Introduction

1.1 The Tata Power Delhi Distribution Limited (TPDDL), the distribution licensee, has filed its Petition for approval of True up for FY 2012-13, review of FY 2013-14 and Determination of ARR and Wheeling and Retail Supply Tariff for FY 2014-15.

1.2 This Staff Paper contains the summary of the Petition filed by TPDDL for approval of True up for FY 2012-13, review of FY 2013-14 and determination of tariff for FY-2014-15. In its petition, TPDDL has also mentioned the impact of ATE judgement in Appeal No. 14/2012.

1.3 For the purpose of comparison, the Staff Paper includes figures approved in the MYT Order dated 13th July, 2012 (referred to as 'MYT Order 2012' hereafter) and Order dated July 31, 2013 (referred to as Tariff Order dated 31st July, 2013).

1.4 As per the MYT Regulations, 2011, Tariff for FY 2014-15 shall be based on the ARR approved by the Commission. The ARR broadly, has the following components:

a) Power Purchase Cost
b) Operation and Maintenance (O&M) expenses
    - Employee Expenses
    - Administrative & General Expenses
    - Repair & Maintenance Expenses
c) Return on Capital Employed
d) Depreciation
e) Income Tax.
f) Non-tariff Income, etc.

1.5 The Commission shall true-up the ARR for FY 2012-13 as per MYT Regulations, 2011 after prudence check.

1.6 Depreciation and RoCE shall be trued up every year based on actual capital expenditure and actual capitalisation vis-à-vis capital investment plan approved by the Commission.

1.7 In its Petition, TPDDL has submitted that the Tariff Orders passed by DERC in the recent past were challenged by the Petitioner before the Appellate Tribunal for Electricity (ATE). The details of the said Tariff Orders and resultant appeals are provided below for information. TPDDL requested the Commission to give a ruling on the issues, decided by any of the above authorities, in favour of the Petitioner.

Tariff Order for FY	Date of Order	Appeal. No.	Date of judgement
2007-08	23.02.2008	52/2008	31.05.2011
2010-11	28.05.2009	153/2009	30.07.2012
2011-12	26.08.2011	14/2012	28.11.2013
2012-13	13.07.2012	171/2012	Pending in ATE
2013-14	31.07.2013	271/2013	Pending in ATE
Review Petition with the Commission			
2013-14	31.07.2013	39/2013	Pending in DERC
Appeal in Supreme Court			
52/2008	31.05.2011	7910/2011	Pending in Supreme Court
Writ on MYT Regulations			
1.	02.12.2011	2203/2012	Pending in High Court

Impact of ATE Judgement in Appeal No.14/2012

1.8 TPDDL has filed Appeal No. 14/2012 before the APTEL on certain issues on which it was aggrieved in True up Order for FY 2008-09 and FY 2009-10 and determination of ARR for FY 2011-12 in the Order dated 26.08.2011.

APTEL had disposed off the case on 28th November, 2013. Based on the aforesaid Judgement against the Tariff Order dated 26.08.2011, the Petitioner has sought implementation of the decision of the APTEL as additional impact on ARR for FY 2014-15. TPDDL has submitted the various issues with supporting data, bringing out the impact there on. The issue-wise impact on the decisions of APTEL, given by TPDDL in Tables (i) to (x) at Page No. 43 to 56 of the Petition is briefly given below:

a) Interest rate for Notional loans of FY 2006-07

TPDDL has submitted that as per the directions given by the Hon'ble ATE, the interest rate for Notional loans should be the market rate at the time of induction of the notional loan and interest be allowed for each year based on prevailing market rate of interest of that year.

Table 1: Impact of the change in Interest rate of Notional Loan

Particulars	UoM	FY 2006-07
Notional Loan Amount –A	Rs. Cr	151.75
Interest rate for Notional loan – B	%	9.34
Approved Rate of Notional Loan – C	%	8.50
Additional Interest Cost sought for the year (A/2*(B-C))	Rs. Cr	0.64

b) Efficiency factor wrongly applied on 6th pay Commission's arrears pertaining to Financial Year 2005-06 to Financial Year 2007-08

TPDDL has submitted that the Commission has allowed the 6th Pay Commission arrears for the period 01.01.2006 to 31.03.2010 in FY 2008-09 and FY 2009-10 and the Commission has wrongly applied the efficiency factor on the whole amount of arrears in FY 2008-09 and FY 2009-10, instead of spreading the same on Y-o-Y basis and applying the efficiency factor on the same. TPDDL has recomputed the impact on rectification of efficiency factor as given in the Table below:

Table 2: Rectification of Efficiency Factor on 6th Pay Commission Arrears* (Rs. Crore)

Particulars	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Total
Arrears allowed (Refer Table No. 60 Order dated 26.08.2011)	3.87	20.19	21.13	22.12	23.15	**90.46**
Allowances	-	-	-	6.88	12.11	**18.99**
Total Arrears	3.87	20.19	21.13	29.00	35.26	**109.45**
Efficiency Factor			0%	2%	3%	
Efficiency Amount	-	-	-	(0.58)	(1.06)	**(1.64)**
Efficiency Amount to be adjusted in the year of payment (A)				-	(1.64)	
Arrears allowed in Order				17.90	91.55	**109.45**
Efficiency amount considered in Order (B)	-	-	-	(0.36)	(2.75)	**(3.10)**
Difference (A-B)	**-**	**-**	**-**	**0.36**	**1.11**	**1.47**

** ATE in its judgement has directed Commission to rectify the same in the next true up without any delay. Accordingly, TPDDL requested the Commission to allow the same in this true up.*

c) Expenses relating to Income from other business

TPDDL has submitted that the Regulation 5.26 of MYT Regulation, 2007 specify that Income from other sources to be worked out by deducting expenditure from the revenue and based on the above regulation the Hon'ble ATE has directed DERC to consider the net revenue (i.e., Revenue minus expenditure in relation to other Income) to be shared in 80:20 ratio.

TPDDL has requested that expenses incurred to generate other business be allowed by the Commission along with additional income tax paid/ payable on net revenue on post tax basis as given in the Table below:

Table 3: Y-o-Y Re-computation of Income from other business (net of direct expenses) and corresponding Income Tax is given below: (Rs. crore)

Particulars	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Consultancy Income	1.02	1.10	1.13	1.9
Use of TPDDL Assets	0.67	0.56	0.61	0.58
Training Income		0.74	0.26	1.82
Total Revenue from other business	1.69	2.40	2.00	4.30
Adjustment required for				
Direct Expenses – (A)	0.16	*	*	0.32
Net Income – (B)	1.53	2.40	2.00	3.98
20% share of Petitioner – (C)	0.31	1.92	1.60	0.80
20% share already allowed to Petitioner – (D)	0.34	1.92	1.60	0.86
Tax Rate	11.33%	17.00%	19.93%	20.01%
Income Tax on B (B/(1-Tax Rate)-B) (E)	0.20	0.49	0.50	1.00
Additional amount to be allowed to Petitioner(A+C-D+E)	0.33	0.49	0.50	1.26

***** *It is further submitted that the Petitioner is in process of extracting the details of expenses incurred in generating other business income for FY 2009-10 to FY 2010-11 and the claim for the same shall be submitted in due course of prudence check.*

d) Monthly Pension /LTA expenses of VSS employees/6th Pay Commission Arrears for VSS Employees

TPDDL has submitted that the Commission in its MYT Order dated 23.02.2008 has allowed the expenses towards the monthly pension/LTA of VSS employees on provisional basis for the control period and has mentioned that the same will be trued up based on the final outcome of the case. On this issue, based on the submission made by the Commission in the present appeal, the Hon'ble ATE has directed DERC to give effect to the same upon submission of details. TPDDL has submitted the details as given in the Table below:

Table 4: Y-o-Y Monthly Pension/LTA of VSS Employees (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Actual Expenses on pension/LTA of VSS Employee*	9.47	8.34	14.18	8.10	6.90
Allowed in ARR	9.47	8.53	7.50	6.06	6.06
Difference to be allowed	-	(0.19)	6.68	2.04	0.84

* *(Relevant schedule of audited financials is attached as an Annexure 4 of volume II of Petition)*

e) Impact of 6th Pay Commission in respect of Employees Absconding/Suspended in the Financial Year 2006-07

TPDDL informed Commission that certain employees were absconding/suspended during Base Year FY 2006-07. Since cost of these employees was not factored in while computing the salary cost for base year, the Commission has not allowed the impact of the 6th Pay Commission in respect of such employees for any year of the Control period.

TPDDL has submitted that on this issue, the Hon'ble ATE has directed the Petitioner to provide details and its impact so that the Commission shall consider and allow the same in next true up.

Based on the Hon'ble ATE directions, TPDDL requested the Commission to allow Rs. 0.13 crore.

f) Impact of 6th Pay Commission Arrears for employees who have opted for the same after 01.01.2006

TPDDL has submitted that the Hon'ble ATE has directed the Petitioner to provide the details to the Commission and the same shall be considered by Commission. TPDDL requested to allow the impact of the same.

