Tariff Rationalization

Measures for Tariff Rationalization

At the outset, TPDDL wishes to clarify that while proposing tariff rationalization measures, the intention is not to earn net extra revenue in the process but to make structure simpler, balanced, Consumer friendly and more realistic.

TPDDL, would, therefore, request the Hon'ble Commission to determine Tariff structure in such a manner that the impact on the total revenue requirement merely on account of the rationalization is 'Nil', and allow such revenue to meet the approved expenditure of the Licensee.

TPDDL proposals on "Tariff Rationalization" are as follows:

1. Time Bound Recovery of Regulatory Assets / Revenue Gap

The Hon'ble Commission since its tariff order dated 13th July 2012 and till date has allowed for an additional surcharge of 8% **towards recovery of past accumulated deficit /regulatory assets.**

It is pertinent to mention that the said surcharge is not sufficient to ensure recovery of entire Revenue Gap in stipulated timeframe.

We would further like to draw your kind attention to the Judgment dated 11th Nov 2011 in OP No. 1 of 2011 of Hon'ble Appellate Tribunal for Electricity (APTEL) regarding *Tariff Revision (Suo-Moto action on the letter received from Ministry of Power)* where-in the Hon'ble APTEL has emphasized on timely recovery of regulatory assets.
The relevant observation of the Hon'ble Tribunal in the said matter is as under:

*"65 (iv).....**The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years** at the most and preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in*

which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."

The concern on creation of regulatory assets in future and the need for timely liquidation of the Regulatory has also been emphasized in the National tariff Policy. The relevant extracts have been 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 a very rare exception in case of natural calamity or force majeure conditions and subject to the following:

a. Under business as usual conditions, no creation of Regulatory Assets shall be allowed;

b. Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same."

It may be appreciated that the major part of the regulatory asset has been hovering on the petitioner for more than 10 years and recovery of the high accumulated gap continues to remain a concern for the financial health of the Petitioner, given that there is no clear roadmap stipulated for recovery of the same.

Credit rating agency ICRA in its last rating has also expressed his concerns on the liquidation prospects of regulatory assets. Even a one notch down in credit rating from existing level will impact our interest rate by around 70-90 basis points. Also, absence of clear cut roadmap for the liquidation of regulatory asset severely impacts the future lending rates. Therefore, an early amortization of such huge built up Revenue Gap would further help in sustenance of the current credit rating of the Petitioner, ultimately resulting into lower cost of debt and saving of the carrying cost in the benefit of the consumers.

The Hon'ble Commission is requested to give an amortization schedule with annual recovery of the accumulated Revenue Gap along with Carrying Costs and impact of true up of previous year may be allowed in the ARR & Tariff of subsequent year to avoid further accumulation of Regulatory Asset.

2. Revised Power Purchase Cost Adjustment Charge (PPAC) Formula

The Petitioner once again would like to draw the attention of the Hon'ble Commission on existing Power Purchase Adjustment Charge (PPAC) Formula. It is worth to mention that the power purchase adjustment mechanism is to ensure that the impact of change in power purchase cost of the Distribution Companies is passed on to the consumers in a timely manner on a quarterly basis.

The main short comings of said PPAC Formula is that it factors only the variance in Long Term power purchase cost (Generation and Transmission) and not the variance in sale rate (which is also a part of power purchase cost). Accordingly, the Hon'ble Commission is requested to in-corporate the suggestion so that any gain/loss on account of sale of surplus power may also be allowed in a timely manner. The same will ensure timely recovery/adjustments on a quarterly basis and prevent doing the same at the end of the year at the time of true-ups which will result in savings of carrying cost burden on consumers.

It will also ensure that in the situation when the sale rate is more than the approved base cost, PPAC may not get computed/ may get nullified on account of increase in Fuel charges/ Transportation costs.

To remove the above shortcoming, Tata Power-DDL in its previous year tariff Petitions has also suggested revised PPAC formula to the Hon'ble Commission. It is further submitted that the Hon'ble APTEL in its Judgment in Appeal no 177 & 178 of 2012 has directed the State Commission to consider the variation in sale price of surplus power in the PPAC formula. Relevant extract of the same is given below:

"The Hon'ble Tribunal agreed with the prayer of the Appellant that Power sales constitute a major component of power purchase cost and the power purchase cost is trued up only after 2 years, putting additional burden on consumers by way of interest charges which have to be borne by the consumers additionally. The Hon'ble Tribunal agreed that any short term power

purchase due to unforeseen outages would require prudence check. Keeping in view small amount of short term power procurement cost, the Hon'ble Commission may not include short term power procurement in PPAC.

