

3. Methodology for Truing up of FY 2018-19

Tata Power- DDL seeks the True up of FY 2018-19 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 0 of these Regulations;

(f) Interest on working capital loan shall be trued up every year based on the working capital requirements specified in Regulation 0 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 along with New Initiatives, Statutory Levies, Taxes etc.
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 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

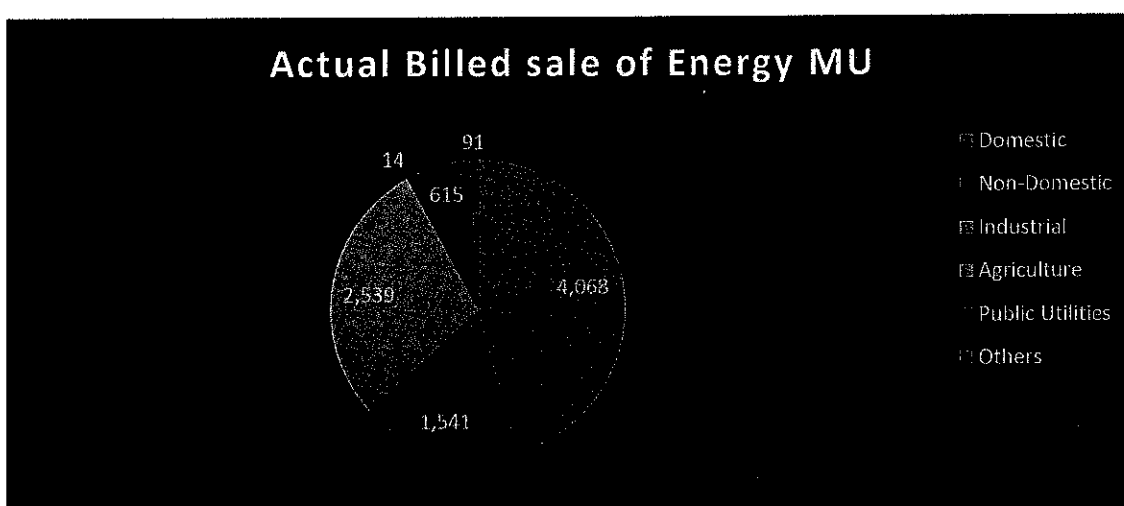
Revenue Billed for FY 18-19

In its Tariff Order for FY 2018-19, the Hon'ble Commission had projected billed sale of energy of 8,870 MU for the FY 2018-19. Against the same, Tata Power- DDL has actually billed 8,867 MU as sale of energy including actual own consumption of 12.27 MU. Given below is the table showing the category wise comparative between projected energy sale and actual energy billed.

Table 3.1: Category wise billed energy sale (Projected vis-à-vis Actual) for FY 2018-19

S. No.	Category	Approved Projected Billed sale of Energy (MU)	Actual Billed sale of Energy (MU)
1	Domestic	4,169	4,068
2	Non-Domestic	1,552	1,541
3	Industrial	2,437	2,539
4	Agriculture	12	14
5	Public Lighting	156	615
6	Delhi Jal Board	256	
7	Railway Traction	0	
8	DMRC	163	
9	Others	125	91
	Grand Total	8,870	8,867

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



The Hon'ble Commission in its Business Plan Regulations, 2017 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, Tata Power- DDL has considering actual consumption of 12.27 MU towards own consumption. against the normative own consumption of 22.14 MU.

Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2018-19

S. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold
		MW	No.	MU
1	Domestic	3,007	14,05,149	4,068
2	Non-Domestic	1,291	2,27,936	1,541
3	Industrial	1,430	31,768	2,539
4	Agriculture	29	4,203	14
5	Public Utilities	179	5,529	615
6	Advertisement & Hoardings	1.00	262	0.42
7	E-Rickshaw	3	380	7
8	Own Consumption	17	361	12
9	Others	49	20,314	72
	Total	6,006	16,95,902	8,867

Further, the Hon'ble Commission in its Tariff Order for FY 2018-19 had projected total revenue of Rs. 7,222.82 Cr. out of which Rs. 6,836.63 Cr. Cr. had been projected towards fixed charges & Energy Charges and balance Rs. 546.93 Cr. (i.e. 8% Deficit Recovery Surcharge to be applied on fixed and energy charges) had been projected towards recovery of carrying cost and accumulated revenue gap. Given below is the category wise billed revenue projected for FY 2018-19.

Table 3.3: Category wise Projected billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2018-19

S. No.	Category	Net Units Sold "A"	Fixed Charges Billed – "B"	Energy Charges Billed- "C"	Total Revenue "D" =(B+C)"	ABR/kWh E= D/A*10	Deficit Recovery Surcharge of 8% F= D*8%
		MU	Rs. Cr.				Rs. Cr.
1	Domestic	4,169	548.25	1,721.99	2,270.24	5.45	181.62
2	Non-Domestic	1,552	444.35	1,279.15	1,723.50	11.11	137.88
3	Industrial	2,437	512.83	1,811.62	2,324.45	9.54	185.96
4	Agriculture	12	4.52	1.87	6.39	5.33	0.51
5	Public Lighting	156	34.27	89.85	124.12	7.96	9.93
6	Delhi Jal Board	256	24.24	148.78	173.02	6.76	13.84
7	Railway Traction	0	0.00	0.00	0.00	0.00	0.00
8	DMRC	163	11.37	90.11	101.48	6.23	8.12
9	Others	125	16.22	97.21	113.43	9.07	9.07
	Grand Total	8,870	1,596.05	5,240.58	6,836.63	7.71	546.93

Against the said projected billed revenue, Tata Power- DDL has actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 7,430.53 Cr. (net of Pension trust surcharge & E. Tax) at approved Retail Supply Tariffs.

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

Table 3.4 Category wise Actual billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2018-19

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 8%
		MW	No.							
1	Domestic	3,007	14,05,149	4,068	497.81	1,692.61	45.50	2,235.92	5.50	175.26
2	Non-Domestic	1,291	2,27,936	1,541	400.13	1,285.37	39.32	1,724.82	11.19	134.89
3	Industrial	1,430	31,768	2,539	452.76	1,910.81	60.32	2,423.88	9.55	189.64
4	Agriculture	29	4,203	14	4.45	2.21	0.16	6.82	4.96	0.53
5	Public Utilities	179	5,529	615	54.21	376.92	10.72	441.85	7.19	34.04
6	Advertisement & Hoardings	1	262	0	0.18	0.37	0.01	0.56	13.12	0.04
7	E-Rickshaw	3	380	7	0.02	3.76	0.13	3.90	5.81	0.30
8	Own Consumption	17	361	12	0.00	0.00	0.00	0.00	0.00	-
9	Others	49	20,314	72	13.35	47.08	1.47	61.90	8.61	5.86
10	(-)Open Access Charges (to be treated separately)					(8.42)		(8.42)		(1.26)
	Total	6,006	16,95,902	8,867	1,422.91	5,310.71	157.62	6,891.24	7.77	539.30
Reconciliation Statement with the Audited Form 2.1 a										
	Billed amount of Fixed Charges									1,422.91
	Billed amount of Energy Charges									5,310.71
	Billed amount of PPAC Charges									157.62
	Billed Amount of 8% Deficit Recovery Surcharge									539.30
	Billed amount of E. Tax									287.15
	Billed amount of Pension Trust Surcharge of 3.80%									255.63
	Total amount of Revenue Billed									7,973.31
	Average Billing Rate at gross level/ Rs. kWh									8.99

(Auditor Certificate for Billed Energy & Revenue billed is attached as Annexure "A-1" in Volume II of the Petition)

Pension Trust Surcharge of 3.80%

The Hon'ble Commission in its Tariff Order for FY 2018-19, has increased Pension Trust surcharge of 3.70% to 3.80% which was applicable w.e.f. 01st Apr, 2018 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 18-19, Tata Power DDL has billed an amount of Rs. 256.22 Cr as Pension Trust Surcharge and collected an amount of Rs 256.07 Cr. The recovery made in FY 18-19 includes outstanding recovery of billed amount at the end of FY 2017-18.

