

3. Methodology for Truing up of FY 2023-24

Tata Power- DDL seeks the True up of FY 2023-24 in line with Regulations 152 & 153 of the Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Regulations, 2017, which has stipulated the Truing up mechanism. The relevant extract of the said Regulations are given below:

"152. True up of ARR for Distribution (Wheeling & Retail Supply) Licensee shall be conducted on the following principles:

(a) Variation in revenue and sales of the distribution licensee based on projected revenue and sales vis-a vis actual revenue and sales;

(b) Variation in long term power purchase quantum and cost of the distribution licensee based on merit order dispatch principle of projected long term power purchase quantum and cost vis-a-vis actual long term power purchase quantum and cost:

Provided that the distribution licensee shall submit report from State Load Dispatch Centre (SLDC) for instances of forced scheduling due to the reasons not attributable to the Distribution licensee for scrutiny of dispatch of power in Delhi on merit order basis in its area of supply;

Provided that the cost of credit to the net metering consumer on account of net surplus unit of power injected into the grid as specified in Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014 shall be allowed to the distribution licensee in the power purchase cost of the relevant year;

(c) Variation in short term power purchase quantum and cost of the distribution licensee based on projected short term power purchase quantum and cost vis-a-vis actual short term power purchase quantum and cost:

Provided that Trading Margin, Transmission Charges and Transmission Losses incurred on Forward And Reverse transaction in the same time slot executed within three months for

Forward / Reverse power procurement/sale through Banking And Bilateral shall not be allowed in the Power Purchase Cost of the Distribution Licensee;

Provided that Sale through Deviation Settlement Mechanism (Unscheduled Interchange) transactions other than forced scheduling of power as certified by SLDC on monthly basis shall be limited to the contingency limit as specified by the Commission in the Business Plan Regulations in order to promote Grid Discipline and optimize Power Purchase Cost;

Provided that any Additional/Penal Deviation Settlement Mechanism (Unscheduled Interchange) Charges other than forced scheduling of power as certified by SLDC paid by the Distribution Licensee shall not be allowed in Power Purchase Cost;

Provided that Short-term arrangement or agreement, other than traded through Power Exchange, for procurement/sale of power has to be executed through a transparent process of open tendering and competitive bidding guidelines issued by Ministry of Power (MoP) as amended from time to time, unless specific direction issued by the Commission;

Provided further that in case the Distribution Licensee does not follow Short Term Power guidelines for procurement of power/sale the rate of such power procurement shall be restricted to the average rate of power purchase/sale through exchange during same month for Delhi region.

(d) Any surplus or deficit on account of controllable parameters i.e., Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

(e) Depreciation, Return on equity and interest on loan shall be trued up every year based on the actual capitalization vis-à-vis capital investment plan (capitalization) approved by the Commission:

Provided further that the Commission shall true up the interest rate on the basis of increase/decrease in State Bank of India Base Rate as on April 1 of the relevant financial year vis-a-vis State Bank of India Base Rate as on April 1 of the immediately preceding financial year in accordance with Regulation 77 of these Regulations;

(f) Interest on working capital loan shall be trued up every year based on the working capital requirements specified in Regulation 85 of these Regulations.

153. The actual expenditure vis-a-vis projected expenditure incurred on Demand Side Management in the ARR shall be trued up."

Hence in this petition, the Petitioner has sought truing up of all the parameters of ARR:

1. Net Revenue and Power Purchase
2. Non-Tariff Income, Income from Open Access and Income from Non-Energy (Other Business)
3. O&M Expenses
4. Depreciation and RoCE based on the actual Capitalization
5. Income Tax
6. Carrying Cost
7. Incentive towards reduction in T&D losses, overachievement of collection efficiency, sharing of savings through refinancing of loans and O&M expense; Incentive on account of sale of surplus power

The component wise detailed information's are given in relevant paras of this chapter.

Truing up of Revenue Billed and Revenue available towards ARR

There has been no issuance of Tariff Order for FY 2023-24 by the Hon'ble Commission. Therefore, the Projected figures of Billed sales, revenue, power purchase units, Power purchase cost and Non-tariff income is not available with the Petitioner.

Revenue Billed for FY 2023-24

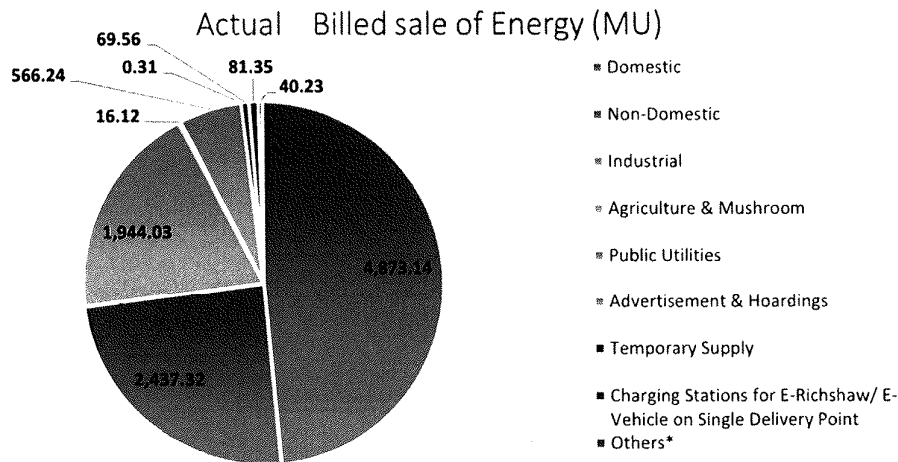
During FY 2023-24, Tata Power- DDL has actually Billed 10,028.30 MU as sale of energy including actual own consumption of 12.63. MU. Given below is the table showing the category wise actual energy billed.

Table 3.1: Category wise billed energy sale (Actual) for FY 2023-24

S. No.	Category	Actual
		Billed sale of Energy (MU)
1	Domestic	4,873.14
2	Non-Domestic	2,437.32
3	Industrial	1,944.03
4	Agriculture & Mushroom	16.12
5	Public Utilities	566.24
6	Advertisement & Hoardings	0.31
7	Temporary Supply	69.56
8	Charging Stations for E-Richshaw/ E-Vehicle on Single Delivery Point	81.35
9	Others*	40.23
	Grand Total	10,028.30

**others includes Enforcement, own consumption, staff, misuse & other adjustments*

Based on actual energy billed, category wise share in total energy billed is shown below:



The Hon'ble Commission in its Business Plan Regulations, 2023 has specified that for the purpose of truing up, the Own Consumption shall be considered @ 0.25% of the energy billed or the actual consumption of licensee whichever is lower. Thus, for the purpose of truing up, the Petitioner has considered actual consumption of 12.63 MU towards own consumption against the normative own consumption of 25.04 MU.

Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2023-24

S. No.	Category	Total Number of consumers and sanctioned load		Net Units Sold
		MW	No.	MU
1	Domestic	3,728	1,716,311	4,873.14
2	Non-Domestic	1,811	265,869	2,437.32
3	Industrial	858	13,769	1,944.03
4	Agriculture & Mushroom	32	4,179	16.12
5	Public Utilities	227	6,515	566.24
6	Advertisement & Hoardings	0.39	203	0.31
7	Temporary Supply	42	13,944	69.56
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	70	1,682	81.35
9	Others*	28	3,632	40.23
	Grand Total	6,797	2,026,104	10,028.30

Further, the Petitioner has actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 9,973.45 Cr. at approved Retail Supply Tariffs in FY 2023-24.

The category wise and component wise revenue billed during the year is given in table below:

Table 3.3 Category wise Actual billed energy sale (MU) and Revenue (Rs Cr) for FY 2023-24

S. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold	Fixed Charges Billed	Energy Charges/other charges Billed	PPCA Amount Billed	Total	ABR	Surcharge of 5%
		MW	No.	MU	Rs Cr.				per kWh	Rs Cr.
1	Domestic	3,728	1,716,311	4,873	229.92	1,972.18	651.42	2,853.51	5.86	176.22
2	Non-Domestic	1,811	265,869	2,437	583.57	2,082.96	795.02	3,461.55	14.20	213.27
3	Industrial	858	13,769	1,944	273.75	1,524.39	537.93	2,336.07	12.02	143.95
4	Agriculture & Mushroom	32	4,179	16	5.32	2.70	2.38	10.40	6.45	0.64
5	Public Utilities	227	6,515	566	63.96	388.03	131.75	583.74	10.31	38.93
6	Advertisement & Hoardings	0.39	203	0.31	0.12	0.26	0.11	0.50	16.31	0.03

S. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold	Fixed Charges Billed	Energy Charges/o ther charges Billed	PPCA Amount Billed	Total	ABR	Surcharge of 8%
		MW	No.							
7	Temporary Supply	42	13,944	70	9.10	57.66	20.20	86.96	12.50	5.35
8	Charging Stations for E-Richshaw/ E-Vehide on Single Delivery Point	70	1,682	81	0.00	34.95	10.71	45.66	5.61	2.81
9	Others	28	3,632	40	5.46	21.62	7.00	34.08	8.47	2.11
10	(-) Open Access Charges (to be treated separately)	0.00	0.00	0.00	0.00	22.20	-	22.20	-	0.11
Total		6,797	2,026,104	10,028	1,171.20	6,062.54	2,156.52	9,390.27	9.36	583.19
Reconciliation Statement with the Audited Form 2.1 a										
Billed amount of Fixed Charges										1,171.20
Billed amount of Energy Charges										6,062.54
Billed amount of PPAC Charges										2,156.52
Billed Amount of 8% Deficit Recovery Surcharge										583.19
Billed amount of E. Tax										410.65
Billed amount of Pension Trust Surcharge										510.28
Total amount of Revenue Billed										10,894.38
Average Billing Rate at gross level/ Rs. kWh										10.86

Note: Auditor Certificate for Billed Energy & Revenue is attached as Annexure-V in Volume -III of the Petition

Pension Trust Surcharge

The Hon'ble Commission in its Tariff Schedule for FY 2021-22 has increased pension trust surcharge rate by 2% resulting into applicability of Pension Trust surcharge @ of 7.00% w.e.f. 01st Oct, 2021 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCTD.

In order to comply with the above requirement, the Hon'ble Commission had issued directive no 6.2.

" 6.2 The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust:

....."

During the FY 2023-24, The Petitioner has billed an amount of Rs. 510.38 Cr as Pension Trust Surcharge and collected an amount of Rs. 510.38 Cr including open access. The recovery made in FY 2023-24 includes outstanding recovery of billed amount at the end of FY 2022-23 (in case any).

Table 3.4: Pension Trust amount billed and collected for FY 2023-24 (Rs. Cr.)

S. No.	Particulars	Other than Open Access	From Open Access	Total Amount
1	Amount billed on account of Pension Trust Surcharge	510.28	0.10	510.38
2	Amount Collected in FY 2023-24*	510.28	0.10	510.38

*Entire amount of collected PT surcharge was directly deposited in Pension Trust Account as specified by the Hon'ble Commission on monthly basis.

Computation of Billing Efficiency and Overachievement Incentive

The Hon'ble Commission in its Business Plan Regulations, 2023 has specified the target for Distribution Loss Level for the current control period (FY 2023-24 to FY 2025-26). Relevant extract of the Business Plan Regulations, 2023 is reproduced below:

"Regulation 25 (1): The Distribution Loss target in terms of Regulations 4(9)(a) of the DERC (Terms and Conditions for Determination of Tariff) Regulation, 2017 for the Distribution licensees shall be as follows:

Table 15 Target for Distribution Loss for the Control Period

Sr. No.	Distribution Licensee	FY 2023-24	FY 2024-25	FY 2025-26
1	BSES Rajdhani Power Ltd.	7.30%	7.14%	6.96%
2	BSES Yamuna Power Ltd.	7.72%	7.54%	7.33%
3	Tata Power Delhi Distribution Ltd.	6.91%	6.83%	6.74%
4	New Delhi Municipal Council	7.72%	7.54%	7.33%

....."

From the above table, it can be seen that target for Distribution Loss Level for FY 2023-24 has been fixed @ 6.91%. Against the said target, the Petitioner has achieved actual Distribution loss level of 5.93% for FY 2023-24. Computation of the actual distribution loss level is given below:



Table 3.5: Computation of Distribution loss and overachievement for FY 2023-24

S. No.	Particulars	MU	Remark
A	Input	10,660.71	Table 3.12
B	Billed Units	10,028.30	Table 3.3
C	Actual Distribution Loss Level	5.93%	(1-B/A)
D	Target Distribution Loss Level	6.91%	Table 3.6
E	Overachievement/(Underachievement)	0.98%	(D – C)

Further Clause 25(4) of the Business Plan Regulation, 2023 provided that "Any financial Impact due to overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and consumers as follows:

- i. In case actual distribution loss is between the loss target and loss target minus $[50\% * (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of 2/3^d to Consumers and 1/3^d to the Distribution Licensee;
- ii. In case actual distribution loss is less than loss target minus $[50\% * (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of 1/3^d to Consumers and 2/3^d to Distribution Licensee."

For the purpose of computation of sharing of incentive, previous year loss target was 7.70% for FY 2022-23.