However, the Hon'ble Tribunal also agreed that Sale of short term power is volatile and may vary from what has been considered in determining the net power purchase cost in ARR. Therefore, State Commission should have considered the variation in sale price of surplus power in the PPAC formula."

The Hon'ble Commission in its previous Tariff Order dated September 2015 in para no 3.37 on page no 141 has mentioned that

"The observation of Hon'ble APTEL in Appeal 177 & 178 of 2012 regarding PPAC formula will be taken into consideration while formulating PPAC formula in next MYT Control period."

However, the same has yet not been considered by the Hon'ble Commission.

Based on the above facts, the Petitioner is once again reproducing the revised formulae for PPAC.

Proposed Formula for consideration is suggested as below:

$$\textbf{PPAC of nth Qtr. (\%)} = \frac{(A * C) - (B * F) + (D-E)}{\{Z * (1 - \text{Distribution Losses in \%}/100)\} * ABR}$$

Where,

A = *Total units procured in nth Qtr. (in kWh) from power stations having long term PPAs - to be taken from the bills of Gencos issued to distribution licensees*

B = *Actual units sold in (n)th quarter.*

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C = *C actual – C projected*

C actual = *Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n)th Qtr. excluding fixed cost of regulated stations (Rs./kWh).*

C projected = *Projected average Power Purchase Cost (PPC) from power stations having long term PPAs including new long term PPAs Added and excluding regulated stations / surrendered stations (Rs./kWh) (from tariff order) (Base Rate)*

Regulated/Added/Surrendered stations to be taken from SLDC/DERC. DISCOMs will provide audited figures for not paid stations.

D = *Actual Transmission Charges paid in the nth Qtr*

E = *Base Cost of Transmission Charges for nth Qtr= (Approved Transmission Charges/4) (no change)*

F (new) = *Actual average Power Sale Rate in the nth Qtr. (Rs./kWh) – Projected Average Sale Rate by DERC (from tariff order)*

Z = *[{(Long term Mus from CGS stations * PGCIL losses %) + Long term Mus from Delhi Gencos}*DTL Losses %]- B*

ABR = *Average Billing Rate for the year (to be taken from the Tariff Order)*

Distribution Losses (in %) = *Target Distribution Losses (from Tariff Order)*

PGCIL Losses (in %) = *As mentioned/ computed from Tariff order.*

DTL Losses (in %) = *As mentioned/ computed from tariff order.*

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3. Upward revision in Credit Card / Debit Card Payment Limit

Recently, Ministry of Power, Govt. of India vide D.O. letter no. 1/10/2016-IT dated 09.12.2016 issued direction regarding digital cashless transaction in country. The clause (b) of MoP,Govt. of India in the said matter is as under:

b) All convenience fee/charges for digital payment should be waived from customer.

In view of above direction, the Hon'ble Commission is requested that no processing fee should be charged from customer for payment through credit card / debit card/online payment irrespective of bill amount and same should be pass through in ARR on actual Basis.

4. Cash transaction for theft bills

The Hon'ble Commission has directed that the DISCOMs shall not accept payment from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs. 4000/- except from blind consumers and for court settlement cases or any other cases specifically no revenue collection above Rs.4,000/- should be collected through cash for theft charges.

In this regard, it is pertinent to mention that the Petitioner is facing certain problems in collection of theft bills in the mode other than cash. Following are some area of concerns which requires the immediate attention of the Hon'ble Commission in order to comply with the said directive:

a) Most of the theft cases are presently detected in JJ clusters and rural areas/villages where the consumers do not always have bank accounts to issue cheques.

b) Even if applied, acceptance of cheques itself poses problems of bounced cheques and further requirements of notices and litigation under Negotiable Instruments Act.

c) Recovery in theft cases is very difficult and there are frequent defaults. A very large number of consumers of JJ Clusters and villages seek installments for payments and there is lot of default and such consumers are less educated. Asking such persons to go to banks for preparation of drafts every month (due to installments) will be a strong dissuading factor and would involve inconvenience, extra formalities, delays and loss of work for such consumers.

d) Private banks do not issue drafts unless the applicant has an account with the bank and the public sector banks require PAN No. for transactions above Rs.50,000/-. The consumers of such areas would not be able to meet such requirements.

e) The Hon'ble Commission has issued the direction mainly due to an apprehension of cash collection without issuing receipts. The Petitioner follows a SAP based transparent process of recovery and unless a bill is issued, no payment can be accepted. Also, payment of only exact amount of the installment bill can be accepted and no one can make or accept any payment less or more than the amount of the bill. Therefore, there is absolutely no possibility of any collection without being accounted for in SAP or without issuing receipts. Both the activities of accounting for and issuing receipts are instant. Also, collections of theft bills are not carried out through any contractor or commission agent and all payments have to be made only at the collection counters of the company. The Petitioner further assures to the Hon'ble Commission that neither such transactions are carried out nor any such transactions is possible.

f) Even The Hon'ble Commission in past has considered and issued direction to DISCOMS vide letter No. F.3(427)/Tariff fin/DERC/2015-16/13784 dated 22/01/2016 to comply the direction issued by Hon'ble Special Electricity Court, Rohini in Case No. 652/14 dated 31/3/2015 to accept the cash payment towards theft Bill.

