



PUBLIC NOTICE
REQUEST FOR PUBLIC RESPONSE
Petition for approval of Aggregate Revenue Requirement for Distribution (Wheeling and Retail Supply) Business for FY 2011-12, Review of FY 2010-11 and True up for FY 2009-10

1. Under the provisions of the Electricity Act, 2003, Delhi Electricity Reform Act, 2000 to the extent applicable and the Distribution Tariff Regulations issued by the Commission dated May 30, 2007 to be read with DERC advertisement dated 18.03.2011 for extension of MYT Regulations, BSES Rajdhani Power Limited (hereinafter referred to as "BRPL") has filed the Petition on March 25, 2011 before the Delhi Electricity Regulatory Commission (hereinafter referred to as "Commission") for Review of FY 2010-11 and determination of Aggregate Revenue Requirement (ARR) and corresponding Tariff adjustment for FY 2011-12.
- BRPL had also filed a Petition on 01.06.2010 before the Commission for True up of FY 2009-10 under the provisions of the Electricity Act, 2003, Delhi Electricity Reform Act, 2000 to the extent applicable and the Distribution Tariff Regulations issued by the Commission dated May 30, 2007.

2. The salient features of the Petition are provided below:

Table 1: Summary of ARR and Revenues for BRPL at existing Retail Supply Tariff (RST)

S.No.	PARTICULARS	UNIT	2009-10 ^a	2010-11 ^b	2011-12 ^c
A	Energy Input	MU	9,666.4	10,383.1	11,225.1
B	Sales	MU	7,839.5	8,472.1	9,476.2
C	Actual/Targeted AT&C Loss for the year ^d	%	19.03%	17.00%	16.00%
D	Average Power Purchase Rate	₹/kWh	3.68	4.17	5.19 ^{##}
E	Current Tariff is based on estimated Power Purchase Cost	₹/kWh	2.55	2.55	2.55
F	Average Billing Rate (Excl. E.Tax) last determined in the True up of 2007-08 [§]	₹/kWh	4.73	4.73	4.73
G	Power Purchase Cost at Average Power Purchase Rate (A x D/10)	₹ Crores	3,558.10	4,334.68	5,829.52
H	O&M Expenses	₹ Crores	385.00	503.40	565.26
I	Arrears of Sixth Pay Commission	₹ Crores	144.60	82.35	-
J	Depreciation	₹ Crores	123.90	142.20	158.05
K	RoCE + Retail Supply Margin including Interest on Borrowing	₹ Crores	268.40	312.51	401.34
L	Other Expenses	₹ Crores	2.60	9.14	25.57
M	Income Tax	₹ Crores	45.30	79.08	87.31
N	Expenses in terms of ATE Order No. 153 of 2009	₹ Crores	122.30	36.68	37.60
O	Less : Non Tariff Income	₹ Crores	139.70	54.63	54.63
P	Aggregate Revenue Requirement (G to N-O)	₹ Crores	4,510.50	5,445.41	7,050.02
Q	Revenue Gap as claimed up to end of FY 2008-09 ^{**}	₹ Crores	1,003.68	-	-
R	Revenue available for the purpose of ARR	₹ Crores	3,354.99	3,841.97	4,204.77
S	Reduction of Revenue Gap through additional revenue generated by reducing AT&C losses better than Target Level - Consumer Share	₹ Crores	26.67	-	-
T	Revenue Gap for the year at existing tariff (P-R-S)	₹ Crores	1,128.84	1,603.44	2,845.25
U	Carrying Cost during the Year	₹ Crores	190.21	388.68	713.74
V	Total Revenue Gap (including Carrying Cost)[*]	₹ Crores	2,322.73	4,314.85	7,873.84

Note:

- ⊖ - Figures may not tally exactly due to rounding off
 * - Gap is without prejudice to BRPL's appeal pending before the ATE
 # - While the petitioner will strive to over achieve its loss reduction target in the current and ensuing year, but, for the purpose of filing the ARR has limited the AT & C loss reduction target for FY 2010-11 and FY 2011-12 at the level as per the Regulatory Target set in the MYT Regulations read with DERC letter dated 08.03.2011, subject to true up. Any over achievement would be subsequently taken up during the true up exercise.
 § - Current Average Billing Rate being charged to consumers was worked out by the Hon'ble DERC assuming average Power purchase cost at ₹ 2.55 per unit whereas actual cost has been ₹ 3.68 per unit and ₹ 4.17^{##} per unit in FY 2009-10 and FY 2010-11 respectively.
 ⊕ - ₹ 4.17 per unit for FY 2010-11 was provisionally worked out on the basis of actuals for April'10 to Dec '10.
 ## - Figures as claimed is subjective