Table 3.6: Actual Distribution loss level for FY 2023-24

S. No.	Particulars	Distribution Loss Level	Remark
A	Previous year target	7.70%	As per BPR 2019
B	Target Distribution Loss Level	6.91%	As per BPR 2023
C	Actual Distribution Loss Level	5.93%	Table 3.5

Table 3.7 Overachievement Incentive on account of reduction in Distribution Loss Level

S. No	Particulars	MU	Remark
A	Billed Sales	10,028.30	Table 3.5
B	Actual Distribution Loss Level	5.93%	Table 3.5
C	Target Distribution Loss Level	6.91%	Table 3.5
D	Actual Input @ actual distribution loss level	10,660.71	Table 3.12
E	Desired Input @ Target distribution loss level	10,764.96	D+D*(C-B)
F	Saving in Input (MU) due to lower distribution loss level	104.25	(E-D) or D*(C-B)
G	Power Purchase Cost	6.86	Table 3.25
H	Total Overachievement Incentive	71.51	F*G/10
I	TPDDL's Share	38.05	

Revenue Realization

Computation of Collection Efficiency and overachievement incentive for FY 2023-24

Regulation 11 of the DERC Tariff Regulations, 2017 provided that

"Collection efficiency, which shall be measured as ratio of total revenue realized to the total revenue billed in the same year:

Provided that Revenue Realised or Revenue Billed on account of electricity duty, late payment surcharge, any other surcharge shall be excluded from the computation of Collection Efficiency;"

Table 3.8: Revenue Billed for the purpose of computation of Collection Efficiency for FY 2023-24

S. No.	Particular	Amount (Rs. Cr.)	Remark
A	Total Revenue Billed as per Form 2.1a	10,894.38	Note 38.1 of the Audited Financial Statement
B	Less- Electricity Tax	410.65	
C	Less- 8% Deficit Revenue Recovery Surcharge	583.19	
D	Less- Pension Trust Surcharge	510.28	
E	Net Revenue Billed	9,390.27	(A-B-C-D)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

During the FY 2023-24, the Petitioner has realized an amount of Rs. 10,895.72 Cr against the total revenue billed of Rs. 10,894.38 Cr. Given below is the working of revenue collection to be considered for collection efficiency.

Table 3.9: Amount of revenue available for Computation of collection efficiency FY 2023-24

S. No.	Particular	Amount (Rs. Cr.)	Remark
A	Total Revenue Realized	10,895.72	Note 38.2 of the Audited Financial Statement
B	Less: Electricity Tax	403.88	
C	Less: 8% Deficit Revenue Recovery Surcharge	583.69	
D	Less: Pension Trust Surcharge	510.28	
E	Revenue Collected for Collection Efficiency	9,397.87	(A-B-C-D)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Based on above submission, computation of collection efficiency and corresponding incentive is calculated as below:

Table 3.10: Computation of Collection Efficiency and Incentive for FY 2023-24

Sl. No.	Particular	UoM	Amount	Remark
A	Amount Billed	(Rs Cr)	9,390.27	Table 3.8
B	Amount Collected	(Rs Cr)	9,397.87	Table 3.9
C	Collection Efficiency	%	100.08%	B/A
D	Target collection efficiency	%	99.80%	As per BPR,2023
E	Amount of Collection over and above 99.80% target (in Cr.)		26.39	A*(C-D)
F	Sharing of Incentive			
	Discoms (50% upto 100% and 100% beyond 100% collection)	(Rs Cr)	17.00	
	Consumers (50% upto 100% collection)	(Rs Cr)	9.39	

Computation of Revenue Available for FY 2023-24

The Computation of net revenue available after adjusting the Incentive towards lower Distribution Loss Level and Higher Collection Efficiency is given below. It is worth to mention that for the purpose of computing surplus or deficit for the year, the amount of net revenue is considered based on actual collection only.

Table 3.11: Computation of Revenue available for FY 2023-24 (Rs Cr.)

S. No.	Particular	Collection Other than (DRS/PTS)	Remark
A	Total Collection	9,397.87	Table 3.9
B	Less- Overachievement Incentive towards Lower Distribution Loss	38.05	Table 3.7
C	Less- Overachievement incentive towards Collection	17.00	Table 3.10
D	Collection available towards ARR	9,342.83	(A-B-C)

Power Purchase

Power Purchase Quantum

During FY 2023-24, the Petitioner has purchased 12,686.10 MUs out of which 1,501.58 MUs of surplus energy was sold as short-term sale of surplus power.

After deducting the Inter-State transmission loss of 429.86 MUs and Intra-State transmission loss of 93.95 MUs, the Petitioner has submitted a net power purchase quantum of 10,660.71 MUs (excluding open access quantum consumed by open access consumers) delivered at Tata Power-DDL distribution periphery.

The summary of power purchase quantum for FY 2023-24 as per SLDC Report is given below:

Table 3.12: Power Purchase Quantum (MUs) for FY 2023-24 as per SLDC Report

S. No.	Particulars	Actual Power Purchase (MUs)	Remark
A	Power Purchase:		
i	Power Purchase quantum	12,218.33	Table 3.14
ii	Short Term Power Purchase quantum	467.77	Table 3.21
iii	Short term sale of Power quantum	-1,501.58	Table 3.22
iv	Net Power Purchase	11,184.52	(i+ii+iii)
B	Transmission Loss:		
i	Intra-State Transmission Loss	-93.95	
ii	Inter-State Transmission Loss	-429.86	
iii	Total Transmission Loss	-523.81	(i+ii)
C	Net Power Available after Transmission Loss	10,660.71	(A (iv)+B(iii))

The breakup of Actual consumption in FY 2023-24 is as under:

Table 3.13: Input (MUs) as per SLDC

Particulars	MU
Actual demand of FY 23-24 as per Delhi SLDC UI bills	10,742.54
(-) Open Access consumer	85.87
(+) TATA Power-DDL Solar generation	1.40
(+) Net metering	2.63
Total consumption	10,660.71

Input considered for FY 2023-24 is 10,660.71 MUs.

Summary of Generating Station wise power scheduled during the year is given below:

During the year, the Petitioner has purchased 12,218.33 MUs from long term sources.

Table 3.14: Energy Purchased (MU) from Central Generating Stations during FY 2023-24

S. No.	Particulars	Energy (MU)
		Actuals
A	NTPC	
	Anta Gas Power Station	6.86
	Auraiya Gas Power Station	16.39
	Dadri Gas Power Station	24.94
	FARAKKA	39.66
	KAHALGAON – I	92.38
	RIHAND – I	237.03
	RIHAND – II	275.50
	SINGRAULI	336.75
	UNCHAHAR – I	30.73
	UNCHAHAR – II	89.76
	UNCHAHAR – III	48.57
	KAHALGAON – II	328.89
	ARAVALI	3,170.13
	National Capital Therm Pwr - Dadri 2	52.12
	Sub-Total NTPC	4,749.71
B	NHPC	
	BAIRA SIUL	17.46
	CHAMERA – I	50.79
	CHAMERA – II	48.51
	CHAMERA – III	32.93
	DHAULIGANGA	38.25
	DULHASTI	80.34
	Parbati – III	11.07
	SEWA –II	22.37
	TANAKPUR	13.90
	URI	78.49
	Uri – II	55.43
	Sub-Total NHPC	449.55
C	NUCLEAR	

S. No.	Particulars	Energy (MU)
		Actuals
	RAPS – 5 & 6	130.54
	NPCIL – NAPS	83.83
	Sub-Total Nuclear	214.36
D	Other Stations	
	THDC	
	KOTESHWAR HEP	35.25
	TEHRI HEP	62.24
	SJVNL	
	NJPC (SJVNL)	181.95
	DVC	
	Mejia unit - 6	176.39
	DVC Chandrapur (Ext. 7 & 8)	529.77
	Other CSGS	
	Haryana CLP Jhajjar	779.07
	MPL DVC - Maithon Power	2225.92
	Tala	11.14
	Sasan UMPP	420.26
	Sub Total (SJVNL+DVC+THDC+Other CSGS)	4,422.00
E	State Generating Stations	
	Gas Turbine Power Station (GTPS)	77.60
	Pragati – I	148.59
	Pragati – III	525.09
	Timarpur-Okhla Waste Mgt. Co	46.85
	MSW Bawana (DMSWSL)	42.18
	Tata Solar (Own Solar)	1.39
	Tekhhand Waste to Electricity Project Ltd	59.87
	SGS Total	901.58
F	RENEWABLE ENERGY	
	Net metering	2.63
	SECI 20 MW Solar (SECI Solar Rajasthan)	39.75
	SECI 200 MW Solar (SECI SBSR Power Cleantech Elevn Pvt. Ltd.)	228.34
	SEI Jyoti Swaroop (SEISPPL)	53.96
	SEI RaviKiran (SEISPPL)	53.27
	SEI Renewable (SEISPPL)	54.13
	SEI Solarvan (SEISPPL)	53.46
	SEI Sooraj (SEISPPL)	53.84

S. No.	Particulars	Energy (MU)
		Actuals
	SEI Sunshine (SEISPPL)	53.60
	NANTI HYDRO POWER PRIVATE LIMITED (Nanti HEP)	39.06
	SECI- Wind (SECI Wind Alfanar)	146.26
	Taranda Hydro	39.25
	Suryakanta Hydro Energies Pvt. Ltd.	40.85
	M/s Cosmos Hydro Power Private Limited,	68.65
	Singrauli Small Hydro	7.02
	Medium Term Hydro 200 MW	547.07
	Renewable Total	1481.12
	Grand Total	12218.33*

*MU scheduled to the petitioner in FY 2023-24 is as per invoices. Figures extracted from Audited Power Purchase Certificate Annexure -VI of Volume-III of the Petition

Short Term Power Purchase

During this financial year the Petitioner has purchased 467.77 MUs through bilateral/banking/exchange/UI/intrastate as short-term power purchase. Out of 467.77 MUs the Petitioner has received back 258.59 MUs through bilateral, 187.60 MUs through exchange mode, 0.11 MUs through UI and balance 21.47 MUs through intra-state arrangements. A comparative summary of sources wise short term power purchase from various sources from FY 2021-22 onwards is shown below:

Table 3.15: Details of Short-term Power Purchase

S. No.	Particulars	FY 21-22		FY 22-23		FY 23-24*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	740.55	56%	510.87	41%	258.59	55%
B	Banking	184.03	14%	436.32	35%	-	0%
C	Exchange (IEX + PXIL)	383.12	29%	277.13	22%	187.60	40%
D	Intra state	15.59	1%	4.56	0%	21.47	5%
E	UI/DSM	8.95	1%	11.53	1%	0.11	0%
F	Total	1332.24	100%	1,240.41	100%	467.77	100%

*Figures as per Audited Power Purchase Certificate Annexure -VI in Volume-III of the Petition

Short Term Power Sale

During the year FY 2023-24, the Petitioner has sold 1,501.58 MUs of surplus energy, out of which 108.40 MUs (7%) was sold through banking, 1,060.83 MUs (71%) was sold through

exchange, 130.20 MUs (9%) was sold through intra-state arrangements and 202.15 MUs (13%) was sold through UI.

A comparative summary of source wise short-term power sales through various sources from FY 2021-22 onwards is shown below:

Table 3.16: Details of Short-term Power Sales

S. No.	Particulars	FY 21-22		FY 22-23		FY 23-24*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Banking	468.00	25%	-	0%	108.40	7%
B	Exchange	1,106.49	60%	1,225.34	77%	1,060.83	71%
C	Intra state	199.65	11%	253.82	16%	130.20	9%
D	UI	67.00	4%	106.70	7%	202.15	13%
E	Total	1,841.14	100%	1,585.85	100%	1,501.58	100%

*Figures as per Audited Power Purchase Certificate Annexure -VI in Volume-III of the Petition

In FY 2023-24, the Petitioner had entered into power banking agreement with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for export (sale) of 108.40 MUs during the period 1 March, 2024 to 31 March, 2024 with import of 111.65 MUs during the period July'2024 to September'24. However, MSEDCL has not returned the power as per the agreed terms. The Petitioner is following up with MSEDCL to settle this transaction and treatment/outcome of the said transaction shall be considered accordingly in True up of FY 2024-25.

Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 7,152.06 Cr. (exclusive of REC) for the gross power purchase quantum of 12,686.10 MUs in FY 2023-24 from all sources including medium term, intra-state, bilateral, UI and exchange. The revenue of Rs. 833.13 Cr. on account of sale of 1,501.58 MUs of surplus energy through banking, intra-state, UI and exchange has been adjusted against the gross power purchase cost. The Petitioner has also incurred transmission charges of Rs. 992.72 Cr.

Further in order to meet RPO obligations for FY 2023-24, an amount of Rs. 12.73 Cr. has been incurred towards purchase of RE certificates. The Petitioner has arrived at total audited power purchase cost of Rs. 7,324.38 Cr. for FY 2023-24. Given below is the energy balance of the cost incurred by the Petitioner.