For the reasons cited above, the Hon'ble Commission may kindly exempt/exclude theft collections transactions from the said directive.

TATA POWER DELHI DISTRIBUTION LTD. DELHI

5. Penalty (ADSM – Additional Deviation Settlement Mechanism) on account of transmission line tripping

Under the Deviation Settlement Mechanism and Related Matters Regulations 2014; subsequent amendments thereof, effective from 17.02.2014, the Hon'ble CERC has assigned the responsibility of maintaining the grid discipline on the Buyers and Sellers only. It however needs to be noted that there are certain factors which are not under the control of the sellers/buyers but under the direct control of Transmission Utility and concerned Load Dispatch Centres. These mainly include tripping of transmission system and scheduling of power within time blocks as specified under IEGC regulations and subsequent amendments thereof. By their inherent nature, a tripping or fault cannot be predicted. Also as the fault has occurred in a system not maintained by the DISCOM/Buyer, the DISCOM/Buyer cannot take any action to reduce them by predictive or preventive maintenance. Therefore, any ADSM charges/penalty on account of the same should be made pass through in the ARR of the DISCOM and the DISCOM should not be held liable for any under-drawal on account of any unforeseen failure of a CTU or STU equipment, which resulted in such under-drawal and may be excluded from liability in case of such events. Alternatively the DSM penalty imposed upon DISCOMs on account of transmission line tripping be imposed upon the STU as DISCOMs have no direct control over issues related to transmission line/ equipment tripping. On similar lines if schedule implementation is not done as per the mandate in IEGC by RLDC/ SLDC; DISCOM/buyer should not be made liable for the same.

6. Levy of penalty on Harmonics and installation of PQ meters by HT/EHT consumers

Power Quality is an area of growing concern for end users as well utilities due to their financial impact and health of equipment's. The characteristics of loads and the requirements of electrical systems have been changing continuously. With the increasing penetration of renewables, the proliferation of electric vehicles and charging facilities and the rise of decentralized generation, the stress on the transmission and distribution grid has increased manifold. Presently, the awareness for power quality parameters and its impact on the

network as well as load is very low. There is severe lack of data afflicting both utility as well as consumers.

The presence of harmonic distortion is highly detrimental to the health of electrical network. Current harmonics in the system are invariably produced by nonlinear loads of the consumers such as speed drives, LEDs, SMPS, arc furnaces, welding loads, data processing equipment of the consumers and causes power pollution. Further, Harmonic causes increased system losses, interference with communication lines, errors while indicating electrical parameters, probability to produce resonant conditions, etc. The main sources of harmonic distortion will ultimately be end-user loads only. The harmonic currents passing through the impedance of the system cause a voltage drop for each harmonic. Thus, harmonic current distortion leads to voltage distortion. When several power users share a common power line, the voltage distortion produced by harmonic current injection of one user can affect the other users. Thus, it is important to limit the harmonic distortion that a facility might produce not only for the benefit of that facility but also for the benefit of the other consumers on the electrical network at the point of common coupling.

Bulk consumers of electricity have higher capability to inject current harmonics in the network by virtue of large nonlinear loads. The Forum of Regulators has specified such group of customers as "Designated customers" based on their potential to inject harmonics in the electrical network. They include commercial buildings (Healthcare, Hotels, Airports, malls etc.), IT/ITES and Banking, Finance & Service Industries (BFSI) grid connected distributed generating resource and Electric Vehicle Charging infrastructure etc.

The end users and utilities share responsibility for limiting harmonic current injections and voltage distortion at the point of common coupling. Since there are two parties involved in limiting harmonic distortions, the evaluation of harmonic distortion is divided into two parts: measurements of the currents being injected by the load and calculations of the frequency response of the system impedance. Measurements should be taken continuously over a sufficient period of time so that time variations and statistical characteristics of the harmonic distortion can be accurately represented. Sporadic measurements should be avoided since they do not represent harmonic characteristics accurately given that harmonics are a

continuous phenomenon. Also, short duration temporary Power Quality Monitoring System cannot detect events such as voltage sags, interruptions and transients, which are among the main Power Quality issues.

