>0.910</b>	0.961
LT Line System	Rs. Lakh/ckt.km	6.372	<b>6.730</b>	7.107
66/11 kV Grid S/s	Rs. Lakh/MVA	0.927	<b>0.979</b>	1.034
33/11 kV Grid S/s	Rs. Lakh/MVA	0.927	<b>0.979</b>	1.034
11/04.15 kV DT	Rs. Lakh/MVA	1.326	<b>1.400</b>	1.479

Thus computation of Normative O&M expenses for FY 2019-20 based on the above table is computed as below:

**Table 3.28: Normative O&M Expenses for FY 2019-20** (Rs Cr.)

Particulars	Unit	2019-20 Rate	Capacity	Capacity as on 31.03.2020	Amount in Rs Lacs
66 kV Line	Rs. Lakh/ckt.km	3.678	Ckt.km	540.08	41.67
33 kV Line	Rs. Lakh/ckt.km	3.678	Ckt.km	592.89	
11 kV Line	Rs. Lakh/ckt.km	0.961	Ckt.km	6,868.28	66.00
LT Line System	Rs. Lakh/ckt.km	7.107	Ckt.km	7,292.75	518.30
66/11 kV Grid S/s	Rs. Lakh/MVA	1.034	MVA	2986.5	51.12
33/11 kV Grid S/s	Rs. Lakh/MVA	1.034	MVA	1957	
11/04.15 kV DT	Rs. Lakh/MVA	1.479	MVA	6102.30	90.25
<b>Total</b>					<b>767.34</b>

Further, Regulation 26(4) of the Business Plan Regulation, 2017, specify that "Impact of any statutory Pay revision on employee's Cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Distribution Licensees and shall be allowed by the Commission after prudence check at the time of true up of ARR for the relevant financial year."

Thus, the Petitioner is seeking trueing up of the following expenses over and above the normative O&M expenses being uncontrollable in the hands of petitioner.

**A) Expenses allowed on actual basis**

It is worth to mention that following additional expenses are either statutory in nature or done in the interest of the consumer or uncontrollable in the hands of Petitioner. Hence, the Petitioner has sought these expenses over and above the normative expenses on actual basis.

Considering the submission made by the Petitioner before the Hon'ble APTEL in Appeal 246 of 2014, the Hon'ble APTEL agreed with TPDDL contentions and decided the issue in favour of TPDDL. Relevant extract of the Judgment of 246 of 2014 is given below:

"16.4.1 We have carefully gone through the rival submissions of learned counsel for the Appellant and learned counsel for the Respondent Commission and also taken note of the findings of this Tribunal in its judgment dated 10.02.2015 in Appeal No. 171 of 2012. It is not



*in dispute that the Appellant has actually incurred various expenses as claimed by it in the petition which the State Commission has disallowed while truing up for FY 2012-13 giving reasoning that these expenses are controllable. It is, however, seen that many of the expenses so claimed by the Appellant are in the category of uncontrollable in nature and need to be looked into by the Commission by adopting a judicious approach instead of disallowing all of them in totality.....*

*Accordingly, we decide this issue in favour of the Appellant."*

Thus, in line with the Hon'ble APTEL Judgment, the Petitioner seeks the following claims for FY 19-20.

### 1. License Fees

As per clause 12.1, of the Distribution and Retail Supply License, the Petitioner is required to pay annually 0.05% of amount billed of previous year as license fees to the Hon'ble Commission. Since the same is linked to sales which is uncontrollable and is trued up, the license fee too needs to be trued up.

