Tariff Rationalization

Measures for Tariff Rationalization

Tata Power-DDL, requests the Hon'ble Commission to determine Tariff structure in such a manner that the total revenue to be realized should be able to meet the expenditure including past recoveries of the Licensee.

Tata Power-DDL's proposals on "Tariff Rationalization" are as follows. However, brief summary is provided below for reference:

S. No	Description	Proposal	Benefits Envisaged
1	Time Bound Recovery of Regulatory Assets / Revenue Gap	Timely recovery of costs in line with National Tariff Policy, 2016 by Increase in DRRS from 8% to 20%.	Mitigate cash flow issues for DISCOM as well as carrying cost burden on consumer
2	Review of Time of Day (ToD) Tariff	Proposed Annual ToD Surcharge for consumers may be hiked on staggered basis with increase to 35% in first year followed by enhancement to 50%/60% in second year	Increasing the acceptance of ToD Tariff among consumers and allowing sufficient time to the consumers to adjust their consumption in view of increase in ToD
3	Linkage of Tariff revision to CPI	Issue Tariff Schedule for first year of control period and the Tariff of next financial years be based on a formula linked to CPI in case Tariff Order is not released by 31st March. The Tariff may be revised once the Actual Tariff Order is released.	Timely issue of tariff order not only helps DISCOMs in maintaining business financial sustainability but also help preventing the carrying cost burden on the consumers and brings better clarity to consumers as well as DISCOMs for long term planning
4	Rationalization of Tariff by matching recovery of fixed cost of DISCOMs from fixed part of Retail supply Tariff	Request to specify a trajectory for increase in Fixed Charge so as to ensure full recovery of fixed costs from fixed charges	Tariff should be cost reflective for each category of consumer as well as recover fixed cost of DISCOMs from fixed part of Tariff
5	Progressive Tariff rationalization in Domestic Consumer Segment as per Electricity Act & National Tariff Policy and Non-Telescopic Tariff for high consuming Domestic Consumers	Non-Telescopic Domestic Tariff for those consuming more than 400 units a month while Tariff for Unit Slabs of 200-400, >400 units may be rationalized	Progressively move towards cost of supplying electricity to consumers
6	Allow the levy of 8% Deficit Recovery Surcharge (DRS) on Power Purchase Adjustment Cost (PPAC)	Hon'ble Commission vide its Tariff Order dated 30.09.2021 has subsumed the revenue of Rs 626.57 Crore from PPAC for meeting the ARR requirement for the FY 2021-22 and thus PPAC has already become part of base Energy Charge and Fixed Charge Tariff and therefore DRS should be applicable on PPAC Charges	DRS is provided for liquidation of Regulatory Assets. The loss due to non-levy of DRS on PPAC (becoming part of base Tariff) will get plugged and improve cash flow situation of Tata Power-DDL
7	Green Power Tariff for consumers with less than 1 MW sanctioned	Green Power Tariff at premium of Re 1 per unit and also allow to	It would boost Renewable Power tie ups and will also

	load and Non- Open Access consumers	account this power in DISCOM's RPO obligation compliance and to carry forward the excess to next year	help in better RPO compliance
8	Mandatory Online Payment for consumers with Bill more than Rs 4000/-	Online payments for bills of more than Rs. 4000/- will help improving collection efficiency and cashflow of Discoms in line with MoP Electricity (Rights of Consumers) Rules, 2020 as amended from time to time, of online payment of any bill more than Rs. 1000/-.	Reduction in payment realization time and reduction in number of cheque bounce cases.
9	Mechanism for recovery of 100% variation in Power Purchase in line with MoP Rules.	Proposed to increase the Suo Moto limit of PPAC levy in line with Electricity (Amendment) Rules, 2022	Timely Pass through of Power Purchase Cost on monthly basis and reducing the carrying cost burden on consumers
10	Request to update the Other/Miscellaneous charges every year in the Tariff Orders.	Other/Miscellaneous charges be revised with the issuance of Tariff Orders to make them cost reflective.	Consumer availing the services would pay for the cost and other consumers will not be burdened with it. Moreover, this will increase the Non-Tariff income and have the impact of reducing the ARR of the DISCOM.
11	Tariff based Competitive Bidding (TBCB) in the Intra-State Transmission Network	Prescribe a threshold limit of INR 50 crore and introduction of the criteria for choosing the modalities to determine the tariff under Section 62 (cost-plus) or Section 63 (competitive bidding) of the Act, in the appropriate Regulations	Development of Transmission system in a cost-efficient manner, adoption of best practices and ensure competition amongst the participants. The competition will bring new technology/ innovation, achieve reduction in Tariff and achieve completion of projects in timely manner
12	Rationalization of useful life of Distribution assets in line with recommendation of Forum of Regulators (FoR)	Rate of depreciation be followed in line with National Tariff Policy, 2016	Ensuring 24 X 7 Power to consumer by timely replacement of old assets post completion of useful life
13	Subsidy Mechanism	Grant of any subsidy to any consumer or class of consumers to be linked to release of subsidy by GoNCTD in advance for the said quarter as per section 65 of the Electricity Act 2003, Standard Operating Procedure (SOP) on subsidy accounting and payment dated 03.07.2023 and Ministry of Power, GoI, Electricity (Second Amendment) Rules, 2023 dated 26.07.23	Timely release of Subsidy to Distribution Utilities to enable proper cash flow management
14	Tariff Rationalization for charging of Electrical Vehicles on the basis of usage	Cost reflective tariff with ToD tariff so as to dissuade usage at peak times	Grid imbalance will be avoided
15	For Domestic Category, fixed charges should be levied on billing demand and surcharge on excess load	Fixed charges be levied based on billing demand and a surcharge of 30% be levied on the fixed charges corresponding to excess load beyond sanctioned load / contract demand during such billing cycle. Use of load higher than the	Fixed charges for Domestic consumers if levied on billing demand will help recover costs according to the actual usage of the consumer. Also, the surcharge on excess load will help ensure discipline amongst Domestic

		sanctioned load impacts the electricity network, may lead to burning of meter and enhances consumer indiscipline	consumers
16	Impact of New Wage Code 2022	Provision for additional Statuary Impact of New Wage Code 2022 in O& M expenses should be included in ARR	Change in law and un-controllable in hand of Distribution companies
17	Non-Levy of 1.3 times Surcharge under temporary supply for residential construction for self-use.	The vide gap in the tariffs for Renovation being at domestic tariff and new construction of residences being at 1.3 times non-domestic energy charges will be reduced.	Consumer will be motivated to take temporary supply for construction purposes.
18	Revised methodology for LPSC	Levy of higher LPSC and on full month basis for defaulters	Help change the habit of paying the bill after due date but well before completing the 15 days of notice period
19	Charging of leading power factor while billing (kVAh billing) to High End Consumers as allowed by other SERCs like Maharashtra Electricity Regulatory Commission.	Introduce kVAh billing in lag as well lead mode i.e. kVARh consumption in the leading power factor mode has to be taken into account as consumption.	This will ensure better quality and reliable supply of power for the consumers. The injection by high end consumers (More than 30 KVA) will be as per their actual requirement and proper voltage will be maintained for all the consumers. It will not only be helpful and beneficial for Tata Power-DDL but also for the concerned consumers.
20	Surcharge on Excess drawal	If in any month, the MDI exceeds its contracted demand, the excess load and corresponding energy consumption shall be billed at double the normal rate.	This will help penalize violators on two counts viz. excess demand as well as energy consumption. High cost of unplanned power purchase will be saved.
21	Restoration of "part there of" w.r.t calculation of Maximum Demand for Fixed charges of Consumers	Fixed charges calculated by rounding down the MDI be reverted back to round off to higher digit	This will help save atleast Rs. 20 Cr approx. on annual basis
22	CERC defined APPC for compensation/payment for excess generation for prosumers	Reduce the Tariff for procurement of surplus energy from Rooftop PV projects by keeping the rate at APPC as defined by CERC	APPC is the cost of procuring the power from only the conventional sources of energy for the respective DISCOM and is less than the average power purchase cost thus reducing the overall power purchase cost and burden on consumers
23	Mandatory e-bill for load above 5 kW and for Zero Amount Payable bills	E-bill be made mandatory for consumers with sanctioned load above 5 KW and for Zero Amount Payable bills.	Sending a soft copy of the bill on email or whatsapp will save wastage of paper and trees.
24	Concessions and benefits only to the consumers with clean payment record and no theft Cases	Ensure that dishonest consumers are not allowed to take benefit of concessions and only the honest avail them	Stopping the benefits to dishonest will reduce the burden on honest paying consumers
25	Levy of penalty on Harmonics and installation of PQ meters by HT/EHT consumers	Fix the penal charges at 20%-30% on Energy Charges of the respective consumer category Tariff and direct all the HT/EHT consumers to install Power Quality meter. The current option of	End users and utilities share responsibility for limiting harmonic current injections and voltage distortion

		disconnection is not practical for every Consumer.	
26	Levy of Different Slab of Energy Charges for Non Domestic consumer based upon Billing Demand	The Slab of Energy Charge to be levied should be based upon the Levy of Different Slab.	Correct charging of Energy Charges Slab in line with Actual Usage of Non Domestic Customers

1. Time Bound Recovery of Regulatory Assets / Revenue Gap

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

The relevant observation of the Hon'ble Tribunal in the said matter is as under:

*"65 (iv)..... **The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years** at the most and preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."*

The concern on creation of regulatory assets in future and the need for timely liquidation of the Regulatory assets has also been emphasized in the National tariff Policy. The relevant extracts have been reproduced below:

> *"8.2.2 The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:*
>
> *a. Under business as usual conditions, no creation of Regulatory Assets shall be allowed;*
> *b. Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State*

Commission may specify the trajectory for the same."

"8.3(2) For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy."

On 10th Jan 2024, Ministry of Power, Government of India has notified the Electricity (Amendment) Rules, 2024 which provide for liquidation of revenue gap at the earliest as follows:

*"**23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff.–** The tariff shall be cost reflective and there shall not be any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff **except under natural calamity conditions**:*

*Provided that such gap, created if any, shall **not be more than three percent** of the approved Annual Revenue Requirement:*

*Provided further that such gap along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum **three numbers of equal yearly instalments** from the next financial year:*

*Provided also that any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff **existing on the date of notification** of these rules, along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in **maximum seven numbers of equal yearly instalments** starting from the next financial year."*

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

Regulatory assets got created due to non-cost reflective tariff for previous years. Thus, in order to fund the said Regulatory assets, Tata Power-DDL is availing loans from the market and also paying interest on the same to the banks/FIs. However, current 8% surcharge is not sufficient to recover even the interest cost of Regulatory Assets. It is pertinent to mention that the said surcharge is not sufficient to ensure recovery of entire Revenue Gap in stipulated timeframe.

It may be appreciated that a major part of the Regulatory Asset has been hovering on the petitioner for more than 17 years and recovery of the high accumulated gap continues to remain a concern for the financial health of the Petitioner, given that there is no clear roadmap stipulated for recovery of the same.

The license to Tata Power-DDL was issued with effect from 12th March 2004 for a period of 25 years which expires on 11th March 2029. As evident, the license has balance period of five (5) years. Hence, any further addition of Regulatory Assets should be avoided.

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

Recently, banks have also started raising concern for granting Capex loan for tenure beyond license period.

Table below indicates that while the Hon'ble Commission had projected a lower quantum of opening and closing revenue gap for the assessment of carrying costs for each annual revenue

requirement, the actual quantum of opening and closing revenue gap arrived at during the true-up exercise for each FY is much higher than assessed earlier.

Rs Cr

Trued up by DERC for Tata Power-DDL	FY 15-16	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Opening Revenue gap	(3,194)	(2,394)	(2,254)	(1,889)	(1,762)
Closing Revenue (Gap)/Surplus	**(2,454)**	**(2,254)**	**(1,889)**	**(1,762)**	**(5,788)**
Projected by DERC in ARR					
Opening Revenue Gap	(3,351)	(2,223)	(1,867)	(1,296)	(1,190)
Closing Revenue (Gap)/Surplus	**(1,896)**	**(1,555)**	**(1,068)**	**(802)**	**(794)**
Difference between closing RA	**(558)**	**(699)**	**(821)**	**(960)**	**(4994)**

As evident, the mechanism put in place by the Hon'ble Commission to amortize Regulatory Asset (RA) is wholly inadequate as Deficit Recovery Surcharge (DRS) @ 8% is not even able to meet the interest component of the accumulated revenue gap since FY 2011-12. The above assessment corroborates the aforesaid claim as the additional RA has been created each Financial Year due to, among other things, inadequate carrying costs recovered through annual revenue requirements. **Tata Power-DDL accordingly requests the Hon'ble Commission to review the applicable DRS percentage and increase it to at least 20% and ensure no fresh creation of regulatory assets (Cost reflective tariff from FY 2025-26) in order liquidate the past Regulatory Asset within seven Years from the date of Notification of MoP which was 10th Jan 2024, starting from FY 2024-25.**

2. Review of Time of Day (ToD) Tariff

The Hon'ble Commission, in its Tariff Orders dated 13.07.2012 and 29.09.2015 implemented ToD Tariff wherein peak hour consumption is charged at a higher rate reflecting the higher cost of power purchase during peak hours. At the same time, a rebate was offered on consumption during the off-peak hours. This was meant to incentivize customers to shift a portion of their loads from peak hours to off-peak-hours thereby improving the system load factor, flatten the load curve and optimize the cost of power purchase which constitute over 80% of the tariff charged from the consumers.

Both these steps were envisaged to facilitate flattening of the load curves for the DISCOMs.

