

## INTRODUCTION

- 1.1 The Distribution licensee, North Delhi Power Limited (NDPL) has filed petition for true up for the FY 2009-10 and Aggregate Revenue Requirements (ARR) for the FY 2011-12.
- 1.2 This staff paper contains summary of the petition filed by NDPL for true up of FY 2009-10 (based on audited accounts) and ARR & Tariff of FY 2011-12 (projections). For the purpose of comparison of trends, the document also contains the figures for true up of FY 2007-08 and revised ARR of FY 2009-10 as approved by the Commission in the tariff order of FY 2009-10 and figures for FY 2008-09 and FY 2010-11 as approved by the Commission in the MYT Order.
- 1.3 As per the MYT Regulations, Tariff for the year 2011-12 shall be based on the ARR approved by the Commission, which 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
- 1.4 The Commission shall also true up the uncontrollable parameters (Sales and Power Purchase) viz-a-viz the audited account of distribution licensees after prudence check for the year 2009-10.
- 1.5 In so far as the controllable parameters for the FY 2009-10 are concerned, any variation (up or down) on account of O&M expenses is completely to the account of the licensee and is not trued-up (excluding impact of Sixth pay Commission). Depreciation and ROCE shall be trued-up at the end of the control period based on the capital expenditure and capitalization undertaken by the licensees for each year of the control period viz-a-viz approved capital expenditure and capitalization by the Commission in the MYT order. Income Tax shall be considered at actual in accordance with the Regulations.
- 1.6 This staff paper contains a summary of information submitted by NDPL in its true up petition for FY 2009-10 and petition for determination of Aggregate Revenue Requirement (ARR) and tariff for FY 2011-12 for approval of the Commission.

## Energy Sales

- 1.7 In its petition, NDPL has submitted that its actual energy sales in FY 2009-10 was 5800 MU compared to energy sales of 5625 MU approved by the Commission in its Tariff Order for FY 2009-10 issued in May 2009. NDPL in its tariff petition has

revised the estimates of energy sales as 6381.61 MU for FY 2010-11 and projected the same at 6892.12 MU for FY 2011-12.

- 1.8 Since sales is treated as an uncontrollable factor, NDPL has requested the Commission to approve the revised estimates for FY 2010-11 and true-up for FY 2009-10 based on its audited accounts.

**Table 1: Energy sales in FY 2007-08, FY 2008-09, FY 2009-10 (actual), FY 2010-11 and FY 2011-12 (projected) along with the approved sales**

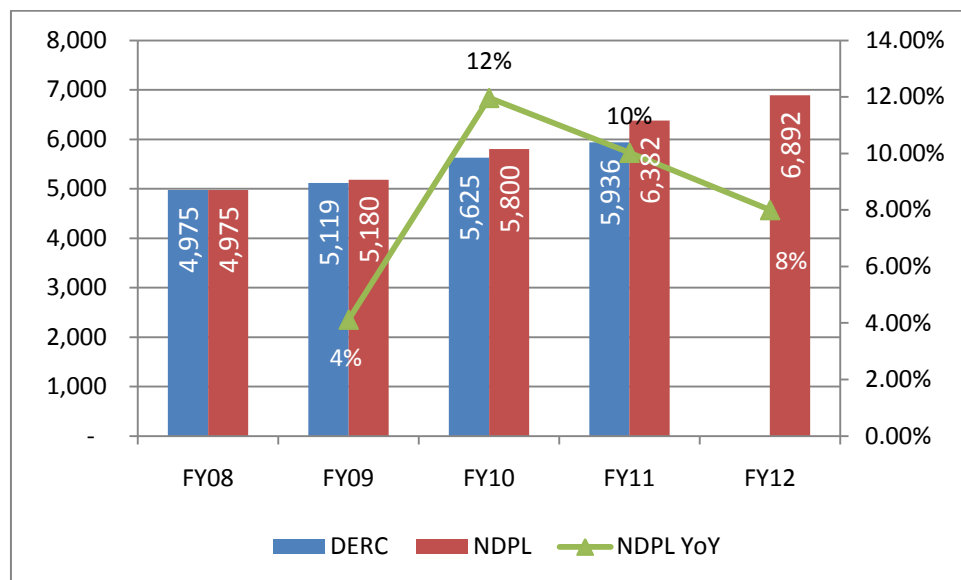
Sale of Energy (MU)	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT order	Actual as per True Up petition	Approved in the May 2009 order	True Up petition	Approved in the MYT Order	Revised estimates as per petition	Estimates as per petition
Domestic	2027	2017.82	2105.89	2260	2447	2247.48	2631.83	2808.80
Non-Domestic	933	1135.32	996.95	1124	1176	1464.07	1114.75	1237.37
Industrial	1744	1656.43	1772	1904	1884	1865.06	2034.41	2197.17
Agriculture & Mushroom	12	8.46	24.89	32	20	6.14	21.13	22.21
Public Lighting	67	84.63	67	79	55	106.51	82.42	86.54
Railway Traction	48	50	47.99	52	54	55	65.18	71.04
DMRC	79	115	75.69	101	99	140	173.4	189.01
Others	66	51.21	89.52	72	65	52.11	258.48	280.00
<b>Total</b>	<b>4975</b>	<b>5118.88</b>	<b>5179.93</b>	<b>5625</b>	<b>5800</b>	<b>5936.37</b>	<b>6381.61</b>	<b>6892.13</b>

- 1.9 The category wise annual sales growth is given in Table 2 below:

**Table 2: Annual Sales Growth Rates**

Growth Rate	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Actual	Actual	Projected	Projected
Domestic	3.89%	16.20%	7.55%	6.72%
Non Domestic	6.85%	17.96%	-5.21%	11.00%
Industrial	1.61%	6.32%	7.98%	8.00%
Agricultural	107.42%	-19.65%	5.65%	5.11%
Railways	-0.02%	12.52%	20.70%	8.99%
DMRC	-4.19%	30.80%	75.15%	9.00%
Street Lighting	0.00%	-17.91%	49.85%	5.00%
Others	35.64%	-78.78%	1260.42%	-11.03%
<b>Total Sales</b>	<b>4.12%</b>	<b>11.97%</b>	<b>10.03%</b>	<b>8.00%</b>

**Figure 1: Energy Sales (MUs) (Approved, Actuals, Revised Estimates and Projections)**



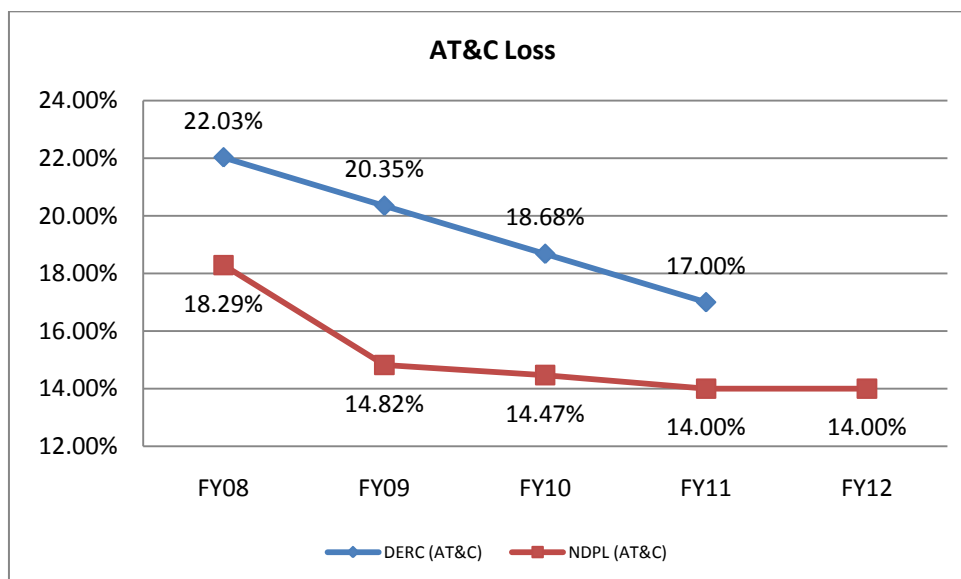
### AT&C Losses

1.10 In its true-up petition of FY 2009-10, NDPL has submitted the actual loss figures for FY 2009-10, which are better than the loss level targets set in the MYT Order. As per the profit sharing mechanism laid down in the MYT Regulations, the gains from this over-achievement of target are to be shared between the consumers and the distribution Licensee. NDPL has also submitted revised estimates of AT&C loss Distribution loss for FY 2010-11 and projections for FY 2011-12.