Regulation 8 of DERC (Supply Code and Performance Standards) Regulations, 2017, also talks of penal charges on non-compliance which are to be notified by the Hon'ble Commission. This Regulation is reproduced below for ready reference:

> *"(5) Failure to comply with the permissible limits of Harmonics after inspection as in sub-regulation (3) above may attract penal charges, as may be notified by the Commission from time to time:"*

However, Hon'ble Commission has not notified any penal charges till date.

On the basis of above submission and current regulations, we request the Hon'ble Commission to:

i. Fix the penal charges at 20%-30% on Energy Charges of the respective consumer category Tariff in respect of those connected or seeking connectivity at 11 kV and above when they fail to provide adequate harmonic filtering equipment to avoid dumping of harmonics into DISCOM's network beyond the permissible limits as specified by CEA Regulations;

ii. Direct all the HT/EHT consumers to install Power Quality meters in accordance to Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Amendment Regulations, 2019 and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs as stipulated in the Amended Regulations of CEA.

7. Value Added Services on Paid Basis

The Petitioner would like to inform the Hon'ble Commission that based on our interaction with various institutional consumers and other consumers having multiple connections, Tata Power-DDL has been receiving from time to time the following requests:

a) Sharing of load survey data,
b) Sharing of yearly account statement,
c) Tool for consumption analysis and helping in demand side management etc.

This is also pertinent to mention that many services of similar nature, offered by banks / financial institutes, like issuance of detailed account statement, duplicate statement etc. are on paid basis. Similarly, railways issue duplicate tickets on chargeable basis.

Considering the increasing consumer requirement for data stored in meter in form of load survey data, a consumer ledger providing detailed billing and payment history over a period time, it is requested to the Hon'ble Commission to allow the DISCOMs to initiate such value added services on paid basis.

8. Levy of Surcharge on all residential connections under temporary supply

In recent tariff orders issued by the Hon'ble Commission, surcharge on residential connection under temporary supply category has been removed in line with residential co-operative group housing connections. While the applicability of the same for residential co-operative group housing connections is understandable, however including "other" residential connections in this category may be avoided due to following reasons:

a) Apparently now, there is no motivation for residential consumers to switch from temporary to permanent connection as he is availing temporary connection at the same tariff.
b) Also it will create a lot of safety concerns, since, there is no standardization of cables used by consumers. Also, there is chance of theft by tapping the service cable used by consumer.

c) Further, there is a scope of misuse of existing permanent connection as consumer will not ask for temporary connection for construction of additional floor/units by consumer as there is no fear of any penalty etc. on account of misuse. *(being on same tariff)*

d) Temporary connection cannot be denied as per supply code, and there is possibility that consumer will use the same and will not go for permanent connection which is provided subject to feasibility.

e) Already domestic consumer is subsidized and excluding surcharge from long term temporary connection is like providing them double benefit.

f) Also, Tata Power-DDL procures long term power based on the demand of the existing consumers and not for the temporary connections (based on load demanded), for which Tata Power-DDL has to make temporary arrangement in terms of procuring additional power on short term basis, which is at much higher rates as compared to long term power being procured on a regular basis.

Considering above points it is requested to allow levy of surcharge on all residential connections under temporary supply category.

9. Revised methodology for LPSC

It has been observed that few consumers are taking undue benefit of change in the methodology for calculation of LPSC on daily basis as well as regulation of 15 days' notice period before disconnection. Some frequently defaulting consumers has made the habit of paying the bill after due date but well before completing the 15 days of notice period as a result of which Tata Power-DDL is neither able to disconnect consumer supply nor able to charge full month LPSC. This is seriously hampering our efforts for reducing AT&C losses and is affecting honest paying Consumers. Further it is unnecessary increasing DISCOMs operational expenditure for sending DN and Follow Up for payment. Therefore, the Petitioner requests to the Hon'ble Commission to modify guidelines as follows at least for High End Consumer with Load > 10 KW as amount involved is very high:

a) The Consumers who defaults the payment twice or more in last six month should not be given the additional notice period of 15 Days in case consumer default bills and the bill itself should be treated as disconnection Notice.

b) The Consumers who defaults the payment twice or more in last six month, Full Month LPSC should be levied on consumer in case of default.

c) DISCOM should be given option of converting connection of Consumers from Postpaid to Prepaid, if Consumer Defaults more than 2 times in a year.

The Petitioner requests to the Hon'ble Commission to implement above guidelines at least for High End Consumer, so that honest paying and small consumer are not affected due to malpractice of frequent defaulters.

10. RPO compliance

Open access consumers taking power from Renewable energy sources are exempted from payment of additional surcharge, wheeling charges and transmission charges. Accordingly these charges are paid by other Non-Open access consumers. As a compensation, the Hon'ble Commission may allow Renewable power beyond RPO of Open access consumers to be considered as part of DISCOM RPO compliance. This will help in reduction of purchase of RECs which in no way is adding to physical power but is only an expense on the Non open access consumers in the form of cost of Renewable Energy Certificates.