The Hon'ble Commission, in its Tariff Order dated 29.09.2015 had reviewed the ToD time slots and restricted the applicability of ToD Tariff for the period May – September instead of the whole year as below:

Months	Peak Hours	Surcharge on Energy Charges	Off-Peak Hours	Rebate on Energy Charges
May-September	1300-1700 hrs and 2100-2400 hrs	20%	0300-0900 hrs	20%

We have analyzed the Demand curves for the past 15 years (given below) and following are evident from these curves:

1. Two distinct peaks and two distinct off-peak periods are noticed in the load curves for summer as well as winter months.

2. Summer:

a. Peak Periods: 0000 – 0100 hrs, 1300 – 1700 hrs. and 2100 – 2400 hrs;

b. Off-peak Period: 0300 – 0900 hrs.

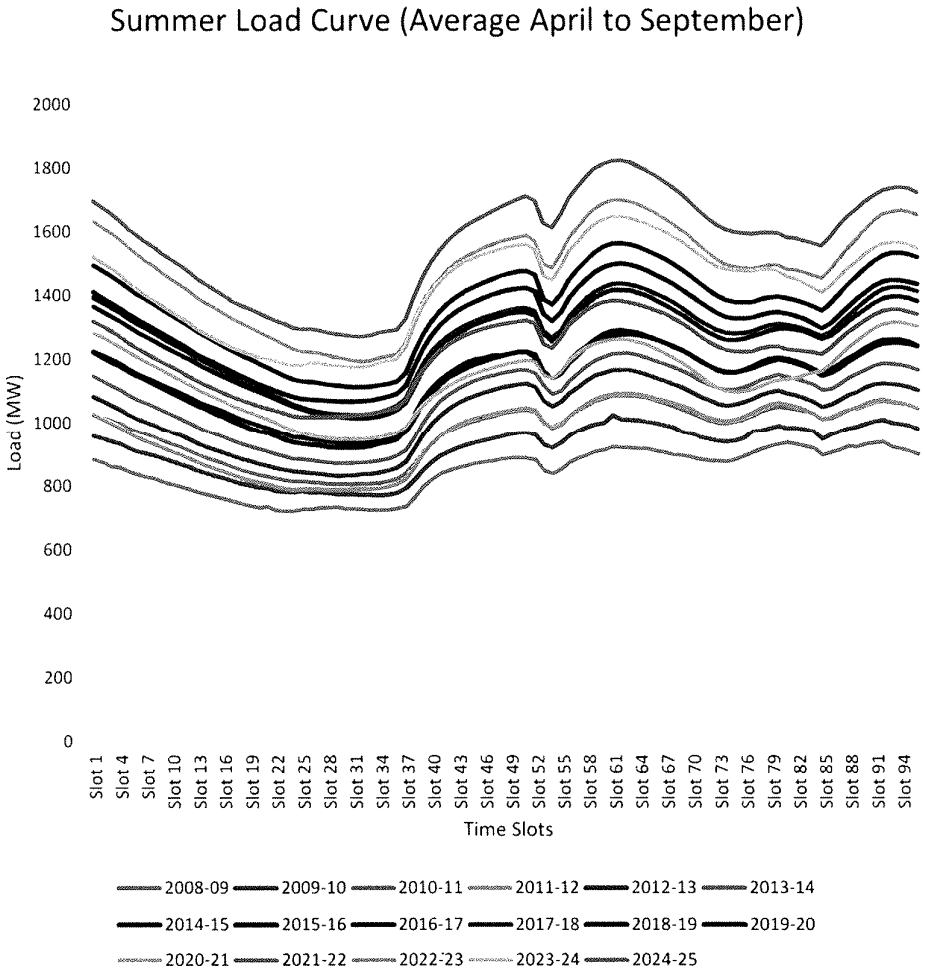
3. Winter:

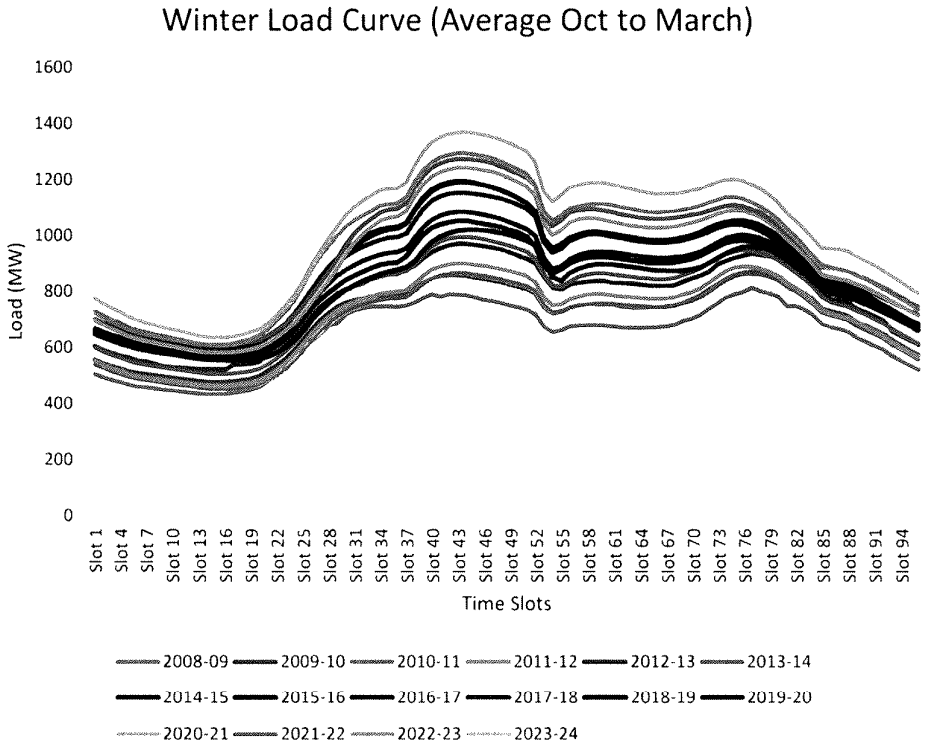
a) Peak Periods: 0600 – 1200 hrs, and 1700 – 2200 hrs;

b) Off-peak Period: 0000 – 0400 hrs.

4. Base load of 1400 MW is noticed during April – September and 900 MW during October-March.

5. While the average power purchase cost at base load @ 1400 MW April – September and @ 900 MW during October – March is almost the same based on the Merit Order Despatch (MOD) principles, the power purchase cost increases by ~ 150% to meet the peak load during April – September and~ 30% to meet the peak load during October - March.



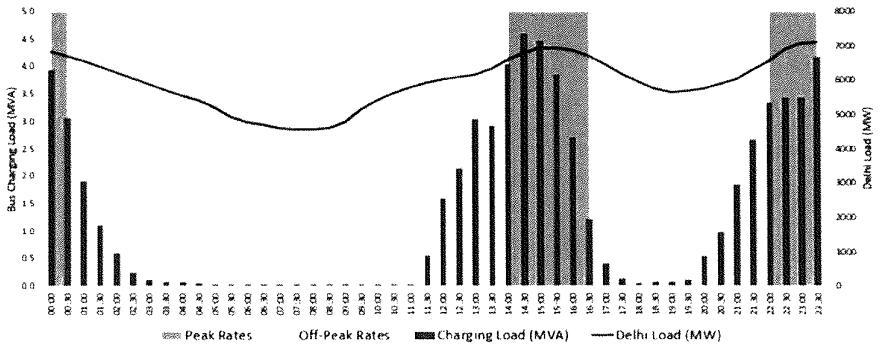


The load curve for the past 16 years shows that curve has not flattened with current ToD rebate and surcharge offered. This requires a relook on the Surcharge and Rebate being offered as only a large differential Tariff will force/incentivize the consumer for shift to the Off Peak Period.

Further, Peak load of Discoms will increase with increase in EV absorption. The load of EV charging will be during the daytime only at the charging stations. This will again reverse the load curves flattened due to TOD and lead to Grid imbalance. Hence, to dissuade EV owners from getting them charged during peak hours, there needs to be an all month peak and off peak defined separately for the EV charging Category.

We have analyzed the Demand Curve of recently energized Delhi Transport Corporation Electric Bus Depot in Sec-37 Rohini and observed that the Peak Demand of Depot coincides with Peak of Discoms leading to further imbalance in peak and off peak load of the Discoms. The demand curve of DTC EV depot is given below for reference:

RG-37 EV Depot Charging Profile vs. Delhi Load



KEY OBSERVATIONS:

- ***Electric Bus charging load coincides with both afternoon and night peak periods.***
- ***There is virtually no charging during rebate rate periods. 2/3rd of charging is happening during peak rate periods.***

Hence, it is necessary that ToD Tariff for EV Consumers should have large differential between Peak Surcharge and Rebate so that consumer is motivated to shift its load from peak slots.

Accordingly, Tata Power-DDL submits the following proposal to the Hon'ble Commission for approval on applicability of the Time of Day (ToD) Tariff from 01.04.2025 onwards:

Consumer Type	Months	Peak Period	Surcharge on Energy Charges	Off-Peak Period	Rebate on Energy Charges
Other Consumer	April – September	0000 – 0100 hrs. 1300 – 1700 hrs. 2100 – 2400 hrs.	**50%**	0300 – 0900 hrs.	**20%**
	October – March	0600 – 1200 hrs. 1700 – 2200 hrs.	**20%**	0000 – 0400 hrs.	**20%**
Electric Vehicle Charging	April – September	0000 – 0100 hrs. 1300 – 1700 hrs. 2100 – 2400 hrs.	**60%**	0300 – 0900 hrs.	**20%**
	October – March	0600 – 1200 hrs. 1700 – 2200 hrs.	**60%**	0000 – 0400 hrs.	**20%**

The aforesaid ToD Tariff is applicable since last 8 years and hence, Tata Power-DDL requests the Hon'ble Commission to review its performance basis the load curves noticed during the summer months [April – September] and winter months [October – March] in its distribution area and appropriately modify the ToD Tariff for flattening the load curve.

3. Linkage of Tariff revision to CPI

Tariff order should be ideally issued by March end of each financial year for implementation from start of next financial years.

a) Electricity Act 2003 provides for timelines of 120 days for SERCs to determine the Tariff under Section 64 from the date of filling ARR.

b) Tariff Policy 2016 also provides for SERCs to take suo moto action in case of delay in filing of Tariff Petition by Licensee and that the Tariff changes should come into effect from the date of commencement of each financial year.

c) MoP, GoI vide communication no. 23/02/2021-R&R [257091] dated 1/04/2021 has released advisory regarding issuing Tariff Order before 1st April of the tariff year.

Timely issue of tariff order not only helps DISCOMs in maintaining business financial sustainability but also help preventing the carrying cost burden on the consumers. Further, issue of Tariff Schedule for entire Control period brings clarity to consumers as well as DISCOMs for long term planning. Industrial and commercial consumer can estimate in advance regarding its input cost of electricity and thereby plan for future productions.

Timely release of Tariff Order is an important element for recovery of ARR which ensures that the required ARR is recovered in timely manner and on Financial Year basis.

However, it was observed that there was delay in issue of last few Tariff Orders and Tariff Order was not issued at all for FY 2022-23, FY 2023-24 and FY 2024-25. Such delay not

only impacts the DISCOMs by non-recovery of actual cost but also leads to the unwarranted carrying cost burden on the Consumers.

Thus, to prevent the above delays, it is requested that the Hon'ble Commission may consider the Automatic Revision of Tariff from 1st April of each year based upon the CPI Inflation Index. Such Automatic Revision will be suitably adjusted once the True Up is Completed.

The 85% - 90% cost of any Distribution Company is Power Purchase and O & M Expenses which are directly affected by the rise in Inflation. Increase in cost of Coal, Gas and Transportation directly impact the long term and short-term Power Purchase Cost. Though the PPAC formula covers the increase in long term power purchase cost to some extent, however there is delay of at least 4 months from incurring the cost to recovery and recovery is also limited up to maximum of 8.75% on Suo Motto Basis. There is considerable delay in recovery of rest of differential cost through adjudication of differential PPAC Petition. Further, Current PPAC mechanism doesn't include short term power purchase cost.

Further, Hon'ble Commission also provide increase in yearly O & M expenses by linking it to Inflation. Hence, though the O & M expenses of Discoms increases from 1st April of every year, the corresponding increase in Tariff is not reflected till Tariff Order is released.

Therefore, the inflation indexed approach will help in compensating the annual increases in Average Cost of Supply. Looking at past trends, the general Consumer Price Inflation (CPI-IW) index seems to be a convenient fit, since the CPI inflation rates for Delhi (taken from https://labourbureau.gov.in) compared for the December months of past years are around 5%.

CPI-IW						
S. No.	Base Year	State	Year	Month	Index	Inflation rates (%) based on CPI (General)-Industrial workers(YoY)
1	2016	DELHI (NCT)	2023	Dec	130.2	1.17%
2	2016	DELHI (NCT)	2022	Dec	128.7	6.89%
3	2016	DELHI (NCT)	2021	Dec	120.4	7.21%
4	2016	DELHI (NCT)	2020	Dec	112.3	

Further, irrespective of CPI inflation, actual annual increase can be capped at 6%. **This method for ensuring timely tariff changes has been notified by the Hon'ble Tamil Nadu Electricity Regulatory Commission (TNERC) while issuing the Tariff for FY 2022-23 to FY 2026-27.** It states that the applicable tariff for ensuing years of control period shall be as per ***"prevailing tariff x (1+(CPI of April of respective financial year – CPI of April of previous financial year)/ CPI of April of previous financial year) or 6% whichever is lower"*** with effect from 1st July of respective financial year.

As the final CPI figures are usually released by Labour Bureau, Ministry of Labour and Employment, GoI around 3 months from end of the month and hence for the implementation of the Tariff changes from 1st April, it would require the CPI of Dec month which would be available by March month.