Table 3.17: Details of Power Purchase Cost Station wise for FY 2023-24

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
NTPC						
Anta Gas Power Station	6.86	5.05	7.99	0.8029	13.85	20.18
Auraiya Gas Power Station	16.39	30.96	19.40	15.1417	65.50	39.97
Badarpur Thermal Power Station	-	-	-	-0.00	-	-
Dadri Gas Power Station	24.94	10.29	28.05	2.9769	41.32	16.56
Farakka Super Thermal Power Station	39.66	5.52	13.74	3.0047	22.27	5.61
Feroze Gandhi Unchahar TPS 1	30.73	4.87	14.10	1.4121	20.38	6.63
Feroze Gandhi Unchahar TPS 2	89.76	10.51	32.55	1.0088	44.08	4.91
Feroze Gandhi Unchahar TPS 3	48.57	7.31	21.84	2.1490	31.30	6.45
Feroze Gandhi Unchahar TPS 4	-	-	-	-0.00	-	-
Kahalgaoon STPS 1	92.38	11.13	28.55	1.0604	40.74	4.41
Kahalgaoon STPS 2	328.89	31.17	96.78	4.7452	132.70	4.03
Koldam Hydro Power Station	-	0.72	0.76	1.4187	2.89	-
National Capital Therm Pwr - Dadri 1	-	8.55	-	6.9701	15.52	-
National Capital Therm Pwr - Dadri 2 (Extn.)	52.12	11.61	24.44	4.1304	40.17	7.71
Rihand Super Therm Pwr Stn 1	237.03	13.51	37.79	2.0116	53.32	2.25
Rihand Super Therm Pwr Stn 2	275.50	21.50	43.22	2.9082	67.62	2.45
Rihand Super Therm Pwr Stn 3	-	5.74	-	5.3871	11.13	-
Singrauli Super Thermal Power Station	336.75	31.18	52.81	4.4265	88.41	2.63
National Capital Therm Pwr - Dadri 2	-	-	-	-	-	-
NTPC	1,579.58	209.63	422.03	59.55	691.21	4.38
APCPL						
Aravali Jhajjar	3,170.13	675.31	1,395.58	83.5266	2,154.41	6.80
APCPL	3,170.13	675.31	1,395.58	83.53	2,154.41	6.80
NHPC						
Bairasiul	17.46	3.38	2.89	-1.3627	4.90	2.81
Chamera-I	50.79	5.02	6.09	0.7981	11.90	2.34
Chamera-II	48.51	7.44	11.91	2.9413	22.29	4.60
Chamera-III	32.93	12.03	9.74	1.2721	23.04	7.00
Dhauliganga	38.25	7.22	5.23	2.1129	14.56	3.81
Dulhasti	80.34	19.18	19.36	3.2202	41.76	5.20

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
Sought for Trued Up						
Parbati-III	11.07	8.49	1.70	0.0137	10.21	9.22
Salal	-	-	-	-0.0374	-0.04	-
Sewa-II	22.37	6.08	5.75	1.3495	13.18	5.89
Tanakpur	13.90	10.34	7.06	3.0701	20.47	14.72
Uri	78.49	14.46	11.78	9.3291	35.57	4.53
Uri-II	55.43	17.14	12.93	5.8891	35.96	6.49
NHPC	449.55	110.76	94.45	28.60	233.81	5.20
SJVN						
Nathpa Jhakri	181.95	26.20	22.18	2.80	51.18	2.81
SJVN	181.95	26.20	22.18	2.80	51.18	2.81
THDC						
THEP (Koteshwar)	35.25	10.29	9.01	1.70	20.99	5.95
THEP (Tehri)	62.24	11.34	12.36	1.52	25.22	4.05
THDC	97.50	21.63	21.36	3.22	46.21	4.74
CLP						
CLP Jhajjar	779.07	67.09	308.98	17.12	393.19	5.05
CLP	779.07	67.09	308.98	17.12	393.19	5.05
MPL						
Maithon Power	2,225.92	355.11	622.17	27.71	1,004.99	4.51
MPL	2,225.92	355.11	622.17	27.71	1,004.99	4.51
DVC						
Chandrapura Thermal Power Station - Unit 7 & 8	529.77	152.41	168.45	29.53	350.39	6.61
Mejia Thermal Power Station - Unit 6	176.39	17.78	65.93	3.49	87.19	4.94
DVC	706.15	170.19	234.37	33.02	437.59	6.20
NPCIL						
NAPS Unit 1 & 2	83.83	-	25.24	0.21	25.46	3.04
RAPS Unit 5 & 6	130.54	-	48.79	2.43	51.22	3.92
NPCIL	214.36	-	74.03	2.64	76.67	3.58
Sasan						
Sasan UMPP	420.26	8.09	46.46	1.15	55.70	1.33
Sasan	420.26	8.09	46.46	1.15	55.70	1.33
Tala HEP						

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
	Sought for Trued Up					
Tala HEP	11.14	-	2.53	-	2.53	2.27
Tala HEP	11.14	-	2.53	-	2.53	2.27
Others						
Medium Term Hydro 200 MW	547.07	162.52	162.52		325.03	5.94
	547.07	162.52	162.52	-	325.03	5.94
Grand Total	10,382.69	1,806.52	3,406.65	259.34	5,472.51	5.27

Energy availability from State Gencos

The energy scheduled along with total cost to the Petitioner during FY 2023-24 from the generating stations based in Delhi is summarized in the table below:

Table 3.18: Details of Power Purchase Cost State Generating Station wise for FY 2023-24

S. No	Particulars	Energy (MU)	Fixed Charges	Variable Charges	Other Charges	Total cost including PY arrears	Avg. Rate (Rs./kWh)
		Sought for Trued up					
A	State Generating Stations						
	Gas Turbine Power Station (GTPS)	77.60	15.48	100.23	-	115.70	14.91
	Pragati Power Station - I	148.59	29.47	149.17	-	178.64	12.02
	Pragati Power Station - III, (Bawana)	525.09	284.89	323.44	-3.12	605.21	11.53
	Total SGS	751.29	329.84	572.84	-3.12	899.56	11.97

Some of the reasons for high power purchase cost of Delhi Gencos are:

- Pragati Power Station – III: Some quantum scheduled on RLNG and also Increase in price of APM (Low cost no cut category gas as per Supreme Court order dated 16th July' 2018) allocated to Bawana.
- GTPS- Non availability of APM gas with GTPS since 15 June'2021, scheduling being done on RLNG only.

- c) Pragati I - Increase in gas cost. Scheduling on RLNG on account of must run status granted by Delhi SLDC owing to line loading issues/interstate transmission constraints.

Renewable Purchase Obligation

The Petitioner would like to submit that the Hon'ble Commission vide notification dated 01st Oct' 2012 mandated that all the obligated entities have to meet certain specified percentage of its total consumption through renewable energy.

Further, the Hon'ble Commission in its Business Plan Regulations, 2023 in line with DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations 2021 has prescribed the Wind RPO, Others RPO and HPO trajectory to be met by Delhi Discom's for FY 2023-24 to FY 2025-26. Relevant extract of DERC Business Plan & revised targets of RPO is reproduced below:

27. TARGET FOR RENEWABLE PURCHASE OBLIGATION

(1) The targets for Renewable Purchase Obligation (RPO) in terms of Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 of a Distribution Licensee from FY 2023-24 to FY 2025-26 shall be computed as a percentage of Total Sale of Power to its Retail Consumers in its Area of Supply.

(2) The target for RPO shall be met through purchase of Power from various Renewable Energy Sources or purchase of Renewable Energy Certificates ("REC") or purchase of Hydro Energy Certificates ("HEC") or combination of these and shall be as follows:

Table 3.19: Targets for Renewable Purchase Obligation

S. No	Particulars	2023-24	2024-25	2025-26
A	Wind RPO	1.60%	2.46%	3.36%
B	Other RPO	24.81%	26.37%	28.17%
C	HPO Target	0.66%	1.08%	1.48%
D	Total	27.07%	29.91%	33.01%

(3) Wind RPO shall be met by Energy produced from Wind Power Projects (WPPs) commissioned after 31st March 2022 and the Wind Energy consumed over and above 7% from WPPs commissioned till 31st March 2022.



(4) HPO shall be met by Energy produced from Hydro Power Projects [including Large Hydro Projects (LHPs), Pumped Storage Projects & Small Hydro Projects (SHPs)] commissioned after 8th March 2019.

(5) Other RPO shall be met by Energy produced from any Renewable Energy Power Project not mentioned in 27 (3) & 27 (4) above and shall include Hydro Power Projects [including Large Hydro Projects (LHPs), Pumped Storage Projects & Small Hydro Projects (SHPs)] commissioned before 8th March 2019.

(6) Any shortfall remaining in achievement of 'Other RPO' category in a particular year shall be met with either the excess energy consumed from WPPs, commissioned after 31st March 2022 beyond 'Wind RPO' for that year or with excess energy consumed from eligible LHPs [including Large Hydro Projects (LHPs), Pumped Storage Projects & Small Hydro Projects (SHPs)], commissioned after 8th March 2019 beyond 'HPO' for that year or partly from both. Further, any shortfall in achievement of 'Wind RPO' in a particular year shall be met with excess energy consumed from Hydro Power Plants, which is in excess of 'HPO' for that year and vice versa.

(7) Renewable Energy Certificates shall be considered as per Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 as amended from time to time, for computation of further shortfall in RPO, if any, which shall be Trued-up.

(8) Renewable Energy Generation recorded through Renewable Energy meters installed in the premises of Net Metering Consumers shall be deemed to be part of RPO of the Distribution Licensee as specified in DERC (Net Metering for Renewable Energy) Regulations, 2014, for the relevant year:

Provided that in case the Annual Generation from Solar Generation system recorded through Renewable Energy meters exceeds the Capacity Utilisation Factor (CUF) of 19%, the Distribution Licensee shall get the Renewable Energy meters tested by Independent third party, National Accreditation Board for Testing and Calibration Laboratories (NABL) Accredited Meter Testing Lab.

(9) The cost of Renewable Energy purchased by the Distribution Licensee through Power Purchase Agreement approved by the Commission and the total power injected into the Grid through Net Metering arrangement, in excess of RPO target shall be part of Power Purchase Cost of the Distribution Licensee for the relevant year.

(10) Hydro power imported from outside India shall not be considered for meeting HPO and the HPO Trajectory shall be trued up on an Annual Basis depending on the Revised Commissioning schedule of Hydro projects. Further to facilitate compliance of HPO, Hydro Energy Certificate mechanism, as available, may be utilized by Distribution Licensees.

(11) Non-compliance of RPO targets by Distribution Licensees shall attract penalty at the time of True-up of relevant Financial Year.

Provided that penalty for quantum of shortfall in RPO shall be 10% of weighted average REC price discovered at Power Exchange (IEX) for the Trued-up Year.

(12) The amount of penalty imposed on the Distribution Licensee due to non-compliance of the RPO targets shall be reduced from the ARR during True up of the relevant Financial Year in terms of the Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.”

Table 3.20: Meeting of Renewable Power Obligations FY 2023-24

Particulars	RPO requirement for FY 23-24*			
	Wind RPO	Other RPO	HPO Target	Total (In MU)
Total Billed Sales	10,028.3			
RPO obligation (%)	1.60%	24.81%	0.66%	27.07%
A. Total RPO to be met – Mus	160.5	2,488.0	66.2	2,714.7
Renewable Generation/ Procurement in Q1, FY 23-24 (MUs) (i)	-	573.3	147.6	720.9
Renewable Quantum adjusted in FY 2022-23 Compliance (MUs) (ii) in line with BPR 2019		-28.1	-10.7	-38.8
RPO fulfilled in Q1, FY 23-24 (MUs) [B=(i) + (ii)]	-	545.2	136.9	682.1
RPO fulfilled in Q2, FY 23-24 (MUs) [C]	-	631.8	399.5	1,031.3
RPO fulfilled in Q3, FY 23-24 (MUs) [D]	-	552.4	-	552.4
RPO fulfilled in Q4, FY 23-24 (MUs) [E]	-	487.2	-	487.2
RPO compliance till end of Q4 FY 2023-24 [F=B+C+D+E]	-	2,216.6	536.4	2,753.0
Net Balance shortfall (+)/ Surplus (-) (Mus) [G=A-(B+C+D+E)]	160.5	271.4	-470.2	-38.3
Adjustment done from Excess HPO Procured (MUs) to meet Compliance under Wind and Other RPO as per Regulation 4(5) of RPO REC Regulations [H]	-160.5	-271.3	431.8	-
Net Balance shortfall (+)/ Surplus (-) [I=G+H]	0.0	0.1	-38.4	-38.3

*Information already shared with the Hon'ble Commission

Details of Short-Term Power Purchase

During this financial year the Petitioner has procured 467.77 MUs through bilateral/banking/exchange/UI/Intrastate under short-term power purchase.

Table 3.21: Details of Short-term Power Purchase in FY 2023-24

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Purchase	21.47	5.73	12.29
B	IEX Purchase	184.20	6.47	119.16
C	PXIL Purchase	3.40	9.95	3.38
D	Banking Purchase	0.00	0.00	
E	DSM Purchase	0.11	10.35	0.12
F	Bilateral Purchase	258.59	8.89	229.77
G	Short Term Purchase Total	467.77	7.80	364.72

Medium Term Hydro Details: TPDDL has entered in to a medium-term contract (5 years) of 200 MW starting from FY 2023-24 with the Kameng Hydro Pvt. Ltd. Through NVNL @ a tariff of Rs. 5.99/-unit and the supply period is from May to September. Details of the quantum supplied is as follows:

FY 23-24	May	June	July	August	September	Total
Quantum Supplied (Mus)	71.45	76.16	147.34	145.40	106.72	547.07

Details for Short Term Surplus Power Sale

During this year the Petitioner has sold 1,501.58 MUs at the average rate of Rs 5.55 per unit. The source wise summary of sale of surplus power during the FY 2023-24 is shown below:

Table 3.22: Details of Short-term Power Sales FY 2023-24

S. No.	Particulars	Units (MU)	Rate per Unit	Amount (Rs. Cr.)
A	IDT Sale	130.20	6.90	89.86
B	IEX Sale	1,060.83	5.87	622.19
C	Banking Sale	108.40	3.61	39.13
E	DSM Sale	202.15	4.05	81.94
F	Short Term Sale Total	1,501.58	5.55	833.13

In FY 2023-24, the Petitioner had entered into power banking agreement with Maharashtra State Electricity Distribution Company Limited (MSEDCL) for export (sale) of 108.40 Mus



during the period 1 March, 2024 to 31 March, 2024 with import of 111.65 Mus during the period July'2024 to September'24. However, MSEDCL has not returned the power as per the agreed terms. The Petitioner is following up with MSEDCL to settle this transaction and treatment/outcome of the said transaction shall be considered accordingly in True up of FY 2024-25.