TPDDL submitted that 287 employees have opted for 6th Pay Commission in during FY 2006-07 and 17 employees have opted during FY 2007-08. Full year impact of above is as follows:

Table 5: Impact of 6th Pay Commission Arrears

Year	No. of employees opted for 6th Pay	Additional Impact (Rs. Cr)
FY 2006-07	287	0.50
FY 2007-08	17	0.12

Considering the inflation factor TPDDL submitted the year wise impact is as given below:

Table 6: Computation of 6th Pay Commission Arrears

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12#
Arrears for employees opted during the year 2006-07*	0.52	0.55	0.57	0.60	0.65
Arrears for employees opted during the year 2007-08	0.12	0.13	0.13	0.14	0.15
Total	0.64	0.67	0.70	0.74	0.80
Efficiency	-	0.01	0.02	0.03	0.00
Net of efficiency	0.64	0.66	0.68	0.71	0.80
To be allowed in the year of payment (Gross)			2.02	0.74	0.80
Efficiency to be considered in the year of payment			(0.03)	(0.03)	-
Arrears – Net of efficiency			1.99	0.71	0.80

* 0.50x1.0466

Inflation factor revised based on ATE Judgement in appeal No.14/2012 for efficiency factor.

g) Late Payment Surcharge on arrears paid to DTL for Policy direction Period

TPDDL has submitted that the Commission has allowed Rs. 62.63 Cr to the Petitioner in ARR of FY 2011-12 (i.e., year in which payment of arrears has been made) and not in the year 2009-10 in which these arrears bills were raised, hence based on the direction given by the Hon'ble ATE either DTL should withdraw its claim of LPSC or the Commission should allow the same in ARR to be recovered from consumers. Break-up of the same is given in the Table below:

Table 7: DTL Arrears **(Rs. crore)**

Particulars	Amount
On account of truing up of power purchase cost for FY 2005-06	8.21
Revised Power Purchase liability for FY 2002-03 to FY 2006-07	10.20
Truing up of RLDC and ULDC charges for FY 2002-03 to FY 2006-07	0.28
Total	**18.69**

h) Computation of Revised AT&C Incentive

1) On account of adjustment of CISF expenses against AT&C incentive

TPDDL has submitted that Appellate Tribunal in its Judgement has stated that the CISF should not be reduced from AT&C over achievement. Based on the Hon'ble ATE direction, the Petitioner has re-computed the sharing of AT&C incentive without considering the adjustment CISF expenses against the AT&C incentive as given in the Table below:

Table 8: Year wise computation CISF Impact on AT&C Incentive **(Rs. crore)**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
AT&C Loss level	18.56%	16.74%	15.16%	AT&C Incentive yet to be trued up by the Commission	11.49%
Approved AT&C incentive at gross level – "A"	101.58	109.04	114.24		59.58
CISF expenses adjusted against AT&C incentive – "B"	1.87	3.31	0.97		0.60
AT&C incentive net of CISF expenses as approved –"C"	98.71	105.73	113.27		58.98
Share of Petitioner –"D" as approved in the Tariff Order – based on AT&C incentive (i.e., C)	49.86	52.86	56.64		39.44
Revised share of Petitioner- "E" based on Hon'ble ATE judgment "A"	50.79	54.52	57.12		39.80
Difference now sought	0.94	1.66	0.48		0.36
CISF Expenses to be allowed as new Initiative *					0.60

** In its tariff order July, 13 the Commission on one side reduced the amount from over achievement and on another side, have not reduced the same from revenue available. Therefore, additional amount of Rs. 0.60 Cr also sought along with the change in incentive for FY 2011-12.*

2) Impact of DVB arrears of Rs. 25.42 Cr directly received by DPCL for FY 2008-09, but not considered for the purpose of computation of collection efficiency by the Commission.

TPDDL has submitted that the Appellate Tribunal in its Judgement has stated that the DVB arrears should not be reduced from AT&C over achievement. Based on the Hon'ble ATE direction for computation of collection efficiency, the Petitioner has considered the arrears directly received by DPCL as a part of collection. TPDDL submitted the revised computation of collection efficiency, AT&C loss level, and

Petitioner share in overachievement of AT&C loss as given in the Table below:

Table 9: Impact of DVB arrears on share of Petitioner AT&C Incentive

Particulars	Units	FY 2008-09
Input	MU	6371.39
Unit Billed	MU	5161.12
Amount Billed	Rs. Cr	2447.42
Collection as approved by the Commission *	Rs. Cr	2515.53
Further Adjusted for DVB arrears	Rs. Cr	24.52
Revised Collection for AT&C purpose	Rs. Cr	2540.05
Revised Collection efficiency	%	103.78
Revised AT&C Loss level	%	15.93
Over achievement	%	4.42
Over achievement Incentive	Rs. Cr	133.56
Petitioner share in over achievement	Rs. Cr	66.78
Petitioner share in over achievement (as approved in Tariff Order Rs. 52.86 Cr + sought above on account of CISF Rs. 1.66 Cr)	Rs. Cr	54.52
Additional impact now sought	Rs. Cr	12.26

** Refer Table No. 766 at page No. 124 of August, 2011 Tariff Order*

i) O&M Expenses for FY 2011-12 should be based on actual of FY 2010-11

TPDDL has submitted that the Hon'ble ATE has directed the Commission to consider the same approach while fixing normative expenditure and target level of incentive/AT&C Loss level. As per judgement, if the Commission has to consider the actual level of AT&C of FY 2010-11 for fixing target AT&C loss level of FY 2011-12, the Commission should consider the actual O&M expenses of FY 2010-11 while fixing the normative O&M expenses for FY 2011-12.

TPDDL has submitted that while computing the revised normative O&M expenses for FY 2011-12 has considered the actual expenses of FY 2010-11 which are further adjusted for growth in consumer & per unit sale and thereafter increase with the % increase inflation as given in the Table below:

Table 10: Revised Computation of Expenses for FY 2011-12 (Rs. Crore)

Year	Employee Cost (Based on sale growth)	Employee Cost(Based on consumer growth)	A&G Cost (Based on sale growth)	A&G Cost (Based on consumer growth)
FY 2010-11*	0.41	2180	0.07	388
CAGR(refer to working tables	5%	6.51%	1.75%	3.44%

at page no. 53 of petition)				
Estimated Cost	0.43	2323	0.07	401
Estimate Expenses for FY 2011-12 based on FY 2010-11	278.22	282.12	47.95	48.75
Weighted Average Expenses	280.17		48.35	
Inflation factor(refer to working tables at page no. 53 of petition)	8%		8%	
Normative Expenses	302.25		52.16	
Less: Capitalisation	30.23			
Expenses net if Capitalization	272.02		52.16	
Add: SVRS Pension	6.06			
Total	278.09		52.16	
Efficiency Factor – Other than SVRS**	0%		0%	
Expenses sought (net of efficiency)	278.09		52.16	
Expenses approved by the Commission	187.88		35.80	
Difference Sought	90.21		16.36	

** Refer Table 84 and 85 of Tariff Order July, 2012.*

*** Based on the Hon'ble ATE direction on Issue No. 23 of Appeal 14, the Efficiency factor should not be arbitrary fixed. As the Petitioner has already over achieved its AT&C targets hence no efficiency factor has been considered.*

j) Interest on Security Deposit incurred by the Petitioner on Consumption Security Deposit received by DVB Prior to Privatization

TPDDL has submitted that the liability stated in the opening Balance Sheet of the Appellant as on 1st July, 2002 was Rs. 10 Cr in respect of consumers' security deposit. The consumer security deposit over and above Rs. 10 Cr remained with DPCL (As per validation report independently procured by the Appellant, total consumer security deposit was Rs. 66.70 Cr).

The Delhi Commission by its order dated 23.04.2007 issued statutory advice to the Government of NCT of Delhi under Section 86(2) of the Act, to direct M/s DPCL to transfer the amount of security deposit held by it, along with interest, to the successor distribution licensees. However, Government and DPCL refused to accept the decision of the learned Delhi Commission dated 23.04.2007 as binding on it.

The Petitioner then filed a writ Petition in the Delhi High Court (being WP(C) No. 2395/2008) wherein, the Delhi High court by an order dated 26.03.2008 directed the appellant to continue to refund the consumer security deposit and to pay interest to the consumer in accordance with law.

As per direction of Delhi High Court, Petitioner is refunding the consumer security deposit and also paying interest on it. This is putting additional burden of funding on the Petitioner as the Petitioner has to pay the same without simultaneously being recovered from DPCL. TPDDL requested the Commission to provisionally allow the said expense to avoid the undue hardship for the Petitioner till the matter is sub-judice and final adjustment can be made based on outcome of the matter.