Hence the following formula for Tariff each financial year for a control year is proposed:

Lower of the following two:

a) ***prevailing tariff x (1+(CPI of December of previous financial year – CPI of December of previous to previous financial year)/ CPI of December of previous to previous financial year)***

or

b) ***6%***

Hence, the Hon'ble Commission is requested to kindly issue Tariff Schedule for first year of control period and the Tariff of next financial years be based on the aforesaid formula for timely implementation if the Tariff Order is not released by 31st March and also for better clarity to consumers as well as DISCOMs for long term planning. The Tariff may be revised once the Actual Tariff Order is released.

4. Rationalization of Tariff by matching recovery of fixed cost of DISCOMs from fixed part of Retail Supply Tariff

We have analyzed the cross subsidy of different categories of consumers as allowed by the Hon'ble Commission in True up orders of Tata Power-DDL from FY 13 to have a more realistic understanding. Progressive reduction of cross subsidies of domestic consumer has been reversed in last two year's Tariff Orders. In fact, instead of the reducing trend, the cross subsidy of domestic customers has increased from 30% (FY13) to 57% (FY22) in last nine years.

Further, the Hon'ble Commission released an approach paper on Tariff Rationalization in Feb'18, wherein it agreed that in the present scenario, there is a mismatch between the actual Fixed and Variable Cost liability incurred by DISCOMs to the proportion of cost recoverable through Fixed Charge and Energy Charge. As a way forward, the Hon'ble Commission had proposed that the bifurcation between Fixed charges and Energy charges should be adjusted gradually, say over a period of three to five years, so as to make the retail tariff reflective of the actual Fixed Cost, so as to minimize the Cross Subsidy between Fixed & Energy Charges. Recovery from fixed charges as per Tariff Order for FY 21-22 is only around 16.8 % against around 65.32% fixed cost of the ARR.

Percentage of fixed cost catered through Retail Tariff for last 5 Trued Up years is tabulated below:

Particulars	FY 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17
Fixed cost provided in True Up	4,352.29	4,190.79	3,999.48	4,006.71	3,820.29
Fixed cost collected from consumers	1,070.82	1,267.18	1,422.91	534.53	476.94
Percentage of fixed cost catered through Retail Tariff	24.60%	30.24%	35.58%	13.34%	12.48%

One of the objectives of the Tariff Policy is to ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance for reliability of supply of electricity to consumers as per Section 4 (i) of the Tariff Policy, 2016. Lower recovery of fixed costs of a distribution utility from the Fixed Charges increases the

variability of recovery of its costs as recovery of Energy Charges depends on the consumption thereby pushing the distribution utility to cut down on building efficient network.

Further, as per Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, the components of Fixed Charge of the Distribution Licensee have been defined in Regulation 130 and is reproduced below for ready reference:

130. The Fixed Charge of the Distribution Licensee shall consist of the following components:

(a) Capacity Charges of Generating Stations as approved/adopted by the appropriate Commission;

(b) Capacity Charges of Transmission Licensee including Load Dispatch Charges Stations as approved/adopted by the appropriate Commission;

(c) Fixed Cost of Distribution Licensee:

(i) Return on Capital Employed;

(ii) Depreciation; and

(iii) Operation and Maintenance expenses.

There is an urgent need of gradual balancing of the fixed charge recovery from the consumers through tariff with the fixed charge obligation of the distribution utilities. The details of applicable fixed charges in Domestic Category for FY 18-19 and FY 2024-25 for various states like Delhi, Maharashtra (MSEDCL), UP and Rajasthan is given below. It is only in Delhi that the fixed charges have been reduced creating a mismatch in recovery of fixed cost as Fixed Charge forming part of the Tariff.

State	Domestic Slab	FY 24-25	FY 18-19
Delhi (for FY 21-22 applicable for FY 24-25 also)	Upto 2 kW	20 Rs./kW/month	125 Rs./kW/month
	> 2kW and ≤ 5 kW	50 Rs./kW/month	140 Rs./kW/month
	> 5kW and ≤ 15 kW	100 Rs./kW/month	175 Rs./kW/month
	>15kW and ≤ 25 kW	200 Rs./kW/month	200 Rs./kW/month
	> 25kW	250 Rs./kW/month	250 Rs./kW/month
Maharashtra (MSEDCL)	All loads	Single Phase : Rs.128 per month Three Phase - Rs. 424 per month	Single Phase : Rs.80 per month Three Phase - Rs. 300
Uttar Pradesh (Govt. Owned Discoms) (For FY 23-24)	All loads	Rs. 110.00 /kW/Month	Rs. 100.00/ kW/Month
Rajasthan	Consumption Upto 150 units/month	Rs. 250/ connection /Month	Rs. 200/ connection /Month
	Consumption above 150 units & upto 300 units/month	Rs. 300/ connection / month	Rs. 220/ connection / month
	Consumption above 300 and upto 500 units/month	Rs. 400/ connection / Month	Rs. 265/ connection /Month
	Consumption above 500 units/month	Rs. 450/ connection /Month	Rs. 285/ connection /Month

In light of the facts highlighted above and in the interest of consumers and financial viability of the Delhi DISCOMs, the Hon'ble Commission is requested to kindly **revert to the fixed charges of FY 2018-19** and specify a trajectory for increase in Fixed Charge so as to ensure full recovery of fixed costs from fixed charges considering our submissions and ensure that the ensuing tariff should be cost reflective for each category of consumer as well as recover fixed cost of DISCOMs from fixed part of Tariff.

5. Progressive Tariff rationalization in Domestic Consumer Segment as per Electricity Act & National Tariff Policy and Non-Telescopic Tariff for high consuming Domestic Consumers:

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

reduce cross subsidies in retail tariffs in India.

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

But even after 21 years of power sector reforms, the Delhi Electricity Tariff is yet to achieve significant progress in reducing cross subsidies prevailing in the system. Instead of reducing the cross subsidies, the cross subsidy of domestic consumers has increased in recent years.

Cross Subsidy as per Tata Power-DDL Tariff Order FY 2021-22

S. No.	Category	ACoS (Rs./unit)	ABR at Revised Tariff (Rs./unit)	Cross Subsidy (Rs./unit)	Cross- subsidy with respect to ACoS (%)
A	Domestic	7.64	4.35	3.29	43.06%
B	Non- Domestic	7.64	10.9	(3.26)	(42.67%)
C	Industrial	7.64	9.39	(1.75)	(22.91%)
D	Agriculture	7.64	4.3	3.34	43.72%
E	Public Utilities	7.64	7.65	(0.01)	(0.13%)
G	E-Vehicle Charging Stations	7.64	4.5	3.14	41.10%

Cross Subsidy burden is exceptionally high for domestic consumers. In fact, such high Cross Subsidy burden has not been provided for any other category except Agriculture and EV charging stations. Hence, it is submitted that there is a need for rebalancing of the Tariffs for domestic category. This would enable rationalization of the Cross Subsidy across categories while at the same time creating a predictable and level playing field.

It is proposed that the category-wise Energy Charges be such that the cross-subsidy with respect to the ACoS across consumer categories is reduced from the present levels, and the Tariff of most of the consumer categories comes within the +/-20% of the ACoS as suggested in the Tariff Policy 2016.

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

Further on comparison of Different Slabs of Domestic Tariff of Delhi with Mumbai, it can be observed that the highest slab in Mumbai starts from 501 Units while in Delhi the Highest Slab Starts from 1200 Units. The Tariff of Highest Slab in Mumbai is INR 16.64 per unit while in Delhi it is INR 8 per unit

MSEDCL-Maharashtra for FY 24-25				Tata Power-DDL-Delhi for FY 21-22 applicable till date				
	Fixed charges	Energy charges	ACoS	Fixed Charges		Energy Charges		ACoS
Unit slab	Rs./ Connection/ month	Rs./unit	Rs./ unit	Sanctioned load slab	Rs./ kW/ month	Unit slab	Rs./ unit	Rs./ unit
				Upto 2 kW	20	0-200	3	7.64
0-100	128	4.71	8.14	> 2kW and ≤ 5 kW	50	201-400	4.5	7.64
101-300	128	10.29	8.14	> 5kW and ≤ 15 kW	100	401-800	6.5	7.64
301-500	128	14.55	8.14	>15kW and ≤ 25 kW	200	801-1200	7	7.64
Above 500	128	16.64	8.14	> 25kW	250	>1200	8	7.64

This clearly indicates that the domestic consumer in Delhi are highly cross subsidized even at higher consumption level of > 400 Units and highest slab of domestic tariff need to be brought down from current 1201 unit to 401 unit to make tariff equal to cost of supply.

Consumption is getting higher and higher in Delhi with changing times and lifestyle changes. Domestic category has lower tariffs for lower consumption slabs and as the consumption increases, tariff also increases. But the high consuming ones also get the benefit of lower tariff according to the slabs. A domestic consumer in Delhi on an average should have a consumption not more than 400 units a month.

In order to deter the high consumption consumers and to limit their consumption and keep it at some lower level, the benefit of lower tariff slabs of domestic category should be disallowed to those consuming more than 400 units a month. For consumers using more than 400 units, one flat rate should be specified without any slabs. This will help reduce wasteful consumption, contribute in combating climate change, make consumers more energy saving conscious and will help only the economically weaker sections to take the benefit of cheaper power on lesser consumption.

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

Further, following is the summary of ratio of ABR to PPC as per approved ARR over past 5 years:

As per Tariff Order					
FY	PPC per Kwh	ACOS per Kwh	ABR – Domestic	ABR / PPC	ABR / ACOS
FY 17-18	5.63	7.63	5.87	104%	77%
FY 18-19	5.19	7.34	5.42	104%	74%
FY 19-20	5.44	7.32	4.96	91%	68%
FY 20-21	5.34	7.40	4.73	89%	64%
FY 21-22	5.55	7.64	4.35	78%	57%

By analyzing the above table it can be concluded that as the % of ABR / ACoS is reducing from 77% in FY 17-18 to 57% in FY 21-22 (i.e. cross subsidy is increasing from 23% to 43%) & the DISCOM is not even in the position to recover its approved Power Purchase Cost.

Delhi Electricity Tariff is yet to achieve significant progress in reducing cross subsidies prevailing in the system. Instead of reducing the cross subsides, the cross subsidy of domestic consumers is being increased.

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

1. Non-Telescopic Domestic Tariff for those consuming more than 400 units a month. Current slabs are at 0-200,201-400,401-800,801-1200 & > 1200 units. This will change to 0-200, 201-400 & >400 units (Non-telescopic). Non-telescopic Tariff is already implemented in states like Haryana, Assam, Kerala, Tripura, Jharkhand and Arunachal Pradesh.

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

6. Allow the levy of 8% Deficit Recovery Surcharge (DRS) on Power Purchase Adjustment Cost (PPAC)

The Hon'ble Commission in its Tariff Order dated 13.07.2012 on True Up for FY 2010-11 & Multi Year Tariff Order for FY 2012-13 to FY 2014-15, had introduced a surcharge @ 8%, now known as Deficit Recovery Surcharge (DRS), for meeting the carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap (or regulatory asset). The relevant para is reproduced below for ready reference:

> *"5.10 For meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission has decided to introduce a* ***surcharge of 8% over the revised tariff."***

Thus, the surcharge was introduced over the **entire tariff** applicable for the year which include Fixed and Variable Charge at that time.

Further, DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 provides for the following which are relevant in the present context:

> *"129. The recovery of ARR for supply of electricity to be billed by the Distribution Licensees shall comprise of:*
>
> *(1) Fixed Charge, and;*

(2) Variable Charge

130. The Fixed Charge of the Distribution Licensee shall consist of the following components:

(a) Capacity Charges of Generating Stations as approved/adopted by the appropriate Commission;

(b) Capacity Charges of Transmission Licensee including Load Dispatch Charges Stations as approved/adopted by the appropriate Commission;

(c) Fixed Cost of Distribution Licensee;

(i) Return on Capital Employed;

(ii) Depreciation; and,

(iii) Operation and Maintenance Expenses

131. The Variable Charge of a Distribution Licensee shall consist of the following components:

(a) Energy Charges (Power Purchase Cost excluding Capacity Charges);

(b) Trading Margin, if any; and

(c) Open Access Charges, if any.

132. The Commission shall design the Tariff Schedule, indicating Tariff for various categories of consumers in the area of the Distribution Licensee, in the relevant Tariff Order in order to enable recovery of ARR.:"

Now the Hon'ble Commission vide its Tariff Order dated 30.09.2021 has subsumed the revenue of Rs 626.57 Crore from PPAC for meeting the ARR requirement for the FY 2021-22. Thus, the PPAC has been subsumed in the Tariff Charges by the Hon'ble Commission.

The PPAC subsumed by the Hon'ble Commission for FY 2021-22 has been depicted in the following table of Tariff Order dated 30.09.2021:

Table 4. 72: Commission Approved: Revenue (Gap) for FY 2021-22 (Rs. Cr.)

Sr. No.	Particulars	Amount
1	Aggregate Revenue Requirement (ARR)	6939.44
2	Add: Carrying Cost for FY 2021-22	92.25
3	Add: PPAC Cost Subsumed	13.69
4	**Revised ARR (1+2+3)**	**7045.38**
5	Revenue at Revised Tariff	6443.76
6	Add: Revenue from PPAC	626.57
7	**Total Revenue (5+6)**	**7070.33**
8	**Revenue (Gap)/Surplus (7-4)**	**24.95**

Therefore, the Hon'ble Commission utilized the Revenue from PPAC listed at srl no. 6 of the above table to meet the Annual Revenue Requirement (ARR) for FY 2021-22.