Therefore, it is requested to the Hon'ble Commission to consider the said power banking transaction as a normal sale transaction in FY 2023-24.

Transmission Charges

The Petitioner has incurred transmission charges of Rs. 992.72 Cr. The party wise breakup of the transmission charges is given in the table below:

Table 3.23: Summary of Transmission charges for FY 2023-24

S No.	Particulars	Amount (Rs. Cr.)
A	PGCIL TRANSMISSION CHARGES	
	PGCIL NON POC BILL	4.98
	PGCIL POC BILL 1	575.75
	PGCIL POC BILL 2	85.18
	PGCIL POC BILL 3	-
	PGCIL POC BILL 4	-
	PGCIL BILL 3	-
B	DTL/ SLDC TRANSMISSION CHARGES	
	DTL-Application Charges	0.12
	DTL-NRLDC Charges	4.72
	DTL-Reactive Energy Charges	5.77
	DTL-SLDC Charges	2.97
	DTL-STOA Credit	-126.62
	DTL-Wheeling Charges	335.81
	DTL-SCED	-10.90
C	OTHER TRANSMISSION CHARGES	
	Banking Purchase STOA	-
	Banking Sale STOA	-
	Bhakra Beas Management Board Charges	0.56
	Bilateral purchase STOA	11.08
	Chandrapura Thermal Power Station - Transmission	1.37
	CLP Jhajjar Transmission	9.72
	IEX Purchase STOA	7.48

S No.	Particulars	Amount (Rs. Cr.)
	IEX Sale STOA	40.92
	Maithon Power Tx Charges	0.25
	Mejia Thermal Power Station - Unit 6 Transmission	0.20
	NANTI Transmission	2.12
	NRPC	-
	NTPC TRANSMISSION Charges	0.24
	SECI 20 MW Solar Transmission	2.49
	SECI- SLDC	-
	SEI Sunshine Transmission	15.03
	Suryakanta Transmission	1.78
	Taranda Hydro Transmission	0.02
	THEP (Koteshwar)- NRLDC Charges	0.01
	THEP (Tehri)-NRLDC Charges	0.02
	Sasan UMPP Tx	-
	M/s Cosmos Hydro Power Private Limited, Transmission	0.19
	PXIL Purchase STOA	0.08
	Medium Term Hydro 200 MW Transmission	21.41
	Grand Total	992.72

Normative Rebate

The Hon'ble Commission in its Tariff Determination Regulations, 2017 has specified that

"119. Distribution Licensee shall be allowed to recover the net cost of power purchase from long term sources who's PPAs are approved by the Commission, assuming maximum normative rebate available from each source, for supply to consumers."

The Hon'ble Commission in its Tariff Order FY 2020-21 has considered 1.50%, 2.00% and 2.50% normative rebate and approved power purchase cost net of rebate. Following the same principle of normative rebate of 1.50%, 2.00% and 2.50%, the Petitioner has computed net normative rebate.

Table 3.24: Summary of Normative Rebate for FY 2023-24 (Rs. Cr.)

S. No.	Vendor	Maximum Normative Rebate (in %) (A)	Rebatable Amt (B)	Amount offered as normative rebate [C=B*A]
A	Towards Power Purchase			
1	APCPL	1.50%	2,156.20	32.34
2	CHPPL	1.50%	30.48	0.46
3	DMSWSL	2.00%	29.65	0.59
4	DTL (LT)	2.00%	335.81	6.72
5	DVC	1.50%	432.82	6.49
6	GMR	2.00%	13.26	0.27
7	IPGCL	2.00%	115.70	2.31
8	NHPC	1.50%	214.32	3.21
9	NHPPL	1.50%	16.76	0.25
10	NPCIL NAPS	2.50%	24.46	0.61
11	NPCIL RAPS	2.50%	50.00	1.25
12	NTPC	1.50%	681.66	10.22
13	NVVNL ST	2.00%	37.42	0.75
14	NVVNL MT	1.00%	330.87	3.31
15	PGCIL	1.50%	3.82	0.06
16	CTUIL	1.50%	710.48	10.66
17	PPCL I	2.00%	178.64	3.57
18	PPCL III	1.50%	605.21	9.08
19	PTC(ST)	0.02	82.83	1.66
20	PTC(Tala)	1P/KWHR	2.53	0.01
21	SASAN	1.50%	54.96	0.82
22	SECI	1.50%	98.04	1.47
23	SEI SUNSHINE	1.50%	21.23	0.32
24	SEI SOLARVANA	1.50%	21.17	0.32
25	SEI SOORAJ	1.50%	21.32	0.32
26	SEI JYOTTISWAROOP	1.50%	21.37	0.32
27	SEI RAVIKIRAN	1.50%	21.10	0.32
28	SEI RENEWABLE	1.50%	21.44	0.32
29	SHEPL	1.50%	15.52	0.23
30	SJVNL	1.50%	51.12	0.77
31	TARANDA	1.50%	16.84	0.25
32	THDC	1.50%	47.15	0.71
33	TOWMCL	2.00%	26.86	0.54
34	TWEPL	2.00%	25.74	0.51
35	TPTCL MPL	1.50%	937.65	14.06
36	TPTCL CLP	1.50%	373.61	5.60

S. No.	Vendor	Maximum Normative Rebate (In %) (A)	Rebatable Amt (B)	Amount offered as normative rebate [C=B*A]
37	TPTCL ST	2.00%	96.26	1.93
	Total (A)		7924.34	122.64
	Towards Sale of Power			
	Total (B)		0.00	0.00
	Grand Total (A)-(B)		7924.34	122.64

Incentive on Sale of Surplus Power

The Hon'ble Commission in its Business Plan Regulations, 2023 has specified the methodology for computation of the incentive on sale of surplus power. The same has been reproduced below for reference:

"29. INCENTIVE SHARING MECHANISM FOR SALE RATE OF SURPLUS POWER

(1) The computation of incentive for Sale Rate of Surplus Power in terms of the Regulation 165 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2023-24 to FY 2025-26 of the Distribution Licensees shall be as follows:

- i. The Variable Cost of the generating station for which power is surplus and required to be sold through Power Exchanges shall be considered as the previous month's billed Variable Cost of such generating station.*
- ii. The variable cost of the generating station for which power is surplus and required to be sold through Bilateral arrangements shall be considered as the previous month's billed variable cost of such generating station prevalent at the date of entering into such contracts.*
- iii. The incentive shall be the product of Rate difference (Actual Sale Rate-Variable Cost) and Quantum of Power actually sold during the month."*

Accordingly, the Hon'ble Commission is requested for doing true up of the incentive of Rs. 111 Cr as per MYT Regulations, 2017. Due to very voluminous data, information for slot wise computation of incentive amount would be shared with auditors/ the Hon'ble Commission during the course of prudence check.

Given below is the energy balance cost incurred by the Petitioner.



Based on all above submissions, the net energy balance for FY 2023-24 comes as below:

Table 3.25: Energy Balance for FY 2023-24

Particulars	As per the Petitioner			Remark
	MU	(Rs Cr)	Rs/kWh	
Power Purchase from CSGS	10,382.69	5,472.51	5.27	Table 3.17
Short Term Power Purchase	467.77	364.72	7.80	Table 3.21
Power Purchase – Delhi Gencos	751.29	899.56	11.97	Table 3.18
RPO Obligations	1,084.35	415.27	3.83	
Cost of REC certificate – towards RPO		12.73		
Gross Power Purchase Cost	12,686.10	7,164.78	5.65	
Add: Transmission Charges				
PGCIL charges	-93.95	665.91		Table 3.23
DTL charges	-429.86	211.86		
Other transmission charges		114.95		
Surplus Power sold / Banked / UI sales	-1,501.58	-833.13	5.55	Table 3.22
Power Purchase Cost (Audited)	10,660.71	7,324.38	6.87	
Net Normative Rebate on power purchase		-122.64		Table 3.24
Add-Incentive on Sale of Surplus Power		111.00		
Net Power Purchase Cost	10,660.71	7,312.74	6.86	

Operation and Maintenance (O&M Expenses)

Regulation 87 of Tariff Regulations, 2017 provided that *"The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Assets as specified by the Commission in the Business Plan Regulations for the respective Control Period.*

Provided that the Normative O&M Expenses for the respective Control Period shall not be trued up.

Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M Expenses."

Further Regulation 92 provided that *"Normative Operation and Maintenance expenses of a Distribution Licensee shall consist of*

- a) Employee Expenses,*
- b) Administrative and General Expenses, and*
- c) Repair and Maintenance Expense."*

In the Business Plan Regulations, 2023 the Hon'ble Commission in its Regulations 23(10) has determined year wise normative O&M expenses for the Petitioner for the current control period.

The computation of the normative O&M as determined by the Hon'ble commission as per the Statement of Reason to Business Plan regulations 2023 is reproduced below:

Controllable O&M expenses	UoM	Base year FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
TPDDL					
Employee - Non FRSR	Rs. Cr.	319.96	334.87	350.47	366.81
A&G	Rs. Cr.	145.60	152.39	159.49	166.92
R&M	Rs. Cr.	148.89	155.83	163.09	170.69
Total		614.45	643.08	673.05	704.42
Estimated Sales	MU	10,101	10,464	10,840	11,229
Rate/ unit	Paise		61.46	62.09	62.73

O&M Expenses allowed on actual basis

- a) **FRSR employee cost:**-Regulation 26(5) of the Business Plan Regulation, 2023, specify that *"The Employee benefits pertaining to Employees transferred under the Tripartite Agreement are considered uncontrollable in nature, therefore not forming part of Normative O&M Expenses as tabulated below, accordingly, shall be Trued up for relevant Financial year subject to prudence check: Provided that the Distribution Licensee shall submit the above details of Employee Expenses within thirty (30) days from the end of finalization of audited accounts of the relevant year."*

Thus, the Petitioner is seeking truing up of the FRSR expense of Rs. 242.61 Cr for FY 23-24, being uncontrollable in nature the hands of the Petitioner. The detailed break-up of of Rs. 242.61 Cr. has been shared with the Hon'ble Commission via. letter dated 16.05.24. (Annexure II of Volume II)

- b) **FRSR Replacement Cost:** As specified in Statement of Reason – BPR 2023 on O&M expenses,
" The DISCOMs have opined for replacement cost for retirement of such FRSR employees in their normative Non FRSR Costs. In this regard, it is informed that the employees retiring from the business are generally replaced with fresh talent. Further, such replacement has been a continuous process as the FRSR employee count has declined over a period of time and has been replaced in due course of time. The same is done by way of replacement at same level and also supplemented by induction at junior level. The Commission will map suitably the replacement cost of FRSR employees with non-FRSR employees and, after prudence check, will allow such replacement cost."

In line with above view, the Petitioner is seeking the impact of Rs 15.81 Cr. towards FRSR Replacement cost. Details of the same has been shared with the Hon'ble Commission via letter dated 16.05.24. (Annexure II of Volume II)

- c) **Statutory Levies:** Regulation 26(6) of the Business Plan Regulation, 2023 clearly specifies that *"Expenses on account of Statutory Levies towards Property Tax/ Land Licence Fee to GoNCTD, Licence Fee paid to DERC shall be Trued up for relevant Financial year subject to prudence check."*

Accordingly, petitioner seeks statutory levies amounting Rs 24.41 Cr. for true up. Details of the same has been shared with the Hon'ble Commission via letter dated 16.05.24. (Annexure II of Volume II)

Other Expenses not forming part of Base year expenses at the time of Normative O&M expenses determination.

Legal Expenses: The Hon'ble Commission has not considered Legal Expenses of the DISCOMs while determination of normative O&M expenses for the control period.

Though non-allowance of legal expenses under normative O&M amounts to curtailment of Statutory Right of the Petitioner to challenge the decisions of the Hon'ble Commission and is against the principle of natural justice as well the same is against Article 14 of the Constitution of India. The distribution business is a regulated business under the aegis of the Hon'ble Commission. The majority of issues in Distribution Business will arise out of orders/ directions issued by the Hon'ble Commission. In all such cases, the Petitioner has the right to challenge the same before the Hon'ble High Court, Hon'ble Appellate Tribunal for Electricity and Hon'ble Supreme Court thereafter. The final Judgment passed at the Appellate stage will be binding on both the DISCOM as well as the Hon'ble Commission. Therefore, all legal expenses incurred by the Petitioner are bona-fide & should be allowed on actual basis.

During FY 2023-24, the Petitioner has incurred legal expenses of Rs. 21.17 Cr. which is being sought under O&M expenses.