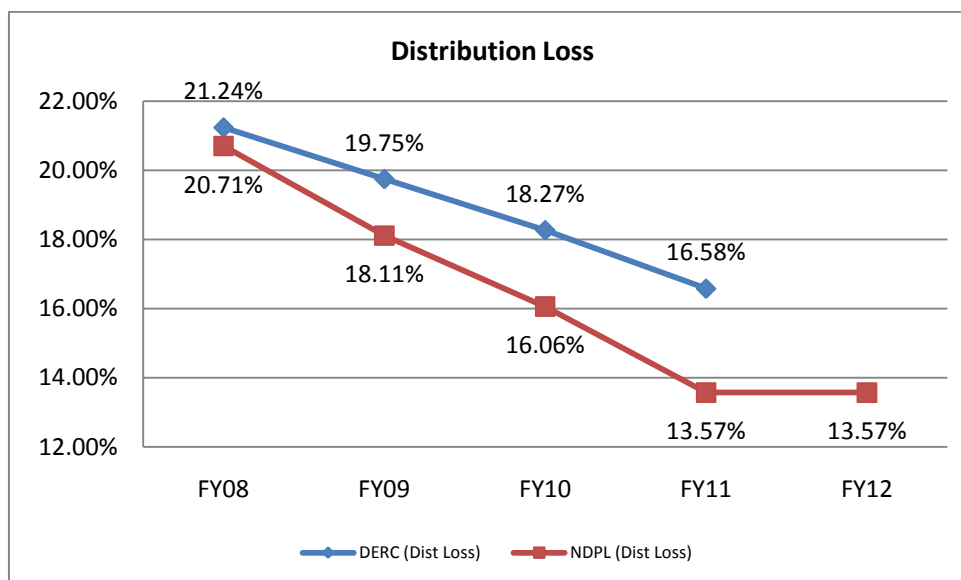
**Table 3: Actual vs. approved figures for FY 2008-09, FY 2009-10 and projections for FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Actual Trued Up by the Commission	Approved in MYT Order	Actual as per True Up petition	Approved in the May 2009 order	Actual as per True Up petition	Approved in the MYT Order	Revised estimates as per petition	Estimates as per petition
Distribution losses	21.24%	20.71%	19.75%	18.11%	18.27%	16.06%	16.58%	13.57%	13.57%
Collection efficiency	99%	103.07%	99.25%	104.39%	99.50%	101.89%	99.50%	99.50%	99.50%
AT&C level	22.03%	18.29%	20.35%	14.82%	18.68%	14.47%	17.00%	14.00%	14.00%

**Figure 2: AT&C Loss (Approved, Actuals, Revised Estimates and Projections)**



**Figure 3: Distribution Loss (Approved, Actuals, Revised Estimates and Projections)**



1.11 The summary of incentive claimed for NDPL and consumer's share in revenue from overachievement of AT&C loss reduction target is summarised in the table below:

**Table 4: Benefits on account of overachievement of AT&C loss targets for FY 2007-08, FY 2008-09 and FY 2009-10 and Projected for FY 2010-11 and FY2011-12**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Approved in May 2009 Order	As per true-up petition	As per petition	Revised estimates as per petition	Estimates as per petition
Total Amount on account of over-achievement of AT&C losses (Rs Cr)					
<b>Benefit to be retained by NDPL (Rs Cr)</b>	54.82	85.48	76.22	65.86	-

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Approved in May 2009 Order	As per true-up petition	As per petition	Revised estimates as per petition	Estimates as per petition
Benefit to be transferred to contingency reserve	54.82	80.00	59.19	32.92	-

## Power Purchase requirement

1.12 The quantum of power purchase is decided by the expected sales of energy by the Licensee, as well as the loss levels projected/approved. Higher expected sales require a greater quantum of power to be purchased. Similarly, higher loss levels also require a proportionately 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.

1.13 The energy sales for that year is grossed up by the loss levels for the year, to arrive at the required quantum of power purchase for that year in the following manner:

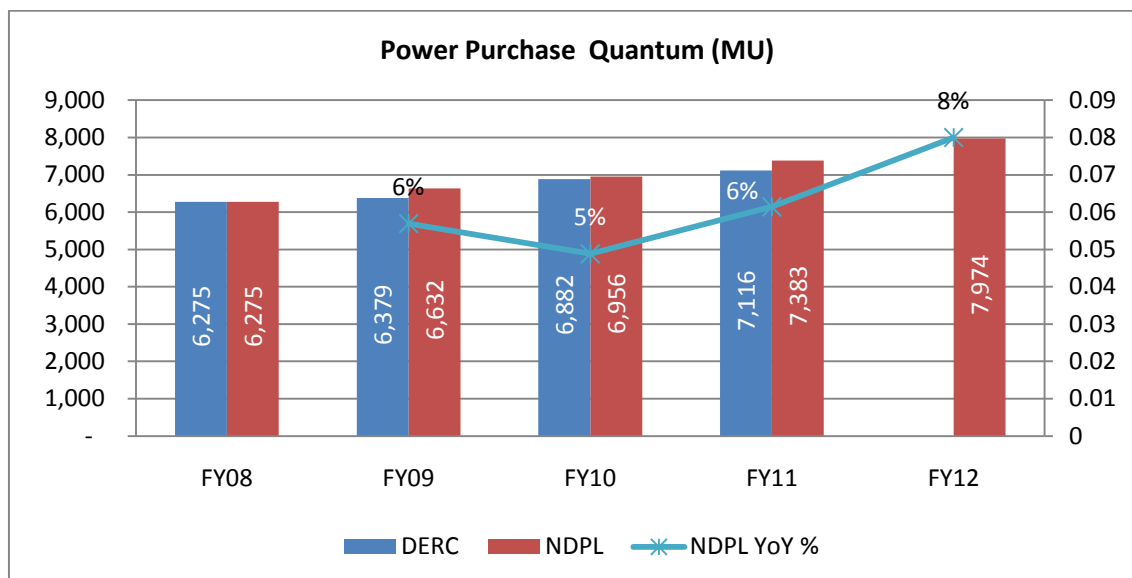
$$\text{Quantum of power purchase (MU)} = \frac{\text{Energy sales}}{(1 - \text{Distribution Loss (\%)})}$$

1.14 The power purchase requirement for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 5: Power Purchase Requirement for FY 2007-08, FY 2008-09, FY 2009-10 projections for FY 2010-11 & FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	MYT Order	True Up petition	Approved in the May 2009 order	True Up petition	MYT Order	Revised estimates	Projections
Sales (MU)	4975	5118.88	5179.93	5625	5800	5936.37	6381.61	6892.12
Distribution Loss	20.72%	19.75%	18.11%	18.27%	16.06%	16.58%	13.57%	13.57%
Power Purchase at Discom Periphery (MU)	6275.05	6378.51	6325.3	6882.40	6909.88	7116.49	7383.37	7974.04

**Figure 4: Power Purchase Quantum (MU) (Approved, Actuals, Revised Estimates and Projections)**



## Power Purchase Cost

1.15 As per the MYT Regulations, 2007, 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 following power procurement sources are approved by the Commission:

- (a) Intra-state and Inter-state Trading Licensees
- (b) Bilateral Purchases
- (c) Bulk Suppliers
- (d) State generators
- (e) Independent Power Producers
- (f) Central generating stations
- (g) Non-conventional energy generators
- (h) Any generation business of the Distribution Licensee

1.16 NDPL, in its true-up petition has submitted that the actual power purchase cost for FY 2009-10 comes out to Rs 2558.54 Cr for 6955.97 MU (@ 3.68/unit) as compared to Rs 1811.20 Cr for 6882.40 MU (@ Rs 2.63/unit). NDPL has also submitted that due to change in CT/PT ratio between two interchange points, SLDC has raised bills in FY 2009-10 amounting to Rs 14.44 Cr against 1.49 MU and 44.60 MU consumed in FY 2007-08 and FY 2008-09 respectively .