TPDDL submitted the Y-o-Y amount of interest for pre-privatization security deposit not allowed by the Commission as given in the Table below:

Table 11: Y-o-Y detail in Interest on Security Deposit (Pre- Privatization) (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Interest amount not allowed	1.88	1.98	1.93	1.92

True up of FY 2007-08 to FY 2011-12

1.9 TPDDL has submitted that the Commission, in its previous Tariff Order dated 31st July, 2013, has trued up the FY 2011-12, as well as capitalisation and RoCE, for the first control period i.e., FY 2007-08 to FY 2011-12. However, the various parameters were trued up on provisional basis. Being aggrieved on certain issues, TPDDL has filed an appeal with the Appellate Tribunal for Electricity (ATE) and Review Petition before the Commission. In the present Petition, TPDDL is seeking the final Truing up of the same parameters, which were trued up provisionally in its previous Tariff Order, subject to further decision on the appeal. It is submitted that in this case also, the methodology which had been adopted by the Commission in its previous Tariff Orders should be followed. However, the same is subject to the final decision on Appeal No. 271 of 2013 filed before the APTEL.

1.10 TPDDL has sought final Truing up on the following parameters in the Petition:

i) Trading margin paid to Tata Power Trading Company Limited.

ii) Capitalisation and corresponding depreciation

iii) RoCE (Including interest on loans)

iv) Repair and Maintenance based on revised GFA

v) Income Tax

1.11 TPDDL has also submitted in the Petition that the Tariff for Power procured from Rithala Plant and Captive Solar Plants has been considered as allowed provisionally in the Tariff Order July, 2013, since the Tariff Order for Solar Plant has been recently issued is provisional and Tariff Order for Rithala Plant is yet to be issued. Pending finalisation of True up of Captive Solar Plants and Determination of Tariff for Rithala Plant, the Commission is requested to consider the rate of power purchase, as per the recent Tariff Order of July, 2013 for FY 2010-11 and FY 2011-12.

1.12 TPDDL has submitted supporting data on various parameters in Tables 4 to 46(B) of the Petition for computation of additional ARR now sought by them, as given below:

a) Trading Margin paid to Tata Power Trading Company Limited

The Commission has provisionally disallowed the trading margin paid to Tata Power Trading Company for the procurement of power through it. TPDDL has submitted that as per Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010 the maximum trading margin that Tata Trading could have charged was 7 paise/unit. However, Tata Trading charges trading margin of 4 paise/unit which is the minimum trading margin, charged by any inter-state trading licensee.

TPDDL further submitted that Commission has already approved the quantum and price of the procurement of power from Tata Power Trading.

TPDDL has requested the Commission to allow the trading margin of Rs. 0.144 Crore paid to TPTCL for power procurement.

b) Differential amount of R&M Expenses

TPDDL has submitted that the Commission in its Tariff Order for FY 2013-14 has considered the R&M Expenses linked to "K" factor which has been applied to gross fixed assets of the year for determination of R&M Expenses. As GFA has been provisionally revised, the Commission has revised the R&M Expenses based on provisionally revised GFA.

TPDDL has claimed the R&M Expenses which are re-computed based on the revised capitalisation as given in the Table below:

Table 12: Differential Amount of R&M Expenses sought **(Rs. crore)**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Gross Fixed Assets (n-1)*	1997.33	2160.37	2598.08	2916.67	3482.58
K factor Refer Table 30(ii) of the petition	2.82%	2.82%	2.82%	2.82%	2.82%^
R&M Expenses based on revised capitalisation –"A"	56.33	60.92	73.27	82.25	98.21
R&M Expenses allowed in July 13 order – "B"**	57.62	61.90	71.17	77.31	92.82
Additional R&M Expenses Sought –"C"	(1.29)	(0.98)	2.10	4.94	5.39
Efficiency factor applied on "C"	0	2%	3%	4%	0%
Net R&M Expenses Sought	(1.29)	(0.96)	2.03	4.74	5.39

*Refer Table No 17 of the petition
**Refer Table No 26 of Tariff Order dated July, 2013
^considered the revised K factor

c) Depreciation

TPDDL has submitted that the Commission has provisionally approved the depreciation in its Tariff Order for FY 2013-14 and TPDDL is now seeking the difference between the provisionally approved depreciation vis-à-vis revised depreciation based on revised GFA as given in the Table below:

Table 13: Depreciation Sought vis-à-vis allowed **(Rs. crore)**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Revised Depreciation- "A" (Refer table no 23 of the petition)	73.00	84.56	98.71	112.62	128.17
Provisionally Depreciation allowed in Tariff Order for FY 2013-14 "B"*	72.74	80.99	90.02	101.21	113.99
Difference Sought (A-B)	0.26	3.57	8.69	11.41	14.18

*Refer Table no 39 of Tariff Order dated July, 2013

d) ROCE

TPDDL has submitted that the Commission has provisionally approved the ROCE in its Tariff Order for FY 2013-14 and TPDDL is now seeking the difference between the provisionally approved ROCE vis-à-vis revised ROCE as computed in Table below:

Table 14: ROCE Sought vis-à-vis Allowed **(Rs. crore)**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Revised ROCE (Refer table no 37 of the petition)	163.80	193.76	225.04	260.25	320.00
ROCE Allowed in orders*	166.23	184.97	203.53	226.90	268.77
Difference Sought	(2.43)	8.79	21.51	33.35	51.23

*Refer table no 55 of Tariff Order dated July, 2013

e) Income Tax

1. Truing up of Income Tax based on Revised Regulated Rate Base

It is submitted that Commission has trued up the Income tax based on provisionally approved RRB and now the RRB has been changed, TPDDL is seeking the true up of Income tax based on revised Equity as given in the Table below:

Table 15: Computation of Income Tax on ROE allowed as a part of ROCE(Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Average RRB	1401.62	1619.90	1868.99	2099.67	2371.34
Average Equity (Refer table no 34 of the petition)	637.57	695.71	757.97	846.16	955.18
Average Debt (Refer table no 35 of the petition)	1050.08	1079.20	1111.04	1189.38	1297.02
% of Equity	37.78%	39.20%	40.55%	41.57%	42.41%
Equity in Average RRB	529.51	634.94	757.95	872.81	1005.71
Post Tax Return on Equity (%)	16%	16%	16%	16%	16%
Return on Equity (Rs. Crore)-A	84.72	101.59	121.27	139.65	160.91
Income Tax Rate *-B	33.99%	33.99%	33.22%	19.95%	20.01%
Tax on Equity {A/(1-B)-A}	43.63	52.31	60.33	34.80	40.25

*Refer table no 61 of Tariff Order dated July, 2013

2. Tax Paid on account of Depreciation of policy direction period allowed in FY 2008

TPDDL has submitted that pursuant to the judgment of the Supreme Court, the Commission has allowed the additional depreciation pertaining to the policy direction period in its MYT Order dated February 2008 resulting in additional income of Rs. 253.33 Crore (including carrying cost on the same). Pursuant to the same, Petitioner had to pay additional tax of Rs. 28.70 Crore in FY 2007-08 as shown in the Table below:

Table 16: Computation of Tax liability on Additional Income

Particulars	Amount (Rs. Crores)	Remark
Total Income at which Tax has been paid (Rs. Crores)	253.33	Refer table no 40 of the petition
Tax Rate (%)	11.33%	
Income Tax Liability (Rs. Crores)	28.70	

3. Tax Pursuant to change in Section 115JB of Income Tax Act

TPDDL has submitted that the Section 115JB of Income Tax Act which deals with Minimum-Alternate Tax was amended retrospectively w.e.f. Financial Year 2000-01 so as to include any provision for diminution in value of any assets. As the provision for doubtful debts, which was not added at the time of computation of MAT in earlier years, was added back pursuant to retrospective change in law resulting in additional liability of 15.26 Crore (Including Interest of 234 A/B/C). Details as given in the Table below:

Table 17: Summary of Y-o-Y tax additionally paid u/s 115JB of Income Tax Act

Year	Amount (Rs. Crores)
FY 2002-03	3.35
FY 2003-04	2.85
FY 2004-05	5.05
FY2005-06	2.32
FY2006-07	0.60
Interest due to amendment	1.10
Total	**15.26**

TPDDL stated that the Petitioner was allowed the actual tax in the policy direction period; hence requested for allowance of the same in the ARR over and above the Tax computed based on RoE during Control period.