Based on above submission, O&M expenses for FY 2023-24 is computed as below:

Table 3.26: O&M Expense

S. No.	Particulars	Amount	Remark
		Rs. Cr	
A	Normative O&M Expenses at the approved rate	643.08	Amount as per SOR, BPR 2023
B	FRSR Employee Cost (Net)	242.61	Annexure II-Volume-II
Summary of Additional O&M Expenses on account of statutory levies & Taxes (Rs Cr)			
C	Rates and Taxes/Statutory Dues		
	(i) DERC License Fee	4.56	Note 35.4 of Audited Financial Statement
	(ii) Property Tax	2.22	
	(iii) Rates and Taxes	0.11	
	(iv) CETP Charges	0.42	
	(v) Other regulatory expenses	1.47	
	(vi) Land License Fee	15.63	Note 5 of Audited Financial Statement
D	Legal Expenses	21.17	Note 35 of Audited Financial Statement
E	Replacement cost for FRSR retirees	15.81	Annexure II-Volume-II
	Total amount Sought towards O&M Expenses	947.09	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Non-Tariff Income (NTI)

Regulation 152(a) of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2017 provided that "*Variation in revenue and sale of the distribution licensee based on projected revenue and sales vis-à-vis actual revenue and sales*".

There is no projected Non-Tariff income available as the Hon'ble Commission has not released the ARR for FY 2023-24. However, the actual Non-Tariff Income for the purposes of Truing Up for FY 2023-24 comes to Rs. 128.59 Cr. Break-up of the same is given below:

Table 3.27: Non-Tariff Income for FY 2023-24

S. No.	Particular		Amount (Rs. Cr.)	Remark
A	Other Operating Revenue		115.01	Note 31.4.2 of Audited Accounts
B	Other Income		119.86	Note 31.5 of Audited Accounts
	Total –(I)		234.86	(A+B)
Less: Income included in above, not passed as Non-Tariff Income as per DERC Tariff Regulations, 2017				
C	Transfer from capital grants	1.95		Note 31.4.2 of Audited Accounts
D	Transfer from consumer Contribution for Capital work	54.56		Note 31.4.2 of Audited Accounts
E	Incentive towards Street Light	0.44		Note 31.4.2(i) of Audited Accounts
F	Interest Income /Short term capital gain	21.39		Note 31.5 of Audited Accounts
G	Financing Cost of LPSC	8.98		Explanation given below (Table 3.28)
H	Income from other Business	45.79		(To be Offered separately) Note 31.5 of Audited Accounts
	Total –(II)		133.09	(C+D+E+F+G+H)
Add: Income included in above, but not required to be passed as Non-Tariff Income				
I	Differential amount of Service Line Charges – III		-0.27	Explanation given below (Table 3.31)
	Sub- Total		101.50	(I)-(II)+(III)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

For the purpose of tariff determination, the detailed explanation for reducing aforementioned Incomes from Non-Tariff Income are given below:

i. Grant/Consumer Contribution

As the Hon'ble Commission is utilizing the Gross Capital Grant/Consumer Contribution for financing of the Capitalization, amortization of the same in accounts is only a book entry which

cannot be treated as Non-Tariff Income after once taking it as a capital receipt for financing of capex/capitalization. The above treatment is in accordance with the principles accepted and implemented by the Hon'ble Commission in its previous Tariff Orders also.

ii. Incentive towards Street Light

The Hon'ble Commission vide its order dated 22nd Sep'2009 has put up the incentive/disincentive mechanism for maintaining streetlights in order to evolve a performance driven system.

Relevant extract of para no. 20 on page no 9 of the aforesaid order is given below:

"On going through the relevant submission made by the DISCOMs and MCD/PWD etc., it is decided that the performance level/ efficiency for the purpose of incentive shall be reviewed during next control period till such time the same arrangement for incentive/ disincentive shall continue as under:

Performance level achieved	Incentive	Example
Between 90-95%	1% of the maintenance cost for each percentage in over achievement from target of 90%	Actual Performance 93% Incentive 93-90 = 3%
Between 95-97%	1.5% of the maintenance cost for each percentage in over achievement from target of 95%	Actual Performance 97% Incentive= 5 + 3 = 8%
Above 97%	2.0% of the maintenance cost for each percentage in over achievement from target of 97%	Actual Performance 99% Incentive = 8 + 4 = 12%

Performance less than 90% shall attract disincentive for the DISCOMs according to the following table:

Performance level achieved	Disincentive	Example
Between 80-90%	1% of the maintenance cost for each percentage in shortfall to achieve target of 90%	Actual Performance 83% Disincentive 90-83 = 7%
Between 70-80%	1.5% of the maintenance cost for each percentage in shortfall to achieve target of 80%	Actual Performance 77% Disincentive = 10+4.5 = 14.5%
Below 70%	2% of the maintenance cost for each percentage in shortfall to achieve target of 70%	Actual Performance 60% Disincentive = 25 + 20 = 45%

The incentive or disincentive would not be a pass through in the calculation of the Annual Revenue Requirement and the payment would be made by the 15th day of the following month.

As mentioned in the State Commission Order, the incentive earned by the Petitioner would not be a pass through in the ARR, hence, the Petitioner has retained Rs. 0.44 Cr as an incentive earned towards the maintenance of Street Light. It is further clarified that the total amount of maintenance charges of Rs. 6.80 Cr. under the head Other Operating Revenue as appearing in Note No 31.4.2(c) of Audited Balance Sheet is inclusive of aforesaid street light incentive of Rs. 0.44 Cr. (refer note no 31.4.2(i) of the audited financial statement), therefore, the Petitioner has deducted amount of Rs. 0.44 Cr from the Non-Tariff Income.

iii. Interest on Surplus Funds out of Shareholder's money

The Hon'ble Commission in its previous Tariff orders had followed the methodology to exclude any income arising from surplus funds of shareholder's money from non-tariff income on the following principle:

- a) The Hon'ble APTEL in its Judgment against Appeal no 153 of 2009 has decided that interest on surplus funds out of shareholder's money is not a part of Non-Tariff Income.

During the FY 2023-24, the Petitioner has earned an amount of Rs. 21.39 Cr as Interest Income/ Gain on investment in mutual funds by investing shareholder's funds at different point of time.

Therefore, in line with the APTEL Judgment and the methodology followed by the Hon'ble Commission in previous tariff orders, an amount of Rs. 21.39 Cr is excluded from Non-Tariff Income.

iv. Financing Cost for LPSC

LPSC is levied on consumers who do not make payment within the credit period allowed for payment. This compensates the Utility for the additional interest cost that gets incurred on the additional working capital requirements due to non-payment of outstanding dues by the consumers within due date.

The Hon'ble APTEL in Appeal No.153 of 2009 has held that the distribution licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates. The Hon'ble APTEL categorically held that "the financing cost relating to the late payment surcharge" must be derived from the "prevalent market lending rates." This is imperative because the Petitioner is required to finance working capital requirement arising out of delayed payment throughout the year.

The Hon'ble APTEL vide its judgment dated July 12, 2011 in Appeal No. 142 of 2009 had held that the Petitioner is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate. The relevant portion of the judgment is reproduced below:

"19.5...

Accordingly, the Appellant is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate. ***(Emphasis added)***

The Hon'ble Commission in its Tariff Regulations, 2017 has upheld the Judgment of the Hon'ble APTEL and clearly stated in Regulations 94(v) that Net Interest on delayed or deferred payment of bills shall be considered as Non-Tariff Income. Thus, in order to compute the financing cost of LPSC, the Petitioner considers the actual working capital interest rate of 7.49%.

Based on above submission, financing cost for LPSC is computed as follows:

Table 3.28: Computation of financing cost of LPSC

S. No.	Particular	UoM	Amount (Rs. Cr.)
A	LPSC earned (Note 31.5 of Audited Financial Statement)	(Rs Cr)	21.44
B	Out of above LPSC 0.18 Cr pertains to 9.75% as per DERC Covid order dt 7.4.20	(Rs Cr)	0.14
C	Late payment surcharge rate as per Regulations	% p.a.	18%
D	Principal Amount (i.e. energy & other applicable charges) on which the above LPSC was levied $\{(A-B)/C + B/9.75\}$	(Rs Cr)	119.75
E	Normative Interest Rate	%	7.49%
F	Financing Cost (D*E)	(Rs Cr)	8.98

The Petitioner has filed a writ petition before the Hon'ble High Court challenging the demand raised by MCD to the tune of Rs. 15.06 Cr as alleged Late Payment Surcharge collected by the Petitioner on delayed payment of E-Tax by TPDDL's consumers. The Hon'ble Commission treats LPSC as a Non-Tariff Income as per the provisions of Regulations of the Tariff Regulations and passed the benefit of LPSC collected by the Petitioner to the general consumers through a reduction in the ARR.

The Hon'ble High Court had granted stay on it, without prejudice to our rights. It is requested to the Hon'ble Commission to allow this claim and any further liability arising on same account as a pass-through item in ARR, in case the amount becomes payable to MCD pursuant to the order passed by the Hon'ble High Court in favour of MCD.

v. Service Line Charges

The Petitioner would like to bring in the kind attention of the Hon'ble Commission that under Indian GAAP, service line charges were treated as income upfront upon installation of connections, therefore entire income is treated as non-tariff income for the purpose of ARR. However, as per Ind-AS since the consumers does not get any identified asset or service upon payment of upfront service line charges, service line charges should be recognized as a revenue over the useful life of asset provided to consumers. Thus, any income on account of Service Line is shown as receipt and thereafter amortized over the useful life of Asset. Due to aforesaid change, in profit and loss statement the amortized balance of service line charges is shown under the head Other Operating Income instead of receipt amount of service line charges. Therefore, for the purpose of Tariff determination receipt of service line charges has been considered and offered as a part of non-tariff income instead of amortized amount as shown in profit and loss statement for FY 2023-24. Given below is the amount adjusted as a part of Non-Tariff income:

Table 3.29: Additional amount of Service Line Charges for FY 2023-24

Particulars	Amount (Rs. Cr)	Remark
Receipt on account of Service Line charges	32.20	Note 22(2) of the Audited Financial Statement
Amortized and transferred to Profit & Loss	32.47	Note 22(2) of the Audited Financial Statement
Amount adjusted from NTI	-0.27	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Income from Other Business Income

With the objective of creating additional avenues for growth, sharing of knowledge & best practices across utilities, and most importantly, in line with its strategy of providing power at competitive rates to consumers, the Petitioner has been exploring the possible avenues for revenue growth through various activities in addition to Distribution of power to consumers.

During the FY 2023-24, the Petitioner has earned Rs. 45.79 Cr (Gross Receipts) from other than licensed business. Breakup of the same is given below;

- (a) Optimal utilization of Distribution Assets (Rs. 14.27 Cr); and
- (b) Consultancy Income/other (Rs. 31.43 Cr)
- (c) Income through Training (Rs. 0.01 Cr)
- (d) Income from DSM (Rs. 0.07 Cr.)

Further, it is submitted that the Hon'ble Commission in its Tariff Regulations, 2017, vide Regulations 96 has stated that the **net income after tax** from other Business shall be shared as per DERC Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee Regulations, 2005 and 2017 as amended from time to time.

As stipulated in the Delhi Electricity Regulatory Commission (treatment of income from other business of transmission Licensee and distribution Licensee) (First Amendment) Regulations, 2017, the income arising from other business shall be shared on **net revenue** basis (Revenue-Cost) in the respective True up/ARR.

Based on the above submission, computation of the net income for the purpose of sharing between consumers and Discom is given in table below:

Table 3.30: Computation of Net Revenue sharing from Other Business Income

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total	Remark
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.	
Total Revenue earned	31.44	14.27	0.07	45.79	Note 31.5 of the Audited Financial Statement
Income Tax @ 17.17%	5.40	2.45	0.01	7.86	
Net Revenue available for sharing	26.04	11.82	0.06	37.93	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Table 3.31: Sharing of net Revenue from Other Business Income

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
Net Revenue available for sharing	26.04	11.82	0.06	37.93
TPDDL Share %	60%	40%	40%	
Consumer Share %	40%	60%	60%	
Consumer Share in Rs Cr.	10.42	7.09	0.04	17.55

Interest on Consumer Security Deposit

Regulation 127 of Tariff Regulations, 2017 specify that:

"Interest paid on consumer security deposits shall be based on the rate specified by the Commission in the "Delhi Electricity Supply Code and Performance Standards Regulations, 2007" as amended from time to time, and shall be a pass through in the ARR."

Regulation 16(vi) of Delhi Electricity Supply Code and Performance Standards Regulations, 2007", specify that

"vi The amount of security deposit shall be as per the Regulation 29 or as approved by the Commission from time to time. The Licensee shall pay interest to the consumer at the rate of 6% per annum, or any other rate prescribed by the Commission payable annually on such deposit w.e.f. date of such deposit in cases of new connection energized after the date of this notification or in other cases, from the date of notification of these regulations. The interest accrued during the year shall be adjusted in the bill for the first billing cycle of the ensuing financial year."

Further the Delhi Electricity Supply Code and Performance Standard Regulations, 2017 provided that w.e.f 1st September 2017 onwards Rate of Interest for Consumer Security Deposit shall be considered the SBI MCLR rate on 1st April.

Therefore, w.e.f 1st September, 2017 the Petitioner has paid interest on consumer security deposit at SBI MCLR on 1st April, of the respective financial year.

In addition to the direct payment of interest on consumer security deposit, the Hon'ble Commission has adopted the methodology of reducing differential interest (i.e. Cost of funding working capital – minus Interest actually credited/paid to consumers) from the ARR. Hence in order to compute the differential net interest on consumer security deposit, interest rate equivalent to cost of debt for working capital @ 7.49% has been considered for FY 2023-24.

