3. Methodology for Truing up of FY 2022-23

Tata Power- DDL seeks the True up of FY 2022-23 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 along with 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.

Tata Power Delhi Distribution Ltd.

Truing up of Revenue Billed and Revenue available towards ARR

There has been no Tariff Order for 2022-23 by the Hon'ble Commission. Therefore, the Projected Billed sales, revenue, power purchase units, Power purchase cost and Non-tariff income is not available with the Petitioner.

Revenue Billed for FY 2022-23

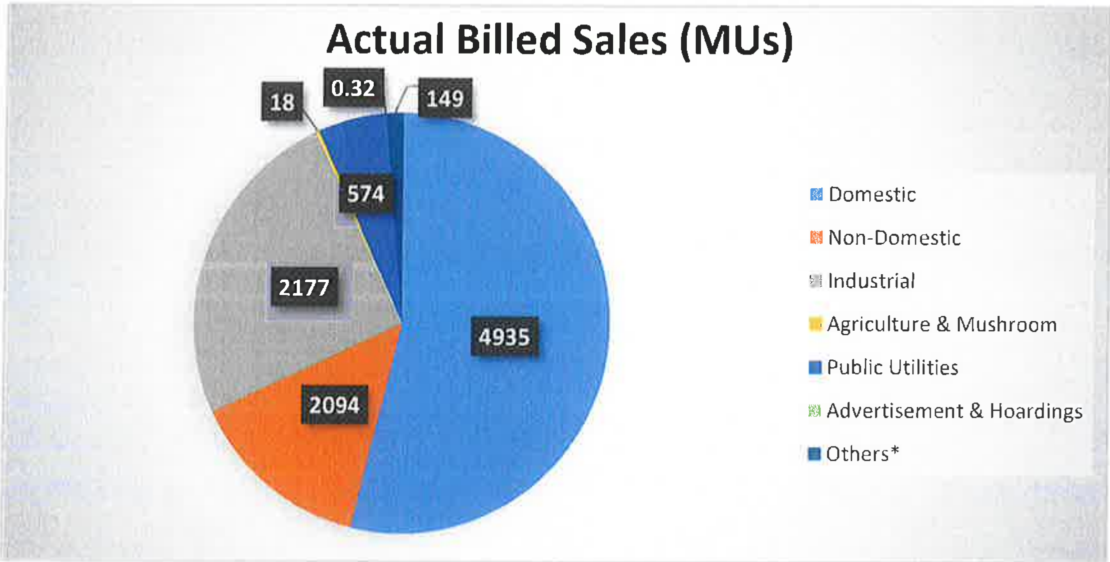
During FY 2022-23, Tata Power- DDL has actually Billed 9,946.72 MU as sale of energy including actual own consumption of 13.30 MU. Given below is the table showing the category wise actual energy billed.

Table 3.1: Category wise billed energy sale (Actual) for FY 2022-23

S. No.	Category	Actual Billed sale of Energy (MU)
1	Domestic	4,934.97
2	Non-Domestic	2,094.40
3	Industrial	2,176.62
4	Agriculture & Mushroom	17.60
5	Public Utilities	574.18
6	Advertisement & Hoardings	0.32
7	Temporary Supply	64.01
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	43.77
9	Others*	40.87
	Grand Total	**9,946.72**

**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, 2019 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 13.30 MU towards own consumption against the normative own consumption of 24.83 MU.

Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2022-23

S. No.	Category	Total Number of consumers and sanctioned load		Net Units Sold
		MW	No.	MU
1	Domestic	3,505	1,655,847	4,934.97
2	Non-Domestic	1,743	258,978	2,094.40
3	Industrial	870	14,511	2,176.62
4	Agriculture	32	4,183	17.60
5	Public Utilities	223	6,443	574.18
6	Advertisement & Hoardings	0.38	203	0.32
7	Temporary Supply	38	14,121	64.01
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	29	1,131	43.77
9	Others*	28	3,681	40.87
	Grand Total	**6,467**	**1,959,098**	**9,946.72**

Further, the Petitioner has actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 9,130.75 Cr. at approved Retail Supply Tariffs in FY 2022-23.

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 2022-23

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.	MU	Rs Cr.				per kWh	Rs Cr.
1	Domestic	3,505	1,655,847	4,935	212.93	2,045.66	438.89	2,697.47	5.47	180.73
2	Non-Domestic	1,743	258,978	2,094	496.58	1,771.31	460.64	2,728.53	13.03	181.24
3	Industrial	870	14,511	2,177	341.83	1,724.66	406.42	2,472.92	11.36	165.45
4	Agriculture	32	4,183	18	5.27	2.92	1.63	9.81	5.58	0.65
5	Public Utilities	223	6,443	574	63.11	391.48	89.13	543.71	9.47	38.92
6	Advertisement & Hoardings	0.38	203	0.32	0.12	0.27	0.08	0.47	14.76	0.03
7	Temporary Supply	38	14,121	64	7.97	51.68	12.00	71.65	11.19	4.77
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	29	1,131	44	0.00	19.54	3.99	23.53	5.38	1.56
9	Others	28	3,681	41	4.54	20.44	3.89	28.88	7.07	1.94