In pursuance of details given in the above Tables, the Petitioner is now seeking the difference between the income tax approved in Tariff Order for FY 2013-14 vis-à-vis computed as given in Table below:

Table 18: Income Tax sought based on above computation (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Return on Equity as part of RoCE (Refer Table no 39 of the petition) (Table no. '15' above)	43.63	52.31	60.33	34.80	40.25
Past arrears allowed in FY 2008 (Refer Table no 41 of the petition) (Table no. '16' above)	28.70				
Retrospective change in law (115JB)(Refer Table no 42 of the petition) (Table no. '17' above)			15.26		
Total to be allowed	**72.33**	**52.31**	**75.59**	**34.80**	**40.25**
Income tax approved by the Commission as per Tariff Order FY 2013-14- "A" (Refer table no 61 of Tariff Order July, 2013)	39.21	24.97	33.39	25.36	28.49
Additional Tax to be allowed, subject to actual tax paid			**15.26**	**9.44**	**11.76**

f) Consumers security Deposits

Considering the revised carrying cost rate, TPDDL has offered differential amount in ARR towards interest on consumer security deposit. Computation of the same is given in the Table below:

Table 19: Revised Computation of Interest on Consumer security Deposit (Rs. Crore)

Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Average consumer security deposit*	Rs. Crore	146.45	179.27	218.53	260.13	326.42
Interest rate**	%	11.66%	12.37%	11.22%	11.46%	13.25%
Interest on CSD-"A"*	Rs. Crore	17.08	22.18	24.52	29.81	43.25
Interest on CSD-"B"	Rs. Crore	15.53	20.29	22.23	27.08	39.83
Difference (B-A)	Rs. Crore	(1.55)	(1.89)	(2.29)	(2.73)	(3.42)

*as considered by Commission in Table 59 of the order dt. July'13
**refer table no. 46 of the petition

g) LPSC Financing Cost

TPDDL has submitted that the Commission in its Tariff Order dated July, 2013 has mentioned that as there is no change in working capital interest rate as allowed in MYT Order hence the same has not been trued up.

TPDDL has submitted that as the working capital has been allowed based on Debt: Equity ratio of 70:30, hence LPSC financing cost would have also been changed based on Debt: Equity.

TPDDL has further submitted that the LPSC financing cost having direct impact on AT&C overachievement incentive, hence the Petitioner has offered its share of overachievement incentive due to change in LPSC financing cost. Computation of revised LPSC financing cost and impact on AT&C incentive is given in the Table below:

Table 20: Revised Computation of LPSC Financing Cost

Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
LPSC collected	Rs. Crores	15.28	14.12	16.09	17.44	21.14
Principal amount on which LPSC charged	Rs. Crores	84.89	78.44	89.39	96.89	117.44
LPSC financing cost approved by the Commission	Rs. Crores	8.06	7.45	8.49	9.20	13.42
Financing cost based on revised working capital interest rate	Rs. Crores	11.70	10.86	11.31	13.06	17.59
Difference now Sought	Rs.	3.63	3.41	2.82	3.85	4.16

Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Crores					
Computation of Interest rate						
Cost of working capital-70% Debt	%	11.11%	11.21%	9.50%	10.68%	12.82%
Return on Equity -30% Equity-gross up for tax	%	20.00%	20.00%	20.00%	20.00%	20.00%
Weighted Average Rate	%	**13.78%**	**13.85%**	**12.65%**	**13.48%**	**14.97%**

1.13 Based on the above submissions, year wise computation of additional ARR now sought by the Petitioner is as given in the Table below:

Table 21: Summary of year wise Additional ARR now sought **(Rs. Crore)**

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Trading Margin (TPTCL)					0.144
2	O&M expenses (refer to Table No. 30(i) of the petition)	(1.29)	(0.96)	2.03	4.74	5.39
3	Depreciation (refer to Table No. 25 of the petition)	0.26	3.57	8.69	11.41	14.18
4	RoCE (refer to Table No. 38 of the petition)	(2.43)	8.79	21.51	33.35	51.23
5	Income Tax (refer Table No. 43 of the petition)	-	-	15.26	9.44	11.76
6	Consumer Security Deposit (refer to Table No. 46A of the petition)	(1.55)	(1.89)	(2.29)	(2.73)	(3.42)
7	LPSC Financing Cost (refer to Table No. 46B of the petition)	3.63	3.41	2.82	3.85	4.16
8	Reduction in AT&C overachievement on account of revised LPSC financing cost	(1.82)	(1.71)	(1.41)		
9	**Total**	**(3.19)**	**11.22**	**46.61**	**60.07**	**83.45**
Impact of ATE Judgement dated 28.11.2013 on Appeal No.14/2012						
10	Efficiency Factor on 6th Pay Commission arrears (refer to Table No. (ii) of the petition)		0.36	1.11		
11	Expenses pertaining to other business income (refer to Table No. (iii) of the petition)		0.33	0.49	0.50	1.26
12	Monthly Pension/ LTA of VSS employees (refer to Table No. (iv) of the petition)	-	(0.19)	6.68	2.04	0.84
13	6th pay commission arrears (opted after 01.01.06) (refer to Table			1.99	0.71	0.80

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	No.(v) of the petition)					
14	6th Pay Commission in respect of Employees Absconding/Suspended			0.13		
15	Late payment surcharge on arrears paid to DTL (refer to Table No. (vi) of the petition)					18.69
16	CISF Expenses not to be adjusted against AT&C incentive (refer Table No. (vii) of the petition)	0.94	1.66	0.48		0.96
17	DVB arrears to be included in collection (refer Table to No. (Viii) of the petition)		12.26			
18	Interest on SD for pre privatisation period (Refer to Table No. (x) of the petition)	1.88	1.98	1.93	1.92	
19	Employee Expenses					90.21
20	A&G Expenses					16.36
21	Efficiency Factor on R&M Expenses					3.71
22	**Total**	**2.92**	**16.40**	**12.81**	**5.17**	**132.83**

1.14 TPDDL has sought the carrying cost on pre-tax basis, and is now offering the difference between the carrying cost calculated on pre-tax basis vis-à-vis carrying cost considered by the Commission in its Tariff Order for FY 2013-14 for the revenue surplus, which has been adjusted by the Commission at the time of determination of ARR of FY 2011-12.

TPDDL has given the revised computation of Revenue Surplus Trued up by the Commission for FY 2007-08 to FY 2010-11 in the Tariff Order dated July, 2013 in the Table below:

Table 22: Revised Computation of Revenue surplus trued up by the Commission for FY 2008 to FY 2011 in its Tariff Order dated July, 2013 **(Rs. Crore)**

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
1	Opening	-	3.56	101.27	162.76
2	Additions*	3.36	91.61	47.46	46.31
3	Interest Rates for carrying cost (refer to Table no.46 of the petition)	11.66%	12.37%	11.22%	11.46%
4	Carrying cost during FY	0.20	6.11	14.03	21.31
5	Closing –"B"	3.56	101.27	162.76	230.37
6	Considering in Tariff Order dated July, 2013 – "A"*	3.54	100.73	160.85	226.31

7	Difference to be adjusted (B-A)				4.06

***** refer Table No. 65 of the Tariff Order dated July, 2013***

1.15 Based on the True up sought for (MYT control period FY 2007-08 to FY 2011-12), TPDDL has given the summary of Revised Revenue Gap for along with carrying cost, as below:

Table 23: Computation of Cumulative Revised Revenue Gap, along with Carrying Cost (Rs. Crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Opening GFA-"A"	(156.34)				
2	Less: Adjustment for Policy Direction period (refer to Table no. 12 of the petition) –"B"	0.60				
3	Add: Impact of ATE Judgement dated 28.11.2013 (refer to Table no (i) of the petition)	0.64				
4	Adjusted/Opening level of Gap (A-B)	(156.38)	(371.75)	(394.56)	(1232.42)	(2318.62)
5	Contingency Reserve Adjusted towards Meeting Revenue Gap				45.51	
6	Surplus/(Gap) for the year, as approved by the Commission	(186.66)	49.44	(692.00)	(876.49)	(943.85)
7	Difference in carrying cost (refer to Table No. 48 of the petition)					4.06
8	Additional sought in the petition (refer to Table No.47 of the petition)	3.19	(11.22)	(46.61)	(60.07)	(83.45)
9	Additional ATE impact (refer to Table No. 47 of the petition)	(2.92)	(16.40)	(12.81)	(5.17)	(132.83)
10	Rate of carrying cost (refer to Table No. 46 of the petition)	11.66%	12.37%	11.22%	11.46%	13.25%
11	Carrying Cost	(29.08)	(44.63)	(86.44)	(189.98)	(383.85)
12	Closing Balance of (Gap)/Surplus	(371.75)	(394.56)	(1232.42)	(2318.62)	(3858.54)

True up for FY 2012-13

1.16 Sales and Revenue for FY 2012-13

The category wise comparison of the sales and revenue approved by the Commission in the Tariff Order for FY 2012-13 and actuals, as per the Petition, are given in Table below:

Table 24: Category – wise billed sales and Revenue for FY 2012-13 (Net of Electricity Tax)

Sl. No.	Category	Approved in Tariff Order dated 13th July, 2012			Actual as per Petition		
		MUs	Total Revenue (Rs. Crore)	ABR (Rs./kWh)	MUs	Total Revenue** (Rs. Crore)	ABR (Rs./kWh)
1	Domestic	3182.85	1598.89	5.02	2993.98	1489.99	4.98
2	Non-Domestic	1302.30	1110.98	8.53	1270.32	1152.09	9.07
3	Industrial	2102.37	1534.87	7.30	2105.10	1634.07	7.76
4	Public Lighting	103.36	70.95	6.86	108.95	77.50	7.11
5	Irrigation and Agriculture	17.91	4.95	2.76	12.65	3.88	3.07
6	Railway Traction	67.85	46.58	6.87	49.58	31.29	6.31
7	DMRC	190.00	98.05	5.16	159.76	90.58	5.67
8	Others * (including DJB)	302.25	231.98	7.65	267.56	215.29	8.03
9	**Total**	**7268.89**	**4697.25**	**6.46**	**6967.90**	**4694.69**	**6.74**