Extension in timelines for Renewable Compliance: MNRE vide its order of 13th August' 2020 in the matter of "Time Extension in scheduled commissioning date of Renewable Energy Projects considering disruption due to lockdown due to Covid-19" has granted 5 months extension in commissioning of the Projects. Many of the projects from which Tata Power-DDL was to receive power are also delayed on account of the same. Accordingly we request for extension for meeting FY 2020-21 RPO also by 5 months beyond the notified Q1 of FY 2021-22 (3 months after end of the relevant year).

11. Short term transmission charges

With the abolition of Short term transmission charges of CTU being a part of CERC Sharing of Inter-State Transmission Charges and Losses 2020, the Hon'ble Commission should put some mandatory interstate short term transmission charges to be paid by Open access consumers/

deemed licensees like Railways which otherwise will not pay any transmission charges as they do not have any Long Term Transmission (LTA). Accordingly their burden of transmission charges will have to be shared by Non Open access consumers for which LTA has been secured by a utility.

DISCOMs are already paying for LTA to PGCIL and DTL; the DTL STOA charges should also be abolished which are first collected and then reimbursed by DTL.

12. Separate flat rate for high consumption in Domestic Category

Consumption is getting higher and higher in Delhi with changing times and lifestyle changes. Domestic category have lower tariffs for lower consumption slabs and as the consumption increases, tariff also increase. But the high consuming ones also get the benefit of lower tariff according to the slabs. A domestic consumer in Delhi on an average should have a consumption not more than 800 units a month.

In order to deter the high consumption consumers and to limit their consumption and keep it at some lower level, the benefit of lower tariff slabs of domestic category should be disallowed to those consuming more than 800 units a month. For consumers using more than 800 units, one flat rate should be specified without any slabs. This will help reduce wasteful consumption, contribute in combating climate change, make consumers more energy saving conscious and will help only the economically weaker sections to take the benefit of cheaper power on lesser consumption.

For the reasons cited above, the Hon'ble Commission may kindly notify a separate flat rate for high consumption in Domestic Category.

13. Charging of leading power factor while billing (kVAh billing) to High End Consumers

The present billing scenario is based on lagging reactive power only. Since the reactive lagging as well as leading power both occupy the capacity of electricity network and reduce the useful

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capacity of system for generation and distribution, it is necessary and imperative to include the lead Reactive Power under billing process. At present, utilities overlook leading Power Factor (PF) values while billing the consumption. This tempts consumers to use capacitors indiscriminately for availing PF incentives but it does more harm than good to the installations of both the utilities and consumers.

Consumer equipment and installation are not provided with appropriate and adequate capacitor installations but mostly with use of fixed capacitors, bulk compensation on HT in fixed mode, use of substandard controllers having erratic and inconsistent performance, thereby leading to additional Reactive (lead) Power Charges, which is causing undesirable unwarranted burden on Tata Power-DDL. It is important to note that, more particularly, during winter season, there is hardly any reactive injection, and due to high capacitive injection by high end consumers, the voltage becomes very high and sometimes so much so that it becomes difficult to control the same.

The reactive compensation is effective when it is nearer to the load and the extra reactive compensation by industrial consumers cannot be used / compensated against extra reactive energy drawl by agricultural section. Current is higher at lagging or leading power factor as compared to unity power factor and hence losses are also higher. Under leading power factor, excessive over voltages may occur thus endangering the system stability. As a result, in both situations, system stability of Tata Power-DDL is hampered. Also, for serving the same load, a transformer of higher capacity is required due to increase in current due to lead power factor. In view of the above facts, it can be seen that injection of leading power factor in excess is not always beneficial for the system. It is thus imperative that every section of consumer has to shoulder its responsibility to maintain the system power factor within permissible limits only to maintain Grid stability and full utilisation of Installed capacity of Distribution network. Absence of any punitive measures for overcompensation prompted the consumers to use capacitors indiscriminately, much in excess of their requirements. CEA mandates that power factor of the bulk consumer shall be within ± 0.95 and hence the lead power factor also has to be within prescribed limits and to maintain it, adequate reactive compensation is to be provided and its burden is also on the bulk consumer apart from the

distribution licensee. No state treats the leading power factor as unity and are not allowing incentive for leading factor.

The most effective remedy to remove such anomaly is to introduce kVAh billing in lag as well lead mode i.e. kVARh consumption in the leading power factor mode has to be taken in account as consumption. Introduction of kVAh metering and tariffs in lead as well lag mode will also encourage the consumers to reduce their electricity bill by ensuring that they do not draw reactive power and switch over to using efficient devices with proper power factor correctors or will install only appropriate capacitors at their premises.