Table 3.5: Pension Trust amount billed and collected for FY 2018-19 (Rs. Cr.)

S. No.	Particulars	Other than Open Access	From Open Access	Total Amount
1	Amount billed on account of Pension Trust Surcharge	255.63	0.60	256.22
2	Amount Collected in FY 2018-19*	255.47	0.60	256.07

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

It is worth to mention that in the last Tariff Order dated July 31, 2019, for the purpose of computation of Deficit amount as per the directive 6.2 of Tariff Order 31.08.2017, the Hon'ble Commission had considered entire amount of billed PT surcharge of Rs 113.78 Cr. instead of considering collection of Rs. 109.90 Cr, therefore, resulting into lower allowance of deficit of Rs 3.38 Cr. The Petitioner aggrieved by this methodology has challenged the issue vide Review Petition filed against the Tariff order 31.07.2019 before this Hon'ble Commission and it is prayed to the Hon'ble Commission to consider the collection amount in place of billed amount and allow deficit of Rs 3.38 Cr for FY 2017-18 along with carrying cost. It is further submitted that if the Hon'ble Commission decides to keep the status quo, then it is requested to the Hon'ble Commission to adjust the aforesaid deficit of of Rs 3.38 Cr along with carrying cost form the total collected amount of PT surcharge for FY 2018-19.

Computation of Billing Efficiency and Overachievement Incentive

The Hon'ble Commission in its Business Plan Regulations, 2017 has specified the target for Distribution Loss Level for the current control period (FY 2017-18 to FY 2019-20). Relevant extract of the Business Plan Regulations, 2017 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	2017-18	2018-19	2019-20
1	BSES Rajdhani Power Limited	10.93%	10.19%	9.50%
2	BSES Yamuna Power Limited	13.00%	11.69%	10.50%
3	Tata Power Delhi Distribution Limited	8.38%	8.19%	8.00%
4	New Delhi Municipal Council	10.30%	9.63%	9.00%

Methodology for computation of AT&C loss level has been provided in Regulation 4.7 (a), (b) and (c) of MYT Regulations, 2011.

From the above table, it can be seen that target Distribution Loss Level for FY 2018-19 has been fixed @ 8.19%. Against the said target, Tata Power DDL has achieved actual Distribution loss level of 7.93% for FY 2018-19. Computation of the actual distribution loss level is given below:

Table 3.6: Computation of T&D loss and overachievement for FY 2018-19

S. No.	Particulars	MU	Remark
A	Input	9,631.15	Table 3.27
B	Billed Units	8,867.37	Table 3.4
C	Actual Distribution Loss Level	7.93%	(1-B/A)
D	Target Distribution Loss Level	8.19%	Table 3.7
E	Overachievement/(Underachievement)	0.26%	(D – C)

Further the 25(4) of the Business Plan Regulation, 2017 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 $2/3^{\text{rd}}$ to Consumers and $1/3^{\text{rd}}$ 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 $1/3^{\text{rd}}$ to Consumers and $2/3^{\text{rd}}$ to Distribution Licensee."

Based on above table, previous year loss target has been considered at 8.38% for the purpose of computation of sharing of incentive.

Table 3.7: Actual Distribution loss level for FY 2018-19

S. No.	Particulars	MU	Remark
A	Previous year target	8.38%	
B	Target Distribution Loss Level	8.19%	
C	Actual Distribution Loss Level	7.93%	Table 3.6

Table 3.8 Overachievement Incentive on account of reduction in Distribution Loss Level

S. No.	Particulars	MU	Remark
A	Billed Sales	8,867.37	Table 3.4
B	Actual Distribution Loss Level	7.93%	Table 3.6
C	Target Distribution Loss Level	8.19%	Table 3.7
D	Actual Input @ actual distribution loss level	9,631.15	Table 3.27
E	Desired Input @ Target distribution loss level	9656.16	D+D*(C-B)
F	Saving In Input (MU) due to lower distribution loss level	25.01	(E-D) or D*(C-B)
G	Power Purchase Cost	5.98	Table 3.27
H	Total Overachievement Incentive	14.95	F*G/10
I	TPDDL Share	8.05	

Revenue Realization

Computation of Collection Efficiency and overachievement incentive for FY 18-19

Regulation 10 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 3.9: Revenue Billed for the purpose of computation of collection efficiency for FY 18-19

S. No.	Particular	UoM	Amount	Remark
A	Total Revenue Billed as per Form2.1a	(Rs Cr)	7,973.31	Note 39.1 of the Audited Financial Statement
B	Less- Electricity Tax	(Rs Cr)	287.15	
C	Less- 8% Deficit Revenue Recovery Surcharge	(Rs Cr)	539.30	
D	Less- Pension Trust Surcharge	(Rs Cr)	255.63	
E	Net Revenue Billed	(Rs Cr)	6,891.24	(A-B-C-D)

During the FY 2018-19 Tata Power- DDL has realized an amount of Rs. 7,973.91 Cr against the total revenue billed of Rs. 7,973.31 Cr. Given below is the working of revenue collection to be considered for truing up of AT&C Loss Level:

Table 3.10: Amount of revenue available for AT&C Computation for FY 2018-19 (Rs Cr)

S. No.	Particular	Amount	Remarks
A	Total Revenue Realized	7973.91	Note 39.2 of the Audited Financial Statement
B	Less: Electricity Tax	281.10	
C	Less: 8% Deficit Revenue Recovery Surcharge	540.29	
D	Less: Pension Trust Surcharge	255.47	
E	Revenue Collected for Collection Efficiency	6,897.04	(A-B-C-D)

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

Table 3.11: Computation of Collection Efficiency and Incentive for FY 18-19

S. No.	Particular	UoM	Amount	Remarks
A	Amount Billed	(Rs Cr)	6,891.24	Table 3.4
B	Amount Collected	(Rs Cr)	6,897.04	Table 3.10
C	Collection Efficiency	%	100.08%	(B/A)
D	Target collection efficiency	%	99.50%	As per BPR,2017
E	Amount of Collection over and above 99.50% target		40.25	A*(C-D)
F	Sharing of Incentive			
	Discoms (50% upto 100% and 100% beyond 100% collection)		23.03	
	Consumers (50% upto 100% collection)		17.23	

Computation of Revenue Available for FY 2018-19

The Computation of net revenue available after adjusting the Incentive towards lower Distribution Loss Level and Higher Collection Efficiency is given below:

Table 3.12: Computation of Revenue available for FY 18-19 (Rs Cr.)