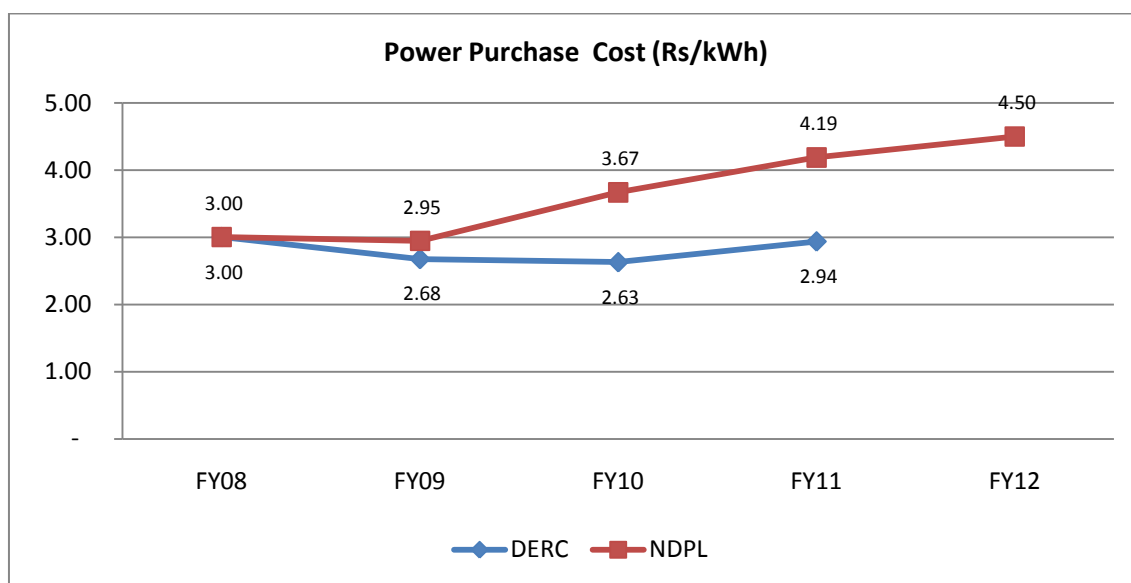
1.17 The reasons for increase in the power purchase cost for FY 2009-10 as submitted by NDPL are as follows:

- (a) Increase in the cost of power purchase from the existing plants at regulated

- prices, due to substantial increase in coal prices;
- (b) Lower supply from existing plants than what has been factored by the Commission resulting in higher procurement of power from bilateral sources, trading companies and power exchange at very higher rates.
- (c) No supply / very low supplies from the new generating stations than what has been considered by the Commission.
- (d) Due to lower availability from existing/new generating stations, lower sales realization from sale to others outside its licensed area.

1.18 The figure below shows the per unit power purchase cost approved by the Commission for FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11 and actual per unit power purchase cost for FY 2008-09 and FY 2009-10 and estimated per unit power purchase cost for FY 2010-11 and FY 2011-12 as submitted by NDPL.

**Figure 5 : Power Purchase Cost (Rs/kWh) (Approved, Actuals, Revised Estimates and Projections)**



1.19 The tables below show the power purchase quantum and rate of purchase for FY 2007-08, FY 2008-09, FY 2009-10 (actuals), FY 2010-11 and FY 2011-12 (projected).

**Table 6 : Power purchase for FY 2007-08 (as approved in order issued in May 2009), FY 2008-09 (actuals) along with approved in the MYT Order**

Source	FY 2007-08			FY 2008-09*								
	Approved in May 2009 Order			Approved in the MYT Order of 23 Feb 2008			Actual as per True Up Petition			Diff in %		
	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)
NTPC	3829.06	813.82	2.13	4344.97	995.40	2.29	4415.07	1176.25	2.66	2%	18%	16%
NHPC	471.56	86.17	1.83	455.92	79.54	1.74	480.34	93.31	1.94	5%	17%	11%
TEHRI HEP	83.48	37.90	4.54	88.47	30.97	3.50	101.91	46.08	4.52	15%	49%	29%
NJPC (SATLUJ)	190.79	49.65	2.60	189.74	52.57	2.77	199.54	59.37	2.98	5%	13%	7%
TALA HEP	27.47	5.05	1.84	34.15	11.95	3.50	32.76	6.03	1.84	-4%	-50%	-47%
Nuclear	23.07	4.97	2.16	48.67	10.11	2.08	28.13	6.11	2.17	-42%	-40%	5%
SGS	1230.28	295.68	2.40	1672.13	388.57	2.32	1250.48	350.94	2.81	-25%	-10%	21%
Future Stations	6.62	2.12	3.21	517.44	147.92	2.86	162.17	45.47	2.80	-69%	-69%	-2%
Power Purchase from other Sources	1112.07	634.81	5.71	318.93	175.01	5.49	765.78	332.88	4.35	140%	90%	-21%
Power Sold to other Sources	432.91	178.62	4.13	1012.12	286.41	2.83	804.04	401.66	5.00	-21%	40%	77%
Other payments made		13.33										
<b>GRAND TOTAL</b>	<b>6541.48</b>	<b>1764.89</b>	<b>2.70</b>	<b>6658.30</b>	<b>1605.62</b>	<b>2.52</b>	<b>6632.14</b>	<b>1714.78</b>	<b>2.59</b>	<b>0%</b>	<b>7%</b>	<b>7%</b>
Inter-State transmission losses/ charges	266.44	74.43	-	207.06	55.93	-	200.36	103.12	-	-3%	84%	-
Intra-State transmission losses/ charges		45.62	-	72.72	44.81	-	106.48	47.50	-	46%	6%	-
SLDC Fees & Charges	-	0.00	-	-	2.08	-	-	-	-	-	-	-
<b>Total energy input to Distribution Company system</b>	<b>6275.05</b>	<b>1884.94</b>	<b>3.00*</b>	<b>6378.51</b>	<b>1708.44</b>	<b>2.68*</b>	<b>6325.30</b>	<b>1865.40</b>	<b>2.95*</b>	<b>-1%</b>	<b>9%</b>	<b>10%</b>

# Inclusive of transmission charges



**Table 7: Power purchase for FY 2009-10 (revised estimates) along with approved in the Tariff order for FY 2009-10**

Source	FY 2009-10								
	Approved in May 2009 Order			Actuals as per True Up Petition			Diff in %		
	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)
NTPC	4251.48	1015.77	2.39	4180.51	1134.83	2.71	-2%	12%	14%
NHPC	469.66	88.90	1.89	469.57	145.89	3.11	0%	64%	64%
TEHRI HEP	82.16	39.08	4.76	66.76	39.06	5.85	-19%	0%	23%
NJPC (SATLUJ)	206.30	53.44	2.59	209.61	56.53	2.70	2%	6%	4%
TALA HEP	37.59	7.06	1.88	28.52	5.25	1.84	-24%	-26%	-2%
Nuclear	51.06	11.24	2.20	37.14	8.91	2.40	-27%	-21%	9%
SGS	1358.10	351.49	2.59	1135.44	321.06	2.83	-16%	-9%	9%
Future Stations	1226.72	351.30	2.86	379.67	117.02	3.08	-69%	-67%	8%
Power Purchase from other Sources	570.78	254.12	4.45	1611.38	846.67	5.25	182%	233%	18%
Power Sold to other Sources	1059.85	517.15	4.88	724.95	298.20	4.11	-32%	-42%	-16%
Other payments made									
<b>GRAND TOTAL</b>	<b>7194.01</b>	<b>1655.25</b>	<b>2.30</b>	<b>7393.65</b>	<b>2377.03</b>	<b>3.21</b>	<b>3%</b>	<b>44%</b>	<b>40%</b>
Inter-State transmission losses/ charges	203.90	106.25	-	437.67	124.22	-	40%	17%	-
Intra-State transmission losses/ charges	107.69	47.70	-		57.29	-		20%	-
SLDC Fees and Charges	-	2.00	-	-	-	-	-	-	-
<b>Total energy input to Distribution Company system</b>	<b>6882.41</b>	<b>1811.20</b>	<b>2.63*</b>	<b>6955.97</b>	<b>2558.54</b>	<b>3.68*</b>	<b>1%</b>	<b>41%</b>	<b>40%</b>