PPAC is levied to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year. However, it becomes apparent from the above submissions that the Hon'ble Commission has notified the Tariff for various consumer categories by utilizing this PPAC amount in revenue of ARR. Hence, PPAC has already become part of Fixed Charge or Variable / Energy Charge as the revenue is considered against both as a whole.

In other words, PPAC has become part of base Energy Charge and Fixed Charge Tariff (excluding Taxes surcharges etc.) and DRS should be applicable on PPAC Charges.

Therefore, the Hon'ble Commission is requested to allow recovery of DRS on applicable PPAC since DRS is levied on basic tariff as per the following provision of Tariff Order dated 30.09.2021:

> *"7. The above Tariff Rates shall be subject to following Additional Surcharges to be applied only on the **basic** Fixed Charges and Energy Charges excluding all other charges e.g., LPSC, Arrears, Electricity Tax/Duty, PPAC, Load Violation*

Surcharge, etc. for the consumers of BRPL, BYPL & TPDDL:

(a) 8% towards recovery of accumulated deficit, and,

(b) 7% towards recovery of Pension Trust Charges of erstwhile DVB Employees/ Pensioners as recommended by GoNCTD."

Accordingly, the Hon'ble Commission is requested to allow recovery of DRS on applicable PPAC.

7. Green Power Tariff for consumers with less than 1 MW sanctioned load and Non- Open Access consumers

Ministry of Power, GoI had issued guidelines dated 22.03.2021 regarding exiting from conventional plants which are more than 25 years old. As Renewable Tariffs have reduced considerably over a period of time, further tie ups would reduce the Power Purchase costs and ultimately would reduce the end consumer Retail Tariffs. There are schools, institutions, hospitals and other large consumers who may be having sustainability goals; they will also get benefit by opting for such green tariff and meet sustainability goals.

Tata Power-DDL seeks to enhance the Renewable Energy consumption amongst the consumer base of Tata Power-DDL on voluntary basis. Tata Power-DDL also wishes to encourage procurement of Renewable Power amongst our consumers through supply of 100% Renewable Power on payment of Green Power Tariff in the form of surcharge which will be in addition to applicable Retail Tariff as approved by the Hon'ble Commission from time to time. Mechanism proposed as above would boost Renewable Power tie ups and exit from conventional sources of energy. Green Power Tariffs would not have negative impact on the existing Retail Tariffs but would operate as cost plus model in the form of surcharge over existing Retail Tariffs and would be totally voluntary in nature.

Consumers have opted for Renewable power under open access but such a prerogative is available only to consumers with 1 MW and above of sanctioned load. Green Power Tariff being voluntary in nature will give choice to consumers who have not opted for open access or are having sanctioned load of less than 1 MW to opt for Renewable power. The extra charges for procurement of Renewable Power being charged from specific customers would not increase the cost to be borne by other consumers. Tata Power-DDL would be buying power at economical rates leading to reduction of power purchase costs and Tariffs.

Even the Electricity Act, 2003 mandates promotion of Renewable Energy by the Appropriate Commission as given below in the following Sections of the Act:

"Section 61. (Tariff regulations):

** The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-*

.....

(h) the promotion of co-generation and generation of electricity from renewable sources of energy;

....."

"Section 86. (Functions of State Commission): *--- (1) The State Commission shall discharge the following functions, namely: -*

.....

(e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;"

.....

Also, it is worth noting that in the National Tariff Policy, 2016 in its objectives, lists the promotion of generation of Electricity through Renewable Sources and the relevant extract is reproduced below:

"4.0 OBJECTIVES OF THE POLICY

The objectives of this tariff policy are to:

.....

(e) Promote generation of electricity from Renewable sources;

....."

The Ministry of Power, Government of India has notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 along with its amendments which provides for determination of tariff for green energy by the Appropriate Commission and the relevant extract is reproduced below:

***"4. Renewable Purchase Obligation**–(2) Any entity, whether obligated or not may elect to generate, purchase and consume renewable energy as per their requirements by one or more of the following methods:-*

.....

(C) By requisition from distribution licensee.– (a) Any consumer may elect to purchase green energy either upto a certain percentage of the consumption or its entire consumption and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;

.....

(c) The tariff for the green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy;"

Green Tariff has already been implemented in some States as listed below:

1. Karnataka
2. Andhra Pradesh
3. Maharashtra
4. Gujarat
5. Haryana
6. Madhya Pradesh
7. Odisha
8. Uttarakhand
9. Uttar Pradesh

More recently, Green Tariff has been introduced in Gujarat, Haryana, Madhya Pradesh, Odisha, Uttarakhand and Uttar Pradesh at some additional premium over convention power as follows:

a) In Gujarat, Hon'ble GERC has set the Green Tariff for Government owned DISCOMs and Torrent Power in the Tariff Order for FY 2024-25 at Rs 1.00/ kWh for all consumers.

b) In Haryana, Hon'ble HERC has set "green energy premium" as the charge which such consumers opting for green energy will have to pay to the Discoms @ Rs. 0.88/unit above the normal tariff applicable in its Tariff Order for FY 2024-25.

c) In Madhya Pradesh, Hon'ble MPERC has set Green energy Tariff in the Tariff Order for FY 2024-25 at Rs. 0.56/unit.

d) In Odisha, Hon'ble OERC in the Tariff Order for FY 2024-25 has set Green Tariff as additional Rs. 0.20 per unit in premium over and above the normal rate of energy charges for a period of one year.

e) In Uttarakhand, Hon'ble UERC in the Tariff Order for FY 2024-25 has set the Green Power Tariff of Rs. 0.28/kWh.

f) In Uttar Pradesh, Hon'ble UPERC in the Tariff Order for FY 2023-24 has set the Green Power Tariff of Rs. 0.44/kWh except for Domestic and Agricultural category consumers.

g) In Kerala, Hon'ble KSERC in the Tariff Order for FY 2023-24 has set the Green Tariff at Rs.0.77 per unit.

The Hon'ble Commission is requested to allow Green Power Tariff on voluntary basis at premium of Re 1 per unit and also allow Tata Power-DDL to account this power in its RPO obligation compliance and to carry forward the excess to next year.

This option can be exercised by the consumer by giving a request one month in advance to Tata Power-DDL in writing before commencement of billing period. Such sourcing would be for at least one year period.

A detailed petition, Petition No. 32/2021, was filed by Tata Power-DDL and the Hon'ble Commission had disposed off the petition with Remark for considering it during Annual Tariff Exercise.

8. Mandatory Online Payment for consumers with Bill more than Rs 4000/-

The Hon'ble Commission had made the online payment mandatory for monthly electricity bills exceeding Rs. 20,000/- in the Tariff Order for FY 2021-22 issued on 30.09.2021 and the relevant Note 17 of the Tariff Schedule is reproduced below for ready reference:

> *"The payment of monthly electricity bills of all categories of consumers except Domestic, Agriculture & Mushroom Cultivation exceeding Rs. 20,000/- shall be paid Digitally through various platforms like NEFT, RTGS, IMPS, Credit Card, Debit Card, Wallets (like PayTM, Google Pay) etc."*

Consequent to the implementation of online payments as per the above directions of the Hon'ble Commission, our payment realization time has reduced and number of cheque bounce have also reduced.

Further, the Hon'ble Commission has allowed cash payments for bills only upto Rs. 4000/- vide its Tariff Order for FY 2021-22 issued on 30.09.2021.

In today's times everybody is using internet and digital payments. Hence, consumers with Bill of Rs. 4000/- and above can be assumed comparatively well off and to be better equipped for handling such online transactions. These consumers can be asked to pay bill by digital modes only like e-wallets, Net Banking, NEFT, RTGS, debit card etc. Following are the Benefits of E-payment for the consumers using it:

a. Hassle-free
b. Safe & Secure
c. Environment Friendly
d. Saves Time
e. Cashback, if any provided by wallet operator.

Digital payments also help in improving collection efficiency and cashflow of Discoms which in turn help consumer with reduced tariff burden.

Therefore, the Hon'ble Commission is requested make this online payment mandatory for connections with Bill amount more than Rs. 4,000/-.

9. Mechanism for recovery of 100% variation in Power Purchase in line with MoP Rules.

The Distribution Licensee is allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year.

In this respect, the following suggestions/comments are noteworthy:

(a) Regulation 134 of the Tariff Regulations, 2017 provides that:
"134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above, the Power Procurement

Cost approved in the Tariff Order of the relevant year, incurred due to the following:

(a) Variation in Price of Fuel from long term sources of Generation;

(b) Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation;

(c) Variation in Transmission Charges."

(b) As evident from above, the current PPAC mechanism allows pass through of costs linked to the power procurement/sale from long term sources excluding variations, if any, related to any short term/medium term power purchase/ sale and/or any uncontrollable costs like consequential impact of decisions of higher courts or Tribunals or Review Orders passed by the Appropriate Commission.

(c) A simple analysis of power purchase approved and actually utilized from long term & short term/medium term sources for a number of years show a huge variance as depicted in below table:

Power purchase approved and actually utilized from long term & short term/medium term sources

Financial Year	Particulars	ARR	Actual	Variation
FY 2018-19	Long Term purchase MUs	10,558	10,980	**4%**
	Short term/medium term purchase MUs	0	1,095	**100%**
	Short Term/medium term sale Mus	645	2,086	**223%**
FY 2019-20	Long Term purchase MUs	10,430	8,179	**-22%**
	Short term/medium term purchase MUs	262	2,354	**798%**
	Short Term/medium term sale Mus	119	504.06	**324%**
FY 2020-21	Long Term purchase MUs	7,563	8,521	**13%**
	Short term/medium term purchase MUs	1,663	1,565	**-6%**
	Short Term/medium term sale Mus	0	811	**100%**
FY 2021-22	Long Term purchase MUs	9663	9,841	**2%**
	Short term/medium term purchase MUs	572.39	999	**75%**
	Short Term/medium term sale Mus	0	981	**100%**

Note: No ARR has been issued for FY 22-23 for Tata Power-DDL

(d) As evident, while the long-term power purchase transactions have been almost similar to that approved by the Hon'ble Commission while approving the ARR, the short term/medium term transactions have increased exponentially thereby necessitating the need for adjustment to the existing PPAC mechanism.

(e) The BPR, 2023 allows suo- moto levy of PPAC by distribution licensee limited to 8.75% only on a quarterly basis. A petition is required to be filed and approved by the Hon'ble Commission for the recovery of balance power purchase cost variation. This increases the time for recovery of PPAC and at times it gets subsumed in the True-Up Tariff Order. Needless to mention, such delays increase the carrying cost impact on the consumers and consequently, may increase the applicable tariff to the consumers. The actual PPAC applicable and the suo-moto PPAC levied by Tata Power-DDL are summarized as follows:

Actual PPAC applicable and the suo-moto PPAC levied by Tata Power-DDL

S. No.	PPAC for the Quarter	Actual PPAC to be applicable (%)	Suo-Moto PPAC levied (%)	Differential PPAC - Filed through Petition (%)	Differential PPAC approved later (%)	Date of filing petition for allowing Differential PPAC	Date of DERC's Order
1.	Q1 FY 2020-21	2.13	1.92	0.21	Subsumed in Tariff Order	27.08.2020	01.11.2021
2.	Q2 FY 2020-21	1.23	1.11	0.12		24.11.2020	01.11.2021
3.	Q3 FY 2020-21	8.35	7.51	0.84		22.02.2021	01.11.2021
4.	Q4 FY 2020-21	---	---	---	---	---	---
5.	Q1 FY 2021-22	1.27	1.14	0.13	Subsumed in Tariff Order	09.09.2021	01.11.2021
6.	Q2 FY 2021-22	1.82	1.64	0.18	-0.53%	02.12.2021	16.12.2022
7.	Q3 FY 2021-22	11.85	6.76	5.09	4.80%	14.02.2022	16.12.2022
8.	Q4 FY 2021-22	9.80 (9.70% revised by DERC)	8.52	1.18	1.28%	12.05.2022	16.12.2022
9.	Q1 FY 2022-23	14.37	8.75	5.62	5.68% (2.84% levied; 2.84% to be subsumed in ensuing Tariff Order)	10.08.2022	09.01.2023
10.	Q2 FY 2022-23	21.42	------	21.42		18.11.2022	

S. No.	PPAC for the Quarter	Actual PPAC to be applicable (%)	Suo-Moto PPAC levied (%)	Differential PPAC - Filed through Petition (%)	Differential PPAC approved later (%)	Date of filing petition for allowing Differential PPAC	Date of DERC's Order
11.	Q3 FY 2022-23	27.46	------	27.46	29.13%	03.02.2023	07.06.2023 (combined order)
12.	Q4 FY 2022-23	20.86	------	20.86		28.04.2023	
13.	Q1 FY 2023-24	19.72	------	19.72	29.13%	13.09.2023	03.01.2024
14.	Q2 FY 2023-24	16.25	------	16.25	29.13%	09.01.2024	08.03.2024
15.	Q3 FY 2023-24	16.29	8.75	7.54	27.58%	16.02.2024	25.07.2024 (combined order)
16.	Q4 FY 2023-24	12.79	8.75	4.04		24.06.2024	
17.	Q1 FY 2024-25	12.02	8.75	3.27	-------	23.09.2024	--------

(f) The above table still does not include the impact on PPAC due to increased short-term power purchase transactions.