S No.	Particular	Collection Other than (DRS/PTS)	Remarks
A	Total Collection	6,897.04	Table 3.10
B	Less- Overachievement Incentive towards Lower Distribution Loss	8.05	Table 3.8
C	Less- Overachievement incentive towards Collection	23.03	Table 3.11
D	Collection available towards ARR	6,865.96	(A-B-C)

Power Purchase

Power Purchase Quantum

During FY 2018-19, the Petitioner has purchased 12,074.79 MUs out of which 2,086.36 MUs of surplus energy was sold as short term sale of surplus power.

Deducting the Inter-State transmission loss of 257.38 MUs and Intra-State transmission loss of 99.88 MUs, the Petitioner has submitted a net power purchase quantum of 9,631.15 MUs (excluding open access quantum consumed by open access consumers) delivered at TPDDL distribution periphery.

The summary of power purchase quantum for FY 2018-19 as per Auditor certificate as Annexure A-3 is given below:

Table 3.13: Power Purchase Quantum (MUs) for FY 2018-19 as per Auditor's certificate

S. No	Particulars	Actual Power Purchase	Remarks / Ref
A	Power Purchase:		
I	Power Purchase Quantum	10,980.05	
ii	Short Term Power Purchase quantum	1,094.74	
iii	Short term sale of Power	(2,086.36)	
	Sub-total Power Purchase	9,988.42	(i+ii+iii)
B	Transmission Loss:		
I	Inter-State Transmission Loss	(257.38)	
ii	Intra-State Transmission Loss	(99.88)	
	Sub-total Total Transmission Loss	(357.26)	(i+ii)
C	Net Power Available after Transmission Loss	9,631.15	(A+B)

Actual consumption

It is submitted that Delhi SLDC issues weekly UI bills from where the actual drawl by a utility is finalized. It may be noted that there is a time lag of approx. 2-3 months in issuing of the UI bills by Delhi SLDC and at the time of finalizing of accounts for FY 2018-19, the UI bills were not issued for the period 25th February 2019 to 31st March 2019. Hence TPDDL had

taken a provision of the actual consumption MUs for the months for which bills were not issued. The breakup of consumption in FY 18-19 is as under:

Table 3.14: Input (MUs) as per Auditor Certificate

Particulars	For FY 2018-19
A. Actual demand of FY 18-19 as per Delhi SLDC UI bills	8,950.42
B. Less: Adjusted towards consumption by Open Access consumer	(19.41)
C. Add: TATA Power-DDL own Solar generation not included in A above	2.08
D. Add Provisional adjustment of UI bills	697.77
E. Add: Net metering units	0.29
Total Input available for consumption by TPDDL consumers	9,631.15

Hence, Input considered for FY 18-19 is 9,631.15 MU.

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

The Hon'ble Commission has projected energy purchase of 10558.24 MU for FY 2018-19. During the year, the Petitioner has purchased 10980.05 MU from long term sources.

Table 3.15: Energy Purchased (MU) from Central Generating Stations during FY 2018-19

S. No.	Particulars	Energy (MU) Projected	Energy (MU) Actual	Difference
A	NTPC			
	Anta Gas Power Station	54.50	5.70	(48.80)
	Auraiya Gas Power Station	40.20	4.17	(36.03)
	Dadri Gas Power Station	86.38	25.98	(60.40)
	FARAKKA	31.00	41.12	10.12
	KAHALGAON_I	106.00	98.67	(7.33)
	NCPD_DADRI	33.48	47.96	14.48
	RIHAND_I	211.00	213.57	2.57
	RIHAND_II	271.00	286.48	15.48
	SINGRAULI	319.00	319.90	0.90
	UNCHAHAHAR_I	32.00	42.96	10.96
	UNCHAHAHAR_II	63.00	82.51	19.51
	UNCHAHAHAR_III	39.00	48.31	9.31
	KAHALGAON_II	339.00	325.10	(13.90)

S. No.	Particulars	Energy (MU) Projected	Energy (MU) Actual	Difference
	DADRI EXTENSION	37.68	48.90	11.22
	ARAVALI	2,932.00	2,752.92	(179.08)
	Sub-Total NTPC	4,595.24	4,344.24	(251.00)
B	NHPC			
	BAIRA SIUL	26.00	11.52	(14.48)
	CHAMERA_I	40.00	58.78	18.78
	CHAMERA_II	61.00	59.80	(1.20)
	CHAMERA_III	42.00	39.23	(2.77)
	DHAULIGANGA	46.00	43.11	(2.89)
	DULHASTI	75.00	86.78	11.78
	Parbati_III	37.00	23.55	(13.45)
	SEWA_II	22.00	19.86	(2.14)
	TANAKPUR	18.00	13.27	(4.73)
	URI	88.00	98.74	10.74
	Uri_II	46.00	63.48	17.48
	Sub-Total NHPC	501.00	518.12	17.12
C	NCPP			
	RAPS_5 & 6	75.00	92.94	17.94
	NPCIL_NAPS	97.00	129.05	32.05
	Sub-Total Nuclear	172.00	222.00	50.00
D	Other Stations			
	MPL	2,089.00	1,934.66	(154.34)
	Haryana CLP Jhajjar (LT-5)	570.00	574.65	4.65
	DVC Chandrapur (Ext. 7 & 8)	651.00	601.74	(49.26)
	Mejia unit_6	217.00	119.11	(97.89)
	Sasan UMPP	400.00	433.68	33.68
	KOTESHWAR	35.00	36.42	1.42
	TEHRI HEP	51.00	60.58	9.58
	SJVNL	175.00	185.77	10.77
	Tala HEP	30.00	19.59	(10.41)
	Others Total	4,218.00	3,966.20	(251.80)
E	State Generating Stations			
	BTPS	197.00	305.86	108.86
	GTPS	53.00	186.49	133.49
	Pragati_I	159.00	286.11	127.11
	Pragati_III	368.00	941.24	573.24
	Rajghat Power House	-	-1.69	(1.69)
	SGS Total	777.00	1,718.01	941.01
F	RENEWABLE ENERGY			
	Net metering		0.29	0.29

S. No.	Particulars	Energy (MU) Projected	Energy (MU) Actual	Difference
	SOLAR (SECI)	40.00	41.50	1.50
	Own Solar	2.00	2.08	0.08
	DMSWSL	43.00	32.32	(10.68)
	EDWPCL		3.70	
	TOWMCL	50.00	50.23	0.23
	Renewable Total	135.00	130.12	(4.88)
G	Other Generating Stations			
	NHPPL	160.00	37.78	(122.22)
	SHEPL	-	41.05	41.05
	Singrauli and Small Hydro	-	2.53	2.53
	Sub total	160.00	81.35	(78.65)
	Grand Total	10,558.24	10,980.05	421.81

* MU scheduled to the petitioner in FY 18-19 as per invoices. Figures fetched from Audited Power Purchase Certificate Annexure A-3

Short Term Power Purchase

During this financial year the Petitioner has purchased 1094.74 MU through bilateral/exchange/UI/Intrastate/Banking as short-term power purchase. Out of 1094.74 MU the Petitioner has received back 852.65 MUs of banking and purchased 68.36 MU through UI, 34.75 MU through intra state purchase and balance 138.98 MU through Exchange mode. A comparative summary of sources wise short term power purchase from various sources from FY 2018-179 onwards are shown below:

Table 3.16: Details of Short term Power Purchase

S. No.	Particulars	FY 16-17		FY 17-18		FY 18-19*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	-	-	-	-	-	-
B	Banking	1387.53	94%	449.02	70%	852.65	78%
C	Exchange	44.16	3%	133.98	21%	138.98	13%
D	Intra state	6.41	0%	3.85	1%	34.75	3%
E	UI	35.39	2%	50.43	8%	68.36	6%
F	Total	1,473.49	100%	637.28	100%	1,094.74	100%

*Figures fetched from Audited Power Purchase Certificate Annexure A-3

Short Term Power Sale

The Hon'ble Commission had projected 645.28 MU sale of surplus power for FY 2018-19 in its Tariff Order for FY 2018-19. However, during the year the Petitioner has sold 2,086.36 MU of surplus energy out of which 57.34 MU (3%) was sold through UI, 701.39 MU (34%) was banked, 1081.87 MU (52%) was sold through exchange, 201.97 MU (10%) was sold through bilateral arrangement and 43.80 MU (2%) through intra-state arrangements.