* Including Misuse, Own Consumption, Theft & other Adjustment

** Including revenue billed on account of FPA, PPAC, Deficit Revenue Recovery Surcharge

AT&C loss

1.17 TPDDL submitted the computation of AT&C loss level for FY 2012-13 and AT&C loss level approved in MYT order for FY 2012-13 vis-à-vis Actual AT&C loss for FY 2012-13 as given in the Table below:

Table 25: Computation of AT&C Loss Level for FY 12-13

S. No.	Particular	UoM	FY 12-13	Remarks
A	Units Consumed at TPDDL Periphery for TPDDL's Consumers	MUs	7,761.82	Refer table no. 67 of the petition
B	Units Billed	MUs	6,967.90	Refer Form R3a of the petition
C	Amount Billed	Rs Cr	4,694.69	Refer Form R3a of the petition
D	Distribution Loss	%	10.23%	(1-B/A)
E	Amount Collected	Rs Cr	4,673.32	Refer Table No. 56 of the petition
F	Collection Efficiency	%	99.54%	F = E/C
G	Units Realized	MUs	6,936.18	G = (B x F)
E	AT&C Loss Level	%	10.64%	E = 1 – (G/A)

1.18 The AT&C loss approved in MYT order and Actual AT&C loss for FY 2012-13 as given in the Table below:

Table 26: AT&C Loss approved in MYT order and actual AT&C loss for FY 2012-13

S. No.	Particular	Approved in MYT order for FY 2012-13	Actuals for FY 12-13
1	Distribution loss Target	12.06%	10.23%
2	Collection Target	99.50%	99.54%
3	AT&C loss Target	12.50%	10.64%

Power Purchase Cost for FY 2012-13

1.19 TPDDL has submitted that the Commission, in Tariff Order for FY 2012-13, has approved the average power purchase cost of Rs. 4.41/unit, whereas, the actual cost for FY 2012-13 is Rs. 5.45/unit.

1.20 The reasons for increase in the power purchase cost for FY 2012-13, as submitted by TPDDL are as follows:

a) Increase in the cost of power purchased from existing plants of Delhi State GENCOs.
b) Lower sales realisation rate from sale to others outside its licensed area. The actual rate realised against the sale of surplus power was Rs. 2.83/unit, as against the approval rate of Rs. 4.00/unit, resulting in the higher net power purchase cost.
c) 45% higher transmission charges against the approved estimates of the Commission.
d) Previous year's arrears in the current year (FY 2012-13) of Rs. 140 crore.

1.21 The actual power purchased from various sources and the cost incurred vis-à-vis power purchase cost approved in the MYT is as follows:

Table 27: Energy Availability and cost Estimated in the MYT Order vis-à-vis Actual for FY 2012-13

Generating Stations	Estimated in MYT order			Actual Cost Including PY Arrears		
	Energy	Amount	Average Rate	Energy	Amount	Average Rate
	(MU)	(Rs. crore)	(Rs/Unit)	(MU)	(Rs. crore)	(Rs/Unit)
NTPC- Total	**4681.73**	**1697.89**	**3.63**	**4370.73**	**1658.5**	**3.79**
NHPC- Total	**456.36**	**114.6**	**2.51**	**492.25**	**185.05**	**3.76**
Others						

Generating Stations	Estimated in MYT order			Actual Cost Including PY Arrears		
	Energy	Amount	Average Rate	Energy	Amount	Average Rate
	(MU)	(Rs. crore)	(Rs/Unit)	(MU)	(Rs. crore)	(Rs/Unit)
Nathapa Jhakri HEP	196.61	42.49	2.16	185.21	51.89	2.80
Aravali jhajjar				97.47	90.84	9.32
Tehri-I HEP	94.53	23.07	2.44	92.74	50.43	5.44
Mejia - 6	59.73	23.89	4.00	201.88	90.16	4.47
TALA HEP	34.15	6.9	2.02	26.6	5.37	2.02
Others- Total	**385.02**	**96.35**	**2.50**	**603.90**	**288.70**	**4.78**
Nuclear- Total	**172.25**	**53.27**	**3.09**	**187.81**	**58.34**	**3.11**
Total Existing Stations	**5695.36**	**1962.11**	**3.45**	**5654.68**	**2190.59**	**3.87**
New Stations						
Chandrapur Extn (U- 7 & U-8)	593.16	237.26	4.00	627.25	224.23	3.57
CLP Jhajjar	649.59	217.61	3.35	274.01	90.86	3.32
Chamera - III				23.98	10.7	4.46
Durgapur TPS	400.11	160.04	4.00			
Koteshwar HEP	35.15	15.82	4.50	33.17	14.37	4.33
Maithon TPS	1353.32	484.49	3.58	1679.84	599.43	3.57
Mejia Units 7&8	1777.58	711.03	4.00			
Parabati III	4.43	2.00	4.51			
Pragati -III Bawana	924.26	415.92	4.50	293.86	184.32	6.27
Rihand III	75.00	33.75	4.50	36.08	10.6	2.94
Total New Stations	**5812.60**	**2277.92**	**3.92**	**2968.20**	**1134.50**	**3.82**
Delhi Gencos	**2364.94**	**1007.47**	**4.26**	**2119.82**	**1068.31**	**5.04**
Grand Total	**13872.9**	**5247.50**	**3.78**	**10742.68**	**4393.42**	**4.09**

Total Power Purchase Cost

1.22 The total power purchase cost, as approved by the Commission in the MYT Order issued in July, 2012, and the actual power purchase cost for FY 2012-13 incurred by TPDDL is as follows:

Table 28: Comparative Statement on power purchase cost for FY 2012-13 (approved by the Commission vis-à-vis Actual Cost Incurred)

Generating Stations	Estimated in MYT order (A)			Actual Cost Including PY Arrears (B)		
	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)
Existing CSGS	5695.36	1962.11	3.45	5654.68	2190.59	3.87
Future CSGS	5812.55	2277.92	3.92	2968.20	1134.50	3.82
Power purchase from CSGS*	11507.91	4240.03	3.68	8322.88	3325.09	3.86
Inter-state Bilateral Purchase				266.74	92.66	3.47
PGCIL Losses	(515.92)			(292.63)		
Power Purchase from Delhi Gencos #	2364.94	1007.46	4.26	2119.82	1068.31	5.04
Intra state power purchase				35.16	15.16	4.31
Power available at Delhi Periphery	13356.93	5247.49	3.93	10751.97	4501.22	4.19
DTL Losses	(160.70)			(129.22)		
Power available at DISCOMs	13196.23	5247.49	3.98	10622.75	4501.22	4.24
Less: Surplus Power sold / Banked / UI Sales	(4930.47)	(1972.19)	4.00	(2856.21)	(808.16)	2.83
Power Required for TPDDL Consumers	8265.76	3275.30	3.96	7766.54	3693.07	4.76
Transmission Charges						
PGCIL Charges		172.58			290.01	
DTL Charges		196.88			228.20	
Other Transmission charges					19.21	
Power Required for TPDDL Consumers	8265.76	3644.76	4.41	7766.54	4230.49	5.45

* includes Dadri Stage I and II Plant
# excludes Dadri Stage I and II Plant

Note 1 : The above cost includes the arrears of approx. Rs. 140 Cr (Rs. 98.5 Cr for CSGS, Rs. 24.34 Cr for State Gencos and Rs. 17.5 Cr for PGCIL and DTL)

Note 2 : The above table also includes the energy and cost for TPDDL Rithala Generation (approx. Rs. 158 Cr) and TPDDL Solar generation (approx. Rs. 3.87 Cr)

Summary of total O&M Expenses

1.23 TPDDL submitted the summary of total O&M Expenses approved by the Commission and now sought by the Petitioner for the Control Period as given in the Table below:

Table 29: Summary of total O&M expenses

Particulars	FY 2012-13 approved by the Commission	FY 2012-13 sought by the Petitioner	Remark
Employee cost	252.09	310.36	Refer table no 74 of the petition
A&G Expenses	45.40	57.74	Refer table no 76 of the petition
R&M Expenses	95.52	114.87	Refer table no 78 of the petition
Total O&M Expenses	393.00	482.96	
Efficiency factor (%)	2%	2%	
Less: Efficiency improvement (Rs)	7.86	9.66	
Add: SVRS Pension	5.20	5.20	Refer table no 75 of the petition
Net O&M Expenses	**390.34**	**478.51**	

Return on Capital Employed (ROCE)

1.24 TPDDL has computed the ROCE as given in the Table below:

Table 30: Computation of Return on Capital Employed (Rs. Crores)

Particulars	FY 2012-13
Equity (Average)-(Refer table no 103 of the petition)	1048.25
Debt (Average)-(Refer table no 104 of the petition)	2286.79
Rate of Return on Equity	16%
Add- Additional ROE on account of Incentive	3.73%
Rate of Return on Equity considered for computing WACC	19.73%
Rate of Return on Debt	10.83%
WACC	13.63%
RRB(i) Refer table no 105	2799.77
RoCE	381.58

Income Tax

1.25 TPDDL has sought Income tax of Rs. 35.22 Crores as a tax on return on the equity component of capital employed against the income tax of Rs. 31 Crore approved by the Commission in its Tariff Order dated July, 2013.