(g) Further, Power Purchase cost approved in the Tariff Order and the actual power purchase cost incurred have been compared for the last six years and it is found that there is substantial under recovery in each of the six years as tabulated below:

Table: Power Purchase as approved in Tariff Order and as per actuals

FY	Power Purchase as per Tariff Order			Tata Power-DDL Actuals			Variance		
	Units (Mus)	Amount (Rs. Cr.)	Per Unit Cost	Units (Mus)	Amount (Rs. Cr.)	Per Unit Cost	Units (Mus)	Amount (Rs. Cr.)	Per Unit Cost
FY 18-19	9661	5119	5.3	9631	5910	6.14	-30	792	0.84
FY 19-20	10321	5710	5.53	9752	6358	6.52	-569	648	0.99
FY 20-21	9030	4893	5.42	8950	5367	6	-80	475	0.58
FY 21-22	9983	5634	5.64	9425	6037	6.41	-559	403	0.76
FY 22-23*	9983	5634	5.64	10622	7578	7.1	639	1944	1.46
FY 23-24*	9983	5634	5.64	10661	7324	6.87	678	1690	1.23

**As no Tariff order was released by DERC for FY 22- 23 & FY 23-24 therefore power purchase cost for FY 21-22 is considered for both FY 22-23 & FY 23-24*

(h) As evident, there is large variation in the Power Purchase Amount approved in Tariff Order to Actual Power Purchase Cost incurred leading to increase in Regulatory Assets of DISCOMs. The major reasons for such gap in recovery of power purchase cost through PPAC mechanism is mainly due to:

- Non-inclusion of cost variation in power purchase from short term/medium term sources.
- Non-inclusion of cost variation in power sale through short term/medium term.
- Non-inclusion of cost variation towards meeting the RPO requirement.
- Cap on automatic levy of PPAC without going through regulatory proceedings,
- Non-inclusion of any uncontrollable costs related to power purchase like consequential impact of decisions of higher courts or Tribunals or Review Orders passed by the Appropriate Commission.
- PPAC computation on quarterly basis instead of on monthly basis.

(i) If the above parameters are suitably incorporated in current PPAC mechanism, almost full recovery of power purchase cost variation can be recovered by distribution utility without any delay thereby reducing the carrying cost implication.

In this respect, Tata Power-DDL has reviewed mechanisms, similar to applicable PPAC mechanism, of few other states and found that entire power purchase cost including short term power purchase/sale is allowed to be recovered in PPAC formula in Maharashtra, Gujarat, Haryana, Goa & UTs-Daman & Diu, Chandigarh, Puducherry and Dadra & Nagar Haveli.

It is also pertinent to mention here that the Tariff Policy, 2016, clause 5.11(h)(4), implies speedy recovery of all uncontrollable costs including power purchase costs without differentiating between long term and short term/medium term sources:

> ***"Uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs.*** *Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation, taxes and cess,* ***variations in power purchase unit costs including on account of adverse natural events."***

Further Electricity (Amendment) Rules, 2022 notified in Dec, 2022 provide for Fuel and power purchase adjustment surcharge as follow:

(a) If this surcharge is <=5% as per formula, 100% cost recoverable of computed surcharge by distribution licensee shall be levied automatically.

(b) If this surcharge is >5% as per formula, [5%+90% of balance] will be recoverable automatically i.e. 5+ 90%*95=90.50% (max) while the differential claim shall be recoverable after approval by the State Commission during true up.

(c) Power purchase variations considered for power purchase from all sources i.e. Long-term, Medium –term and Short-term Power purchases.

(d) Bulk power sale considered from all sources.

(e) To be levied on a monthly basis.

(f) To be billed to the consumers in (n+2)th month, on the basis of actual variation in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the nth month.

(g) To be trued up and for any financial Year it shall be completed by 30th June of the next financial year.

The following states have already implemented the PPAC as per the above said Rules:

S. No.	State/UT
1	Sikkim
2	Daman and Diu & Dadar and Nagar Haveli
3	Goa
4	Chandigarh
5	Haryana
6	Gujarat
7	Puducherry
8	Punjab
9	Madhya Pradesh

Moreover, the Hon'ble Commission has regularly directed the Delhi DISCOMs to ensure 24X7 availability of power to the consumers and that they shall meet the shortage of power, if any, through purchase of power through various mechanisms like IDT, power exchange, banking, bilateral contracts etc. in accordance with the applicable guidelines issued by the Hon'ble Commission from time to time. Tata Power-DDL has been actively

purchasing power on power exchanges under Day Ahead Contracts and Real Time Contracts to meet the demand of its consumers.

During peak summers and winters, exchange rates are rising continuously and have also resulted into partial clearing of buy bids. Further, with the onset of summer season, the situation is likely to aggravate further. Considering the fact that Gas stations in the portfolio of Delhi DISCOMs have an incremental generation cost of around Rs. 10/- to 15/- per unit, dependency on exchange purchase has increased further. Such unprecedented increase in exchange rates poses serious threat towards sufficient power availability and also puts unnecessary financial burden on the end consumers in the form of increased power purchase cost.

Accordingly, we request the Hon'ble Commission to include the following in PPAC mechanism to ensure early recovery of power purchase cost:

(a) In the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 as below:

> *"134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on **monthly** basis, over and above, the Power Procurement Cost approved in the Tariff Order of the relevant year, incurred due to the following:*
>
> *(a) Variation in Price of Fuel from **all sources** of Generation;*
>
> *(b) Variation in Fixed Cost **and/or Energy Cost** on account of Regulatory Orders from **all sources** of Generation;*
>
> *(c) Variation in Transmission Charges;*
>
> ***(d) Variation in all costs towards meeting the RPO;***
>
> ***(e) Variation in all costs for DSM***
>
> ***(f) Bulk power sale considered from all sources.***
>
> ***Provided that such monthly recovery shall be True-up on annual basis and for any financial Year it shall be completed by 30th June of the next***

financial year;"

(b) The delay in recovery of revenue by virtue of PPAC mechanism by the Distribution Licensee shall be trued up along-with the Power Purchase Cost of the relevant year and associated Carrying Cost shall be allowed due to under-recovery of revenue for the same year;

(c) The treatment of PPAC computation as per the specified formula shall be as follows:

(a) in case PPAC is upto 5% for any month, the Distribution Licensee may levy PPAC at 100% of computed PPAC with prior intimation to the Commission without going through the regulatory proceedings.

(b) in case PPAC exceeds 5% for any month, the Distribution Licensee may levy PPAC of 5% and 90% of balance PPAC (Actual PPAC% - 5%) with prior intimation to the Commission without going through the regulatory proceedings and shall file an application for prior approval of the Commission for the differential PPAC claim.

(d) Time bound disposal of differential PPAC petitions filed with Hon'ble Commission within one month of filing the petition. Else, DISCOMs be allowed to levy the balance PPAC without waiting for the order along with carrying cost.

(e) PPAC should be calculated and levied on monthly basis e.g. PPAC for nth Month should be levied from start of n+2 month.

(f) In case, PPAC is negative (credit) for a particular month, it will be carried forward to the next month and adjusted with PPAC for that month till the cumulative PPAC is positive (debit) and thereafter the treatment of PPAC will be as per point "C" mentioned above.

(g) In case of carry forward of PPAC by the Hon'ble Commission, carrying cost should also be included in PPAC to be levied.

10. Request to update the Other/Miscellaneous charges every year in the Tariff Orders.

Electricity Act, 2003 allows Distribution Licensees to recover charges from its consumers for supply of electricity supplied to them. These will be in accordance with tariff determined by the respective State Electricity Regulatory Commissions. The charges thus include variable charge, fixed charges, rent or other charges for electric meter or other equipment provided by licensees.

Section 45 of Electricity Act, 2003 provides for as follows:

"45 (3) The charges for electricity supplied by a distribution licensee may include

(a) a fixed charge in addition to the charge for the actual electricity supplied;
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.

The Hon'ble Commission had issued the Schedule of Charges and the procedure under Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulations, 2017 on 31.08.2017 which is applicable till date.

These charges are mainly for recovery of cost incurred for availing supply of electricity and various other services provided to the consumers. Provision for schedule of charges has been made so that other consumers are not burdened due to service provided to a specific consumer and that individual consumer only bears the cost. Income from these charges are made part of the non-tariff income in the Aggregate Revenue Requirement filed by the DISCOM. It thus saves other consumers from getting burdened. Moreover, income from these charges is passed on to all the consumers of the DISCOM as they reduce the ARR and the more they are cost reflective, the lesser they will be burdensome on the ARR.

These charges were notified by the Hon'ble Commission in the year 2017 and the costs of the Utilities have increased since then. Due to the Covid-19 pandemic and the subsequent

lockdowns imposed by the Government, there were disruptions to supply chains, increase in prices of commodities/raw materials and transportation charges. This pushed up inflation. Besides, the Employee Expenses, Administrative and General Expenses, cost of services, cost of vendors, cost of materials have all increased.

The change in Daily Minimum Wages of labour in Delhi as per the orders of the Office of the Commissioner (Labour) Govt. of NCT of Delhi is 35.59% from 2017 to 2024. The details are given below:

Variation in Daily Minimum Wages in Delhi (In Rupees)			
Type of Labour	2017	2024	Change from 2017 to 2023
Un- Skilled	513	695	35.48%
Semi-Skilled	565	767	35.75%
Skilled	622	843	35.53%
	Average Change		35.59%

The average yearly inflation derived based on the monthly Wholesale Price Index (WPI) (only for the Commodities used in distribution business) as per the Office of Economic Advisor of Government of India since the year of issuance of Schedule of Charges by the Hon'ble Commission in the year 2017 is depicted below and it is seen that the **increase is significant at 43.53%.**

Commodity	WPI Index Aug-17	WPI Index Aug-24	Change from 2017 to 2024
Copper shapes - bars/rods/plates/strips	97.7	142.5	45.85%
Aluminium shapes - bars/rods/flats	110.7	162.0	46.34%
Cast iron, castings	105.6	139.4	32.01%
Alloy steel castings	115.1	154.2	33.97%
Copper bolts, screws, nuts	108.8	127.6	17.28%
Bolts, screws, nuts & nails of Iron & steel	101.7	147.0	44.54%
Aluminium/Alloy Conductor	118.5	166.7	40.68%
Aluminium wire	112.4	166.9	48.49%
Copper wire	96.5	176.2	82.59%
Average change			**43.53%**

Further, the Hon'ble Commission in the Statement of Reasons (SoR) issued for *DERC (Business Plan) Regulations, 2023,* has computed the Inflationary Growth rate by considering 60% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index for All Commodities as per the Office of Economic Advisor of Government of India and 40%

weightage to the average yearly inflation derived based on the monthly Consumer Price Index for All Commodities as per the Labour Bureau, Government of India which is reproduced below for ready reference.

Inflationary Growth Rate Computation

Year	WPI for all commodities	Percentage Growth	CPI for all commodities	Percentage Growth
2016-17	111.60		130.33	
2017-18	114.90	2.96%	135.00	3.59%
2018-19	119.80	4.26%	139.61	3.41%
2019-20	121.80	1.67%	146.27	4.77%
2020-21	123.40	1.31%	155.28	6.16%
2021-22	139.40	12.97%	163.83	5.51%
	Average	**4.63%**		**4.69%**
Inflationary Growth Rate = (4.63%*60%+4.69%*40%)= 4.66%				

The Inflationary Growth rate is 4.66% as computed by the Hon'ble Commission which brings the increase in 7 years to 33% approximately.

Thus, all the data provided above point to an increase in labour charges and material cost of around 35% average.

Further, in the State of Maharashtra, Hon'ble MERC requires the DISCOMs to file proposal for approval of Schedule of Charges.

As per Regulation 19.1 of the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 (Supply Code Regulations, 2021), Distribution Licensees are required to submit the proposal before the Commission for approval of Schedule of Charges (SoC) for such matters required by the Distribution Licensee to fulfil its obligation to supply electricity to its consumers along with every application for determination of tariff under Section 64 of the Electricity Act, 2003 together with such particulars as the Commission may require under the Electricity Act, 2003 and other relevant Regulations.

Hon'ble MERC has provided different escalations in the following categories of other charges:

***(a)*Service Connection Charges for New Connection**

Hon'ble MERC found it appropriate to apply escalation on the approved SoC in MYT Order dated 30 March 2020 for arriving the revised SOC for FY 2023-24 and FY 2024-25. For escalating the approved SoC rates in MYT Order, the Hon'ble MERC

has considered the Wholesale Price Index (WPI) published by the Government of India for FY 2020-21, FY 2021-23 and FY 2022-23.

***(b)* Cost of Meter, Metering Cubical**

Hon'ble MERC has considered average of 3 years WPI inflation rate in case of a burnt or a lost meter or where a consumer opts to purchase the meter from DISCOM.

***(c)* Application Registration and Processing Charges**

For Application Registration and processing Charges, Hon'ble MERC has considered the three year average of CPI and WPI with 50% weightage to each to escalate previously approved charges under MYT Order dated 30 March 2020.

***(d)* Miscellaneous and General Charges**

As most of the activities (e.g. Installation Testing Fees, Reconnection Charges, meter shifting, Shifting of Utility's services, etc.) are labour intensive, the Hon'ble MERC has considered the three year average of CPI published by the Labour Bureau, Government of India to escalate previously approved charges in Order dated 30 March 2020 on compounded basis.

Further, there are various other States/UTs that update the Other/Miscellaneous charges in their Tariff Orders. They are listed below.

I. Goa
II. Chandigarh
III. Dadra Nagar Haveli Daman and Diu
IV. Lakshadweep
V. Puducherry
VI. Andhra Pradesh
VII. Himachal Pradesh
VIII. Maharashtra
IX. Manipur
X. Mizoram
XI. Nagaland
XII. Odisha

XIII. Sikkim
XIV. Telangana
XV. Tripura
XVI. Uttar Pradesh
XVII. Uttarakhand

In line with the above, to help recover costs at the existing rates, Hon'ble Commission is requested to consider revision of Other charges in the Tariff Orders so as to increase the Non-Tariff Income and reduce the ARR leading to lesser burden on the consumer Tariffs.