**Table 3.29: Computation of License fee to be allowed on actual basis (Rs Cr)**

S No.	Licensee fees Computation	Amount	Remarks
A	Billed Sale for Previous Year - as per P&L accounts	7,430.53	
B	License fee @ 0.05% based on billed sale of previous year	3.72	Refer note no 36.3 of the Audited financial statement
C	Allowed on Normative basis	3.64	
D	<b>Balance amount to be realized</b>	<b>0.08</b>	

It is worth to mention here that as per clause 12.4 of the Distribution & Retail Supply License, the licensee shall be entitled to recover actual license fees paid to the Hon'ble Commission. The relevant para of the same is reproduced below:



*"The Licensee shall be entitled to take into account any fee paid by it under this Clause 12 as an expense in the determination of aggregate revenues made in accordance with Clause 24, but shall not take into account any interest paid pursuant to Clause 12.3." (Emphasis supplied)*

Thus, the additional amount spent on this account of Rs. 0.08 Cr may be allowed as part of ARR for FY 2019-20.

## 2. Land Licensee fees towards Grid

The license fee is applicable as per the rates decided by GoNCTD for using Land to construct new grids/ substations for the purpose of serving the need/growth of consumers. Every year the Petitioner has to pay licensee fee to GoNCTD for all its grids/sub-stations. During FY 19-20 the Petitioner has incurred an amount of Rs. 11.42 Cr towards land licensee fee on yearly basis. This land license fee is payable based on area of grids/sub-stations multiply with the specified rates, thus, it is in the nature of statutory levies and uncontrollable in the hands of the Petitioner.

Further, Proviso of Regulation 87 of the Tariff Regulations, 2017, clearly states that "Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M Expenses."

**Table 3.30: Computation of Land License fee to be allowed on actual basis**

			(Rs Cr)
S. No.	Land Licensee fee	Amount	Remark
A	Amount Actually paid	11.42	Refer note no 36.3 of the Audited financial statement
B	Allowed on Normative basis	3.06	
C	<b>Balance amount to be realized</b>	<b>8.36</b>	A-B

Based on the above submission and facts, the Petitioner requests to the Hon'ble Commission to allow differential amount of Rs. 8.36 Cr towards Land licensee fee, as the same is uncontrollable and statutory in nature.

### 3. Other Statutory Levies/ Taxes (other than Corporate Income Tax)

#### A) Interim Relief for FRSR Employees

The Hon'ble Commission in its Business Plan Regulations has clearly specified that change in O&M expenses due to statutory requirement like 7<sup>th</sup> Pay Commission impact will be trued up on actual basis. In order to comply with the recommendations of Wage Revision Committee for disbursement of Interim Relief w.e.f. 01.01.2016 and for payment of other allowance w.e.f. 01-07-2017, which has been approved by the Govt. of NCT of Delhi, Department of Power vide their Order No. F.11 (62)/2015/Power/Pt-I/2116 dated 26-07-2017, the Petitioner in FY 2019-20 had paid an interim relief of Rs. 37.56 Cr to FRSR employees (net of 10% capitalization).

In addition to above the petitioner has made a corresponding incremental provision of Rs. 13.94 Cr (net of 10% capitalization) for increase in FRSR employees leave salary contribution and pension contribution.

Based on above submission, the Petitioner has therefore seeking provisional impact of 7<sup>th</sup> Pay Commission as under:

Particulars	Amount Rs Cr	Remark
Interim Relief towards- 7th Pay Commission- FRSR	37.56	Refer note no 36.3 (c) of Audited Financial Statement
Provisional impact of LSC/PSC- 7th Pay Commission- FRSR	13.94	
Total	51.50	

#### B) Incremental Impact of GST

Regulation 87 of Tariff Regulations' 2017 for 3<sup>rd</sup> MYT Control Period provides that:

*"Provided further that the water charges, statutory levy and taxes under O&M expense if indicated separately in the audited financial statement shall not form part of normative O&M expenses."*

In reference to above Regulation, Tata Power-DDL submits that the Goods & Services Tax, that came into effect from 01.07.2017 by subsuming the Service Tax and Other Acts, thus falls under the definition of Change in Law and any financial impact if any has to be allowed to DISCOM on actual basis.