3. To immediately stop further accumulation of Revenue Gap, a tariff correction is required primarily to cover the difference between Average Power Purchase Cost of ₹ 2.55 per unit assumed and factored in the current Tariffs as against projected Average Power Purchase Rate of ₹ 5.19 per unit for FY 2011-12.
4. Regarding the recovery of accumulated Revenue Gap of ₹ 4314.8 crores upto 31.03.2011, BRPL has requested the Hon'ble Commission for a suitable amortization plan.
5. Comparison of Actual Power Purchase Cost incurred by BRPL vis-a-vis assumed in the current tariffs by the Commission:

Particulars	UoM	2009-10	2010-11	2011-12
Current Tariff charged by BRPL is based on assumed Average Power Purchase Cost	₹ / unit	2.55	2.55	2.55
Actual Power Purchase cost incurred by BRPL	₹ / unit	3.68	4.17	5.19 ^{##}
Under-recovery per unit of input	₹ / unit	1.13	1.63	2.65
Value of Shortfall	₹ Crores	1096.9	1691.0	2971.5

Note:

- ## - Includes one time impact of implementation of CERC terms & condition of Tariff Regulation, 2009.

6. **Proposal for implementation of periodic Power Purchase Price Adjustment mechanism:**
 At present, due to the methodology of true up of power purchase costs on the basis of actual audited accounts, it takes almost two years before the recovery of legitimate power purchase costs while DISCOMs has to make payments to power suppliers on a monthly basis. The Commission is requested to institute a mechanism for pass-through of variations in power purchase cost to consumers on a regular basis (at monthly/quarterly intervals).
7. **Certain tariff rationalization measures are also proposed, as described in brief below:**
- Enhancement of limit for cash payment of energy bills by consumers
 - Applicability of Tariff with load > 100 kW for Residential uses.
 - kWh billing for Non-Domestic consumers having load < 10 kW.
 - Uniform Fixed Charges upto sanctioned load of 5 kW
8. **Performance of BRPL during FY 2009-10**
- AT&C Loss**
 Regulatory Target - 20.23%
 Achieved - 19.03%
 The overachievement has led to additional revenue of ₹ 26.7 crores benefit to the consumers in FY 2009-10
 - Distribution Loss**
 Regulatory Target - 22.8%
 Achieved - 21.8%
 - Average consumer added** to the billing fold - 1.33 lakh
 - Non Tariff Income** earned ₹ 139.7 cr. (Regulatory Estimate ₹ 51.4 cr.)
 The above increase in Non Tariff Income has led to additional revenue of ₹ 88.3 crores benefit to the consumers in FY 2009-10
 - Peak demand** of 1903 MW was met on 8th July 2009 during FY 2009-10
 - Reliability Indices**

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3.01	3.84	0.05

DELHI ELECTRICITY REGULATORY COMMISSION
 Viniyamak Bhawan, C-Block, Shivalik, Malviya Nagar, New Delhi - 110 017.
 Email id: secy@derc.nic.in Telefax: 011-26673608

10. The Commission would hold public hearings with the responding stakeholders subsequently. The date of the public hearings shall be notified separately by the Commission.

11. A copy of the Petition can be purchased from the head-office of the BRPL located at BSES Bhawan, Nehru Place, New Delhi - 110019 on any working day from 09/05/2011 to 24/05/2011, between 11 a.m. and 4 p.m. on payment of Rs. 100/-, either by cash or by Demand Draft/Pay Order in favour of "BSES-Rajdhani Power Limited" payable at New Delhi.

12. The complete Petition is available at our website [http://www.bsesdelhi.com] as well as the web-site of the Commission [http://www.derc.gov.in]. Copy of the Petition is available for inspection at our Head Office as well as the Commission's office at the addresses provided herewith, on any working day between 11 a.m. to 4 p.m.

For BSES Rajdhani Power Limited

Sd/-
Rajeev Chowdhury
 H.O.D - Regulatory Affairs