11. Tariff based Competitive Bidding (TBCB) in the Intra-State Transmission Network

The Hon'ble Commission in BPR 2023 has stated that the Capitalisation for the Transmission Licensee may undergo revision subject to Tariff based Competitive Bidding (TBCB) in the Intra-State Transmission Network.

TBCB has been already implemented by various SERCs in states like Assam, Haryana, Punjab, Rajasthan and UP.

The Hon'ble Commission has issued the draft DERC (Threshold Limit for the Development of Intra-State Transmission Projects under Tariff Based Competitive Bidding) Regulations, 2024 and Tata Power-DDL has submitted the comments on the same.

The Commission has, in these draft Regulations, fixed the Threshold Limit of Rs. 150 Crores above which the new Intra-State Transmission (InST) projects will be awarded under TBCB.

Further, within Delhi, we have been facing Transmission constraints. Moreover, cconsidering the cost of schemes which DTL has executed in the past and those that are to be executed in

future, it may be noted that major ones are more appropriately covered if the Threshold value is kept at Rs. 100 Cr. Besides, the states near to Delhi have the Threshold value of Rs. 100 Cr. The same are listed below:

- Haryana-Rs. 100 Cr.
- Himachal Pradesh-Rs. 75 Cr.
- Uttarakhand- Rs. 100 Cr.
- Gujarat-Rs. 100 Cr.

Hence, it is requested to kindly consider lowering the Threshold value to Rs. 100 Crores for development of Intra-State Transmission System through Tariff Based Competitive Bidding for wider development of Transmission system in a cost-efficient manner.

12. Rationalization of useful life of Distribution assets in line with recommendation of Forum of Regulators (FoR).

The Hon'ble Commission had issued the Depreciation Schedule of Assets as Appendix 1 to DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.

As Per National Tariff Policy 2016, State Electricity Regulatory Commission has to follow the rate of depreciation as notified by Hon'ble CERC with appropriate modification as may be evolved by the Forum of Regulators. The relevant extract of National Tariff Policy is given below for reference:

> *"The Central Commission may notify the rates of depreciation in respect of generation and transmission assets. The depreciation rates so notified would also be applicable for distribution assets with appropriate modification as may be evolved by the Forum of Regulators."*

We would like to refer to a recent study by the Forum of Regulators (FoR) on the **"Evolving Principles of Depreciation for Distribution Assets and Operating and Financial norms for Distribution Sector"** published in December 2021.

Forum of Regulators had set up a working group for detailed assessment for categorization of power distribution assets and their useful life based on consultations with various state-owned utilities, manufacturers, international practices, contractors of power distribution systems and CERC and SERC's regulations.

Tata Power-DDL requested Hon'ble Commission for adoption of depreciation rate as per "FoR" study vide its letter no. TPDDL/Regulatory/CAPEX/2021-22/504 dated 31.03.2022.

Time and again, we have taken up with the Hon'ble Commission the issue of rationalization of useful life of Distribution assets. We have also expressed our views with regards to the useful asset life specific to meters, in our submission vide letter nos. TPDDL/Regulatory/2019-20/3/198 dated 26.08.2019, TPDDL/Regulatory/CAPEX/2021-22/504 dated 31.03.2022, TPDDL/Regulatory/2024-25/03/10 dated 09.04.2024 and TPDDL/Regulatory/2024-25/03/73 dated 31.05.2024

As per FoR Study, it was found that a significant number of components and equipment are used in the power distribution business which have varying useful life and therefore are required to be replaced at different intervals. Even for a substation, life of the parts could vary significantly, thus causing concerns for identifying a single useful life for the overall system. Therefore, various categories and sub-categories of distribution assets have been prepared for estimating their useful life of these assets. While identifying the various categories / sub-categories, the number of assets have been limited with respect to the significance of each part in terms of overall cost, as also prescribed in the Companies Act.

On the basis of above principles, Forum of Regulators report created various sub categories of assets classes and recommended life based upon voltage level, usage, type of equipment and the inputs from above mentioned stakeholders.

The Forum of Regulators recommended useful life of key distribution assets along with corresponding recommended life as per DERC Tariff Regulation, 2017 is tabulated below for reference:

Comparison of Useful life (in years) of Assets			
S. No.	Equipment	DERC Tariff Regulations, 2017	Recommended by Forum of Regulators
1	Distribution Transformers (>100kVA)	25	20
2	Distribution Transformers (<100kVA)	25	15
3	Circuit Breakers (33kV S/S)	25	15
4	Circuit Breakers (LV)	25	10
5	Bus Couplers	25	15
6	Instrument Transformer and relays	25	15
7	Isolators	25	10
8	Insulators	25	10
9	Ring Main Unit	25	10
10	Lightning Arrestors	25	10
11	Underground cable including joint boxes and disconnected boxes	35	25
12	LT Lines	25	20
13	Consumer/ Electronic/ Interface or Energy Audit Meters	15	10
14	Self-Propelled Vehicles	10	05
15	Communication System including hardware	15	07
16	IT (end user i.e. desktop/laptop)	06	03
17	IT software	06	05
18	Capacitor banks	25	20

The report also made following recommendations with regards to asset useful life:

- Depreciation rates based on the useful life of the asset. Such useful life determination may be periodically reviewed especially in the cases where there are technological developments in the asset that impacts their usage. Such periodic determination of the useful life must be done keeping in mind the following factors as per the Accounting Standards:

  a. expected usage of the asset.

  b. expected physical wear and tear including the expected repair and maintenance.

  c. technical or commercial obsolescence

  d. legal or similar limits on the use of the asset

- To the extent possible, the depreciation rates by all State Regulatory Commissions may be standardized. This would help in normalizing the distribution tariffs across all States.

- The percentage of salvage value (normally at 10%) may also be reviewed considering that costs of removal / disposal of assets and the realization of scrap for these assets is not so significant.

A table of comparison for the useful life of all the assets as per the "DERC Tariff Regulations 2017" and the FoR Study on "Evolving Principles of Depreciation for Distribution Assets and Operating and Financial norms for Distribution" is given below.

S. No.	As per DERC Tariff Regulations 2017		Recommendations as per Forum of Regulators	
	Asset Particulars	Useful Life (years)	Asset Particulars	Useful Life (years)
		A		A
1	**Land owned under full title**	Infinity	**Land owned under full title**	-
2	**Land held under lease**		**Land held under lease**	-
(A)	For investment in land	The period of lease or the period remaining unexpired on the Assignment of the lease	For investment in land	-
(B)	For cost of clearing site	The period of lease remaining unexpired at the date of clearing the site	For cost of clearing site	-
3	**Assets Purchased New**		**Assets Purchased New**	-
(A)	**Plant and machinery in generating stations including plant foundations**		**Plant and machinery in generating stations including plant foundations**	-
(i)	Steam-electric NHRS & Waste Heat Recovery Boilers / Plants	**25**	Steam-electric NHRS & Waste Heat Recovery Boilers / Plants	-
(ii)	Diesel electric & Gas plant	**25**	Diesel electric & Gas plant	-
(B)	**Cooling towers and circulating water systems**	**25**	**Cooling towers and circulating water systems**	-
(C)	**Buildings**		**Buildings**	
(i)	Offices, showrooms and residential buildings	**50**	Office and Show rooms	**60**
(ii)	Buildings other than Offices & showrooms	**30**	Buildings other than Offices & showrooms	**30**
(iii)	Temporary erection such as wooden structures	**0**	Temporary Structures and erections	**1**
(iv)	Roads other than	**50**	-	-

S. No.	As per DERC Tariff Regulations 2017		Recommendations as per Forum of Regulators	
	Asset Particulars	Useful Life (years)	Asset Particulars	Useful Life (years)
		A		A
	Kutcha roads			
(v)	Others	**30**	Others	**30**
(D)	Transformers, Kiosk, sub-station equipment & other fixed apparatus (including plant foundations)	**25**	Power Transformers	**25**
			Distribution Transformers (<100kVA)	**15**
			Distribution Transformers (>100kVA)	**20**
(E)	Switchgear including cable connections	**25**	Circuit Breakers (33kV S/S)	**15**
			Circuit Breakers (LV)	**10**
			Bus Couplers	**15**
			Isolators	**10**
			RMU	**10**
(F)	Lightning arrestor		Lightening Arrestors	**10**
(i)	Station type	**25**		
(ii)	Pole type	**25**		
(iii)	Synchronous condenser	**25**		
(G)	Batteries	**5**	Batteries	**5**
(H)	Underground cable including joint boxes and disconnected boxes	**35**	Underground cable including joint boxes and disconnected boxes	**25**
(I)	Overhead lines including cable supports	**25**	O/H Lines 11kV and above	**25**
			LT Lines	**20**
(j)	**Meters**	**15**	Consumer/Electronic/Interface or Energy Audit Meters	**10**
(K)	**Vehicles**	**10**	Self Propelled Vehicles	**5**
(L)	**Air Conditioning Plants**			
(i)	Static	**25**		**-**
(ii)	Portable	**10**		**-**
(M)	**Office furniture and related equipment's**	**10**	**Office furniture /fixtures/fittings/internal wiring/street light fittings**	**10**
(N)	Communication equipment			
(i)	Radio and high frequency carrier system	**15**	Information and Communication System including hardware	**7**
(ii)	Telephone lines, Fibre Optic and telephones	**15**		**7**

S. No.	As per DERC Tariff Regulations 2017		Recommendations as per Forum of Regulators	
	Asset Particulars	Useful Life (years)	Asset Particulars	Useful Life (years)
		A		A
(O)	I. T Equipment including software (salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable)	6	IT Hardware (server)	6
			IT (end user i.e. desktop/laptop)	3
			IT software (amortization of licensing cost or in house developed software)	5
			Insulators	10
			Tools and tackles	10
			PPEs	5
	Any other assets not covered above	As per Companies Act 2013 amended from time to time.		As per Companies Act 2013 amended from time to time.

Keeping in view of the above facts presented in the study by Forum of Regulators, it would be prudent that useful life of distribution assets be rationalized taking into account the key recommendations of the study.

Therefore, Hon'ble Commission is requested to revise the useful life of various asset classes in the Depreciation Schedule 1 of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 to accommodate the suggestions of the FOR study. This move shall not only be a progressive measure but also help in ensuring 24 X 7 Power to consumer by timely replacement of old assets post completion of useful life.

13. Subsidy Mechanism

Hon'ble Commission's letter no. F.3(211)/Tariff/DERC/2007-9/4885 dated 20.03.2008 and Section 65 of the Electricity Act, 2003 mandate that the Government of NCT of Delhi

(GoNCTD) release the subsidy in advance for each Quarter of the Financial Year at the beginning of that Quarter to Distribution Utilities to extend the benefit of subsidy to the identified consumer categories. We draw your kind attention to the proviso forming part of the Section 65 of the Electricity Act, 2003:

> *"Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by State Commission shall be applicable from the date of issue of orders by the Commission in this regard."*

The Electricity (Second Amendment) Rules, 2023 dated 26.07.2023 and Standard Operating Procedure (SOP) on Subsidy Accounting and Payment dated 03.07.2023 have been issued by the Ministry of Power, Government of India.

However, we are facing considerable delay in release of subsidy from GoNCTD. Therefore, we request Hon'ble Commission to include the following clause in Tariff Order or any suitable regulation to streamline the process of Subsidy Mechanism.

> *"If GoNCTD requires grant of any subsidy to any consumer or class of consumers, the GoNCTD shall as per Section 65 of the Electricity Act 2003, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner specified in these Regulations, as a condition for the license or any other person concerned to implement the subsidy provided for by the GoNCTD.*
>
> *A. The Government shall, by notification, declare the consumers or class of consumers to be subsidized.*
>
> *B. The licensee shall make an estimate of subsidy to be provided to the consumers or class of consumers as per the Government notification and file the same with the Government for approval before 60 Days from the start of Financial Year.*

C. The Government shall scrutinize the estimate and may require further details, data, documents in support of the estimates, which the licensees are required to file with the Government within the stipulated time and Government shall approve the amount before 30 days from start of financial year.

D. The Government shall pay the approved subsidy amount to the licensees in advance before start of every quarter of financial year.

E. The amount of subsidies shall be available to the licensees without any adjustments with any other dues owed by the Licensees to GoNCTD irrespective of whether they are sub judice or not.

F. The licensee shall pay the subsidy received from the Government to the entitled class of consumers in proportion to their energy consumption on actual basis by way of adjustment in the electricity bill.

G. The licensee shall raise bill of subsidy due, to the concerned department of GoNCTD within 30 days of the end of the relevant quarter with copy to the Hon'ble Commission and the concerned department of GoNCTD shall ensure that the balance payment of the subsidy shall be paid within 30 days of receipt of Subsidy bill from the licensee and this shall not be linked with the advance subsidy payment of the next quarter.

H. The licensee shall keep proper accounts of subsidy in such a manner as approved by the Commission and provide auditor certificate to the Commission within 45 days of the closure of the Quarter.

I. The difference between the subsidy received from the Government and actual disbursement to the entitled class of consumers shall be trued up by the Commission within 60 days of closure of the relevant quarter.

J. *Provided that no such direction of the GoNCTD shall be operative if the payment*

is not made in accordance with the provisions contained in this section and the tariff fixed by State Commission shall be applicable from the date of issue of orders by the Commission in this regard."

K. Without prejudice to the mechanism of raising of bills at full tariff (without subsidy), State Government shall also pay interest at the rate of late payment surcharge in accordance with Electricity (Late Payment Surcharge & Related matters) Rules, 2022 for the period of delay in balance payment beyond the period of 30 days and also for delay in payment of advance subsidy or part thereof.

Therefore, in view of above Rules issued by Ministry of Power, Government of India, Tata Power-DDL requests the Hon'ble Commission to issue suitable Guidelines to Distribution Utilities regarding Subsidy Accounting and Payment.