Definition of Change in law as per Regulation 2(18) of the DERC Tariff Regulations, 2017 as under:

- (18) "**Change In Law**" means occurrence of any of the following events:
- (a) Enactment, bringing into effect or promulgation of any new Indian law; or
  - (b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
  - (c) change in interpretation or application of any Indian law by a Competent Court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
  - (d) change by any competent authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or
  - (e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government/s or international convention or protocol having implication for the generating station or the transmission system regulated under these Regulations;

GST is to be considered as a new enactment because it is altogether a different Law having its different rules, regulations and guidance. Due to this change in law, Rate of Indirect Tax for most of the services availed by Utilities has been increased to 18% from the earlier rate of 15%. Due to this increase in rate there has been an additional impact on the Landed cost of various services availed by DISOCMS to run its business efficiently & effectively, therefore, any financial impact of the same has to be considered by this Hon'ble Commission.

It is further clarified that GST is a Statutory Tax/levy, therefore, applicability of which cannot be avoided by any utility and hence the impact of which cannot be controlled by the Petitioner, thus, it is covered under the proviso of Regulation 87 which provides as under:

*"Provided further that the water charges, statutory levy and taxes under O&M expense if indicated separately in the audited financial statement shall not form part of normative O&M expenses."*

CERC has already recognized the enactment of GST Act as Change in Law and allowed

Genco's/ Transco's to claim additional financial impact of change in tax rate on normative O&M expenses from the beneficiaries.

Based on above submission and considering its statutory nature, the Hon'ble Commission is requested to consider **the incremental impact** of the GST for Rs 11.11 cr. for FY 2019-20 on account of change in law event as computed below.

Nature of tax	Taxes
<b>A For Financial Year 2019-20</b>	
GST/ ST Amount in Rs Cr – A (As per Audited Certificate to be provided during Prudence Check)	Rs 37.23 Cr.
<b>B For Financial Year 2016-17</b>	
Service tax	Rs. 19.84 Cr.
Further , adjusted for the following impact	
(i) Impact of escalation for three years	5.61%
(ii) Impact of network growth for three years	11.77%
<b>Normative amount of Taxes allowed – B</b>	<b>Rs. 26.12 Cr</b>
<b>Incremental Impact (A-B)</b>	<b>Rs. 11.11 Cr.</b>

#### D) Impact of Increase in Minimum Wages

During the FY 2019-20, Tata Power- DDL has incurred an amount of Rs 23.13 Cr. towards the impact of increase in the Minimum Wages as announced by the Delhi Government vide Delhi Gazette Notification No. 85 dated 03.03.2017. Copies of the Gazette Notification regarding Minimum Wages along with the previous year Gazette Notification are annexed hereto and marked as **Annexure A-4** As the said Gazette Notification was issued only on 03.03.2017, thus, it could not have been factored into account by the Hon'ble Commission while notifying the DERC Tariff Regulations, 2017 as the normative O&M expenses were premised on the data provided by the Petitioner till FY 2015-16 and there has been an unprecedented increase of 37%% in the Minimum Wages as opposed to the ~5.61% escalation being allowed by the Hon'ble Commission resulting into practical difficulties to



honour service contract by the Vendors. Comparative Chart showing Year on Year increase in Minimum Wages Rates since FY 2012-13 onwards is given below:

Comparative table showing annually increase in Minimum Wage

Category	Apr-12	Apr-13	Apr-14	Apr-15	Apr-16
Unskilled	7020	7722	8554	9048	9568
Semi Skilled	7748	8528	9438	10010	10582
Skilled	8528	9386	10374	10998	11622
Non – Matriculates	7748	8528	9,438	10,010	10,582
Matriculates but Non Graduates	8528	9386	10,374	10,998	11,622
Graduates & Above	9282	10218	11,310	11,986	12,662
Un Skilled (%) increase		10%	11%	6%	6%
Semi Skilled (%) increase		10%	11%	6%	6%
Skilled (%) increase		10%	11%	6%	6%
Non - Matriculates (%) increase		10%	11%	6%	6%
Matriculates but Non Graduates (%) increase		10%	11%	6%	6%
Graduates & Above (%) increase		10%	11%	6%	6%