Therefore, to ensure better quality and reliable supply of power for the consumers, it is proposed to charge even the leading power factor cases on kVAh basis so that the injection by high end consumers (More than 30 KVA) is as per their actual requirement and proper voltage is maintained for all the consumers. It will not only be helpful and beneficial for Tata Power-DDL but also for the concerned consumers.

The Petitioner requests to the Hon'ble Commission to incorporate appropriate and necessary modification/changes/additions in the ensuing Tariff Order.

14. Rationalization of Tariff by matching recovery of fixed cost of DISCOMs from fixed part of Retail supply Tariff

We have analysed the cross subsidy of different categories of consumers as allowed by the Hon'ble Commission in True up orders of Tata Power-DDL from FY 13 to have a more realistic understanding. Progressive reduction of cross subsidies of domestic consumer has been reversed in last two years. In fact instead on reducing trend, the cross subsidy of domestic customers has increased from 30% (FY13) to 43% (FY20) in last seven years.

The absence of the cost reflective tariff in the past years has resulted in creation of the Regulatory Asset and Delhi DISCOMs have already been facing problem of non-liquidation of this accumulated Revenue Gap in time bound manner creating a liquidity crunch situation. Further, the concern on creation of Regulatory Assets in future and the need for timely liquidation of the Regulatory Assets has also been emphasized in the Tariff Policy, 2016.

Further, the Hon'ble Commission released an approach paper on Tariff Rationalization in Feb'18, wherein it agreed that in the present scenario, there is a mismatch between the actual Fixed and Variable Cost liability incurred by DISCOMs to the proportion of cost recoverable through Fixed Charge and Energy Charge. As a way forward, the Hon'ble Commission had proposed that the bifurcation between fixed charges and Energy charges should be adjusted gradually, say over a period of three to five years, so as to make the retail tariff reflective of the actual Fixed Cost, so as to minimize the Cross Subsidy between Fixed & Energy Charges. At present, recovery from fixed charges is only 17.30% against the 56.40 % fixed cost of the ARR.

High levels of cross subsidies result in wastage of economic resources. In the subsidized sectors it encourages electricity consumption to a point where the value attached to incremental consumption is lower than the cost of supply. On the other hand, higher tariffs (than the cost of supply) charged to commercial/ industrial consumers pushes up their cost of product/services, which leaves them uncompetitive in today's era of globalisation.

In light of the facts highlighted above and in the interest of consumer and financial viability of the Delhi DISCOMs, the Hon'ble Commission is requested to kindly consider our submissions and ensure that the ensuing tariff should be cost reflective for each category of consumer as well as recover fixed cost of DISCOMs from fixed part of Tariff.

15. Concessions and benefits only to the honest consumers

The Hon'ble Commission has been making efforts to provide lower tariff to consumers and has also made provisions for some benefits to some categories of consumers. It also needs to ensure that dishonest consumers are not allowed to take benefit of these concessions and only the honest avail them. Those who are defaulting their bill payments or avoiding to pay it on time or pay only when the connection is to be disconnected should not be given these benefits. Defaulters be dissuaded from taking the benefit. Also some consumers engage in theft of electricity, the burden of which is passed on to other consumers.

Therefore all such consumer should not get the following benefits if they engage in Payment Default or Theft of Electricity:

a) Slab Wise Tariff for Domestic Consumers – Such Consumer should be charged on Flat Tariff corresponding to Highest Slab.
b) No TOD or Other Rebate should be provided
c) No Subsidy Benefit if Consumer is Domestic
d) No Security Interest should be provided
e) LPSC to be charged on monthly basis

This will help in reducing the ARR of DISCOMs and also the burden of honest paying consumers.

16. Mandatory Online Payment for consumers above 10 KW or Bill more than Rs 20000/- and on new connection charges for consumers above 10KW.

In today's times everybody is using internet and digital payments. Hence, consumers who take connection with sanctioned load of 10 KW and above can be assumed comparatively well off and to be better equipped for handling such online transactions. These consumer can be asked to pay bill by digital modes only like e-wallets, Net Banking, NEFT, RTGS, debit card etc.

Following are the Benefits of E-payment for the consumers using it:

a) Hassle-free
b) Safe & Secure
c) Environment Friendly
d) Saves Time
e) Cashback

This will help in improving collection efficiency of DISCOMs which in turn help consumer with reduced tariff burden.

The Hon'ble Commission is requested to make this online payment mandatory for connections with sanctioned load above 10KW or Bill amount more than Rs. 20,000/- and on new connection charges for consumers above 10 KW.