14. Tariff Rationalization for charging of Electrical Vehicles on the basis of usage

The Tariff for EV charging was first notified by Hon'ble Commission in the Tariff Order for FY 2017-18 which was Rs. 5 per unit for High Tension (HT) and Rs. 5.5 per unit for Low Tension (LT). This was reduced to Rs. 4 per unit for HT and Rs. 4.5 per unit for LT in the Tariff Order for FY 19-20 and it has remained same till date. The actual Average Cost of Supply (ACoS) for Tata Power-DDL for FY 2023-24 is Rs. 8.74 per unit which means that Discoms are supplying power for EV charging at about 50% of the cost leading to burden on other subsidizing industrial and commercial consumers.

Ministry of Power, Govt. of India had issued the Guidelines and Standards on the subject "Guidelines for Installation and Operation of Electric Vehicle Charging Infrastructure-2024", on 17.09.2024 which mentions of Tariff for EV Charging Stations to be the **Average Cost of Supply till 31st March 2028**. The relevant provision is reproduced below:

"9. Tariff for supply of electricity to EV charging stations

(1) The tariff for supply of electricity to EV Charging Stations ***shall be single part and***

shall not exceed "Average Cost of Supply" till 31st March 2028."

It may be noted that the Tariff for EV charging in others states is equal to or greater than the ACoS of Distribution utility in most of the states. A comparative table as per Tariff Order of FY 24-25 (except Delhi which is for FY 21-22) is given below for your reference please:

S. No	State	ACoS (Rs / Unit)	EV Average Tariff- LT (10 kW) (Rs / Unit)	EV Average Tariff - HT (100 kW) (Rs / Unit)
1	Delhi [TPDDL]	**8.74** (FY 23-24)	4.50	4.00
2	Madhya Pradesh	**6.90**	6.90	6.90
3	Haryana	**6.97**	7.08	6.81
4	Uttarakhand	**7.27**	7.00	7.00
5	Mizoram	**11.61**	12.10	10.70

Accordingly, its Tariff can be categorized as follows:

A. EV Owners using their **existing connections** for EV charging, be continued to be charged at the same tariff of their existing consumer category.

B. EV Owners using a separate meter installed along with associated service line and related infrastructure: The tariff for supply of electricity be single part tariff and be equal to the Average Cost of Supply of the Distribution Utility till 31st March 2028 as per MOP notification dated 17th Sep 2024.

The monthly maximum units for which the above tariff will be applicable is **300 Units** Per Month and consumption post this monthly maximum unit be charged at Non-Domestic Tariff.

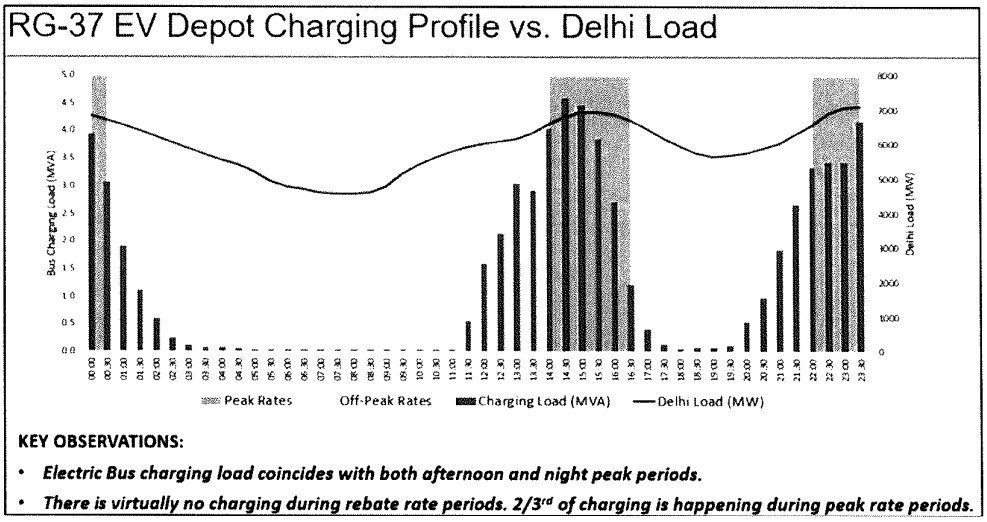
C. Commercial Public Charging Stations: Tariff for public charging of EV station be that of Non-Domestic category as the purpose is purely commercial and also the Tariff charged by such Public charging stations from EV consumers is also very high in range of Rs 15/- kW to Rs 20/- kW.

D. Captive charging stations for 100% internal use for a company's own

fleet/ State Transport Undertaking: Tariff for Captive charging need to be equal to the Average Cost of Supply of the Distribution Utility till 31st March 2028 as per MOP notification dated 17th Sep 2024.

E. ToD Tariff: The Peak load of Discoms will increase with increase in EV absorption. The load of EV charging will be during the daytime only at the charging stations. This will again reverse the load curves flattened due to ToD and lead to Grid imbalance. Hence, to dissuade EV owners from getting them charged during peak hours, there needs to be an **all month** peak and off peak defined separately for the EV charging Category.

We have analyzed the Demand Curve of recently energized Delhi Transport Corporation Electric Bus Depot in Sec-37 Rohini and observed that the Peak Demand of Depot coincides with Peak of Discoms leading further imbalance in peak and off peak load of the Discoms. The demand curve of DTC EV depot is given below for reference:



KEY OBSERVATIONS:

- ***Electric Bus charging load coincides with both afternoon and night peak periods.***
- ***There is virtually no charging during rebate rate periods. 2/3rd of charging is happening during peak rate periods.***

Hence, it is necessary that ToD Tariff for EV Consumers should have large differential between Peak Surcharge and Rebate so that consumer is motivated to shift its load from peak slots. Accordingly, applicability of the Time of Day (ToD) Tariff for EV charging should be as follows:

Consumer Type	Months	Peak Period	Surcharge on Energy Charges	Off-Peak Period	Rebate on Energy Charges
Electric Vehicle Charging	April – September	0000 – 0100 hrs. 1300 – 1700 hrs. 2100 – 2400 hrs.	**60%**	0300 – 0900 hrs.	**20%**
	October – March	0600 – 1200 hrs. 1700 – 2200 hrs.	**60%**	0000 – 0400 hrs.	**20%**

The summary of above EV Tariff Rationalization proposals is as follows:

S. No.	Category of usage	Tariff Proposed
1	**Owners** using their **existing connections**	Same tariff as their existing consumer category
2	**Owners using a separate meter**	Average Cost of Supply up to 300 Units.
3	**Public Charging** Stations	Non-Domestic category Tariff
4	**Captive charging** Stations	Average Cost of Supply
5	**ToD Tariff for all EV Connections**	60% Peak Surcharge and 20% Off Peak Rebate throughout the year

We request the Hon'ble Commission to kindly consider the above proposals for EV tariff as per category of use in the ensuing Tariff Order in order to ensure cost reflective Tariff for EV Category.

15. For Domestic Category fixed charges should be levied on billing demand and surcharge on excess load.

For all categories other than domestic, fixed charges are levied based on billing demand. Further, a surcharge of 30% is levied on the fixed charges corresponding to excess load beyond sanctioned load / contract demand during such billing cycle. The sanctioned load is enhanced based on the highest of an average of Maximum Demand readings recorded as per billing cycle covering any four consecutive calendar months in the preceding financial year and not immediately on exceeding the sanctioned load. Hence, the charges on enhanced load are collected only after the completion of the relevant financial year of usage which is delay in recovery of cost according to load used by the domestic consumer which is not the case for other categories.

For Domestic consumers, there is no timely updation by the consumer of enhanced load being used by them since there is no surcharge levied on excess load. This leads to excessive use of electricity which has a definitive impact on the electricity network.

DISCOMs have to arrange for network augmentation since network has to be in conformity with load being supplied. **Such excessive load at times leads to burning of meter and fire in the premises leading to loss of life & equipment. Thus, timely updation of consumer enhanced load is necessary for safety of customers.**

Fixed charges for Domestic consumers if levied on billing demand will help recover costs according to the actual usage of the consumer. Also, the surcharge on excess load will help ensure discipline amongst Domestic consumers.

Moreover, the Electricity (Rights of Consumers) Rules, 2020 along with its amendments as issued from time to time by Ministry of Power, Government of India provide for billing on actual recorded maximum demand in case it exceeds the Sanctioned Load as follows:

> *"(5B) In case maximum demand recorded by the smart meter exceeds the Sanctioned Load in a month, the bill, for that billing cycle, shall be calculated based on the actual recorded maximum demand and consumers shall be informed of this change in calculation through Short Message Service or mobile application:"*

Therefore, in the interest of consumer and financial viability of the power sector, the tariff should be cost-reflective i.e. the Tariff should be determined to recover the entire ARR requirement to avoid any creation/ accumulation of regulatory asset in a year as the funding of the regulatory asset also results in carrying cost burden on the consumers.

Hence, we request the Hon'ble Commission to allow levy of fixed charges for domestic category on billing demand and allow levy of surcharges as applicable to other categories.

16. Impact of New Wage Code 2022

During the presentation of Union Budget 2021, the Central Government has created four new codes by combining a total of 29 labour laws. The four new codes include the Industrial Relations Code, Code on Occupational Safety, Health and Working Conditions Code, and the New Wage Code. Several modifications have been made to the existing labour laws. However, the biggest change is to the definition of 'wage'. As per the regulations of new Wage Code Bill, the basic salary of employee cannot be less than 50% of the total salary (CTC).

The compensation structure, Salaries, Provident Funds, leave encashment and Gratuities will all be directly impacted by these new reforms due to change in the definition of "wage". The monthly basic compensation of an employee must equal at least 50% of the net CTC in accordance with the New Wage Code's revised definition of "wages".

When the 'New Wage Code Bill' comes into effect, the CTC of the employee will have to be restructured. If an employee's basic salary is less than 50% of total CTC, then it should have to be raised to comply with the requirement of the new Wage Code Bill.

In our case (for CTC structured employees), the basic salary component is less than 50% of total CTC of employee. Therefore, it needs to be increased/restructured as per the new wage code. The following changes are expected in the payroll cost primarily due to increase in basic pay of employee:

1. **Higher Leave encashment cost**: - Increase in Leave Salary expense due to increase in basic salary of employee will have substantial impact on staff cost due to restatement of opening leave encashment liability and its consequential impact in future years.

2. **Higher Gratuity cost**: Increase in Gratuity expense due to increase in basic salary of employee will have substantial impact on staff cost due to restatement of opening Gratuity liability and its consequential impact in future years.

3. **Higher Provident Fund (PF) contribution**: - Increase in contribution to Provident Fund (PF) due to higher basic pay component shall have a negative impact on the take home salary of employee which may have to be compensated in the form of salary revision.

4. **Increase in other salary Components**: Change in other components due to salary correction to maintain same cash pay-out to the employee.

Therefore, it is requested to the Hon'ble Commission to suitably allow the Provision in ARR for allowing the impact of 'New Wage Code' on the basis of actuals during True Up.

17. Non-Levy of 1.3 times Surcharge under temporary supply for residential construction for self use

In recent tariff orders issued by the Hon'ble Commission, the Tariff Category applicable in respect of temporary connection for new construction or reconstruction after complete demolition for building residences **for self-use** is non-domestic.

However, the Energy Charges have been kept as 1.3 times the applicable tariff while keeping the fixed charges same.

On the other hand, the Hon'ble Commission has allowed **one exception** to the above of **Renovation** of Existing Property being used by the **domestic consumer for their own use** which shall be considered under domestic category connection if advance notice is given to distribution licensee and that the alteration/addition (i.e. Renovation) is as per the prevailing Building Bye-Laws.

This creates a vide gap in the tariffs for Renovation and new construction of residences.

As non-domestic tariff is already levied, for new construction of residence, penalizing with 30% more energy charges can be done away with, so as to give respite to the consumer who is not earing profit out of this construction as it is for self-use.

Considering the above points, we request the Hon'ble Commission to allow levy of non-domestic tariff on all new construction of residences for self only instead of 1.3 times the energy charges.

18. Revised methodology for LPSC.

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

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

(b) The Consumers who default the payment twice or more in last six month, Full Month LPSC should be levied on consumer in case of default and the surcharge should be 2% per month or part thereof.

We have come across levy of higher Delayed payment surcharge in Tariff Orders of different states. Brief details are given below:

Daman & Diu- Delayed payment surcharge shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paisa shall be ignored and amount of 50 paisa or more shall be rounded off to the next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.

Dadra and Nagar Haveli - Delayed payment surcharge shall be applicable to all

categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amount less than 50 paisa shall be ignored and amount of 50 paisa or more shall be rounded off to the next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only up to the month of permanent disconnection.

Manipur- If payment is not received within due date surcharge @ 2% at simple interest on the outstanding principal amount for each 30 days successive period or part thereof will be charged, until the amount is paid in full.

Andaman & Nicobar-Delayed payment surcharge shall be applicable to all categories of consumers. Delayed payment surcharge of 2% per month or part thereof shall be levied on all arrears of bills. Such surcharge shall be rounded off to the nearest multiple of one rupee. Amounts less than 50 paisa shall be ignored and amounts of 50 paisa or more shall be rounded off to the next rupee. In case of permanent disconnection, delayed payment surcharge shall be charged only upto the month of permanent disconnection.

The Petitioner requests the Hon'ble Commission to implement above guidelines at least for High End Consumer (>10KW), so that honest paying and small consumers are not affected due to malpractice of frequent defaulters.