A comparative summary of source wise short term power sales through various sources from FY 2018-19 onwards are shown below:

Table 3.17: Details of Short term Power Sales

S. No.	Particulars	FY 16-17		FY 17-18		FY 18-19*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	15.93	1%	18.48	1%	201.97	10%
B	Banking	440.58	24%	904.17	55%	701.39	34%
C	Exchange	888.23	49%	609.76	37%	1081.87	52%
D	Intra state	336.89	18%	44.03	3%	43.80	2%
E	UI	148.14	8%	71.59	4%	57.34	3%
F	Total	1,829.77	100%	1,648.03	100%	2,086.36	100%

*Figures fetched from Audited Power Purchase Certificate Annexure A-3

Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 5708.26 Cr (including cost of RE Certificates) for the gross power purchase quantum of 12,074.79 MUs in FY 2018-19 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 773.61 Cr on account of sale of 2086.36 MU of surplus energy through bilateral, intra-state, UI and exchange has been adjusted against the gross power purchase cost. The Petitioner has also incurred transmission charges of Rs. 975.50 Cr. Thus, arrived at total audited power purchase cost of Rs. 5,910.15 Cr for FY 2018-19. Given below is the plant wise energy procured and its corresponding cost for the year is given below.

Table 3.18: Details of Power Purchase Cost Station wise for FY 2018-19

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Approved In ARR		Sought for True up			Avg. Rate (Rs./ kWh)
					Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	
A	NTPC									
	ANTA	54.5	21	3.85	5.70	6.48	2.15	12.51	21.13	37.10
	AURIYA	40.2	22.96	5.71	4.17	9.00	1.91	20.27	31.19	74.87
	DADRI	86.38	37.98	4.40	25.98	10.90	10.84	11.57	33.31	12.82
	FARAKKA	31	11.71	3.78	41.12	3.81	9.68	-0.16	13.33	3.24
	UNCHAHAHAR_I	32	13.75	4.30	42.96	5.51	12.35	0.05	17.91	4.17
	UNCHAHAHAR_II	63	26.18	4.16	82.51	9.77	23.74	0.33	33.84	4.10
	UNCHAHAHAR_III	39	18.28	4.69	48.31	8.01	13.98	0.09	22.08	4.57
	FEROZE GANDHI TPS 4				-	-0.32	0.00	0.00	-0.31	
	KAHALGAON_I	106	36.3	3.42	98.67	10.74	22.26	0.16	33.15	3.36
	KAHALGAON_II	339	114.15	3.37	325.10	35.94	70.13	0.18	106.25	3.27
	KOLDAM HYDRO				-	1.97	2.09	1.49	5.54	
	NCPP_DADRI	33.48	17.01	5.08	47.96	3.48	18.21	2.19	23.89	4.98
	DADRI EXTENSION	37.68	20.66	5.48	48.90	4.58	17.35	-0.22	21.71	4.44
	RIHAND_I	211	45.08	2.14	213.57	18.21	28.09	0.03	46.33	2.17
	RIHAND_II	271	54.05	1.99	286.48	20.11	37.38	0.32	57.81	2.02
	RIHAND_III					0.76	-0.24	0.24	0.76	
	SINGRAULI	319	63.99	2.01	319.90	20.08	44.38	0.05	64.51	2.02
	ARAVALI	2,932.00	1,573.21	5.37	2,752.92	604.00	935.96	26.72	1,566.68	5.69
	Sub-Total NTPC	4,595.24	2,076.31	4.52	4,344.24	773.02	1,250.26	75.81	2,099.09	4.83
B	NHPC									
	BAIRA SIUL	26	6.3	2.42	11.52	1.20	1.18	0.14	2.52	2.19
	CHAMERR_I	40	12.24	3.06	58.78	5.04	6.28	0.66	11.98	2.04
	CHAMERA_II	61	16.76	2.75	59.80	6.41	6.05	1.04	13.50	2.26
	CHAMERA_III	42	18.35	4.37	39.23	9.72	8.33	0.01	18.05	4.60
	DHAULIGANGA	46	16.66	3.62	43.11	5.64	5.26	2.80	13.70	3.18
	DULHASTI	75	55.17	7.36	86.78	20.41	21.67	5.68	47.77	5.50
	PARBHATI_III	37	18.04	4.88	23.55	5.64	6.45	0.01	12.10	5.14
	SALAL					0.01	0.02	0.22	0.25	
	SEWA_II	22	11.32	5.15	19.86	5.68	4.30	0.19	10.17	5.12
	TANAKPUR	18	7.93	4.41	13.27	3.32	2.19	0.20	5.71	4.30
	URI	88	19.64	2.23	98.74	9.13	8.17	4.27	21.58	2.19
	Uri_II	46	30.03	6.53	63.48	17.90	12.52	3.23	33.65	5.30
	WATER CESS				-	-	-	10.00	10.00	
	Sub-Total NHPC	501	212.43	4.24	518.12	90.12	82.40	28.46	200.97	3.88
C	NCPP									

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)
		Approved In ARR			Sought for Trued up					
	RAPS_5 & 6	75	25.56	3.41	92.94	-	27.57	2.61	30.19	3.25
	NPCIL_NAPS	97	22.98	2.37	129.05	-	50.55	2.59	53.14	4.12
	Sub-Total Nuclear	172	48.54	2.82	222.00	-	78.12	5.20	83.32	3.75
D	Other Stations									
	MAITHON POWER	2,089.00	740.92	3.55	1,934.66	307.27	499.96	8.07	815.29	4.21
	Haryana CLP JHAJJAR	570	257.14	4.51	574.65	89.84	198.19	5.76	293.79	5.11
	DVC CHANDRAPUR (Ext. 7 & 8)	651	158.56	2.44	601.74	95.85	111.26	0.29	207.40	3.45
	MEJIA UNIT_6	217	68.1	3.14	119.11	20.18	34.21	1.33	55.72	4.68
	SASAN UMPP	400	51.61	1.29	433.68	6.39	49.86	3.99	60.24	1.39
	KOTESHWAR	35	13.22	3.78	36.42	7.49	7.42	32.33	47.24	12.97
	TEHRI HEP	51	38.69	7.59	60.58	15.57	14.83	0.36	30.77	5.08
	SJVNL	175	39.81	2.27	185.77	26.34	22.70	0.70	49.74	2.68
	TALA HEP	30	6.48	2.16	19.59	-	4.95	-	4.95	2.53
	Sub-Total Others	4,218.00	1,374.53	3.26	3,966.20	568.93	943.39	52.82	1,565.14	3.95
	Grand Total(A to D)	9,486.24	3,711.81	3.91	9,050.56	1,432.08	2,354.17	162.29	3,948.53	4.36