17. Mandatory E-bill for load above 5 kW

DISCOMs send paper electricity bills to lakhs of consumers every month which is not only wastage of paper but also for resources; this means thousands of trees are cut every year just to send electricity bills to consumers.

In this era of internet, this wastage can be saved by usage of email and what's app. A soft copy of the bill can be sent to the consumer on what's app or on their email. These E Bills will also help in providing additional features to consumers.

Features that can be configured in the E Bill are:

a) Billing Details
b) Service Request
c) Important Information Request like - Know Your Tariff and Total Energy Charges
d) Know Your Meter – video explaining the meter
e) Consumer Profile - Display Email & Contact Number of Consumer
f) Billing Analysis – Last 6 months details of Billed Amount
g) Payment History and Consumption Pattern
h) Payment Centers & Schemes/ Offers Section

This can be made mandatory for those connections having sanctioned load of above 5 KW. These consumers, one can hope, to definitively have internet connectivity. This initiative will have the following benefits:

a) Environment Friendly
b) Easy Access
c) Saves Time
d) Less Documentation

Thus, the Hon'ble Commission is requested to make e-bill mandatory for consumers with sanctioned load above 5 KW.

18. Non Availability of space in regularized and unauthorized colonies/Areas -Delhi Govt. to provide Land to Tata Power-DDL

There exists new connections which are released but not executed due to non-availability of space for transformer installation in unauthorised colonies/areas. Due to space constraints, transformer cannot be installed and hence connection cannot be energized. Delhi government should provide land for such cases within a specified timeframe so that the new connection can be released as soon as possible.

Even in Regularized colonies, due to increase in load, many transformers are overloaded but network expansion or enhancing the transformer capacity is a challenge due to lack of space. This leads to quality and reliability issues. Delhi Govt. should make land available in all such cases to DISCOMs on lease and make such arrangements on priority basis so that consumers do not have to suffer. Govt. should also define a timeline for resolution of such issues and ask its concerned departments to adhere to such timelines.

We receive new connection requests from individual applicants in un-electrified areas where development/plotting has been done by a developer. These developers are playing smartly and misusing provisions of #Regulations 21(1) of DERC (Supply Code and Performance Standards) Regulation 2017 to avoid paying the Service-Line-cum Development (SLD) which includes electrification costs and space for installation of Distribution Transformer, switch gear etc. and instead instigating individual applicants to apply for the connection under # Regulation 21(2). Electrification Cost which was to be borne by developer will now be passed on to other Honest Consumers which have no relation to such electrification. This will increase cost to serve and put burden on tariff. With no proper layout/ demarcation of roads and common space in these areas, the installation of transformer, switch gears, electrical equipment's and availability of ROW always pose threat and challenges for laying HT/LT infrastructure and public safety. Also, there are instances when there is one request for a new connection in the midst of agricultural land and there are no proper paths or roads in place

which makes it very difficult for us to provide a new connection which is very far off from the existing transformer location/ LT network. The new connections of these applicants are delayed due to time taking process of land being made available by GoNCTD for installation distribution transformers to meet out the load demand.

In the interest of the consumers, the Hon'ble Commission is requested to take up the matter with GoNCTD.

19. Aadhar and Pan Card be made mandatory for Application of New Connection and Existing Customers

Whenever a consumer applies for new connection, DISCOM checks the dues on premises applied for. At times, dues of premises that are of similar address or of other portion are shown as pending/unpaid. This requires personal visit to DISCOM office with all ownership documents with back chain to clarify doubts and is time consuming.

Also, dues at premises are left as recovery is not possible always without establishing the liability on the defaulter who has left the premises. Such recovery suits also take time and sometimes do not give the desired result of dues recovery.

Further to take Aadhar and PAN details of all applicants for existing connection will help in smooth compliance on Tax Collection at source law.

For overcoming such issues, the Hon'ble Commission needs to direct DISCOMs to take Aadhar and PAN details of all applicants when a new connection is applied for as the owner name and premises can be related to these details and unnecessary hardship to the applicant is avoided.

It will have the following benefits:

a) Recovery of dues
b) Litigation cases - Easily track the consumers
c) CIBIL linkages

In the interest of the consumers, the Hon'ble Commission is requested to provide these directions.

TATA POWER DELHI DISTRIBUTION LTD DELHI

20. Progressive Tariff rationalization in Domestic Consumer Segment as per Electricity Act & National Tariff Policy:

One of the salient objectives of the electricity reforms beginning with the Electricity Act, 2003 (EA 2003) was reduction in the level of cross subsidies in tariff. The EA 2003, the National Electricity Policy, 2005 and the Tariff Policy, 2016 specify the framework to reduce cross subsidies in retail tariffs in India.