Table 3.32: Computation of Interest on Consumer Security Deposit

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Opening Balance of Consumer Security Deposit	925.12	Note no 19 & 26 of the Audited Financial Statement
B	Closing Balance of Consumer Security Deposit	1,027.20	
C	Average Balance of Consumer Security Deposit	976.16	(A+B)/2
D	Working Capital Interest Rate	7.49%	
E	Normative amount of Interest	73.16	(C*D)
F	Actual Amount of Interest	85.89	Note no 34 of Audited Financial Statement
G	Difference to be additionally allowed as an Expense	-12.72	(E-F)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Based on the above computation, the Petitioner is claiming Rs. 12.72 Cr as interest on CSD.

Income from Open Access

For the FY 2023-24, the Petitioner has earned Income of Rs 23.07 Cr. from Open Access consumers including E. Tax. As E. tax is payable to MCD, hence, open access income net of E. Tax is considered as part of Non-Tariff Income. Computation of the same is given below:

Table 3.33: Income from Open Access

S. No	Particulars	Amount (Rs. Cr.)	Remark
A	Total Income from Open Access	23.07	Note 31.4.1 of the Audited Financial Statement
B	Less- E. Tax for the year	0.81	
C	Income from open access available for ARR	22.27	(A-B)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Based on above Submissions, Non-Tariff Income including Other Business Income, Interest on Security deposit and Income from Open Access for the purpose of ARR for FY 2023-24 is computed as below:

Table 3.34: Non-Tariff Income for FY 2023- 24

S. No	Particulars	Amount (Rs. Cr.)	Remark
A	Non-Tariff Income	101.50	Table 3.27
B	Income from other Business	17.55	Table 3.31
C	Interest on Security Deposit	-12.72	Table 3.32
D	Income from Open Access	22.27	Table 3.33
E	Total	128.59	(A+B+C+D)

Capitalization

There is no projected approved capitalization available as the Hon'ble Commission has not released the ARR for the FY 2023-24. However, the Petitioner has done actual capitalization of Rs. 405.95 Cr during the FY 2023-24.

Table 3.35: Approved Capitalization versus Actual Capitalization for FY 2023-24

Particulars	Sought for Trued up (Rs. Cr.)	Remark
Capitalization	405.95	Refer Note 4 of the Audited Financial Statement
Smart Meter		
Capitalization with Deposit work	405.95	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Gross Fixed Assets

The Hon'ble Commission in its previous True Up Order of FY 20-21 (released in July 2024), had trued up an amount of Rs. 7,204.76 Cr. towards the closing value of gross fixed assets at the end of FY 2020-21. The Petitioner has considered same amount as opening Gross Fixed Asset, subject to additional capitalisation as per True up petition for FY 2021-22 & FY 2022-23, to arrive at Opening Gross Fixed Asset for FY 2023-24 since True up order for FY 2021-22 & FY 2022-23 is yet to be released by the Hon'ble Commission.

For the purpose of truing up of capitalization for FY 2023-24, the Hon'ble Commission has not started the exercise of physical verification of assets. Hence, for true up submissions, the Petitioner considers capitalization based on audited financial statements.

As per above submissions, value of Gross Fixed Assets for FY 2023-24 has been computed as below:

Table 3.36: Detail of Actual Capitalization

S No.	Particulars	Amount (Rs. Cr.)	Remark
A	Opening balance of Gross Fixed Assets (as on 1st April'2021)	7,204.76	Table 3.66 True up order FY 20-21
B	Less: Adjustment of inadvertent allowance of Capitalisation	77.71	Prior period adjustment
C	Add- Capitalization during the FY 2021-2022	415.76	Table 3.45 of True up Petition 2021-22
D	Add - 7th Pay LSC/PC	8.62	Table 3.45 of True up Petition 2021-22
E	Less- Retirement/ De-capitalization for the FY 2021-2022	79.68	Table 3.45 of True up Petition 2021-22
F	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2022)	7,471.75	(A-B+C+D-E)

S No.	Particulars	Amount (Rs. Cr.)	Remark
G	Add- Capitalization during the FY 2022-2023	447.65	Table 3.42 of True up Petition 2022-23
H	Less- Retirement/ De-capitalization for the FY 2022-2023	54.94	Table 3.43 of True up Petition 2022-23
I	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2023)	7,864.45	(F+G-H)
J	Add- Capitalization during the FY 2023-2024	405.95	Note 4 of the Audited Financial Statement
K	Less- Retirement/ De-capitalization for the FY 2023-2024	51.44	Note 4 of the Audited Financial Statement
L	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2024)	8,218.97	(I+J-K)
M	Average Balance of Gross fixed Assets	8,041.71	(I+L)/2

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Loss on Sale of Retirement of Assets/ De-capitalization of Assets

Regulation 45 to 47 of the Tariff Regulations, 2017 deals with the methodology of allowance of Loss or gain due to De-capitalization/Retirement of Fixed Assets. Relevant extract of the said Regulations are reproduced below:

"45. Loss or Gain due to de-capitalization of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.

46. Loss or Gain due to de-capitalization of asset proposed by the Utility itself for the reasons not covered under Regulation 45 of these Regulations shall be to the account of the Utility.

47. Loss or Gain due to de-capitalization of asset after the completion of useful life of asset shall be to the account of the Utility."

The Petitioner is requesting to allow loss towards retired assets for an amount of Rs. 6.80 Cr for FY 2023-24 based on clause 45 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017. It has to be noted that the Hon'ble Commission has given approval for recovery of loss on account of installation of Smart meters, Network shifting on consumer request, Meter removed due to reasons attributable to consumer like disconnection, load change, Meter stolen etc. or Sick Assets replacement schemes etc.

Consumer Contribution/Grant

Regulation 66 of the Tariff Regulations, 2017 stipulated that for the purpose of computation of Regulated Rate Base, consumer contribution corresponding to the amount of assets capitalized shall be deducted.

In True Up Order of FY 20-21 (released in July 2024), the Hon'ble Commission had trued up an amount of Rs. 928.92 Cr. towards consumer contribution & capital grant at the end of FY 2020-21. The Petitioner has considered same amount as opening Consumer Contribution / Grant, subject to change as per True up petition for FY 2021-22 & FY 2022-23, to arrive at Opening Balance for FY 2023-24 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by Hon'ble Commission. During the FY 2023-24, the Petitioner has transferred an amount of Rs 97.09 Cr. towards capitalization of Deposit work schemes.

Table 3.37: Consumer Contribution/grants

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Opening Balance (as on 1st April'2021)	928.92	Table 3.68 True up order FY 20-21
B	Add- Capitalized during the FY 2021-2022	52.47	Table 3.46 True Up petition FY 21-22
C	Closing Balance (as on March'2022)	981.39	(A+B)
D	Add- Capitalized during the FY 2022-2023	60.77	Table 3.44 True Up petition FY 22-23
E	Closing Balance (as on March'2023)	1,042.16	(C+D)
F	Add- Capitalized during the FY 2023-2024	97.09	Note 22(b) & 23.1(b) of Audited Financial Statement
G	Less- Refund during the FY 2023-24	0.00	
H	Closing Balance (as on March'2024)	1,139.26	(E+F-G)
I	Average Cumulative Capitalized Consumer Contribution	1,090.71	(E+H)/2

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

The Petitioner has entered into a grant agreement with Asian Development Bank during FY 2023-24 for funding the acquisition of 10 MW pilot Battery Energy Storage System. Accordingly, Rs 11 Crs has been utilised towards acquisition of asset and it has been considered as part of Consumer contribution/Grants. Information about the Asian Development Bank has been shared with Hon'ble Commission vide letter dated 28th Nov'2022.

Depreciation (net of consumer contribution)

Regulation 40(4) of the Tariff Regulations, 2017 specified that "Provisions related to Depreciation, Return on Equity and Interest on Loan shall not be applicable on such capital assets to the extent of financial support utilized through consumer contribution, deposit work and grant."

Thus, the Petitioner is computing depreciation on average of net fixed assets (i.e. Average of Gross Fixed Assets for the year – Average of Consumer Contribution/capital subsidy/grant for the year).

It is further submitted that the Hon'ble Commission in its Tariff Regulations 2017, has changed the methodology by adopting the concept of useful life. The Hon'ble Commission also specified that assets having useful life for more than 12 years, that case in upto 12 years approx. 70% of the depreciable value should be realized for the purpose of payment of loan.

Thus, with respect to computation of assets class wise depreciation without finalization of pending capitalization due to physical verification, the Petitioner has first computed average depreciation rate based on Asset class depreciation rate notified by Hon'ble Commission and audited financial statement and then applied the said rate on average net fixed assets to compute the depreciation for the year.

Based on above methodology, average depreciation rate is worked out as follow:

Table 3.38: Computation of Average rate of Depreciation on Gross Fixed Assets

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Average of Fixed Assets	8,046.38	For Distribution Assets
B	Depreciation	380.01	
C	Rate of Depreciation	4.72%	(A/B)

Considering the above average depreciation rate, allowable depreciation on Average Assets (net of consumer contribution/grants) is computed as below:

Table 3.39: Depreciation on Net Fixed Assets

S. No.	Particulars	Sought Rs. Cr	Remark
A	Average balance of Gross Fixed Assets	8,041.71	Table 3.36
B	Average Cumulative Capitalized Consumer Contribution	1,090.71	Table 3.37
C	Average of Fixed Assets (net of Consumer Contribution)	6,951.00	(A-B)
D	Rate of Depreciation	4.72%	Table 3.38
E	Depreciation	328.28	(C*D)

Further in True Up Order July 2024, the Hon'ble Commission had true up an amount of Rs. 2,601.62 Cr. towards accumulated depreciation at the end of FY 2020-21. The Petitioner has considered same amount as opening Accumulated Depreciation, subject to change in additional depreciation as per True up petition for FY 2021-22 & FY 2022-23, considered to arrive at Opening balance for FY 2023-24 since True up order for FY 2021-22 & FY 2022-23 are yet to be released by Hon'ble Commission.

Table 3.40: Accumulated Balance of Depreciation on Net Fixed Assets

S. No.	Particulars	Sought Rs. Cr	Remark
A	Opening Depreciation (as on 1st April'2021)	2,601.62	Table 3.73 True up order FY 20-21
B	Less: Adjustment of inadvertent allowance of Capitalisation	13.60	Prior period adjustment
C	Addition during the FY 2021-22	282.06	Table 3.49 of True up Petition 2021-22
D	Less- Depreciation towards Retirement during FY 2021-2022	49.34	Table 3.49 of True up Petition 2021-22
E	Provisional closing balance (as on Mar'2022)	2,820.74	(A-B+C-D)
F	Addition during the FY 2022-23	288.05	Table 3.46 True up Petition 2022-23
G	Less- Depreciation towards Retirement during FY 2022-2023	36.25	Table 3.47 True up Petition 2022-23
H	Closing balance (as on Mar'2023)	3,072.55	(E+E-G)
I	Addition during the FY 2023-24	328.28	Table 3.39
J	Less- Depreciation towards Retirement during FY 2023-2024	36.77	Note 4 of the Audited Financial Statement
K	Closing balance (as on Mar'2024)	3,364.06	(H+I+J-K)

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Working Capital

Regulation 84 (4) of Tariff Regulations, 2017 specify that

(4) " (i) Working capital for wheeling business of electricity shall consist of ARR for two months of Wheeling Charges.

(ii) Working capital for retail supply of electricity shall consist of

(a) ARR for two months for retail supply business of electricity;

(b) Less: Net Power purchase costs for one month;

(c) Less: Transmission charges for one month;

Based on above methodology, computation of working capital for FY 2023-24 is given in table below:

Table 3.41: Computation of working capital for FY 2023-24

S. No.	Particulars	Rs. Cr	Remark
A	Annual Revenue	9,790.83	Table 3.47
B	Receivables equivalent to 2 months average billing	1,631.80	(A/12*2)
C	Power Purchase expenses	7,312.74	Table 3.25
D	Add: 1/12th of power purchase expenses	609.39	(C/12*1)
E	Total working capital	1,022.41	(B-D)

In the True Up Order of FY 20-21 released in July 2024, the Hon'ble Commission had trued up an amount of Rs. 692.33 Cr. towards working capital at the end of FY 2020-21. Thus, the Petitioner in this petition has considered same value of Opening working capital and additional working capital as per True up petition for FY 2021-22 & for FY 2022-23 considered to arrive at Opening Working capital for FY 2023-24 since True up order for FY 2021-22 & FY 2022-23 are yet to be released by the Hon'ble Commission. Computation of addition in working capital is as per table given below.

Table 3.42: Computation of Change in working capital

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Total working capital for the year	1,022.41	Table 3.41
B	Less- Opening Working Capital	1004.87	Table 3.49 of True up Petition 2022-23
C	Working Capital for the year	17.54	(A-B)

Cost of Debt

For the purpose of truing up, the Petitioner submits the following cost of debt on actual basis.

S. No.	Particulars	Cost of Debt %
A	Cost of Debt for Capex Loan	8.33%
B	Cost of Debt for Working Capital	7.49%

Truing up of RoCE (Return on Capital Employed)

Regulations 65 to 71 of the Tariff Regulations, 2017 deals with the methodology for determination of Regulated Rate Base (RRB), Weighted Average Cost of Capital (WACC) and computation of Return on Capital Employed (ROCE).