Table showing unprecedented increase of 37% especially in March 2017 against the normal annual increase

Sr. No	Dates of revision	Unskilled		Semi Skilled		Skilled		Non - Matriculates		Matriculates but Non Graduates		Graduates & Above	
		Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase
1	1st Apr'14	8,554		9,438		10,374		9,438		10,374		11,310	
2	1st Oct'14	8,632	0.91	9,542	1.10	10,478	1.00	9,542	1.10	10,478	1.00	11,414	0.92
3	1st Apr'15	9,048		10,010		10,998		10,010		10,998		11,986	
4	1st Oct'15	9,178	1.44	10,140	1.30	11,154	1.42	10,140	1.30	11,154	1.42	12,142	1.30
5	1st Apr'16	9,568		10,582		11,622		10,582		11,622		12,662	
6	1st Oct'16	9,724	1.63	10,764	1.72	11,830	1.79	10,764	1.72	11,830	1.79	12,870	1.64
7	3rd Mar'17	13,350	37.29	14,698	36.55	16,182	36.79	14,698	36.55	16,182	36.79	17,604	36.7
8	1st Apr'17	13,584	1.75	14,958	1.77	16,468	1.77	14,958	1.77	16,468	1.77	17916	1.77



It is further clarified that it is a statutory levy. Govt of NCT has increased the minimum wages by approx. 37% in addition to the normative increase allowed in usual course and thus, resulting into increase in O&M expenses for DISCOMS. Hence, the incremental impact has to be allowed additionally over and above the normative O&M Expenses being it is statutory in nature and cannot be controlled by the Petitioner.

It is noteworthy to mention that proviso of Regulation 87 of Tariff Regulations, 2017 states that

*"Provided further that the water charges, statutory levy and taxes under O&M expense if indicated separately in the audited financial statement shall not form part of normative O&M expenses."*

Based on above submissions, the impact of unprecedented increase in minimum wages of Rs. 23.13 Cr is to be allowed on actual basis.

#### **E) Allowance of Financing Charges**

Regulation 87 of Tariff Regulations, 2017 specify that *"The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Asset as specified by the Commission in the Business Plan Regulations for the respective Control Period:"*

With respect to above, the Petitioner wants to clarify that financing charges towards raising of loans for funding of working capital and Regulatory assets are never formed part of base year normative expenses, thus, the Petitioner now claims the financing charges of Rs 1.66 Cr on actual basis.

**Table 3.31: Total amount of financing charges**

Particulars	Amount (Rs Cr)
Total Financing charges	1.66

*(Refer Note no 35 (e) of Audited Financial Statements attached as Annexure A-2 in Volume II of the Petition)*

It is respectfully submitted to the Hon'ble Commission to allow an amount of Rs 1.66 Cr on account of financing charges.

**F) Property Tax**

TPDDL has been subjected to and held liable for payment of property tax in respect of properties which were transferred to it as licensee through Delhi Electricity Reforms Act-Transfer Scheme Rules 2001, after a protracted legal battle.

The Hon'ble Commission in its Tariff Order dated 31.07.2019 had agreed on the submission made by the Petitioner to allow the Property tax, as this expense is not a part of base year expenses, therefore, to be allowed over and above the normative O&M expenses.

North MCD has issued assessment order of property tax for FY 2019-20 which was paid by Tata Power-DDL. The amount of property tax paid is given in table below:

**Table 3.32: Property Tax for FY 2019-20 (Rs Cr)**

Financial Year	Amount (Rs Cr)
Total Property Tax paid	1.98

Based on above submission, it is requested to the Hon'ble Commission to allow an amount of Rs 1.98 Cr. towards property tax based on actuals as the same is not a part of normative O&M Expenses.