Table 31: Income Tax sought for FY 2012-13

Particulars	Reference	Amount (Rs. Crores)
RRB (Average) (Refer table no 105 of the petition)	A	2799.77
Equity (Average) (Refer table no 103 of the petition)	B	1048.25
Debt (Average) (Refer table no 104 of the petition)	C	2286.79
% of Equity	D	31.43%
Equity Considered for Income Tax	**F=A*D**	880.01
Rate of Return	G	16%
Return on Equity	**H=E*F**	140.80
MAT/ Income Tax Rate	I	20.01%
Income Tax	**J=(H/(1-I))-H**	35.22

Non-Tariff Income

1.26 TPDDL has submitted that the Non-tariff income for the purpose of Truing up of FY 2012-13 is Rs. 72.57 cr as against Rs. 74.28 crore estimated by the Commission in the Tariff order dated 13th July, 2012.

Table 32: Reconciliation of the NTI with Audited accounts for FY 2012-13

Particulars	Rs. Crores	Rs. Crores
Other Operating Income		138.19
Other Income		11.74
Total		**149.93**
Less: income included in above, not passed for Tariff Determination		
Transfer capital grants	0.49	
Transfer from consumer contribution foe capital works (only as a book entry)	15.58	
Interest/short term capital gain	2.30	
Service line charges	(3.61)	
Income from other business	5.01	
Financing cost of LPSC	16.56	
Rebate of Power Purchase	36.41	
Incentive towards street Light	1.66	
Maintenance charges towards recovery	2.49	

Particulars	Rs. Crores	Rs. Crores
of material cost		
Income pertaining to generation Division	0.48	**77.36**
Total Non-Tariff Income		**72.57**

Revised ARR for FY 2012-13

1.27 The revised Aggregate Revenue Requirement for FY 2012-13 as submitted by TPDDL is as given in the Table below:

Table 33: Revised ARR for FY 2012-13 **(Rs. Crore)**

Sl. No.	Particulars	MYT Order dated July, 2012	True up sought	Refer Table No. (from the Petition)
1	Cost of Power Purchase (including Arrears)	3170.35	3693.07	Table No. 65
2	Inter-State transmission Charges	169.13	291.63	
3	Intra-State transmission Charges	192.48	231.37	
4	SLDC Fees and Charges	0.46	14.42	
5	Less: Normative Rebate	0.00	82.96	Table No. 73
6	O&M Expenses	390.34	478.51	Table No. 79
7	Other statutory levies /New initiations	0.00	5.66	Table No. 88
8	Depreciation	126.71	140.79	Table No. 96
9	Return on Capital Employed (RoCE) plus Supply Margin	284.14	381.58	Table No. 106
10	Income Tax	22.86	35.22	Table No. 107
11	Less: Non-Tariff Income	74.28	72.57	Table No. 59
12	Less: Interest on CSD	0.00	22.05	Table No. 89
13	**Aggregate Revenue Requirement**	**4282.20**	**5094.66**	
14	Revenue Available	4958.15	4673.32	Table No. 56
15	**Revenue (Gap)/Surplus**	**675.95**	**(421.34)**	

Carrying Cost and Closing Revenue Gap

128 The rate of carrying cost for FY 2012-13 has been considered, based on weighted average cost of debt raised for funding revenue gap, and further grossed up for the Income Tax on 30% equity portion deployed for funding Revenue Gap.

Table 34: Computation of Carrying Cost and Closing Revenue Gap for FY 2012-13 (Rs. crore)

Sl. No.	Particulars	Amount	Remarks
1	Revised Opening Gap	(3858.54)	Refer Table No. 49 of the Petition
	Add :		
2	Revenue Gap sought for the year	(421.34)	Refer Table No. 109 of the Petition
3	Closing revenue Gap	(4279.88)	
4	Carrying cost	12.13%	Refer Annexure 11 of Volume II of Petition
5	Carrying cost	(493.45)	
6	Closing Revenue Gap (including carrying cost)	(4773.33)	

Revised ARR for FY 2014-15

Energy Sales

1.29 TPDDL has submitted the revised estimate of energy sales at 7445.45 MU for FY 2014-15. The category-wise energy sales approved by the Commission in MYT Order, dated July, 2012 and the energy sales projected by the Petitioner for FY 2014-15 are given in the Table below:

Table 35: Energy Sales for FY 2014-15

Sl. No.	Categories	FY 2014-15	
		Sales as per MYT Order (MU)	Sales as per Petition (MU)
1	Domestic	3912.97	3190.92
2	Non-Domestic	1539.17	1386.27
3	Industrial	2289.98	2256.75
4	Public Lighting	119.68	115.94
5	Agriculture	22.64	13.49
6	Railway Traction	76.96	50.77
7	DMRC	220.00	170.20
8	Others	336.29*	39.92
9	Delhi Jal Board		221.19
10	**Total**	**8517.69**	**7445.45**

***Including DJB**

Power Purchase Requirement

1.30 The quantum of power purchase is decided by the expected energy sales by the licensee, as well as the loss levels projected / approved. Higher expected sales require a greater quantum of power purchase. Similarly, higher loss levels also result in proportionally greater amount of power purchase by the licensee because it needs to meet the expected sales(in MU) after accounting for various losses in the process of supplying electricity.

1.31 The energy sales for the year are grossed up by the loss level for the year, to arrive at the required quantum of power purchase for that year as given below:

$$\text{Quantum of Power Purchase (MU)} = \frac{\text{Energy Sales(MU)}}{\text{1-(Distribution loss(\%)/100)}}$$

1.32 The Table below shows the actual sales, loss levels and power purchase for FY 2014-15, as submitted by the licensee. The distribution loss has been considered at 11.06%, as approved by the Commission.

Table 36: Power Purchase Requirement for FY 2014-15

Sl. No.	Particulars	Unit	FY 2014-15	
			As per MYT Order	**As per Petition**
1	Expected Sales	(MU)	8517.70	7445.45
2	Distribution Loss (MU)	%	11.06	11.06
3	Energy Input (at TPDDL periphery for consumption of TPDDL Consumers) (MU)	(MU)	9576.39	8370.86

Power Purchase Cost

1.33 As per the MYT Regulations, 2011, power purchase cost is uncontrollable and the licensee is allowed to recover the cost of power procurement from sources approved by the Commission for supply to its consumers. The power procurement sources approved by the Commission are as follows:

a) Central Generating Stations

b) State Generation Stations

c) Non conventional energy sources

d) Bilateral purchase

e) Intra-state and inter-State Trading Licensees

f) Independent power Producers

g) Power Exchanges

h) Bulk Suppliers

i) Others

1.34 TPDDL has, in its Petition, submitted that fixed costs of Delhi Gencos have been taken at TPDDL's percentage share of the Annual Fixed Costs (AFC) of the respective stations, as approved by the Commission in the MYT Order issued in July, 2012.

The variable cost of September, 2013 for each station has been escalated by 4% for estimating the variable cost for FY 2014-15.

For Central Generating Stations, the fixed costs, as approved for FY 2013-14 in the respective Tariff Order of the CERC, have been escalated by 4% to arrive at Annual Fixed Costs of the Stations. For DVC, NAPS and RAPS a single rate of FY 2012-13 has been considered.

The variable cost of September, 2013 for each station has been escalated by 4% to estimate the variable cost for FY 2014-15, based on average increase in FY 2013-14 over FY 2012-13.

For new stations i.e., Koldam, Parbati- III and Uri – II, the rates have been assumed equal to the rate of Sewa – II for the first year of its Commissioning. For Sasan, though the levelised tariff is Rs. 1.19 per unit, the rate taken as Rs. 2.00/unit, since the initial years tariffs are expected to be higher than levelised rate.