Truing up of Regulated Rate Base

Regulation 66 of the Tariff Regulations 2017 provided that *"The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB."*

Based on the actual capitalization and corresponding depreciation, consumer contribution and working capital requirement for FY 2023-24, the computation of Regulated Rate Base is given below:

Table 3.43: Computation of Regulated Rate Base for the period FY 2023-24

S. No.	Particulars	Amount (Rs. Cr)	Remark
A	Opening GFA	7,864.45	Table 3.36
B	Opening Accumulated Depreciation	3,072.55	Table 3.40
C	Opening Consumer Contribution	1042.16	Table 3.37
D	Opening Working Capital	1004.87	Table 3.42
E	Opening RRB	4,754.61	(A-B-C+D)
F	Investment during the year	0.50	(G-H-I)/2+J
G	Net Capitalisation	354.52	Table 3.36
H	Depreciation (Net of Retirement)	291.51	Table 3.40
I	Consumer Contribution	97.09	Table 3.37
J	Change in Working Capital	17.54	Table 3.42
K	Regulated Rate Base – Closing	4,738.06	(E+G-H-I+J)
L	RRB(i)	4,755.10	(E+F)

Means of Finance

The Petitioner has considered 70:30 Debt Equity ratio for the purpose of computation of Means of Finance for capitalisation in FY 2023-24.

Table 3.44: Means of Finance FY 2023-24

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Capitalization during the year	405.95	Table 3.36
B	Less- Retirement	51.44	Table 3.36
C	Net Capitalisation	354.52	(A-B)
D	Less- Consumer Contribution, Grants, etc. for the year	97.09	Table 3.37
E	Balance Capitalization required to be funded	257.42	(C-D)
F	Funding through – Debt @ 70% of E	180.20	
G	Funding through – Equity @ 30% of E	77.23	

Computation of Equity Deployed in the Business

Based on 70: 30 Debt Equity Ratio, the Equity Deployed in the Business by the Petitioner is given in table below:

Table 3.45: Computation of Approved Equity as per Previous Tariff Orders (Rs. Cr)

Particular	Opening Equity	Addition	Addition during the year - Working Capital	Closing Equity	Average Equity
FY 07-08	610.15	-18.88	59.69	650.96	
FY 08-09	650.96	71.55	5.83	728.35	
FY 09-10	728.35	83.59	-1.79	810.14	
FY 10-11	810.14	43.71	-1.5	852.35	
FY 11-12	852.35	53.99	7.25	913.60	
FY 12-13	913.60	70.26	-70.37	913.49	
FY 13-14	913.49	24.79		938.28	
FY 14-15	938.28	62.05		1000.33	
FY 15-16	1000.33	65.86		1066.19	
FY 16-17	1066.19	88.34		1154.53	
FY 17-18	1154.53	117.97		1272.50	1,213.52
FY 18-19	1272.50	143.59		1416.09	1,344.30
FY 19-20	1416.09	141.34		1557.43	1,486.76
FY 20-21	1557.43	128.51		1685.95	1,621.69
FY 21-22*	1685.95	87.67		1773.62	1,729.78
FY 22-23*	1773.62	99.58		1873.19	1,823.40
FY 23-24	1873.19	77.23		1950.42	1,911.81

*Yet to be Trued Up

Determination of WACC

For the purpose of computation of WACC, the Petitioner has considered Grossed up Return on Equity and Actual weighted average rate of Interest for Capex loans. Computation of WACC for FY 2023-24 is given below.

Table 3.46: Computation of WACC

S. No.	Particulars	Amount (Rs. Cr.)	Remark
A	RRB (i)	4,755.10	Table 3.43
B	Average Equity deployed in the business	1,911.81	Table 3.45
C	Average Debt -Capex Loan	1,820.89	Balancing Figure
D	Average Debt - working capital	1,022.41	Table 3.41
E	Rate of return on equity (re)	14.00%	As per BPR,2023
F	Effective Tax Rate	17.17%	Effective Tax Rate as per Audited Financials
G	Grossed up Return on Equity	16.90%	E/(1-F)
H	Rate of interest on debt (rd) - Blended	8.03%	Blended Rate of Capex and Working Capital Loans
I	WACC	11.60%	
J	RoCE (including Income Tax)	551.36	(A*I)
K	Additional tax liability due to Deferred tax	15.78	Computation given below

Allowance of Additional Income Tax on Deferred Tax

The Expert Advisory Committee (EAC) of ICAI has issued its Opinion on the "Treatment of deferred Asset on Deferred tax Liability" for the purpose of disclosure of same in Audited Financial Statement. As per the opinion of the Committee, the Deferred Tax shown as recoverable from future tariff is in the **nature of regulatory asset** as per Ind AS 114.

Further, Deferred tax liability is created on account of difference in depreciation as allowed by the Hon'ble Commission/ Companies Act versus depreciation allowed under Income Tax. The benefit on account of higher depreciation in income tax resulted into tax benefit for consumers therefore, the additional liability of income tax due to creation of deferred tax will have to be compensated to the Petitioner (i.e. equivalent to the additional Income Tax paid by the Petitioner on such Deferred Tax recoverable amount, as per example explained below).

Impact of the same on Current Tax has been explained through the following example:

State	Existing (Before EAC opinion)	Revised (After EAC opinion)	Impact
Revenue	1000	1000	
Less Expenses	800	800	
Profit/(Loss) before movement in regulatory deferral account balance	200	200	
Add: Movement in Regulatory deferral (Note 2 to be read with Note 1)	50	60	Increase in RA by Rs 10 as per EAC opinion
Profit Before Tax (Note 3)	250	260	
Tax on Above			
Current Tax @ 10% of PAT (Note 3)	25	26	Impact increase in tax payout by Rs 1 (due to EAC opinion)
Deferred Tax (Note 1)	10	10	
Less- Deferred Tax recoverable (Note 1)	-10	-	*Added in Regulatory deferral
Profit after Tax (note no 4)	225	224	Reduction in profit by Rs 1

Note 1: Due to EAC opinion, Deferred Tax liability which was earlier shown as zero in existing methodology; gets changed in revised methodology. In revised methodology, Deferred tax recoverable amount of Rs 10 Cr become part of Movement in Regulatory deferral account balance.

Note 2. The Deferred tax recoverable amount which was earlier not considered as a part of Movement in Regulatory Deferral Account Balance, after issuance of EAC opinion forms part of movement in Regulatory Deferral Account Balance.

Note 3. Due to change in disclosure requirement, the PBT (Profit Before tax) gets increased by the same amount of Deferred Tax recoverable resulting into higher Income Tax liability.

Note no 4: Ultimately, due to change in disclosure requirement, the Profit of the Petitioner reduced to the extent of additional tax liability on Deferred tax recoverable amount.

Based on the above submissions, the Petitioner has computed additional tax liability of Rs 15.78 Cr (working given below) and it is requested to the Hon'ble Commission to allow the same as part of ARR for FY 2023-24.

Particulars	Amount Rs. Cr.	Remark
Amount of Deferred Tax - A	91.92	Refer P&L statement VII(ii) & IX(ii)(b) (Tax Expenses) FY 2023-24
Tax payable @ - B	17.17%	Effective Tax Rate
Additional Tax liability = A*B	15.78	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Truing up of Aggregate Revenue Requirement for FY 2023-24

Based on the above submissions, the total Aggregate Revenue Requirement for the FY 2023-24 comes to Rs. 9,790.83 Cr. Component wise ARR sought for true up is given in table below:

Table 3.47: Summary of Aggregate Revenue Requirement

Particulars	Sought Amount (Rs. Cr.)	Remark
Power Purchase Cost	7,312.74	Table 3.25
Normative O&M Expenses	947.09	Table 3.26
Depreciation	328.28	Table 3.39
Loss on Retirement of Assets	6.80	Refer above explanation
ROCE (including Income Tax)	567.14	Table 3.46
Carrying Cost	757.38	Table 3.58
Less- Non-Tariff Income	-101.50	Table 3.27
Less- Interest on Consumer Security Deposit	12.72	Table 3.32
Less- Income from Non-Energy Business	-17.55	Table 3.31
Less- Income from Open Access	-22.27	Table 3.33
Total of Aggregate Revenue Requirement	9,790.83	

(Audited Accounts attached as Annexure-I in Volume II of the Petition)

Turing up of Incentive for Refinancing of Loan

Regulation 31 of Business Plan Regulations, 2023 deals with Incentive Sharing Mechanism for Re-financing of Loan and provided that

“(1) The incentive due to lower rate of interest on account of re-financing of loan in terms of Regulation 71 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2023 from FY 2023-24 to FY 2025-26 of the Distribution Licensee shall be computed as the product of total quantum of loan availed and difference of weighted average rate of interest on actual loans versus margin of 1.00% plus (+) SBI MCLR.

(2) The incentive on account of re-financing of loan computed as per sub clause (1) above shall be shared equally between the Consumers and the Distribution Licensee. "

Table 3.48: Approved cost of debt for incentive vis-à-vis Actual Cost of Debt

S. No.	Particulars	Approved
A	Cost of Debt- Capex Loan/working capital/Revenue Gap *	9.65%

* i.e. SBI MCLR of 8.65% + 1.00%

During FY 2023-24, the Petitioner is able to bring down the cost of financing, hence, as per the Business Plan Regulations, 2023, the Petitioner is eligible for sharing of Incentive.

The relevant extracts of Regulation 71 of the Tariff Regulations, 2017 is reproduced herein below:

"71. The Utility shall make every effort to refinance the loan so as to reduce the cost of financing, the net saving in ARR due to such reduced financing cost shall be shared with the consumers in the manner as specified in the Business Plan Regulations specified by the Commission."

Further the Petitioner would like to highlight the following:

- a) Due to huge build-up of Regulatory Asset and acute shortfall of cash flow in the absence of cost reflective tariff in past years, the Petitioner has been resorting to refinancing the debt repayment with new loans. In spite of the stretched liquidity situation, it has always been the endeavor of the Petitioner to bring down the cost and continuous efforts have been made towards the same.
- b) Purpose of Regulation 71 of (Terms and Conditions of Determination of Tariff) Regulations 2017 ("Tariff Regulations 2017) read with Regulation 31 of DERC Business Plan Regulations 2023 is to incentivize the Discom reducing cost of capital thereby putting less burden on its consumer and sharing the said incentives with consumers.
- c) If the loans are not refinanced or reset on periodic interval as per loan agreement then pre-payment penalty is applicable as per terms and conditions of loan agreement. Therefore, refinance/reset has to be done around that time only.

- d) At the time of reset also, negotiations are initiated from the Petitioner side to reduce the interest rates as no bank will offer reduce rates at time of reset on its own.
- e) Refinancing with same bank helps to avoid any cost incurred and total benefit is passed to the consumers which would not have been possible if refinanced with some other bank.
- f) If the Petitioner's interest rates are compared with other DISCOMS operating in Delhi, it clearly shows the efforts and negotiations initiated by the Petitioner to reduce interest rates in the range of 8%-9% thereby resulting in significant savings to consumers in terms of lower ROCE, Carrying Cost etc.

The aforementioned benefit is being generated by virtue of efficient and better operations by the Petitioner which is also recognized by the credit rating agencies and lenders, resulting in better interest rates on loan portfolio as compared to the other DISCOM's.

The Petitioner has been able to bring down the overall cost of funds which demonstrates enormous efforts put in by the Petitioner in getting the interest rate reduced beyond 'reset of loan on its own'.

Computation of total Refinance Incentive and sharing of the Petitioner is given below:

**A) Incentive Computation with respect to reduction in interest rate of Capex/
Working Capital loans**

The Petitioner has first computed actual cost of debt and benchmark rate for comparison. The differential amount if any is applied on amount of debt both for capex and working capital loans as total savings and then 50% of the said savings has been kept by the Petitioner as refinance incentive.

Table 3.49: Computation of Incentive to be kept by the Petitioner is given below:

S. No.	Particulars	Amount of Debt	Actual Rate of Interest	Rate of Interest considered for Incentive	Total Incentive (Rs. Cr.)	Petitioner Share (Rs. Cr)
A	Capitalization	1,820.89	8.33%	9.65%	24.11	12.05
B	Working Capital	1,022.41	7.49%	9.65%	22.03	11.02
C	Total Incentive					23.07

The Petitioner has then reduced its share of incentive of Rs 23.07 Cr. from the Revenue available towards ARR.

B) Incentive Computation with respect to reduction in interest rate of Revenue Gap loans

The Petitioner has first computed the Carrying Cost rate based on benchmark rate and then compared the computed carrying cost rate as sought for the Truing up. The differential amount if any is considered as total saving and then 50% of the said savings has been kept by the Petitioner as refinance loan incentive.

Table 3.50 Computation of Incentive to be kept by the Petitioner is given below:

S. No.	Particulars	Amount of Debt	Rate of Interest	Rate of Interest considered for Incentive	Total Incentive Rs. Cr	Petitioner Share Rs. Cr
A	Revenue Gap	5,396.05	8.46%	9.65%	63.98	31.99

The Petitioner has then reduced its share of incentive of Rs 31.99 Cr. from the Revenue available towards ARR.

Computation of Net Revenue available towards ARR

In the given below table, the Petitioner has computed Revenue available towards ARR (net of Incentive towards refinancing of capex loans and revenue gap loans).