Energy availability from State Gencos

The energy scheduled along with total cost to the Petitioner during FY 18-19 from the generating stations based in Delhi is summarized in the table below:

Table 3.19: Details of Power Purchase Cost Station wise for FY 2018-19

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges	Variable Charges	Other Charges	Total cost including py arrears	Avg. Rate (Rs./ kWh)
A	State Generating Stations									
	BTPS	197	93.97	4.77	305.86	44.91	121.56	2.53	169.00	5.53
	GTPS	53	57.99	10.94	186.49	36.75	91.70	-	128.45	6.89
	IP Station				-	14.97	-0.01	-	14.96	
	PRAGATI_I	159	101.14	6.36	286.11	33.71	141.26	-	174.97	6.12
	PRAGATI_III	368	237.74	6.46	941.24	199.50	360.27	-	559.78	5.95
	RAJGHAT POWER HOUSE				-1.69	-	-0.72	-	-0.72	4.29
	RITHALA CCPP				-	-49.33	-	-	-49.33	

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges	Variable Charges	Other Charges	Total cost including py arrears	Avg. Rate (Rs./ kWh)
	Total SGS	777.00	490.84	6.32	1,718.01	280.51	714.07	2.53	997.11	5.80

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 energy through renewable energy.

Further, the Hon'ble Commission in its Business Plan Regulations, 2017 has prescribed the given below RPO trajectory to be met by Delhi Discom's for FY 17-18 to FY 19-20. Extract of the relevant Regulation 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 2017-18 to FY 2019-20 shall be computed **as a percentage of total sale of power to its retail consumers in its area of supply excluding procurement of hydro power.** The target for Renewable Purchase Obligation shall be as follows:*

Table 3.20: Targets for Renewable Purchase Obligation

Sr. No	Particulars	2017-18	2018-19	2019-20
1	Solar Target (minimum)	2.75%	4.75%	6.75%
2	Total	11.50%	14.25%	17.00%

(2) The Distribution Licensee shall comply with its RPO through procurement of either Solar energy or combination of Solar energy and Non-Solar energy with minimum purchase of Solar energy as specified in the table above:

Provided that the Distribution Licensee may purchase solar energy in excess of the minimum solar Target as specified in aforesaid sub-Regulation (1),

Provided further that the Distribution Licensee may purchase Renewable Energy Certificate ('REC') for any shortfall in meeting their total RPO targets for any financial year within three months from the date of completion of the relevant financial year.

(3) 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 Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014, for the relevant year:

Table 3.21: Meeting of pending RPO obligations at the end of FY 2018-19

Particulars	RPO requirement for FY 18-19*		
	Solar	Non Solar	Total
Total Billed Sales			8,867.37
Less- units from Hydro			820.48
Balance Billed sales to be met through RPO obligation			8,046.89
RPO obligation (%)	4.75%	9.50%	14.25%
A. Total RPO to be met - Mu	382	764	1146
B. RPO to be met through Tied up Quantum- Mu	79	163	242
C. Non Solar RPO met through tied up quantum (HPSEB) – Mu		179	179
D. Shortfall of RPO obligation – Mu	303	422	725
E. REC purchased – Mu	53	422	475
F. Balance Solar REC yet to be purchased – Mu	250	-	250
G. REC purchased – Rs Cr.	14.49	73.54	88.03
H. Provision created in FY 18-19 for purchase of RE certificates – Rs Cr.			134.00
I. Differential amount to be adjusted in ARR of FY 2018-19, and to be allowed on actual basis			45.97

*information already shared with the Hon'ble Commission

Tata Power- DDL has been endeavouring to meet the RPO through economical physical power & in the absence of same through REC. However From the above table, it can be seen that despite of best efforts Tata Power- DDL is not able to comply RPO obligations for FY 2018-19. The main reasons/factor are

- a) Inadequate inventory of RECs
- b) High Clearing price

Tata Power- DDL has written following letters and informed the Hon'ble Commission about all the difficulties faced by it time to time. List of various communications done with the Hon'ble Commission are given below.

1. TPDDL letter no TPDDL/ Regulatory/ 2019-20/ PMG/273 dated 7th November, 2019
2. Meeting held at DERC on 29th October, 2019
3. TPDDL letter no TPDDL/ Regulatory/ 2019-20/ PMG dated 3rd October 2019
4. DERC letter number F.9.(168)/DERC/DS/2018-19/Vol. III/6176/1263 dated 12th September 2019
5. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/203 dated 3rd September 2019
6. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/136 dated 15th July 2019
7. Meeting held at DERC on 25th June, 2019
8. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/101 dated 10th June 2019
9. Meeting held at DERC on 28th May, 2019
10. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/52 dated 2nd May 2019

It is worth to mention that the Hon'ble Commission has also envisaged such a situation of difficulty in complying with Renewable Power Purchase Obligations, and accordingly allowed carry forwards of such requirement while notifying DERC (Renewable Purchase Obligations and Renewable Energy Certificate Framework Implementation) Regulation 2012. Relevant extract of the Regulations 11.2 (Proviso) of the aforesaid Regulations are reproduced below:

"Provided that in case of genuine difficulties in complying with the renewable purchase obligation because of non-availability of Certificate(s), the obligated entity may approach the Commission for carry forward of requirement to the next....."

Thus, considering the uncertainty on account of diminishing inventory and the fact that procurement of RECs without the underlying power can put additional tariff pressure on the Retail consumers and the status of currently contracted Renewable Capacities through LT PPAs, it is requested to the Hon'ble Commission to consider the following submission:

1. Allow the compliance of Non-Solar RPO through procurement of Solar REC/ Power and also vice versa depending on cost of power and availability of inventory.
2. The balance RPO requirement for FY 2018-19 may be allowed to be complied in next years.
3. Allow consumption of Open access consumers through renewable as fulfillment of utilities RPO, since embedded consumers are getting waiver of transmissions, wheeling and additional surcharges upon taking power through renewable energy sources under open access consumers.

Details of Short Term Power Purchase

During this financial year the petitioner has procured 1094.74 MU through bilateral/exchange/UI/Intrastate/Banking under short-term power purchase.

Table 3.22: Details of Short term Power Purchase

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	Banking Purchase	852.65	3.94	336.06
B	DSM Purchase	68.36	3.46	23.66
C	IDT Purchase	34.75	4.45	15.46
D	IEX Purchase	138.98	3.90	54.25
E	Total Short Term Purchase	1094.74	3.92	429.44

Further the Hon'ble Commission in its Regulation 121(3) has stated that the distribution licensee has to follow the normative cost of banking transactions at the rate of average power purchase cost of the portfolio of the distribution licensee.

It is further mentioned that the Hon'ble Commission in its various Tariff Orders has mentioned that banking transaction are revenue neutral transactions, hence, all banking transaction should be done at one rate only.

However, previous the Petitioner in its accounts has followed the following methodology for accounting of banking transactions. The Petitioner while banking the units with the other utility record the transaction at normative cost say Rs 4/unit. At the time of return of the said banked units along with extra unit if any, recorded the transactions equal to the value recorded at the time on inception of transaction, thus, not considering the impact of additional units, which are reimbursed by the other utility towards cost of funding the time lag between the payment to generator and sale of actual units. For example: If the utility has banked 100 Mus then for the purpose of recording the transaction in books of accounts, it has considered notional value of Rs. 40 Cr. (i.e. 100 Mus * Rs 4/unit). At the time of return of those banked units the other utility has returned 104 Mus. However in order to nullify the said transaction for accounting purpose the original utility has kept the value Rs 40 Cr. by reducing the notional rate of Rs 4/unit to Rs. 3.84/unit in its books of account. As the statutory auditor has certified the power purchase cost based on books of account, hence, has certified return of banked units of 449.02 Mus @ reducing cost of Rs 3.91/unit against the notional cost of Rs 4 /unit.