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

The present billing scenario is based on lagging reactive power only. Since the reactive lagging as well as leading power both occupy the capacity of electricity network and reduce the useful capacity of system for generation and distribution, it is necessary and imperative to include the lead Reactive Power under billing process. At present, utilities overlook leading Power Factor (PF) values while billing the consumption. This tempts consumers to use capacitors indiscriminately for availing PF incentives but it does more harm than good to the installations of both the utilities and consumers.

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

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

Maharashtra Electricity Regulatory Commission in its order dated 12th Sep 2018 in Case No. 195/2017 regarding **Mid-Term Review Petition of Maharashtra State Electricity Distribution Company Limited for Truing-up of Aggregate Revenue Requirement (ARR) of FY 2015-16 and FY 2016-17, Provisional Truing-up of ARR of FY 2017-18 and Revised Projections of ARR for FY 2018-19 and FY 2019-20** has kept the power factor penalties at the same rate for leading as well as for

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

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

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

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

20. Surcharge on Excess drawl

Fixed charges as part of tariff is levied so as to be able to cover the fixed expenses / costs of DISCOMs. DISCOMs need to establish and maintain infrastructure and network corresponding to the Sanctioned / connected load of the Consumers to ensure uninterrupted power supply irrespective of the fact whether such load demand is actually used or not but the DISCOM is required to have such infrastructure in place.

In case of excess drawl by a consumer as compared to the sanctioned/connected load, the DISCOM needs to arrange the unplanned power and buy it at the available Tariff. DISCOMs need to pay more for such power and hence such consumers should also be penalized. The present levy of surcharge of 30% on the fixed charges corresponding to excess load in kW/kVA for such billing cycle is insufficient. The network usage increases as well as the energy consumption also. Hence, there is a need to penalize them on two

counts viz. excess demand as well as energy consumption.

The following guidelines of States and UTs in this regard are worth considering:

Daman & Diu- The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 85% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the JERC Supply Code Regulation. If such over-drawal is more than 20% of the contract demand, then the connections shall be disconnected immediately.

Dadra and Nagar Haveli -The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 85% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the JERC Supply Code Regulations. If such over-drawal is more than 20% of the contract demand, then the connections shall be disconnected immediately.

Goa- The billing shall be on the maximum demand recorded during the month or 85% of contracted demand whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal energy rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulations notified by JERC. If such over-drawal is more than 20% of the contracted demand then the connection shall be disconnected immediately.

Lakshadweep- The billing in case of HT shall be on the maximum demand recorded during the month or 75% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the JERC Supply Code Regulations, 2018. If such overdrawl is more than 20% of the contract demand then the connections shall be disconnected after due notice to the consumers.

Puducherry- The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 85% of contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulations notified by JERC. If such over-drawal is more than 20% of the contract demand, then the connections shall be disconnected immediately.

Andaman & Nicobar- The billing in case of HT/EHT shall be on the maximum demand recorded during the month or 85% of the contracted demand, whichever is higher. If in any month, the recorded maximum demand of the consumer exceeds its contracted demand, that portion of the demand in excess of the contracted demand shall be billed at double the normal rate. Similarly, energy consumption corresponding to excess demand shall also be billed at double the normal rate. The definition of the maximum demand would be in accordance with the provisions of the Supply Code Regulations, 2018 notified by JERC. If such over-drawl is more than 20% of the contract demand then the connection shall be disconnected immediately.

Himachal Pradesh- In the event, the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the consumer shall be charged 'Contract Demand Violation Charges'

(CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the demand charges (DC) (referred to in para **'L'**) to the extent the violation has occurred in excess of the Contract Demand.

We request the Hon'ble Commission to allow levy of rates for excess drawal as per the guidelines of UTs that if in any month, the MDI exceeds its contracted demand, the excess of the sanctioned load/ contracted demand and corresponding energy consumption shall be billed at double the normal rate.

21. Restoration of "*part there of*" w.r.t calculation of Maximum Demand for Fixed charges of Consumers:

Hon'ble Commission in FY 2021-22 Tariff Order removed the "part thereof" in Note 2 forming part of the Annexure – Electricity Tariff Schedule for FY 2021-22 during calculation of fixed charges of consumers. Now the consumer fixed charges are calculated by rounding down the MDI. As a result of this, DISCOMs are facing revenue loss in fixed charges.

We have estimated on basis of year of change, that there is Revenue loss of at least Rs 20 Cr annually on conservative basis. Therefore, we request the Hon'ble Commission to revert back to earlier methodology for calculation of fixed charges.

The estimation of fixed charges is as follows (Amount in Rs Crore):

Calculation Methodology	Base Revenue	8% Surcharge	7 % Pension Trust	12% Average PPAC	Total Revenue
Part thereof (earlier)	942.6	75.4	66	113.1	1197.1
Round down (now)	928.2	74.3	65	111.4	1178.8

22. CERC defined APPC for compensation/payment for excess generation for prosumers

Under the Net-metering arrangement it is expected that the consumer will install Rooftop PV for self-consumption only. Surplus, if any, would not be a planned one which can be purchased by the DISCOM. Analysis of Tariff Orders of various other states also support this thought. SERCs have defined the rate at which the surplus power from Net-Metering is purchased by DISCOMs to be lower than the average power purchase cost. It is procured at APPC which is the cost of procuring the power from only the conventional sources of energy for the respective DISCOM. In this regard, rates of few such States/UTs are listed below:

a. Goa-Rs. 3.71/unit for FY 2024-25
b. Chandigarh- Rs. 3.95/unit for FY 2024-25
c. Assam- Rs. 5.33/unit

A case in point is that of Gujarat which is elaborated below:

Vide 2nd Amendment to GERC (Net Metering Rooftop Solar PV Grid Interactive Systems) Regulations, 2016, in the year 2020 GERC decided to replace the APPC rate to the compensation mechanism for surplus energy at the fixed rate. It felt that solar rooftop are set up primarily for self-consumption and therefore it should not be compared with solar or other generating plants set up exclusively for sale of electricity to the distribution licensee. Accordingly, the procurement rate for surplus energy injected into the licensee's grid from such plants after self-consumption should be treated differently.

Earlier looking to the overall supply- demand scenario and cost of generation from Rooftop Solar PV systems, GERC decided to keep APPC rate as procurement rate for surplus energy from such systems. However, in view of the reduction in the cost of generation as well as resultant tariff rates under competitive bidding mechanism, it felt the requirement to revisit the procurement rate by distribution licensees.

State Government also notified various policies for facilitations and promotion of Rooftop Solar PV system by Residential and MSME (Manufacturing) Enterprises.

Energy and Petrochemicals Department requested Hon'ble GERC to approve the rate of Rs. 2.25 per kWh for purchase of surplus energy under SURYA Scheme. Average tariff of Rs. 2.65 per kWh was discovered through competitive bidding process undertaken by GUVNL for purchase of solar power on committed capacity basis. Further, the Government also provided subsidy support under the SURYA Scheme. In view of the above, it was considered reasonable and prudent to allow tariff rate of Rs. 2.25 (85% of tariff of Rs. 2.65) per kWh so as to maintain equity between the project set up exclusively for sale to Distribution Licensee on firm capacity basis and the Rooftop projects selling/ injecting only surplus power on infirmed capacity basis.

State Government for MSME Manufacturing Enterprise considered the rate of Rs. 1.75 per kWh for purchase of surplus energy from such consumers.

In view of the difference in revenue realization rates of Residential/ Government Consumers and Other Consumers and impact on revenue of Distribution Licensee due to installations of Rooftop Solar PV system by such consumers, Hon'ble GERC found it reasonable to fix the surplus injection compensation (SIC) rate for Residential/ Government Consumers at Rs. 2.25 per kWh and Rs. 1.75 per kWh for other consumers not covered under REC. Further, the surplus injection compensation rates for REC projects were fixed at Rs. 1.50 (85% of Rs. 1.75) per kWh.

It was required to promote and facilitate installations of Rooftop Solar PV system mainly for self-consumption, hence it is proposed to keep the tariff / compensation rate for surplus energy exported by such systems to grid at such a level that there should not be adverse impact of the same on other electricity consumers.

The solar power projects set up for captive use/ third party sale and solar rooftop are set up primarily for self-consumption and have infirm nature of generation of electricity from such systems and therefore these should not be compared with solar or other generating plants set up exclusively for sale of electricity to the DISCOM which supply power on firm basis. Accordingly, the procurement rate for surplus energy injected into the licensee's grid from such plants after self-consumption should be treated differently. Delhi Government has also notified various policies for facilitations and promotion of

Rooftop Solar PV system.

The Average Power Purchase Cost allowed by Hon'ble Commission in Delhi is landed cost of power purchase at DISCOM's periphery. Other states allow the APPC as defined by CERC.

CERC defines Average Power Purchase Cost (APPC) as "Pooled Cost of Purchase" which is the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self-generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on renewable energy sources, as the case may be."

APPC at the National level has been worked out by CERC as Rs. 3.85/kWh based on the tariff orders issued by the SERCs/JERCs for FY 2020-21, which shall be applicable during FY 2021-22 or until further orders, CERC has noted that for Delhi it is Rs. 4.11/unit. In Delhi, the Hon'ble Commission has directed the surplus power from Net-Metering to be purchased at Rs. 5.55/unit in Tariff Order FY 2021-22.

Hence, we request the Hon'ble Commission to reduce the Tariff for procurement of surplus energy from Rooftop PV projects by keeping the rate at APPC as defined by CERC.

23. Mandatory e-bill for load above 5 kW and for Zero Amount Payable bills

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

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

Features that can be configured in the e-Bill are:

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

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

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

Approx. 1.2 Crore Bills were raised in the last two financial years with "Nil" amount payable due to Government Subsidy. It is proposed that for those consumers wherein email id or mobile numbers is updated with DISCOMs, the "Nil" amount payable bill information will be sent only in electronic form through SMS or email or WhatsApp.

Bills raised with "Nil" amount payable summary is as follows:

"Nil" amount payable bills raised	2020-21	2021-22	2022-23	2023-24
Total	1,05,19,800	97,57,436	73,20,494	47,37,042

Nearly 50% of all bills issued are with "Nil" amount payable i.e. these are for fully subsidized consumers. DISCOMs will provide physical bill only in cases wherein request is received from consumer for particular physical bill.

Zero Payable bills are only for records of the consumer and can be kept in soft copy. Those who wish to receive hard copy of such bill will be charged Rs. 5 (excluding taxes) per bill in such cases. This is in line with cost charged by IGL for hard copy of the bill. Duplicate bill in any case is charged Rs. 20 as already notified by Hon'ble Commission.

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

24. Concessions and benefits only to the honest consumers

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

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

a) Domestic Consumers – Such Consumers should be charged on Average cost of supply (ACoS) for any energy consumption
b) No TOD or Other Rebate should be provided
c) No Subsidy Benefit if Consumer is Domestic
d) No Security Interest should be provided
e) LPSC to be charged on monthly basis

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

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

Power Quality is an area of growing concern for end users as well as utilities due to their financial impact and health of equipments. The characteristics of loads and the requirements of electrical systems have been changing continuously. With the increasing penetration of renewables, the proliferation of electric vehicles and charging facilities and the rise of decentralized generation, the stress on the transmission and distribution grid has increased manifold. Presently, the awareness for power quality parameters and its impact on the network as well as load is very low. There is severe lack of data afflicting both utility as well as consumers.

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

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

grid connected distributed generating resource and Electric Vehicle Charging infrastructure etc.

The end users and utilities share responsibility for limiting harmonic current injections and voltage distortion at the point of common coupling. Since there are two parties involved in limiting harmonic distortions, the evaluation of harmonic distortion is divided into two parts: measurements of the currents being injected by the load and calculations of the frequency response of the system impedance. Measurements should be taken continuously over a sufficient period of time so that time variations and statistical characteristics of the harmonic distortion can be accurately represented. Sporadic measurements should be avoided since they do not represent harmonic characteristics accurately given that harmonics are a continuous phenomenon. Also, short duration temporary Power Quality Monitoring System cannot detect events such as voltage sags, interruptions and transients, which are among the main Power Quality issues.

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

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

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

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

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

ii. Direct all the HT/EHT consumers to install Power Quality meters in accordance to

Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Amendment Regulations, 2019 and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs as stipulated in the Amended Regulations of CEA.

26. Levy of Different Slab of Energy Charges for Non-Domestic consumer based upon Billing Demand.

The Hon'ble Commission has sub-categorized Non-Domestic as consumers with sanctioned load upto 3kVA and above 3kVA. A lower Energy Charge of Rs 6.00 Rs./kVAh is charged from Non-Domestic Customer with Sanctioned load up to 3 KVA and Energy Charge of Rs 8.50 Rs./kVAh is charged from Non-Domestic Customer with Sanctioned above 3 KVA.

The above sub-categorization was introduced in FY 2019-20 Tariff Order and earlier there was no sub-categorization of Non-Domestic Customer. Recently it has been observed that due to such lower energy charge for sanctioned load up to 3 KVA, New non-domestic customers are applying for load up to 3 KVA though their actual usage is higher than the 3 KVA. This leads to excessive use of electricity beyond the sanctioned load which has a definitive impact on the electricity network.

DISCOMs have to arrange for network augmentation since network has to be in conformity with load being supplied. **Such excessive load at times leads to burning of meter and fire in the premises leading to loss of life & equipment.**

Energy charges for non-domestic consumers if levied on billing demand will help in preventing such under report of sanctioned load and also help in recover costs according to the actual usage of the consumer. Also, the energy charges in accordance to billing demand will help ensure discipline amongst Non-Domestic consumers.

It has to be noted that Hon'ble Commission has already allowed levy of Fixed Charges based on Billing Demand.

Hence, it is requested to the Hon'ble Commission to allow the levy of Energy Charges for Non-Domestic consumer category based on Billing demand.

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