Table 3.51: Computation of Net Revenue available with the Petitioner is given below

S. No.	Particular	Actual as per Petitioner Rs. Cr	Remark
A	Revenue Available	9,342.83	Table 3.11
B	Less- Incentive towards Capex Loan/working capital	23.07	Table 3.49
C	Less- Incentive towards Revenue Gap Loan	31.99	Table 3.50
D	Revenue Available towards ARR net of Incentives	9,287.77	(A-B-C)

Revenue Surplus / Gap for FY 2023-24

Based on above submission the Petitioner has computed actual Revenue Gap for FY 2023-24 as given in the table below;

Table 3.52: Computation of Revenue surplus/ (Gap) for FY 2023-24

S. No.	Particular	Actual as per Petitioner Rs. Cr	Remark
A	Revenue Available towards ARR net of Incentives	9,287.77	Table 3.51
B	Aggregate Revenue Requirement (net of carrying cost)	9,033.45	Table 3.47
C	Revenue Surplus/(Gap)	254.32	(A-B)

True up of Rithala for FY 2023-24

The Petitioner had filed following Petitions in relation to its 94.8 MW Rithala Combined Cycle Power Plant ("Rithala CCPP"):

- (a) **Petition No. 11 of 2009**, filed on 21.08.2009 under section 62, 86(1) (b) of the Electricity Act, 2003 seeking approval of "Terms and Conditions for Sale and Purchase of Power" executed between the Generation and Distribution division of TPDDL i.e. TPDDL-G (formerly known as NDPL-G) and TPDDL-D (formerly known as NDPL-D).
- (b) **Petition No. 07 of 2010**, filed on 26.02.2010 under clause 5.5 and 11 of the License Conditions of TPDDL's Distribution and Retail Supply License issued by this Hon'ble Commission, seeking approval regarding usage of 6 Acres of land located in NDPL/TPDDL's licensed area for setting up the Rithala Combined Cycle Power Plant
- (c) **Petition No. 06 of 2013**, filed on 23.11.2012 under section 86 (1) (a) of the Electricity Act, 2003 seeking determination of final Generation Tariff for its 94.8 MW Rithala Combined Cycle Power Plant under Section 62 read with Part VII of the Electricity Act, 2003 and the Delhi Electricity Regulatory Commission (Terms & Conditions for Determination of Generation Tariff) Regulations, 2007 & 2011

1.1 On 31.08.2017, this Hon'ble Commission has passed an Order disposing of the aforesaid Petitions, i.e., Petition No. 11 of 2009, 07 of 2010, and 06 of 2013 with following findings, as under:

27. In view of the foregoing discussion and the deliberations carried out in the preceding notes ante and the records placed before the Commission, the petitions are decided as follows:

(a) Petition No. 11 of 2009: under Section 62, 86(1) of the Electricity Act, 2003 seeking approval of Terms and Conditions for Sale and Purchase of Power between two divisions of the Petitioner viz. TPDDL (G) and TPDDL (D) is allowed to the extent of permission granted by Govt. of Delhi for operation of the Plant i.e. 06 year from the year of COD in Combined Cycle Mode which comes out to be March, 2018.

...

(c) Petition No. 6 of 2013: under Section 62, 86(1) of the Electricity Act, 2003 seeking approval of the generation tariff, the Commission approves fixed charges and operational parameter required for computation of energy charges as indicated in para 21 and 22, respectively for The Petitioner's 94.80 MW Rithala Plant. The Petitioner shall file true up petitions based on the applicable Regulations for the aforesaid parameters for finalization of generation tariff for the respective years."

1.2 On 03.10.2017, Petitioner in view of the aforesaid Order, filed Petition No. 51 of 2017 before the Hon'ble Commission seeking True Up for FY 2010-11 to FY 2016-17 and ARR for FY 2017-18, which was later amended during pendency of Petition to include True Up of FY 2017-18. The said amendment was allowed by the Hon'ble Commission and after detailed hearings on the said True up Petition, the Hon'ble Commission passed suitable order in Petition 51 of 2017 on 11th Nov'2019.

1.3 While passing the said True up order, the Hon'ble Commission dealt with various issues including the aspects on depreciation, recovery of cost of the Rithala plant, useful life etc. It is pertinent to mention that the Hon'ble Commission in the order dated 11th Nov'2019 has observed as follows:

"COMMISSION ANALYSIS

5.3.1 The Commission observed that the contention of the Petitioner for consideration of useful life of the plant for 6 years cannot be considered as the Commission in its order dated 31.08.2017 determined the useful life of the Petitioner plant as 15 years based on the certificates issued by the various agencies appointed by the Petitioner.

5.3.2 The plant has useful life of 15 years and it has been used for around 6 years only, the market value after usage of 6 years would not only be 10%, but a much better value in commensuration with the remaining useful life of the said plant. The Petitioner has informed that sincere efforts are being made for the disposal of the plant but things have not reached to the final stage, it is likely to take some more time.

5.3.3 In such a situation, without waiting for the final disposal of the plant, the petitioner is allowed depreciation as per the extant regulations. The Petitioner is allowed depreciation @6% as per the specified formula to recover the cost in 15 years.

Accordingly, the depreciation for the period FY 2012-13 to FY 2017-18 at the rate of 6% in line with the provisions of DERC MYT Regulations, 2011 and DERC Tariff Regulations, 2017 is as under:

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Depreciation (Rs. Crore)	11.86	11.86	11.86	11.86	11.86	11.86

5.3.4 Depreciation for the FY 2010-11 and FY 2011-12 has already been approved as Rs.12.18 crore vide Tariff Order dated 31.08.2017. Accordingly, the cumulative depreciation for the period from FY 2010-11 to FY 2017-18 comes out to be Rs.83.34 crore."

The Hon'ble Commission in its Tariff Order for Rithala has approved total capital cost of Rs 197.70 Cr. Against the said capital cost, total Depreciation of Rs. 83.34 Cr. & advance against depreciation of Rs. 1.59 Cr. has been allowed upto FY 2017-18 and Rs. 57.71 Cr is pending for true up from FY 2018-19 to FY 2022-23. Thus, the remaining WDV of Rithala plant of Rs. 35.01 Cr. should be allowed to the Petitioner. Working of the same is given below:

Table 3.53: Remaining WDV of Rithala Plant

Particulars	Amount (Rs. Cr.)
Total Capital Cost of Rithala	197.70
Trued up Depreciation upto FY 2017-18	83.34
Trued up Advance Against Depreciation upto FY 2017-18	1.59
Depreciation sought for FY 18-19 to FY 22-23	57.71
Capitalized amount pending for recovery (net of Depreciation)	55.05
Less- Scrap Value (as per valuation report)	20.04
Net Amount recoverable as on 31.03.2023	35.01

It is further submitted that the above claim of the Petitioner for full recovery (based on the assumption of 6 years permitted life) was made to the Hon'ble Commission in the backdrop of the efforts to sell the said plant to some interested party. The same did not fruitify till the time the said Petition was heard, disposed off by the Hon'ble Commission on 11th Nov'2019.

Further, it is worth to mention that the Hon'ble Commission in aforesaid para 5.3.2 duly acknowledges the said factum of plant's life to be 15 years and without waiting for the sale/disposal of the Plant, the Hon'ble Commission proceeded to determine the depreciation @ 6% and allow the Petitioner the recovery of cost of plant in 15 years.

Thus, in light of the said finding, the Petitioner is entitled to recover the cost of plant in 15 years along with the normal true up of respective year ARR.

The Petitioner shall act in accordance with the said finding, observation of the Hon'ble Commission and alternatively seek Y-o-Y recovery of all Tariff cost components to recover the cost of plant in the remaining successive years in respective True up Petitions as filed from time to time.

In the current tariff petition, the Petitioner is seeking true up of FY 2023-24 for distribution segment, therefore, in light of the aforesaid submissions also seeking true up of Rithala plant for FY 2023-24 in this petition.

Table 3.54 Computation of the ARR for Rithala plant is given below (FY 2023-24): Rs Cr.

Particulars	Amount (Rs. Cr.)	Remark
O&M expenses	1.74	Based on Actuals (Refer note 42, Segment wise bifurcation will be shared during Prudence Check)
Depreciation	11.86	In line with para 5.3.3 of Rithala Tariff Order Nov, 2019
RoCE	5.07	As computed below in Table 3.55
Income Tax	0.40	As computed below in table 3.56
Incentive for refinancing of loans	0.27	As computed below in table 3.57
Total	19.33	

The Petitioner has computed ROCE in line with Tariff Regulations, 2017 issued by the Hon'ble Commission

Table 3.55 Computation of the ROCE for Rithala Plant for (FY 2023-24)

Particulars	Amount (Rs. Cr)	Remark
Opening Original Cost of Fixed Assets (OCFAo)	197.70	In line with para 5.4.16 of Rithala Tariff Order Nov, 2019
Opening Accumulated depreciation (ADo)	142.65	
Opening Working capital (WCo)	4.07	
Opening RRB (RRBo)	59.12	
Depreciation during the year (Di)	11.86	

Particulars	Amount (Rs. Cr)	Remark
Change in capital investment (Δ ABi)	-11.86	
Change in working capital during the year (Δ WCi)	-0.18	
RRB Closing	47.08	
RRBi	53.01	
Opening Equity for Capitalisation (limited to 30%)	16.52	
Closing Equity limiting to 30% of net capitalisation	12.96	
Average Equity for Capitalisation (limited to 30%)	14.74	
Opening Debt at 70% of net capitalization	38.54	
Closing Debt at 70% of net capitalization	30.23	
Avg Debt at 70% of net capitalization	34.38	
Debt at 100% of working capital	4.07	
Debt- balancing figure	38.45	
Rate of return on equity (re)	13%	
Rate of debt (rd) on capitalisation	8.33%	
Rate of debt (rd) on working Capital	7.49%	
WACC	9.56%	
RoCE	5.07	

Based on the ROE allowed to the Petitioner, Income tax liability based on the effective tax rate on the ROE is computed in the table below:

Table 3.56 Computation of the ROCE for Rithala Plant

Particulars	Amount (Rs. Cr.)	Remark
Average Equity – Rs Cr.	14.74	
ROE %	13.00%	
ROE – Rs Cr.	1.92	
Income Tax Rate	17.17%	Effective Tax Rate as per Audited Financial Statement
Income Tax on ROE – Rs Cr.	0.40	

Further, in line with the BPR, 2023 if the actual cost of financing is lower than the SBI MCLR +1% margin, in that scenario, the Petitioner is eligible to claim incentive for refinancing on loans.

Table 3.57 Computation of Incentive for refinancing of loans is given below:

Particulars	Debt Amount Rs. Cr	Cost of Debt	SBI MCLR+ 1%	Difference for Incentive Rs. Cr	Amount of Incentive Rs. Cr
Avg Debt at 70% of net capitalization	34.38	8.33%	9.65%	0.46	0.23
Debt at 100% of working capital	3.89	7.49%	9.65%	0.08	0.04
Total amount of Incentive					0.27

The said approach of the Petitioner is based on the interpretation of order dated 11th Nov'2019 and is without prejudice to its rights and contentions. The act of seeking the said Tariff components, depreciation etc. in True up Petition for FY 2023-24, shall not be construed as any kind of waiver, surrender of any rights, claims of Tata Power-DDL qua the order dated 11th Nov'2019 in Petition 51 of 2019.

Computation of Carrying Cost and Closing Revenue Gap

The Hon'ble Commission has provisionally approved closing revenue gap of Rs. 5,787.70 Cr upto FY 2020-21 as per previous True Up Order dated 19th July/2024. The Petitioner has considered same amount as opening Revenue Gap along with the revenue gap for FY 2021-22 & FY 2022-23 as per True up petition filed by the Petitioner against which Tariff order is yet to be released by the Hon'ble Commission.

Table 3.58: Computation of closing Revenue Gap for FY 2023-24

S. No	Particulars	Amount (Rs. Cr.)	Remark
A	Opening Provisional trued up Revenue Gap upto FY 21	-5,787.70	True up order FY 20-21(para no. 3.374)
B	Add: Revenue Gap sought for FY 2021-22 (including carrying cost & DRRS)	-789.04	True up FY 21-22 Petition (Table no. 3.67)
C	Closing Provisional trued up Revenue Gap upto FY 22	-6,576.74	(A+B)
D	Impact of Various Judgement	-402.48	Table 2.1
E	Revised Opening Revenue Gap upto FY 23	-6,979.22	(C+D)
F	Add: Revenue Gap sought for the year FY 23	-846.92	True up FY 22-23 Petition (Table no. 3.65)
G	Opening Revenue Gap upto FY 24	-7,826.14	(E+F)
H	Add: Revenue Gap sought for the year	254.32	Table 3.52
I	Add: Rithala impact	-19.33	Table 3.54
J	Total addition during the year	234.98	(H+I)
K	Average revenue gap	-7,708.65	(G+J/2)
L	Carrying Cost Rate	9.83%	
M	Add: Carrying Cost	-757.38	(G+J/2)*L
N	Less- Realization from 8% Deficit recovery surcharge	583.69	Table 3.9
O	Closing Revenue Gap	-7,764.84	(G+J+M+N)

The Petitioner has computed carrying cost @ 9.83% considering actual cost of debt @ 8.46%, on the average balance of revenue gap for the year. During FY 2023-24 the Petitioner has collected Rs 583.69 Cr towards 8% Deficit Revenue Recovery Surcharge and adjusted the said amount against the total of closing revenue gap of Rs. 7,764.84 Cr. in line with the Hon'ble Commission directions for adjusting the 8% DRRS against the liquidation of Revenue Gap.

The Hon'ble Commission in True up order July'24 has implemented the impact of finalised capitalisation on the basis of Physical Verification of assets. Thus, the Revenue gap for FY 2021-22 & FY 2022-23 will revise as against the Revenue gap filed in respective Tariff petition for FY 2021-22 & FY 2022-23 due to consequential impact of capitalisation along with carrying cost.