Therefore, for the purpose of truing up of banking transaction, the Petitioner is seeking return of banking transaction at notional rate of Rs. 4 per unit. Impact of the same is given in table below:

Table 3.23: Details of Short term Power Purchase

Short Term Purchase	MOU	Units (MU)	Amount (Rs Cr)
Banking Purchase/refund	MUs	852.65	336.06
Rate Considered	Rs./unit		3.94
Notional Rate to be considered	Rs./unit		4.00
Additional Impact to be computed for the purpose of ARR	Rs Cr.		4.99

Details for Short Term Surplus Power Sale

During the year the petitioner has sold 2086.36 Mus at the average rate of Rs 3.71 per unit. The source wise summary of sale of surplus power during the FY 2018-19 is shown below:

Table 3.24: Details of Short term Power Sales

S. No.	Particulars	FY 18-19		
		Units (MU)	Rate per Unit	Amount (Rs Cr)
A	Banking Sale	701.39	2.89	202.85
B	Bilateral sale	201.97	4.19	84.63
C	DSM Sale	57.34	1.32	7.59
D	IDT Sale	43.80	4.39	19.23
E	IEX Sale	1081.87	4.25	459.31
F	Total Short Term Sale of surplus power	2,086.36	3.71	773.61

Transmission Charges

The Petitioner has incurred transmission charges of Rs. 975.50 Cr. The party wise breakup of the transmission charges is given in the table below:

Table 3.25: Summary of Transmission charges for FY 18-19

S. No.	Name of Station-Particulars / Party Name	Amount Rs Cr
A	PGCIL TRANSMISSION CHARGES	
	PGCIL POC BILL-Power Grid Corporation of India Ltd.	374.90
	PGCIL POC BILL 3	68.75
	PGCIL Non PoC	-0.01
B	DTL/ SLDC TRANSMISSION CHARGES	
	DTL-Wheeling Charges	383.38
	DTL-NRLDC Charges	0.93
	DTL-Congestion Charges	-0.11
	DTL-Reactive Energy Charges	5.33
	DTL-SLDC Charges	2.74
C	OTHER TRANSMISSION CHARGES	
	BBMB Charges	0.43
	Chandrapura Thermal Power Station Tx Charges-DVC- Transmission Charges	1.52

S. No.	Name of Station-Particulars / Party Name	Amount Rs Cr
	CLP Jhajjhar Tx charges-Tata Power Trading Company Ltd.	10.49
	Maithon Power Tx Charges	0.28
	Mejia Thermal Power Station - Unit 6 Tx Charges	0.13
	NHPPL - SLDC-Nanti Hydro Power Pvt. Ltd.	0.18
	NHPPL- Transmission	4.73
	NTPC TRANSMISSION Charges-NTPC TRANSMISSION Charges	0.24
	SECI- SLDC-Solar Energy Corporation of India	0.03
	SECI- Transmission	1.88
	SHEPL- SLDC-Suryakanta Hydro Energies Pvt. Ltd.	0.11
	SHEPL- Transmission	6.43
	THEP (Koteshwar)- NRLDC Charges-THDC India Ltd.	0.01
	THEP (Tehri)-NRLDC Charges	0.01
	STOA Charges	113.12
	NAPS Unit 1 & 2 NRLDC	0.00
	Total of Transmission charges (A+B+C)	975.50

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 whose 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 2018-19 has considered 2% normative rebate and approved power purchase cost net of rebate. Following the same principle of normative rebate of 2%, the Petitioner has computed net normative rebate of Rs. 115.11 Cr.

Table 3.26: Summary of Normative Rebate for FY 18-19 (Rs. Cr.)

S. No.	Vendor	Maximum Normative Rebate (in %)	Rebate able Amt	Amount offered as normative rebate
A	Towards Power Purchase			
1	APCPL	2.00%	1598.57	31.97
2	DTL (LT)	2.00%	339.27	6.79

S. No.	Vendor	Maximum Normative Rebate (In %)	Rebate able Amt	Amount offered as normative rebate
3	DVC	2.00%	264.37	5.29
4	DMSWSL	2.00%	22.72	0.45
5	EDWPCL	2.00%	1.92	0.04
6	IPGCL	2.00%	134.78	2.70
7	NHPC	2.00%	181.89	3.64
8	NHPPL	2.00%	16.21	0.32
9	NPCIL	2.50%	82.36	2.06
10	NTPC	2.00%	647.72	12.95
11	PGCIL	2.00%	463.37	9.27
12	PPCL	2.00%	734.75	14.69
13	PTC	0.01paise/KWh for energy from tala & Other's 2%	4.95	0.02
14	SASAN	2.00%	56.61	1.13
15	SJVNL	2.00%	49.74	0.99
16	SHEPL	2.00%	15.60	0.31
17	THDC	2.00%	78.19	1.56
18	TOWMCL	2.00%	32.33	0.65
19	TPTCL	2.00%	1098.18	21.96
	Total (i)		5823.54	116.81
	Towards Sale of Power			
1	PTC	2.00%	5.66	0.11
2	APPCPL	2.00%	40.96	0.82
3	TPTCL	2.00%	15.32	0.31
4	GMR	2.00%	4.97	0.10
5	NVVNL	2.00%	17.72	0.35
	Total (ii)		46.61	1.69
	Grand Total (i)-(ii)		5776.93	115.11

Incentive on Sale of surplus Power

The Hon'ble Commission in its Business Plan Regulations, 2017 issued by Hon'ble DERC on the Incentive on Sale of surplus Power. The same has been reproduced below for ready 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 2017-18 to FY 2019-20 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 **Banking and 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."*

Accordingly the Hon'ble Commission is requested for doing true up of the incentive of Rs. 63.50 Cr as per MYT Regulations, 2017. Due to very voluminous data, information for slot wise computation of incentive amount would be shared with third party auditors/ the Hon'ble Commission during the course of prudence check.

Impact of Other Adjustments required to be done

A) Impact of RE Certificate clubbed as a part of auditor certificate for FY 2018-19, but pertains to FY 17-18 Rs 81.18 Cr.

In FY 2018-19, the Petitioner had recorded an amount of Rs. 81.18 Cr. towards purchase of RE certificates pertaining to FY 2017-18. Therefore, in order to comply the RPO obligation of FY 2017-18, the Hon'ble Commission had considered the said

amount as a trued up cost for FY 2017-18 in its previous tariff order dated 31st July, 2019, Consequently, the Petitioner is now reducing the current year Power Purchase cost by Rs. 81.18 Cr.

B) Negative Power Purchase cost of Rithala Power Plant for FY 2018-19 of Rs 49.33 Cr.

The Petitioner would like to mention that in FY 2018-19, an adjustment entry related to previous years for Rs. (49.33) Cr. has been passed in its books of accounts. The said amount is reflected in Table 3.19, which already forms part of Audited Power Purchase Cost for FY 2018-19.