\*Inclusive of transmission charges

**Table 8: Power purchase for FY 2010-11 and FY 2011-12 (proposed) along with approved in the MYT Order**

Source	FY 2010-11									FY 2011-12		
	Approved in the MYT Order			Revised Estimates as per petition			Diff in %			As per petition (Projection)		
	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)	MU Purchased /generated (ex-bus)	All Charges Total in Rs Crs	Avg rate (Rs./kwh)
NTPC	4160.13	995.03	2.39	3569.68	1069.38	3.00	-14%	7%	25%	4,004.70	1,355.17	3.38
NHPC	455.92	79.54	1.74	477.37	109.62	2.30	5%	38%	32%	441.61	112.57	2.55
TEHRI HEP	88.47	30.97	3.50	93.87	44.06	4.69	6%	42%	34%	79.62	39.20	4.92
NJPC (SATLUJ)	189.74	52.57	2.77	199.21	50.68	2.54	5%	-4%	-8%	166.36	44.16	2.65
TALA HEP	34.15	11.95	3.50	30.87	5.68	1.84	-10%	-52%	-47%	30.82	5.67	1.84
Nuclear	48.67	10.32	2.12	48.70	9.95	2.04	0%	-4%	-4%	143.79	38.70	2.69
SGS	1546.37	370.59	2.40	1064.37	346.41	3.25	-31%	-7%	36%	1,037.32	342.46	3.30
Future Stations	1451.27	439.41	3.03	1813.02	668.12	3.69	25%	52%	22%	5815.09	2250.32	3.87
Power Purchase from other Sources	355.82	195.26	5.49	1562.11	866.91	5.55	339%	344%	1%	138.70	74.22	5.35
Power Sold to other Sources	880.12	300.23	3.17	1077.67	323.95	3.01	22%	8%	-12%	3352.10	978.90	2.92
Other payments made				0.00	0.00	0.00				0.00	0.00	0.00
<b>GRAND TOTAL</b>	<b>7450.44</b>	<b>1885.40</b>	<b>2.53</b>	<b>7881.90</b>	<b>2847.60</b>	<b>3.66</b>	<b>4%</b>	<b>51%</b>	<b>45%</b>	8505.89	3283.56	3.86
Inter-State transmission losses/ charges	254.96	97.92	-	269.68	136.54	-	6%	39%	-	531.85	192.19	-
Intra-State transmission losses/ charges	78.99	108.68	-	128.85	110.56	-	63%	2%	-	0.00	114.62	-
SLDC Fees & Charges	-	2.06	-	-	-	-	-	-	-	-	-	-
<b>Total energy input to Distribution Company system</b>	<b>7116.49</b>	<b>2092.00</b>	<b>2.94*</b>	<b>7383.37</b>	<b>3094.70</b>	<b>4.19*</b>	<b>4%</b>	<b>48%</b>	<b>43%</b>	<b>7974.04</b>	<b>3590.37</b>	<b>4.50*</b>

\*Inclusive of transmission charges

## Operation and Maintenance

- 1.20 The O&M expenses broadly include Employee expenses, Administrative and general expenses (A&G) and Repair and Maintenance expenses (R&M).
- 1.21 As per the MYT Regulations, O&M Expense is a controllable factor and any surplus or deficit on account of O&M expense shall be to the account of the Petitioner and shall not be trued up in the ARR. But, due to various factors outside the Licensee's control, several deviations from the planned trajectory need to be taken into account by the Commission.
- 1.22 The O&M expenses for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 9: Proposed and approved O&M expenses for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in MYT Order	Actual as per True Up petition	Approved in the May 2009 order	Actual as per True Up petition	Approved in MYT Order	Revised estimates as per petition	Revised estimates as per petition
Employee Expenses	131.14	150.47	168.92	143.09	248.33	146.42	197.69	306.31
A&G expenses	30.92	31.57	32.00	32.53	34.37	33.54	34.51	62.99
R&M expenses	57.48	70.72	70.72	80.95	80.95	86.21	86.21	141.94
Total O&M expenses	219.55	252.75	271.63	256.57	363.65	266.17	318.41	511.24

- 1.23 NDPL's submissions for O&M expenses for the FY 2009-10, FY 2010-11 and FY 2011-12 have been further divided into the three heads of expenditure viz. Employee Cost, Repair and Maintenance (R&M) and Administrative and general (A&G) and discussed in details in the following sections.

### Employee Expenses

- 1.24 The Employee cost for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 10: Total employee Cost of NDPL for FY 2007-08, FY 2008-09, FY 2009-10 (actual) and FY 2010-11 and FY 2011 (projected)**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Employee Cost incl. pension	145.64	175	175	163.56	163.56	168.6	168.6	339.59

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Employee capitalization	14.5	21.45	21.45	16.05	16.05	16.08	16.08	33.28
Employee Cost net off capitalization	131.14	153.55	153.55	147.52	147.52	152.52	152.52	306.31
Efficiency Factor (%)	0%	2%	2%	3%	3%	4%	4%	0%
Net employee Cost	131.14	150.48	150.48	143.08	143.08	146.42	146.42	306.31
Increase in FRSR Salary	-	-	12.12	-	10.29	-	16.88	-
Impact of sixth pay Commission	-	-	4.29	-	86.4	-	29.86	-
Correction of inflation index	-	-	2.04	-	8.55	-	4.53	-
<b>Total</b>	131.14	150.47	168.92	143.09	248.33	146.42	197.69	306.31

### Sixth Pay Commission Arrears pay out for FY 2009-10

- 1.25 The Commission in its MYT Order had recognised the uncontrollable nature of Sixth Pay Commission recommendations in determination of employee expenses incurred on ex-DVB employees during the Control Period. It has accordingly considered a provisional increase @10% in the total employee expenses w.e.f. January 2006 and had stated that a true-up would be done later based on the actual impact.
- 1.26 NDPL has submitted that that against the estimated increase of 10% factored in by the Commission, the actual increase has been in the range of 40%-55%. The additional impact calculated by the NDPL till FY 2009-10 works out to Rs 86.40 Cr.

### Increase in the salary of FRSR structure employees

- 1.27 As detailed above, the Commission in the MYT Order had taken inflation figures for FY 2001-02 to FY 2005-06 because the figures for FY 2006-07 were not available then and also the Commission in the MYT order had recognised that the salary/promotion etc of FRSR structure employees are governed by rules and pay scales as specified by GoNCTD and post privatisation the terms of their service shall in no way be less favourable than or inferior to that applicable to them immediately before the transfer. Thus, NDPL has stated that it is not in their control and need to be adjusted based on actual increase in salaries. In view of the same, NDPL has requested to consider and allow the difference of Rs 10.29 Cr for FY 2009-10.

**Salary of employees covered under non-FRSR structure:**

- 1.28 NDPL has proposed a salary correction for non-FRSR employees in line with the market levels and has considered a general correction of 10% in salary of non FRSR structure while computing employee expenses for FY 2011-12.