**4. Other Expense not forming part of Base year expenses at the time of Normative O&M expenses determination****A) SMS Charges**

The Hon'ble Commission vide its letter dated 13.01.2016 (Copy attached as **Annexure A-5** in Volume II of the Petition) had issued directive to send the SMS to consumer on various occasions. In order to comply the said directive, Tata Power DDL has incurred an amount of Rs 1.32 Cr toward SMS charges in FY 2019-20. The said expenses are incurred on the direction of the Hon'ble Commission therefore it is requested to allow the same as a part of other expenses.

As these expenses are not factored while computing the normative O&M expenses for FY 2019-20, hence the Petitioner is requesting to the Hon'ble Commission to allow Rs. 1.12 Cr (without GST) over and above the normative O&M Expenses.

### **B) PRI Lines**

The Hon'ble Commission vide its letter dated 07.04.2017 (copy attached as **Annexure A-6** in Volume II of the Petition) has directed to enhance PRI Lines and clearly specified that any additional expense if done it shall be allowed additionally over and above the normative O&M expenses.

During the FY 2019-20, Tata- Power DDL has incurred an amount of Rs. 1.41 Cr (including GST) towards PRI Lines. Therefore, it is requested to the Hon'ble Commission to allow Rs. 1.19 Cr additionally (without GST) over and above normative O&M Expenses.

### **C) Legal Expenses**

While fixing the normative O&M expenses, the Hon'ble Commission has not considered Legal Expense of the DISCOMs. Further in SOR, the Hon'ble Commission has specified that it shall allow the legal expense on actual basis after making a prudence check on legal expenses.

Non allowance of legal expenses amounts to curtailment of Statutory Right of the Petitioner to challenge the decisions of the Commission and is against the principle of natural justice as well the same is against Article 14 of the Constitution of India. The distribution business is a regulated business under the aegis of this Commission. The majority of issues in Distribution Business will arise out of orders/ directions issued by the Commission. In all such case, the Petitioner has right to challenge the same before the Hon'ble High Court, Hon'ble Appellate Tribunal for Electricity and Hon'ble Supreme Court thereafter. The final Judgment passed at the Appellate stage will be binding on both the DISCOM as well as the Hon'ble Commission. Therefore, all legal expenses without any distinction should be allowed as an expense in the ARR.



During the FY 2019-20, the Petitioner has incurred an amount of Rs. 14.95 Cr (**net of BD Expenses**) under the head Legal and Professional Expenses. Given below is the sub-head wise bifurcation of aforesaid Legal and Professional Expenses where Professional expenses includes expenses incurred during the normal course of business as part of legal expenses like Auditors expenses, consultancy and professional charges.

**Table 3.33: Legal Expenses for FY 2019-20**

		(Rs Cr)
S. No.	Particulars	Amount
A	Auditor Expenses	0.77
B	Other Misc. Legal Exp.	0.01
C	Consultancy Services -Domestic	(0.08)
D	Professional Charges	2.73
E	Advocate Fee	11.46
F	Litigation Expenses Compensation charges	0.06
G	Foreign Consultancy expenses	(0.00)
	<b>Total</b>	<b>14.95</b>

Based on above submission, it is requested to the Hon'ble Commission to allow Rs 14.95 Cr towards Legal and Professional Fees.

**D) Common Effluent Treatment Charges (CETP Charges)**

DSIDC has raised demand of Rs. 7.86 Cr towards non-payment of Maintenance charges and CETP (Common effluent treatment charges) against 5 premises occupied by the Petitioner under DSIDC jurisdiction. Out of 5 plots, 2 are vacant plots held since DVB period having no operations at all, 2 are grid substations which are unmanned and dedicatedly cater to the entire industrial area while 1 grid cum zonal office is situated from which only domestic sewage is being discharged and no industrial effluent is generated. The Petitioner has challenged the said impugned demand raised by DSIDC & filed writ petition before the Hon'ble High Court WP (C) 2157 of 2019. The court was pleased to grant stay against the total demand raised by DSIDC. For FY 19-20 payment of Rs 0.10 Cr has been made by the Petitioner in regard.