The Hon'ble Commission had already issued separate True up Tariff Order for Rithala on 11th Nov, 2019, hence, for the purpose of Truing up of FY 2018-19, the said amount is excluded from the total power purchase cost of FY 2018-19.

C) Power Purchase cost of Anta, Auriya and Dadri booked in FY 2018-19 of Rs 27.04 Cr.

The Hon'ble Commission in its previous Tariff Order dated 31st July, 2019 had approved arrears of Rs. 27.04 Cr (related to FY 2016-17). The said power purchase cost was accounted for in books of accounts in FY 2018-19. As this amount has already been allowed by the Hon'ble Commission in its previous tariff order, therefore, the same amount is reduced from the power purchase cost of FY 2018-19.

Based on all above submissions, the net energy balance for FY 2018-19 comes as below:

Table 3.27: Power Purchase Cost for FY 2018-19

Particulars	Approved in ARR			Sought for Trued up		
	MU	(Rs Cr)	Rs/kWh	MU	(Rs Cr)	Rs/kWh
Power Purchase from CSGS	9,486.24	3,711.81	3.91	9,050.56	3,948.53	4.36
Short Term Power Purchase				1,094.74	429.44	3.92
Power Purchase – Delhi Gencos (including BTPS)	777.00	490.84	6.32	1718.01	997.11	5.80
RPO Obligations	295.00	134.27	4.55	211.47	115.75	5.47
Provision for purchase of REC certificate – towards RPO		179.47			217.44	
Gross Power Purchase Cost	10,558.24	4,516.39	4.28	12,074.79	5,708.26	4.73
Add: Transmission Charges						
PGCIL charges	156.52	467.76		357.26	443.65	
DTL charges	95.61	327.85			392.27	
Other transmission charges					139.59	
Less: Sale of Surplus Power	645.28	193.59	3.00	2086.36	773.61	3.71
Power Purchase Cost (Audited)	9,660.83	5,118.41	5.30	9,631.15	5,910.15	6.14
Adjusted for below						
Net Normative Rebate on power purchase		86.74			(99.06)	
Normative Rebate on account of Transmission charges		15.85			(16.05)	
Rithala Impact					49.33	
REC purchased during CY but pertains to PY					(81.18)	
Impact of Anta, Auriya & Dadri allowed in PY but account for in books in CY					(27.04)	
Provisions created for RECs but RCEs not yet purchased;					(45.97)	
Incentive on Sale of Surplus Power					63.50	
Normative additional units of power Banking @ 4/unit					4.99	
Net Power Purchase Cost	9,660.83	5,015.82	5.19	9,631.15	5,758.68	5.98

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, 2017 the Hon'ble Commission in its Regulations 23(1) has determined year wise normative O&M expenses for the Petitioner for the current control period. Relevant extract of the table of normative O&M expenses is given below:

O&M Expenses for TPDDL for the Control Period

Particulars	Unit	2017-18	2018-19	2019-20
66 kV Line	Rs. Lakh/ckt.km	3.297	3.482	3.678
33 kV Line	Rs. Lakh/ckt.km	3.297	3.482	3.678
11 kV Line	Rs. Lakh/ckt.km	0.862	0.910	0.961
LT Line System	Rs. Lakh/ckt.km	6.372	6.730	7.107
66/11 kV Grid S/s	Rs. Lakh/MVA	0.927	0.979	1.034
33/11 kV Grid S/s	Rs. Lakh/MVA	0.927	0.979	1.034
11/04.15 kV DT	Rs. Lakh/MVA	1.326	1.400	1.479

Thus computation of Normative O&M expenses for FY 2018-19 based on the above table is computed as below:

Table 3.28: Normative O&M Expenses for FY 2018-19 (Rs Cr.)

Particulars	Unit	2018-19	Capacity	Capacity as on 31.03.2019	Amount
66 kV Line	Rs. Lakh/ckt.km	3.482	Ckt.km	1053.47	36.68
33 kV Line	Rs. Lakh/ckt.km	3.482	Ckt.km		
11 kV Line	Rs. Lakh/ckt.km	0.910	Ckt.km	6609.57	60.15
LT Line System	Rs. Lakh/ckt.km	6.730	Ckt.km	7020.25	472.46
66/11 kV Grid S/s	Rs. Lakh/MVA	0.979	MVA	4682	45.84
33/11 kV Grid S/s	Rs. Lakh/MVA	0.979	MVA		
11/04.15 kV DT	Rs. Lakh/MVA	1.400	MVA	5944.18	83.22
Total					698.35

Further, Regulation 26(4) of the Business Plan Regulation, 2017, specify that "Impact of any statutory Pay revision on employee's Cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Distribution Licensees and shall be allowed by the Commission after prudence check at the time of true up of ARR for the relevant financial year."

Thus, the Petitioner is seeking truing up of the following expenses over and above the normative O&M expenses being uncontrollable in the hands of petitioner.

A) Expenses allowed on actual basis

1. License Fees

As per clause 12.1, of the Distribution and Retail Supply License, the Petitioner is required to pay annually 0.05% of amount billed of previous year as license fees to the Hon'ble Commission. Since the same is linked to sales which is uncontrollable and is trued up, the license fee too needs to be trued up.

Table 3.29: Computation of License fee to be allowed on actual basis (Rs Cr)

S. No.	Licensee fees Computation	Amount	Remark
A	Billed Sale for Previous Year - as per P&L accounts	6,967.66	
B	License fee @ 0.05% based on billed sale of previous year	3.48	Refer note no 34.3 of the Audited financial statement
C	Allowed on Normative basis (considered growth + escalation)	3.31	
D	Differential amount now sought	0.17	B-C

It is worth to mention here that as per clause 12.4 of the Distribution & Retail Supply License, the licensee shall be entitled to recover actual license fees paid to the Hon'ble Commission. The relevant para of the same is reproduced below:

"The Licensee shall be entitled to take into account any fee paid by it under this Clause 12 as an expense in the determination of aggregate revenues made in accordance with Clause 24, but shall not take into account any interest paid pursuant to Clause 12.3." (Emphasis supplied)

Thus, the additional amount spent on this account of Rs. 0.17 Cr may be allowed as part of ARR for FY 2018-19.

2. Land Licensee fees towards Grid

The license fee is applicable as per the rates decided by GoNCTD for using Land to construct new grids/ substations for the purpose of serving the need/growth of consumers. Every year the Petitioner has to pay licensee fee to GoNCTD for all its grids/sub-stations. During FY 18-19 the Petitioner has incurred an amount of Rs. 10.31 Cr towards land licensee fee on yearly basis. This land license fee is payable based on area of grids/sub-stations multiply with the specified rates, thus, it is in the nature of statutory levies and uncontrollable in the hands of the Petitioner.

Further, Proviso of Regulation 87 of the Tariff Regulations, 2017, clearly states that "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."

Table 3.30: Computation of Land License fee to be allowed on actual basis (Rs Cr)

S. No.	Particulars	Amount	Remark
A	Amount as per Audited Financial Statement	13.79	Refer note no 34.3 of the Audited financial statement
B	Allowed on Normative basis (considered growth + escalation)	2.78	
C	Balance amount to be realized	11.01	A-B

Based on the above submission and facts, the Petitioner requests to the Hon'ble Commission to allow differential amount of Rs. 11.01 Cr towards Land licensee fee, as the same is uncontrollable and statutory in nature.