**Correction of inflation-linked indexation for employee cost**

- 1.29 As per MYT Regulations, 2007 the employee expenses shall be linked to an inflation-based index that takes into account the inflation indices of the immediate past five years. However, while fixing the tariff for FY 2007-08, the Commission had taken inflation figures for FY 2001-02 to FY 2005-06 because the figures for FY 2006-07 were not available then. However, now that inflation indices for FY 2006-07 are available, the Commission has to replace the provisional computation for FY 2007-08 with confirmed figures by correcting the indexation.
- 1.30 NDPL has requested the Commission to consider the impact of Rs 8.55 Cr for FY 2009-10.

**Repair and maintenance expenses**

- 1.31 The repair and maintenance expenses for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY2011-12 is summarised in the table below:

**Table 11 : Repair and maintenance expenses**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
R&M expenses	57.48	72.16	72.16	83.45	83.45	89.80	89.80	141.94
Efficiency factor (%)	0%	2%	2%	3%	3%	4%	4%	0%
Net R&M expenses	57.48	70.72	70.72	80.95	80.95	86.21	86.21	141.94

**A&G Expense**

- 1.32 The administrative and general expenses for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 12 Administration and general expenses**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
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	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
A&G expenses	30.92	32.21	32.21	33.54	33.54	34.94	34.94	62.99
Efficiency factor (%)	0%	2%	2%	3%	3%	4%	4%	0%
Net A&G expenses	30.92	31.57	31.57	32.53	32.53	33.54	33.54	62.99
Correction of inflation index			0.43		1.84		0.97	
Total	30.92	31.57	32.00	32.53	34.37	33.54	34.51	62.99

### Correction for inflation index for A&G expenses based on Actual figures

1.33 NDPL in its true- up petition of FY 2009-10, has requested the Commission to consider CPI and WPI figures for the preceding five years of each year of the MYT period and has also asked for the true-up of the same based on actual inflation numbers. Therefore, NDPL has requested the Commission to consider the impact of Rs 1.84 Cr for FY 2009-10 in lieu of the same.

### Capital Expenditure

1.34 NDPL, in its ARR Petition of FY 2011-12 has submitted that it has arrived at the capital expenditure plan based on the operational challenges, future load projections, Regulatory directions and specific requirements of consumer. NDPL, has categorised all capital expenditure under following benefit centers;

- (a) AT&C Loss reduction
- (b) Reliability improvement
- (c) Load growth
- (d) Infrastructure development including administrative buildings

1.35 In addition to the above, it has also proposed expenditure to be incurred on Deposit Works which primarily include new 66 and 33 KV Grid substations, Mixed Load / Large Industrial connections, electrification works and shifting of services where full or part of the cost of such works is borne by the land owning agency or the consumer concerned.

1.36 The capital expenditure plan proposed by NDPL for FY 2011-12 is given in the table below:

**Table 13: Detail-wise Proposed Capital Expenditure for FY 2011-12**

Sl. No.	Capital Expenditure (Proposed)	Amount (Rs Cr)
1	Metering systems	80
2	HVDS	20
3	LT ABC	
4	Sick cable	40
(a)	Old	
(b)	New	
5	11 kV SI	50
(a)	Old	
(b)	New	
<b>6</b>	<b>EHV Works</b>	<b>90</b>
	<b>Internal (Old)</b>	
	<b>Internal (new)</b>	
	<b>Deposit EHV</b>	
<b>7</b>	<b>Automation</b>	<b>5.00</b>
<b>8</b>	<b>Deposit works</b>	<b>80.00</b>
<b>9</b>	<b>Information technology</b>	<b>10.00</b>
<b>10</b>	<b>Civil projects</b>	<b>20.00</b>
<b>11</b>	<b>Adm support</b>	<b>5.00</b>
	<b>Total</b>	<b>400.00</b>

- 1.37 NDPL has estimated that from FY 2011-12 opening CWIP will be capitalised during the year along with 50% of the capital expenditure incurred during the year. The computation submitted by NDPL is given in the table below:

**Table 14: Capital expenditure and Capitalisation for FY 2010-11 and FY 2011-12**

Proposed amounts in Rs Cr	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening balance of CWIP	421.47	359.81	277.13	272.22	200.00
Addition during the year	245.12	288.54	374.09	400.00	400.00
Capitalization of capex of FY 06 and FY 07 for EI certificates	42.33	34.06	3.21	30.50	
Investment capitalized during the year	264.45	337.16	375.80	441.72	400.00
Total capitalization during the year	306.78	371.22	379.01	472.22	400.00
Closing balance of CWIP	359.81	277.13	272.22	200.00	200.00

## Depreciation

- 1.38 The depreciation for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is given in the table below:

**Table 15: Depreciation for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Depreciation including AAD (Rs Cr)	85.36	103.36	103.36	115.85	115.85	124.02	124.02	180.56

\*Depreciation and RoCE shall be dealt with as per Regulation 4.16 (ii) of MYT Regulation 2007

## Return on Capital Employed (RoCE)

1.39 The Return on capital employed for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is given in the table below:

**Table 16: Return on capital employed for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
ROCE including supply margin allowed	172.39	213.32	213.32	236.98	236.98	250.64	250.64	294.43

\*Depreciation and RoCE shall be dealt with as per Regulation 4.16 (ii) of MYT Regulation 2007

## Income Tax

1.40 NDPL has submitted that it has incurred an income tax liability of Rs 48.56 Cr in FY 2009-10 against the total tax liability of Rs 15 Cr allowed in the Tariff Order of FY 10. NDPL has further submitted that this tax liability includes MAT liability of Rs 33.31 Cr for FY 2009-10 at the enhanced MAT rate of 16.99% and the balance Rs 15.92 Cr towards retrospective amendment.

1.41 The Income tax for FY 2007-08, 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is given in the table below:

**Table 17: Income Tax for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 & FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Income Tax	40.8	15	27	15	48.56	15	15	36.87

Note: The Commission shall treat Income Tax as per Regulation 5.20, 5.21 and 5.22 of MYT Regulation 2007.



## Non Tariff Income (NTI)

- 1.42 Apart from the revenue earned in accordance with the tariff schedule from supplying power to consumers, Distribution Licensees also earn income from other sources such as interest received on deposits, loans and advances; charging meter rent from consumers; delayed payment surcharge levied on bills that are paid late; sale of scrap, etc. This income is called Non-Tariff Income (NTI) and it needs to be subtracted from the aggregate revenue requirement of the Licensee.
- 1.43 NDPL has submitted non tariff income for the purpose of truing-up for FY 2009-10 as Rs 38.90 Cr as against 29.86 Cr estimated by the Commission in the Tariff Order of FY 10. The detailed break-up submitted by NDPL is given in the table below:

**Table 18: Non tariff Income for FY 2009-10 (Rs Cr)**

Description	Approved in the May 2009 order	As per petition
<b>Other Operating Income</b>		<b>96.41</b>
Other Income		5.84
<b>Total</b>		<b>102.25</b>
<b>Less: Income included in above, not passed for tariff determination</b>		
Transfer from capital grants		0.36
Transfer from consumer contribution for capital works(only as a book entry)		7.53
Interest/Short term capital gain		1.22
Service Line Charges to be deferred in future years	<b>29.86</b>	5.11
<b>Interest on Investment of Contingency Reserve (to be reinvested in reserves)</b>		<b>1.23</b>
Income from Other Business		1.58
Financing Cost of LPSC		9.83
Rebate of power purchase		19.35
LPSC Income		16.09
Commission on DVB arrears		0.13
Service Tax on Maintenance Charges		0.92
<b>Total</b>		<b>63.35</b>
<b>Total Non Tariff Income</b>	<b>29.86</b>	<b>38.90</b>

- 1.44 The non-tariff income for FY 2007-08, 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is given in the table below:

**Table 19: Non-Tariff Income for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petition	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Non-tariff income (Rs Cr)	50.82	29.1	62.26	29.86	38.90	30.63	30.63	93.52

## Other Issues

1.45 The other issues pointed out by the NDPL in its true-petition of FY 2009-10 are as under:

- (a) Recovery of service tax on transmission and other charges: NDPL has stated that PGCIL has filed a petition on 20th March, 2009 with CERC for seeking permission to bill and recover service tax on transmission and other charges recoverable by GoI in terms of section 64 of the Finance Act 1994, for the period 2004-09. Finance bill 2010 has made it clear that service tax on transmission of electricity is not applicable w.e.f 26th February, 2010 but is silent on the retrospective applicability. NDPL has further submitted that PGCIL has transmitted electricity to them commencing w.e.f 1 April 2007 and accordingly, there may arise liability for payment of service tax for the period prior to 26.02.2010 on transmission charges which shall be recoverable through tariff.
- (b) Carrying cost on power banking: NDPL has requested the Commission to factor in the working capital requirement in the case of forward banking and also a reduction in working capital requirement in case of return of banked power.
- (c) Erroneously capitalisation of interest deducted from ARR: NDPL in its true-up petition of FY 2009-10 has submitted that the Commission in its MYT Order has erroneously deducted capitalised interest from ARR allowed for MYT control period which actually did not include any capitalised interest. NDPL has now requested the Commission to rectify the error and reverse the deductions from the respective years ARR i.e. Rs. 4.52 Cr for FY 07-08, Rs. 9.71 Cr for FY 08-09, Rs. 5.69 Cr for FY 09-10 and Rs. 5.15 Cr for FY 10-11.
- (d) Truing up of new initiatives started in FY 08 onwards and continued in FY 09-10 as well as new initiatives undertaken in FY 09-10 and other uncontrollable costs: The summary of new initiatives and other uncontrollable parameters is detailed in the Table below:

**Table 20: Summary of cost incurred on new initiatives**

<b>Description</b>	<b>Amount Rs Cr</b>
CISF/Security Expenses	1.00
Trading of Power	0.17
Fees paid to PGCIL/NRPC	0.11
Credit Rating	0.11
Energy Conservation	0.10
Litigation Expense DPCL Period	0.31
Cost of Auditor Certificates	0.04
License Fees on Energy Billed	0.37
Street Light Material Issued to MCD/PWD	4.79
Tender Cost	0.47
<b>Total</b>	<b>7.47</b>

## Impact of ATE Judgements

### 1.46 Impact of allowance of capitalization based on the date of submission of request for Electrical Inspector Certificate (FY 05-06 to FY 06-07)

- (a) NDPL in its ARR petition of FY 2011-12 has submitted that the Commission had, in its Order for first MYT period, dated 23.02.2008 deferred the allowance of depreciation on capitalized assets aggregating to Rs. 242.96 Cr due to non availability of electrical inspector (EI) certificates while truing up for first control period i.e. FY 02-03 to FY 06-07. The issue has been resolved in the ATE Judgement in Appeal 36/2008. As per ATE judgement, depreciation on Capex requiring EI certificates is to be allowed from 16th day from the date of submission of request for issuance of EI certificates. Accordingly, NDPL has recomputed its claim for depreciation, RoE and interest,

**Table 21: Computation of Additional Revenue Gap upto FY 07**

Particulars	Revised Computation	Allowed in Review Order dated 22.09.2009	Difference
Depreciation (Rs Cr)	125.54	122.86	2.68
Interest (Rs Cr)	76.55	76.63	(0.08)
RoE (Rs Cr)	92.34	92.40	(0.06)
<b>Total (Rs Cr)</b>	<b>294.41</b>	<b>291.89</b>	<b>2.54</b>

- (b) NDPL has submitted that the Total Revenue gap as approved by the Commission in Review Order dated 22.09.2009 will be subject to further increase as follows:

**Table 22: Additional Revenue gap after Carrying Cost**

Particulars	Amount Rs Cr
Additional Requirement as computed above	2.54
Carrying Cost for FY ½ year of FY 06-07 @ 9%	0.11
<b>Total</b>	<b>2.65</b>

### 1.47 Impact of Review Order Dated 11.05.2010 passed in Petition No.06/2009

- (a) NDPL has submitted that during the Truing up of FY 07-08, the Commission had inadvertently added the doubtful debts written back as Non Tariff Income. Therefore, it has requested to consider the impact of Rs 0.17 Cr along with the carrying cost in regards to the same.

### 1.48 Impact of Judgment of ATE in Appeal No.153/2009 against True Up of FY 2007-08

- (a) **Financing Cost of Late Payment Surcharge (LPSC) & applicable interest rate:** NDPL has submitted the revised working of the additional cost due to delayed payment by consumers.

**Table 23: Financing Cost of LPSC**

Particulars	Amount
LPSC Levied in FY 07-08 (Rs Cr)	15.28
LPSC Rate	18% p.a.
Principal amount involved (Rs Cr)	84.89
Working Capital Interest Rate	11.06%
Cost on account of delayed payment	(9.39)
Less: Allowed by the Commission in True Up of FY 2007-08 (Rs Cr)	0.69
Additional Amount to be trued up (Rs Cr)	(8.70)

- (b) **Rebate on account of early payment of Power Purchase:** NDPL has submitted that as per the order of ATE, rebate to the extent of 1% is to be considered as non-tariff income available for ARR and NDPL has stated that during FY 2007-08, it has earned Rs 35.94 Cr as rebate on power purchase which is approx 2% of power purchase cost. Accordingly, NDPL has requested the Commission to consider half of the rebate income i.e. Rs 17.97 Cr out of Rs 35.94 Cr as non tariff income in the present ARR order.
- (c) **Wrongful deduction of Interest on Surplus Funds out of Shareholder's money:** NDPL has submitted that the Commission had considered the interest income for the FY 2007-08 as part of the non-tariff income for tariff determination purposes on the ground that such income is incidental to electricity business. ATE, in its judgement has held that interest on surplus funds should be allowed to the company after adjusting any interest income earned on Consumer Share of overachievement and Security Deposit. NDPL has requested the Commission to consider the same.
- (d) **Carrying Cost at market rates:** NDPL has submitted that the ATE has allowed the carrying cost based on normative debt equity ratio of 70:30 and has further held that rate of interest on debt portion should be at prevailing market rate. It has submitted the impact in current ARR Petition following the findings of the ATE's judgment

**Table 24: Summary of impact of Order by the Commission and ATE**

Particular	Amount (Rs Cr)
Provision for Doubtful Debts wrongly considered as NTI	(0.17)
Financing Cost of LPSC	(8.70)
Rebate on Early Payment of Power Purchase	(17.97)
Interest on Surplus Funds invested out of Shareholders Funds (Net of Interest on Consumption Deposit)	2.07
<b>Total</b>	<b>(24.77)</b>

**Table 25: Computation of Revised Revenue Gap of FY 2007-08 and carrying Cost**

Particulars	Amount (Rs Cr)
Opening Revenue Gap as on 01.04.07 as per Review Order dated 22.09.2009	(154.59)
Additional Gap computed as above upto FY 07	(2.65)
Revenue Gap of FY 08 as per tariff Order dated 28.05.09	(183.72)
Additional Gap computed as above for FY 08	(24.77)

Particulars	Amount (Rs Cr)
Revised Closing (Gap)/Surplus	(365.73)
Carrying Cost for the year @ 13.52%	(35.17)
<b>Net (Gap)/Surplus</b>	<b>(400.90)</b>

1.49 **Impact of Judgment of ATE in Appeal No.153/2009 against True Up sought for FY 2008-09:** NDPL has submitted that the impact of ATE Order on true-up of FY 2008-09 is only on account of interest on Security Deposit, Financing Cost of LPSC and carrying cost as the rebate on power purchase and Interest on Shareholder Funds have already been claimed in Petition dated 01.12.2009 in line with ATE Order.