The projected availability and the estimated cost of CSGS, Delhi Gencos and other stations as projected by TPDDL are given in the Table below:

Table 37: Projected Net Energy Available from CSGS, Long Term Bilateral arrangement and DGS for FY 2014-15

Generating Stations	As per MYT Order dt. July'12		As per Petition submission projected for FY 2014-15		
	Energy (MU)	Amount	Energy	Amount	Average Rate
	(MU)	(Rs. crore)	(MU)	(Rs. crore)	(Rs/Unit)
NTPC	**3377.37**	**1280.76**	**4974.66**	**1967.18**	**3.95**

Generating Stations	As per MYT Order dt. July'12		As per Petition submission projected for FY 2014-15		
	Energy (MU)	Amount	Energy	Amount	Average Rate
	(MU)	(Rs. crore)	(MU)	(Rs. crore)	(Rs/Unit)
NHPC	**456.36**	**114.65**	**498.05**	**122.08**	**2.45**
Others					
Aravali jhajjar			346.88	213.45	6.15
CLP jhajjar			923.30	344.55	3.73
Maithon Long Term			2006.65	680.97	3.39
Koteshwar HEP			74.77	23.12	3.09
Nathpa Jhakri HPS	196.61	42.49	166.36	49.69	2.99
Tehri - HEP	94.53	23.07	79.62	39.00	4.90
TALA HEP	34.15	6.90	28.81	5.82	2.02
DVC			792.78	312.48	3.94
MEJIA TPS(Unit 6)	59.73	23.89			
Others Total	**385.01**	**96.35**	**4419.16**	**1669.07**	**3.78**
Nuclear					
NAPS-Narora APS	55.95	13.59	60.00	15.00	2.50
RAPS - 5&6	116.30	39.68	108.00	37.26	3.45
Total Nuclear	**172.25**	**53.26**	**168.00**	**52.26**	**3.11**
Total Existing Stations	**4390.98**	**1545.02**	**10059.88**	**3810.59**	**3.79**
New Stations					
Koldam	99.07	44.58	80.52	39.13	4.86
Uri - II	40.59	18.26	25.97	12.62	4.86
Parabati – III HEP	47.83	21.52	27.79	13.51	4.86
Pragati – III Bawana	2048.87	921.99			
Barh II (2*660 MW)	205.63	92.53			
Chamera III	35.90	16.15			
Chandrpur Extn (U7&U8)	593.16	237.26			
CLP Jhajjar	918.99	307.86			
Durgapur TPS	914.18	365.67			
Koderma TPS	1574.42	629.77			
Koteshwar HEP	35.15	15.82			
Mathon TPS	2032.76	727.73			
Mejia Unit 7&8	1777.58	711.03			
Parbati II	18.91	8.51			
Rihand III	275.04	115.67			
Sasan UMPP	148.29	17.74	420.78	84.16	2.00
Total New Stations	**10748.35**	**4252.10**	**555.06**	**149.42**	**2.69**

Generating Stations	As per MYT Order dt. July'12		As per Petition submission projected for FY 2014-15		
	Energy (MU)	Amount	Energy	Amount	Average Rate
	(MU)	(Rs. crore)	(MU)	(Rs. crore)	(Rs/Unit)
Total from CSGS	**15139.34**	**5797.12**	**10614.94**	**3960.00**	**3.73**
Delhi Gencos					
BTPS	1038.69	528.25	1084.34	489.62	4.52
Rajghat	235.31	127.24	193.77	100.74	5.20
Pragati	538.40	188.81	535.33	253.20	4.73
GT	552.54	246.98	219.94	148.95	6.77
NDPL Generation			0	96.20	
TPDDL Solar			2.07	3.87	18.68
Pragati III			443.38	363.48	8.20
NCPP	1304.35	548.43			
Total Delhi Genco	**3669.29**	**1639.72**	**2478.83**	**1456.07**	**5.87**
Inter State Bilateral Purchase			263.79	103.04	3.91
Power sold to other sources	(8254.27)	(3301.71)	(4434.38)	(1184.19)	2.67
Grand Total	10554.36	4135.13	8923.18	4334.91	4.86

Renewable Purchase Obligation (RPO)

1.35 TPDDL has submitted that it has its own solar generation capacity, which is estimated to generate approx 2.07 MU in FY 2014-15. Hence, in order to fulfil the RPO, TPDDL shall be purchasing RECs equivalent to 18.86 MU of solar RECs and 498.07 MU of non- solar RECs. It has been submitted by TPDDL that the total cost of RECs to be purchased (equivalent 18.86 MU solar and 498.07 MU non-solar) would be Rs. 92.25 crore for FY 2014-15 as detailed below:

Table 38: Estimated cost of to meet RPO Obligation for FY 2014-15

RECs Purchase	Projected FY 2014-15 (TPDDL)		
	Energy (MU)	Amount (Rs. Cr)	Average Rate (Rs. Unit)
Solar	18.86	17.54	9.30
Non-Solar	498.07	74.71	1.50
Total		**92.25**	

Energy Balance summary and Power Purchase Cost for FY 2014-15

1.36 The Energy Balance summary for FY 2014-15 is provided below:

Table 39: Energy Balance Summary and Power Purchase Cost for FY 2014-15 (TPDDL Projection)

Description	As per Petition submission projected for FY 2014-15		
	Energy (MU)	Amount (Rs. Cr)	Average Rate (Rs./Unit)
Power Purchase from CSGS	10614.94	3960	3.73
Inter-State Bilateral Purchase	263.79	103.04	3.91
PGGCIL Losses	-396.05		
Power Purchase from Delhi Gencos	2478.83	1456.07	5.87
Intra-State Power Purchase	-	-	-
Purchase of REC	-	92.25	-
Power Availability at Delhi Periphery	**12961.51**	**5611.36**	**4.33**
DTL Losses	-156.28		
Power available to DISCOM	12805.23	5611.36	4.38
Less: Surplus power sold/Banked/ UI Sales	-4434.38	-1184.19	2.67
Power required for TPPDL's consumers	**8370.86**	**4427.17**	5.29
Transmission Charges	-	-	
PGCIL Charges +Other Charges	-	378.93	
DTL Charges	-	220.86	
Power required for TPPDL consumers	**8370.86**	**5026.96**	6.01

Other components of the ARR

1.37 The other components of ARR are:

a) O&M Expenses

b) Depreciation

c) Advance Against Depreciation

d) RoCE

e) Income Tax

f) Other Expenses, including new initiatives.

g) Other Income (including income from Wheeling Charges)

Revised Computation of Aggregate Revenue Requirement

1.38 The ARR approved in the MYT Order dated 13th July, 2012 for FY 2014-15 and Revised ARR submitted for FY 2014-15 is shown in the Table below:

Table 40: Proposed ARR for FY 2014-15 **(Rs. crore)**

Sl. No.	Particulars	FY 2014-15	
		Approved in MYT Order, July, 2012	Now sought by Petitioner
1	Cost of Power Purchase	3986.40	4427.17
2	Inter State Transmission charges	186.46	378.93
3	Intra State Transmission Charges	187.21	220.86
4	SLDC Fees	0.51	-
5	Less: Normative Rebate	-	100.54
	Operation & Maintenance Expenses		
6	*Gross Employee Expenses*	-	448.98
7	*Less: Capitalisation*		44.90
8	*Net Employee Cost*		404.08
9	*Repair & Maintenance Expenses*		137.43
10	*Administration & General Expenses*		70.75
11	*Efficiency Factor*		4%
12	*Less: On account of efficiency factor*	-	24.49
13	*Add: SVRs Pension*	-	3.14
14	*Total O&M Expenses (Net Capitalisation)*	438.79	590.91
15	*Add: New initiative*	0.00	32.00
16	**Total O&M Expenses**	**438.79**	**622.91**
17	Interest on consumer security Deposit	-	(22.05)
18	Depreciation	141.01	170.94
19	Return on Capital Employed	310.93	415.85
20	Income Tax	24.46	39.71
21	**Total – (A)**	**5275.77**	**6153.78**
22	**Non Tariff Income – (B)**	**74.28**	**74.28**
23	**Annual Revenue Requirement (Net) (A-B)**	**5201.49**	**6079.50**

PPAC for FY 2013-14 and FY 2014-15

1.39 TPDDL has submitted that the estimated PPAC for FY 2013-14(Q3) is 6.57% resulting in estimated revenue of Rs. 71.58 crore and for FY 2013-14 (Q4) is 4.69% resulting in estimated revenue of Rs. 61.37 crore as shown in the Table below:

Table 41: Calculation of PPAC based on Quarter 3 and 4 or FY 2013-14

Particulars	Parameter	Unit	FY 2013-14 (Q3)	FY 2013-14 (Q4)
Power purchased from CSGS having long term PPAs	a	MU	2228.97	2278.28
Power Purchase from Delhi Gencos	b	MU	529.18	610.17
Total Long Term Power Purchase in Q1 FY 2012-13	c=(a+b)	MU	2758.15	2888.45
Approved PGCIL Losses	d	MU	310.00	310.00
Approved DTL Losses	e	MU	130.57	130.57