3. Other Statutory Levies/ Taxes (other than Corporate Income Tax)

A) Interim Relief for FRSR Employees

The Hon'ble Commission in its Business Plan Regulations has clearly specified that change in O&M expenses due to statutory requirement like 7th Pay Commission impact will be trued up on actual basis. In order to comply with the recommendations of Wage Revision Committee for disbursement of Interim Relief w.e.f. 01.01.2016 and for payment of other allowance w.e.f. 01-07-2017, which has been approved by the Govt. of NCT of Delhi, Department of Power vide their Order No. F.11 (62)/2015/Power/Pt-I/2116 dated 26-07-2017, the Petitioner in FY 2018-19 had paid an interim payment of Rs. 29.67 Cr towards FRSR employees (net of 10% capitalization).

In addition to above the petitioner has made a corresponding incremental provision of Rs. 14.24 Cr (net of 10% capitalization) for increase in FRSR employees towards their leave salary contribution and pension contribution.

Based on above submission, the Petitioner has therefore seeking provisional impact of 7th Pay Commission as under:

Particulars	Amount Rs Cr	Remark
Interim Relief towards- 7th Pay Commission- FRSR	29.67	Refer note no 34.3 (c) of Audited Financial Statement
Provisional impact of LSC/PSC- 7th Pay Commission- FRSR	14.24	
Total	43.91	

B) Incremental Impact of GST

Regulation 87 of Tariff Regulations' 2017 for 3rd MYT Control Period provides that:

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

In reference to above Regulation, Tata Power-DDL submits that the Goods & Services Tax, that came into effect from 01.07.2017 by subsuming the Service Tax and Other Acts, thus falls under the definition of Change in Law and any financial impact if any has to be allowed to DISCOM on actual basis.

Definition of Change in law as per Regulation 2(18) of the DERC Tariff Regulations, 2017 as under:

- (18) **"Change In Law"** means occurrence of any of the following events:
- (a) Enactment, bringing into effect or promulgation of any new Indian law; or
 - (b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
 - (c) change in interpretation or application of any Indian law by a Competent Court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
 - (d) change by any competent authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or
 - (e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government/s or international convention or protocol having implication for the generating station or the transmission system regulated under these Regulations;

GST is to be considered as a new enactment because it is altogether a different Law having its different rules, regulations and guidance. Due to this change in law, Rate of Indirect Tax for most of the services availed by Utilities has been increased to 18% from the earlier rate of 15%. Due to this increase in rate there has been an additional impact on the Landed cost of various services availed by DISOCMS to run its business efficiently & effectively, therefore, any financial impact of the same has to be considered by this Hon'ble Commission.

It is further clarified that GST is a Statutory Tax/levy, therefore, applicability of which cannot be avoided by any utility. CERC has already recognized this fact and allowed Genco's/ Transco's to claim additional financial impact from the beneficiaries.

Based on above submission and considering its statutory nature, the Hon'ble Commission is requested to consider **the incremental impact** of the GST for Rs 14.36 cr. for FY 2018-19 on account of change in law event as computed below.

Nature of tax	Taxes
A For Financial Year 2018-19	
GST/ ST Amount in Rs Cr – A (As per Audited Certificate to be provided during Prudence Check)	Rs 38.12 Cr.
B For Financial Year 2016-17	
Service tax	Rs. 19.84 Cr.
Further , adjusted for the following impact	
(i) Impact of escalation for two years	5.61%
(ii) Impact of network growth for two years	7.40%
Normative amount of Taxes allowed – B	Rs. 23.77 Cr
Incremental Impact (A-B)	Rs. 14.36 Cr.

D) Impact of Increase in Minimum Wages

The Hon'ble Commission in its Tariff Order for FY 2018-19 has approved an amount of Rs 14 Cr towards impact of Minimum Wages over and above the normative O&M Expenses. These expenses are subject to true up based on actuals. Relevant extract of the O&M Table is reproduced below:

Table 118: Commission Approved - O&M Expenses for FY 2018-19

Particulars	Capacity as on 31.03.2018	O&M Expenses Per Unit		O&M Expense (Rs. Crore)
66 kV Line (kms.)	981	Rs. Lakh/Ckt. Km	3.482	34.16
33 kV Line (kms.)		Rs. Lakh/Ckt. Km	3.482	
11 kV Line (kms.)	6119.40	Rs. Lakh/Ckt. Km	0.91	55.69
LT Lines system (kms.)	7029.90	Rs. Lakh/Ckt. Km	6.73	473.11

66/11 kV Grid sub-station (MVA)	5113.50	Rs. Lakh/MVA	0.979	50.06
33/11 kV Grid sub-station (MVA)		Rs. Lakh/MVA	0.979	
11/0.4 kV DT (MVA)	5912.80	Rs. Lakh/MVA	1.4	82.78
Total				695.80
7 th Pay Commission				44.26
Minimum Wages				14.00
Total				754.06

During the FY 2018-19, Tata Power- DDL has incurred an amount of Rs 20.33 Cr. (duly certified copy of auditor certificate will be provided in due course of prudence check) towards the impact of increase in the Minimum Wages as announced by the Delhi Government vide Delhi Gazette Notification No. 85 dated 03.03.2017. Copies of the Gazette Notification regarding Minimum Wages along with the previous year Gazette Notification are annexed hereto and marked as **Annexure A-4** As the said Gazette Notification was issued only on 03.03.2017, thus, it could not have been factored into account by the Hon'ble Commission while notifying the DERC Tariff Regulations, 2017 as the normative O&M expenses were premised on the data provided by the Petitioner till FY 2015-16 and there has been an unprecedented increase of 37%% in the Minimum Wages as opposed to the ~5.61% escalation being allowed by the Hon'ble Commission resulting into practical difficulties to honour service contract by the Vendors.

It is further clarified that it is a statutory levy. Govt of NCT has increased the minimum wages by approx. 37% in addition to the normative increase allowed in usual course and thus, resulting into increase in O&M expenses for DISCOMS. Hence, the incremental impact has to be allowed additionally over and above the normative O&M Expenses being it is statutory in nature and cannot be controlled.

It is note worth to mention that proviso of Regulation 87 of Tariff Regulations, 2017 states that

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

Based on above submissions, the impact of unprecedented increase in minimum wages of Rs. 20.33 Cr (Audited certificate to be provided in the course of prudence check) is to be allowed on actual basis.

E) Allowance of Financing Charges

Regulation 87 of Tariff Regulations, 2017 specify 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 Asset as specified by the Commission in the Business Plan Regulations for the respective Control Period."*

With respect to above, the Petitioner wants to clarify that financing charges towards raising of loans for funding of working capital and Regulatory assets are never formed part of base year normative expenses, thus, the Petitioner now claims the financing charges of Rs 0.16 Cr on actual basis.

Table 3.31: Total amount of financing charges

Particulars	Amount (Rs Cr)
Total Financing charges	0.16

(Refer Note no 33 (e) of Audited Financial Statements attached as Annexure A-2 in Volume II of the Petition)

It is respectfully submitted to the Hon'ble Commission to allow an amount of Rs 0.16 Cr on account of financing charges.

F) Property Tax

TPDDL has been subjected to and held liable for payment of property tax in respect of properties which were transferred to it as licensee through Delhi Electricity Reforms Act-Transfer Scheme Rules 2001, after a protracted legal battle.

The Hon'ble Commission in its Tariff Order dated 31.07.2019 had agreed on the submission made by the Petitioner to allow the Property tax, as this expense is not a part of base year expenses, therefore, to be allowed over and above the normative O&M expenses.