- (a) **Interest on Security Deposit:** NDPL has requested the Commission to adjust the difference between the working capital interest rate allowed and the rate of interest paid on security deposit which comes to 3.50% p.a. (i.e. 9.50 % - 6%) for the purpose of ARR.
- (b) **Financing Cost of LPSC:** NDPL has submitted that it has inadvertently claimed the Financing Cost of LPSC @ 12% in its petition dated 01.12.2009; however the actual rate comes to 11.68%.

**Table 26: Financing Cost of LPSC**

Particulars	Amount (Rs Cr)
LPSC Levied in FY 08-09 (Rs Cr)	14.12
LPSC rate	18% p.a.
Principal amount involved (Rs Cr)	78.44
Working Capital Interest Rate	11.68%
Cost on account of delayed payment (Rs Cr)	9.16
Sought in the Petition (Rs Cr)	9.41
Net Impact (Rs Cr)	0.25

- (c) **Carrying Cost at Market Rates:** NDPL has submitted that ATE has allowed the carrying cost based on normative debt equity ratio of 70:30 and has further allowed the rate of interest on debt portion at prevailing market rate, which according to NDPL works out to 13.96%.

1.50 NDPL has stated that the net impact of above is reduction of Rs 6.52 Cr (Rs 0.25 Cr +Rs 6.27 Cr) from the revenue gap amount claimed in the true Up Petition for FY 2008-09 filed on 1.12.2009:

**Table 27: Computation of Revised Carrying Cost**

Particulars	Rs Cr
Opening Revenue Gap as on 01.04.08 as computed above	<b>(400.90)</b>
<b>Revenue Gap as per petition filed dated 01.12.09</b>	<b>(67.57)</b>
Impact of ATE Order	6.52
Revised Revenue (Gap)/Surplus during the year	(61.05)
Revised Closing (Gap)/Surplus	(461.95)
Carrying Cost for the year @ 13.96%	(60.23)

Particulars	Rs Cr
Net (Gap)/Surplus	(522.18)

**1.51 Impact of Judgment of ATE in Appeal No.153/2009 against True Up sought for FY 2009-10:**

- (a) **Interest on Security Deposit :** NDPL has submitted that ATE has held in its judgment dated 30.07.2010; that interest earned on surplus funds be passed on to Discoms after adjusting the same for any interest earned on Consumer Security Deposit. As it has not passed on the interest earned on Surplus from Shareholder Funds, the Commission may consider interest earned on security deposit over and above the interest paid by it to consumers.
- (b) **Rebate on Power Purchase:** NDPL has submitted that ATE in its order has held that rebate earned upto 1% shall be utilised for the tariff determination and during the year, it has earned the rebate of Rs 19.35 Cr out of which Rs. 16.97 Cr represent rebate equal to 1% and remaining amount is over and above 1%. NDPL has earlier not offered 1% rebate for the purpose of ARR at the time of filing of the true up petition of FY 09-10, which has now been considered as non tariff income available for tariff determination.
- (c) **Street Light Material Issued to MCD/PWD:** NDPL submitted that all the income arising on account of Maintenance Charges during the first control period and for FY 07-08 had been considered as Non Tariff Income towards meeting the annual revenue requirement of respective years, it has not claimed the cost incurred on street light material of Rs. 7.02 Cr during the same period as the matter was under review of the Commission which was decided on 22.09.2009. Out of Rs. 7.02 Cr. cost incurred on street light material, a sum of Rs. 4.79 Cr has been claimed in its true up petition for FY 09-10 and remaining Rs. 2.23 Cr is being claimed in the present petition.

1.52 NDPL has further stated that in the true up petition for FY 09-10, it has inadvertently incorrectly offered income billed of Rs. 1.97 Cr to MCD/PWD towards street light material for the period Oct-2009 to March 2010 for the purpose of ARR and has not correspondingly claimed cost incurred on street light materials as the same was not part of O&M cost of base year, hence it has requested the Commission not to consider this amount of Rs. 1.97 Cr as available for ARR.

**Table 28: Summary of above adjustments**

Particulars	Amount (Rs Cr)
Interest on security deposit	7.65
Rebate on power purchase	16.97
Material issued for Street light maintenance as well as excess income offered as NTI inadvertently	(4.20)
<b>Total to be utilized towards ARR</b>	<b>20.42</b>

- (a) **Carrying Cost at Market Rates:** NDPL has submitted that ATE has allowed the carrying cost based on normative debt equity ratio of 70:30 and has further allowed the rate of interest on debt portion at prevailing market rate, which according to NDPL works out to 13.71%:

**Table 29: Computation of Revised Carrying Cost (Rs Cr)**

Particulars	Amount
Opening Revenue Gap as on 01.04.09 as computed above	(522.18)
Revenue Gap as per petition filed dated 01.12.09	(733.79)
Impact of ATE Order	20.42
Revised Revenue (Gap)/Surplus during the year	(713.37)
Revised Closing (Gap)/Surplus	(1,235.55)
Carrying Cost for the year @ 13.71%	(120.49)
<b>Net (Gap)/Surplus (Rs Cr)</b>	<b>(1,356.04)</b>

- 1.53 **Impact of Judgment of the ATE in the matter of NDPL, BRPL and BYPL Vs DERC and Delhi Transco Limited (Appeal No 30 of 2010):** NDPL, in its ARR Petition of FY 2011-12 has submitted that the DISCOMS are directed to pay Rs 118.05 Cr to DTL in the ratio of Energy supplied to Discoms in FY 05-06. So, NDPL has requested the Commission to allow the same in the ARR. It has submitted that as of now, it has not sought for the carrying cost but if the same is claimed by DTL, then the Commission is requested to allow the same on the basis of actual payout.

### Aggregate Revenue Requirement (ARR)

- 1.54 The ARR for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 30: Table 27: Proposed ARR (Rs Cr) for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petitions	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
Power purchase cost	1846.15	1708.44	1805.92	1811.2	2558.55	2094.07	3094.7	3590.36
Past claim of DTL								31.97
<b>O&amp;M expenses</b>	<b>219.55</b>	<b>252.75</b>	<b>252.75</b>	<b>256.57</b>	<b>256.57</b>	<b>266.17</b>	<b>266.17</b>	<b>511.23</b>
Correction of inflation factor			2.47		10.39		5.50	
Increase in FRSR salary			12.12		10.29		16.88	
Impact of AS 15	9.42							
Impact of Sixth Pay Commission			4.29		86.4		29.86	
Depreciation	85.36	103.36	103.36	115.85	115.85	124.02	124.02	180.56
ROCE including supply margin allowed	172.39	213.32	213.32	236.98	236.98	250.64	250.64	294.43
Interest Expense			4.52					



Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order	Approved in the MYT Order	Actual as per true-up petitions	Approved in May 2009 Order	Actual as per true-up Petition	Approved in the MYT Order	Revised estimate as per petition	Estimate as per Petition
decapitalized (FY 2007-08)								
Income Tax expenses	40.8	15	27	15	48.56	15	15	36.87
Other Cost including New initiatives	35.45		43.85	10	13.59		6.83	30.85
Less:								
Other income including Non Tariff Income	50.82	29.1	62.26	29.86	38.89	30.63	30.63	93.52
Interest capitalized	4.52	9.71	-	5.69		5.15	-	
<b>Aggregate Revenue Requirement</b>	<b>2353.79</b>	<b>2254.05</b>	<b>2407.34</b>	<b>2410.05</b>	<b>3298.28</b>	<b>2714.12</b>	<b>3778.97</b>	<b>4582.75</b>