Particulars	Parameter	Unit	FY 2013-14 (Q3)	FY 2013-14 (Q4)
Power Purchase from CSGS having Long Term PPA	f	MU	8620.00	8620.00
Power Available at Delhi Periphery	g	MU	10791.00	10791.00
PGCIL losses calculated in percentage	h=100*(d/f)	%	3.60	3.60
DTL losses calculated in percentage	i=100*(e/g)	%	1.21	1.21
Average Power purchase Cost (PPC) – Base	j	Rs./Kwh	3.92	3.92
Average PPC-Actual	k	Rs./Kwh	4.30	4.19
ABR	l	Rs./Kwh	6.98	6.98
Distribution Losses	m	%	11.56	11.56
Total Bulk Sale of Power	n	MU	991.40	1193.82
Total Power Purchase – St + LT	o	MU	2832.67	2966.21
Calculation of PPA				
Total units procured from long term PPA	A=c	MU	2758.15	2888.45
Proportionate Bulk Sale of Power	B=(n/o)*A	MU	965.32	1162.53
Difference in base and actual PPC	C=k-j	Rs./Kwh	0.38	0.27
Units on which PPAC shall be applicable	Z=a*(1-h/100)+b*(1-i/100)-B	MU	1680.26	1610.04
PPA	((A-B)*C)/((Z-Dist Losses)*ABR)	%	6.568	4.689
Computation of amount of PPA				
Total MUs estimated to be billed in Q4 FY 2013-14		MU	1522	1841
ABR		Rs./Kwh	7.2	7.1
Billed Amount		(Rs. Cr)	1090	1309
PPAC		%	6.568	4.689
Estimated amount of PPAC		(Rs. Cr)	71.58	61.37

TPDDL has not considered any PPAC for FY 2014-15

1.40 Estimated Revenue Surplus/ (Gap) for FY 2014-15

TPDDL has submitted the estimated Revenue gap for FY 2014-15 as given in the Table below:

Table 42: Estimated Surplus/ (Gap) for FY 2014-15 **(Rs. Crore)**

Sl. No.	Particulars	FY 2014-15
1	Estimated Revenue at current Tariff	5703.24
2	Estimated PPAC	61.37

3	Total Estimated Revenue availability	5764.61
4	Estimated Revenue Requirement	6079.50
5	Net(Gap)/surplus without carrying cost	(314.89)

1.41 Closing Revenue Gap

TPDDL has submitted the summary of addition in opening revenue gap along with carrying cost as given in the Table below:

Table 43: Computations of Closing Revenue Gap **(Rs. crore)**

Particulars	FY 2013-14	FY 2014-15
Opening Revenue Gap	(4777.33)	(5488.50)
Revenue (Gap)/surplus for the year	(128.53)	(314.89)
Closing Revenue (Gap)	(4901.87)	(5803.39)
Carrying cost Rate @ estimated rate of 12.13% (based on FY 2012-13)*	12.13%	12.13%
Carrying Cost	(586.63)	(684.66)
Closing Revenue Gap (including Carrying Cost)	(5488.50)	(6488.05)

** Subject to true up based on actual rate on interest.*

Tariff Rationalisation

1.42 TPDDL proposals on **"Tariff Rationalisation"** are as follows:

a) Time Bound Recovery of Regulatory Assets/Revenue Gap

TPDDL has submitted that the Commission has allowed an additional surcharge of 8% towards recovery of past accumulated deficit/ regulatory assets in Tariff Order dated 13th July, 2012 and the same has also been continued in the Tariff Order dated 31st July, 2013.

TPDDL has requested the Commission to devise a plan to authorise the recovery of Regulatory Assets in a time bound manner of not exceeding 3 years in line with the judgement of APTEL as well as National Tariff Policy.

b) Revised Power Purchase Cost Adjustment (PPA) Formula

It is submitted by TPDDL that the Power Purchase Adjustment (PPA) formula in the Tariff Order for TPDDL does not ensure that the impact of changes in Power Purchase Cost on the distribution companies are passed on to the consumers in a timely manner every quarter instead of being deferred to the annual when True up is carried out for the DISCOMs and then recovered from the consumers along with carrying cost. It is also submitted that the PPA formula in the Tariff Order has some deficiencies leading to disproportionate and inadequate PPA amount getting approved for the DISCOMs. TPDDL has proposed a revised formula for timely recovery of power purchase cost by the DISCOMs by addressing the variance in the sale rate as well as under recovery for previous quarters. TPDDL has requested the Commission to consider the proposed formula.

c) Realisation Sale Rate for Surplus Power

Power Purchase Cost for FY 2014-15 should be approved with a realistic assumption of surplus sale rates as prevalent market conditions and not on adhoc Rs. 4/- per unit basis.

d) Enhancement in Security Deposit (SD) in line with Current Tariff

TPDDL has submitted that they would like to strongly highlight the need for revision in Security Deposit (SD)/ Advance consumption deposit in line with revision of Tariff and hence making the existing security deposit sufficient as per section 47(2) of the Electricity Act 2003.

e) Introduction of ToD greater than 10 KW

It is submitted that the Commission has already introduced ToD Tariff for industrial and commercial consumers having sanctioned load/MD >100 KVA in the Tariff Order to flatten the load curve and giving option of economic tariff to consumer. TPDDL has proposed to extend the ToD Tariff for industrial and commercial categories with SL/MDI > 10 KW. The objective of the proposal is to cover significant electricity consumption and benefit reasonably large number of consumers under ToD Tariff which will help in shifting of peak load and flattening of load curve and ultimately optimizing the power purchase cost and CAPEX.

f) Reliability Charges to be levied on high end consumers

It is submitted that DISCOMs have incurred huge capital expenditure to strengthen the existing network so that all consumers can be provided electricity according to their demand and also to meet the base demand several long term arrangements have been done. However it is very critical for the utility to manage peak demand in order to manage the grid stability and to provide un-interrupted power to all consumers.

Hence, to cater to the peak demand it is required by the DISCOMs to make arrangements for standby/expensive power to ensure reliability of power.

It is proposed that the Commission should introduce "Reliability Charges" as a separate component of Tariff to be levied on high end consumers (in all categories) having high consumption of electricity.

The intent of levying these charges may be in lieu of the amount which this category has been saving by not having to maintain and operate alternate arrangements of power sources.

g) Uniform Fixed Charges till the load of 5.0 KW

As per TPDDL submission, presently there are two slabs of fixed charges under 5 KW, with several domestic consumers with sanctioned load of less than 2.0 KW though their connected load is much more than 2 KW.

The licensee's fixed charges incurred per month are much more than present charges, causing other domestic consumers of sanctioned load above 5 KW and consumer of other categories to cross subsidise the consumers of sanctioned load lower than 5.0 KW. To avoid tariff anomaly, the Commission may restructure the fixed charges for the domestic category so that uniform fixed charges are levied till the load of 5.0 KW.

h) Upward Revision of Credit Card/Debit Card Payments

It is submitted that in present times, consumers have moved from traditional mode of cheque/cash payments to electronic payments as it offers convenience. Accordingly for payments through debit card/credit card by the consumers, no processing fees to be charged for payments up to Rs. 20, 000/- and the cost of the same should be allowed as pass through in the ARR.

i) Promotion of 'e' payment (on line) – incentive

In line with above, consumer opting online payment may be incentivised. It is therefore proposed to provide a suitable rebate of Rs. 5/- per bill for on line payment.

j) DISCOM-wise Power Scheduling by SLDC

It is requested that the Commission should direct SLDC to follow DISCOM-wise scheduling so that the inefficiency of any DISCOM in sourcing power is not transmitted to DISCOMs sourcing power efficiently.

As per current practice, when power is sourced from expensive stations, the same is allocated to all DISCOMs as per sharing formula prescribed by DERC.

k) Deferment of Renewable Purchase Obligation (RPO)

It is requested that RPO for FY 2014-15 should be deferred and allowed to be covered from additional purchases from FY 2015-16 onwards so that DISCOMs are not burdened unnecessarily with additional costs with no physical power available to them.

l) Uniform Tariff for Industrial, Mushroom Cultivation and Commercial Categories

It is suggested by TPDDL that the tariff for Industrial, Mushroom Cultivation and commercial categories should be rationalised to have uniform Tariff. Since all these consumers are using electricity for business purpose, there is no logic in charging different tariffs for these categories. This uniform tariff will reduce the number of categories leading to simplified tariff structure and curbing malpractices.

m) Flat Tariff for pre-paid connections (Domestic Category)

It is stated that the due to complex slab based structure for domestic category and logistics involved in billing of pre-paid connections, the Commission may consider allowing separate tariff for billing pre-paid consumer under domestic category.

n) O&M Expenses for TPDDL

TPDDL has submitted that it has requested the Commission earlier to modify the norms for allowance of O&M expenses so as to meet the actual cost required to provide/maintain better service to the consumer. The Commission has stated in Tariff Order dated 31st July, 2013, that the Commission has initiated a benchmarking exercise for employee expenses taking into account the increased consumer base as well as increase in sales. It is requested that the benchmarking exercise should consider all aspects including PA guidelines, statutory obligation to meet FRSR, staff salary and pension benefit apart from quality of service offered etc.,

o) True up of AT&C Losses and Incentive for FY 2010-11

TPDDL has requested the Commission to true up the energy sale, AT&C losses and incentive for FY 2010-11.

Disclaimer: Figures are as per Petition submitted by TPDDL, which may not add up.