The EA 2003 prescribes that cross subsidies in electricity tariffs should be reduced. It was envisioned that post reforms tariffs would progressively move towards cost of supplying electricity to consumers. Wherever subsidization is required (in case of Lifeline consumers, agriculture etc.), the EA 2003 favored a more transparent method of direct subsidies over cross subsidies.

But even after 17 years of power sector reforms, the Delhi Electricity Tariff is yet to achieve significant progress in reducing cross subsidies prevalling In the system. Instead of reducing the cross subsides, the cross subsidies of domestic consumers has increased in recent years.

The cross subsidy of Domestic Consumer as allowed by the Hon'ble Commission is given below for reference:

Connected load (kW)	No. of units per month at 20% load factor	ABR (INR/ kWh)	ACoS (INR/ kWh)	Cross-Subsidy (INR/ kWh)
5	720	6.01	8.86	2.85
10	1,440	7.71	8.86	1.15
15	***2,160***	***8.41***	***8.86***	***0.45***
16	***2,304***	***9.29***	***8.86***	***-0.43***

As it can be seen from above table, effectively entire domestic category is getting cross-subsidized tariff. Even the Cost of supply is more than Billing Rate when monthly consumption is about ~2,200 units/ month which should not be case.

The above analysis also show the lack of cost reflective tariff due to huge gap in Average cost of supply and Average Billing Rate. The absence of the cost reflective tariff in the past years has resulted in creation of the Regulatory Asset and Delhi DISCOMs have already been facing problem of non-liquidation of this accumulated Revenue Gap in time bound manner creating a liquidity crunch situation. Further, the concern on creation of Regulatory Assets in future and the need for timely liquidation of the Regulatory Assets has also been emphasized in both the Tariff Policy, 2016 and amendments to the Tariff Policy.

Thus there is lot of Scope of rationalizing the tariff for higher consuming households with consumption >400 units per month. As it is evident from the below table, only 15% of domestic consumer will be impacted by proposed Progressive Tariff rationalization.

Category	Domestic Consumer Base
0-200 Units	55%
201-400 Units	28%
401-800 Units	13%
801-1200 Units	3%
>1200 Units	1%

Further on comparison of Different Slabs of Domestic Tariff of Delhi with Mumbai, it can be observed that highest in Mumbai, the highest slab starts from 501 Units while in Delhi the Highest Slab Starts from 1200 Units. The Tariff of Highest Slab in Mumbai is INR 8.9 per units while in Delhi it is INR 8 per unit. This clearly indicates that the domestic consumer in Delhi are highly cross subsidized even at higher consumption level of > 500 Units and highest slab of domestic tariff need to be brought down from current 1201 unit to 601 unit to make tariff equal to cost of supply.

City	No. of slabs	Slabs (based on monthly kWh consumption)	Domestic (highest category slab)	Rate (INR/unit)
Delhi	5	• 0 to 200 • 201 to 400 • 401 to 800 • 801 to 1,200 • > 1,200	>1200	8.0
Mumbai	4	• 0 to 100 • 101 to 300 • 301 to 500 • >500	>500	8.9

Therefore in view of above submission, it is requested to the Hon'ble Commission:

1. Rationalize the highest slab for domestic consumers from 1200 units to 600 units. Current slabs are at 0-200,201-400,401-800,801-1200 & > 1200 units. This will change to 0-200,201-400,400-600 & > 600 units.

2. Rationalization in tariff in line with paying capacity of consumers. Tariff for Unit Slabs of 200-400, 400-600 and >600 units may be rationalized as these are a relatively smaller base of consumers and can afford to pay as per cost of supply.

21. Linkage of Electricity Tariff with WPI/CPI :

Cost of Supply of Electricity mainly depend on Power Purchase cost, Manpower Cost, Cost of equipment for O&M/Capital Expenditure and Rate of Debt. Any variation in these Cost directly affect the cost of supply of electricity. While Power Purchase cost vary with variation in Fuel Cost or Freight Charges, Manpower Cost vary with Minimum Wages / Dearness allowance etc. and Cost of Equipment vary with cost of raw material. Most of these variations are tracked by Consumer Price Index (CPI) and Whole Sale Price Index (WPI) and any direct change in cost of above three parameters also lead to change in the WPI/CPI Index.

Since most of these cost are or un controllable parameters therefore its suggested to link the Electricity Tariff revision with WPI/CPI. On Annual Basis, The Electricity Tariff can be increased based upon the increase in WPI/CPI Index of LFY. This will not only help in Timely revision of Tariff leading to lower carrying cost burden on consumer but

will also make the process scientific and a-political. Similar concept was already done in case of auto fuel by Government of India. The retail prices of petrol and diesel in India are decontrol are linked to the global crude prices.