### Revenue from sale of power

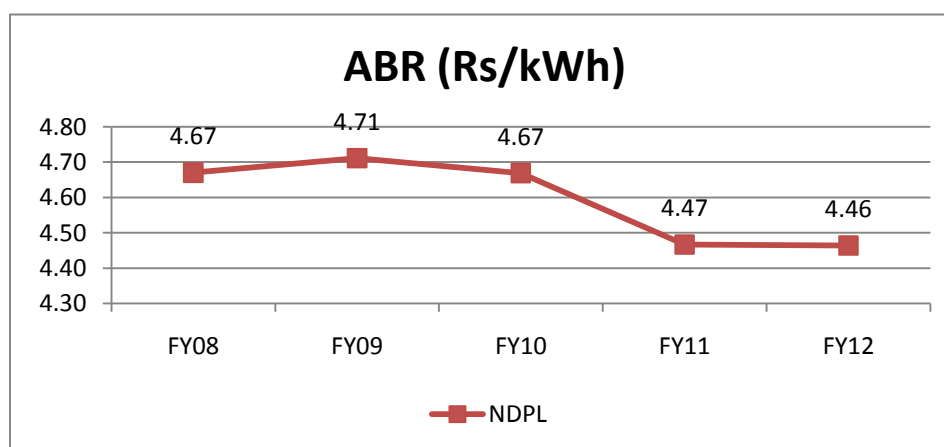
1.55 The revenue from sale of power for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 is summarised in the table below:

**Table 31: Energy sales in FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08	FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12
	Approved in May 2009 Order*	Approved in the MYT Order	Actual as per true-up petition*	Approved in May 2009 Order*	Actual as per true-up Petition*	Approved in the MYT Order	Revised estimate as per petition*	Estimate as per Petition*
Total Sales	4975	5118.88	5179.93	5625	5800	5936.37	6381.61	6892.13
Revenue Billed (Rs Cr)	2323.23	2461.77	2440.17	2651.81	2707.92	-	2850.5	3076.62
Average Billing Rate (Rs/kWh)	4.67	4.81	4.71	4.71	4.67	0.00	4.47	4.46

\* Includes LPSC and Electricity tax

**Figure 6: ABR (Rs/ kWh) (Approved, Actuals, Revised Estimates and Projections)**





## Revenue available towards ARR

1.56 For calculating the revenue gap for FY 2009-10, FY 2010-11 and FY 2011-12, NDPL has submitted revenue available towards ARR as given in the table below:

**Table 32: Revenue available towards ARR for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	Approved in May 2009 Order	As per petition	As per petition	As per petition	As per petition
<b>Amount realized</b>	2394.47	2547.50	2759.13	2836.25	<b>3061.24</b>
Less: LPSC Collected	15.28	14.12			
Less: Commission on DVB arrears	0.71	1.07	<b>0.53</b>		
Less: benefit to be retained by the Petitioner	54.82	85.48	76.22	65.86	
Less: Discom adjustment	29.62				
Less: transfer to contingency reserve	25.20				
Less : E Tax paid	98.77	107.04	117.89		
<b>Revenue available towards ARR</b>	<b>2170.07</b>	<b>2339.78</b>	<b>2564.49</b>	<b>2770.39</b>	

\* Contingency reserve with interest containing the consumer share of overachievement of AT&C losses shall be available for adjustment in the ARR.

## Revenue Gap

1.57 NDPL has submitted the revised revenue gap including carrying cost till FY 2011-12 in the table below:

**Table 33: Computation of revenue gap by NDPL**

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening Revenue Gap	154.59	400.9	522.18	1356.04	2617.53
Additional revenue gap for past period due to ATE order	2.65				
Revenue Gap for the year in accordance with true-up order of the Commission	183.72				
Estimated Revenue gap for the year				1008.49	1521.51
Revenue Gap as per true-up petition		67.57	733.79		
Additional gap for the year due to ATE Order	24.77	-6.52	-20.42		
Closing gap	365.73	461.95	1235.55	2364.53	4139.05
Rate of carrying cost (%)	13.52%	13.96%	13.71%	13.60%	12.00%
Carrying cost for the year	35.71	60.23	120.49	253.00	405.39
<b>Total closing gap</b>	<b>400.9</b>	<b>522.18</b>	<b>1356.04</b>	<b>2617.53</b>	<b>4544.44</b>

## Tariff rationalization

1.58 NDPL has projected a revenue requirement of Rs 4582 Cr for FY 2011-12 against projected revenue of Rs 3061 Cr at existing tariff and revenue gap of Rs 1521 Cr for FY 2011-12 only. To meet this revenue gap an increment of approximately 50% in the existing tariff will be required. To meet the entire revenue gap of Rs 4544.44 Cr till FY 2011-12, approximately 148% hike in the existing tariff will be required.

1.59 NDPL's main proposals on tariff rationalization are detailed below:

- (a) **Proposal for implementation of Automatic Power Purchase Price Adjustment mechanism:** NDPL submits that at present, due to the methodology of true-up of power purchase costs on the basis of actual audit accounts, it takes two years before the recovery of legitimate power purchase costs for which NDPL has to make payments to power suppliers on an immediate basis. Therefore, NDPL has requested the Commission to institute a mechanism for pass-through of variations in power purchase cost to consumers on a regular basis (at quarterly intervals). The Licensee has proposed details of an automatic Power Purchase Price Adjustment for this purpose.
- (b) **Reduction in slabs for Domestic category:** To simplify the tariff structure and to reflect the true cost-of-service to the Domestic consumer category, NDPL has proposed that only two slabs be retained for energy charges. The Licensee has submitted that this would reduce the amount of cross-subsidy that is currently being provided to the Domestic category by the Industrial category (since the Domestic category tariff is lower than the actual cost of supply to this category). The two slabs that NDPL has proposed are:
  - (i) 0-200 units per month; and
  - (ii) Above 200 units per month (with the rate of energy charges being higher for this slab)
- (c) **Merger of MLHT and NDLT (Non-Domestic) consumer categories, and merger of SIP and LIP (Industrial) consumer categories:** To simplify the tariff structure, NDPL has proposed the merger of MLHT and NDLT consumer categories since they both use power for the same "commercial activity" purpose. Similarly, since both SIP and LIP use power for the same "industrial activity" purpose, NDPL has proposed that these two categories be merged as well.
- (d) **HT Metering:** NDPL has requested the Commission to make HT metering mandatory for all 11 kV and above consumers (with load more than 100 kW), and for allowing HT metering for consumers with load less than 100 kW who insist on a connection under HVDS scheme with a dedicated transformer of required rating. As a rationale, the Licensee has submitted that HT metering helps in reducing AT&C losses to a great extent.

- (e) **Uniform fixed charges till the load of 5 kW:** NDPL has stated that currently there are two slabs of fixed charges under 5 kW, with a majority of Domestic consumers having a sanctioned load less than 2 kW, although their connected load is greater than 2 kW. NDPL has submitted that this gives undue advantage to consumers who have not increased their declared load to the actual connected load, while consumers of other billed load are paying the fixed charges. To avoid this, the Licensee has requested the Commission to restructure the fixed charges for the Domestic category so that uniform fixed charges are levied up to 5 kW load.
- (f) **Prepaid metering:** NDPL had introduced prepaid metering as a pilot project and submits that it has various benefits such as elimination of provisional billing and reduction in costs associated with metering/billing. In addition, it makes consumers more conscious about energy consumed. NDPL has requested that to propagate prepaid metering, consumers applying for temporary connections or caught in theft should be mandatorily required to take connections through prepaid meters only so that it may help regulate their electricity consumption.
- (g) **Fixed charges and surcharge thereof, to be levied based on MDI reading for Domestic category consumers:** NDPL has proposed that the provision of charging fixed charges based on MDI reading and levying a 30% surcharge for the Domestic category should be reintroduced in the tariff, since increase in demand by any consumer category more than the sanctioned amount leads to overloading in the system and increases losses in the network.
- (h) **kVAh billing for industrial and non-domestic consumers with MDI greater than 10 kW:** NDPL has requested that for industrial and non-domestic consumers with MDI greater than 10 kW, it should be entitled to charging kVAh tariff since it encourages consumers to improve their power factor which eventually helps the system by less loading and reduction in losses.