10	(-) Open Access Charges (to be treated separately)	-	-	-	0.00	21.22	-	21.22	-	0.29
	Total	**6,467**	**1,959,098**	**9,947**	**1,132.34**	**6,006.74**	**1,416.66**	**8,555.75**	**8.60**	**575.00**
	Reconciliation Statement with the Audited Form 2.1 a									
	Billed amount of Fixed Charges									1,132.34
	Billed amount of Energy Charges									6,006.74
	Billed amount of PPAC Charges									1,416.66
	Billed Amount of 8% Deficit Recovery Surcharge									575.00
	Billed amount of E. Tax									377.19
	Billed amount of Pension Trust Surcharge									483.04
	Total amount of Revenue Billed									**9,990.97**
	Average Billing Rate at gross level/ Rs. kWh									**10.04**

Note: Auditor Certificate for Billed Energy & Revenue billed is attached as Annexure-IV of the Petition

The Petitioner would like to mention that the Hon'ble APTEL granted stay on Tariff Order dated 30th Sep,2021 vide its Order dated 21st Jan,2022 in Appeal 213 of 2018, Appeal 332 of 2021 and Appeal 334 of 2021. It is pertinent to bring to the kind attention that due to stay order, the last Tariff Order for the petitioner dated 28th Aug,2020 continued to remain in force till further orders from the Hon'ble APTEL. As a consequence of same, the Petitioner continued to levy charges and surcharges in terms of Tariff Order dated 28th Aug,2020. However, after clarification from the Hon'ble APTEL vide order dated 29th Apr,2022, the Petitioner started to levy charges and surcharges as per Tariff order dated 30th Sept, 2021.

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 2022-23, The Petitioner has billed an amount of Rs. 483.28 Cr as Pension Trust Surcharge and collected an amount of Rs. 482.74 Cr. The recovery made in FY 2022-23 includes outstanding recovery of billed amount at the end of FY 2021-22 (in case any).

Table 3.4: Pension Trust amount billed and collected for FY 2022-23 (Rs. Cr.)

S. No.	Particulars	Other than Open Access	From Open Access	Total Amount
1	Amount billed on account of Pension Trust Surcharge	483.04	0.25	483.28
2	Amount Collected in FY 2022-23*	482.49	0.25	482.74

**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, 2019 has specified the target for Distribution Loss Level for the current control period (FY 2020-21 to FY 2022-23). Relevant extract of the Business Plan Regulations, 2019 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*	*2020-21*	*2021-22*	*2022-23*
1	*BSES Rajdhani Power Limited*	*8.10%*	*8.00%*	*7.90%*
2	*BSES Yamuna Power Limited*	*9.00%*	*8.75%*	*8.50%*
3	***Tata Power Delhi Distribution Limited***	***7.90%***	***7.80%***	***7.70%***
4	*New Delhi Municipal Council*	*9.00%*	*8.75%*	*8.50%*

………………………………………………………………………………………………"

From the above table, it can be seen that target for Distribution Loss Level for FY 2022-23 has been fixed @ 7.70%. Against the said target, the Petitioner has achieved actual Distribution loss level of 6.36% for FY 2022-23. Computation of the actual distribution loss level is given below:

Table 3.5: Computation of Distribution loss and overachievement for FY 2022-23

S.No	Particulars	MU	Remark
A	Input	10,621.76	Table 3.12
B	Billed Units	9,946.72	Table 3.3
C	Actual Distribution Loss Level	6.36%	(1-B/A)
D	Target Distribution Loss Level	7.70%	Table 3.6
E	Overachievement/(Underachievement)	1.34%	(D – C)

Further Clause 25(4) of the Business Plan Regulation, 2019 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%(Previous Year Target – Current Year Target)] for the relevant year shall be shared in the ratio of 2/3rd to Consumers and 1/3rd to the Distribution Licensee;*

ii. In case actual distribution loss is less than loss target minus [50%(Previous Year Target – Current Year Target)] for the relevant year shall be shared in the ratio of 1/3rd to Consumers and 2/3rd to Distribution Licensee."*

For the purpose of computation of sharing of incentive, previous year loss target was 7.80% for FY 2021-22.

Table 3.6: Actual Distribution loss level for FY 2022-23

S. No.	Particulars	Distribution Loss Level	Remark
A	Previous year target (FY 2021-22)	7.80%	As per BPR 2019
B	Current year Target (FY 2022-23)	7.70%	As per BPR 2019
C	Actual Distribution Loss	6.36%	Table 3.5

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

S. No.	Particulars	MU	Remark
A	Billed Sales	9,946.72	Table 3.5
B	Actual Distribution Loss Level	6.36%	Table 3.5
C	Target Distribution Loss Level	7.70%	Table 3.5
D	Actual Input @ actual distribution loss level	10,621.76	Table 3.12
E	Desired Input @ Target distribution loss level	10,764.60	D+D*(C-B)
F	Saving in Input (MU) due to lower distribution loss level	142.84	(E-D) or D*(C-B)
G	Power Purchase Cost	7.12	Table 3.26
H	Total Overachievement Incentive	101.74	F*G/10
I	TPDDL Share	66.57	

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Revenue Realization

Computation of Collection Efficiency and overachievement incentive for FY 2022-23

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 3.8: Revenue Billed for the purpose of computation of Collection Efficiency for FY 2022-23

S. No.	Particular	Amount (Rs. Cr.)	Remark
A	Total Revenue Billed	9,990.97	Note 36.1 of the Audited Financial Statement
B	Less- Electricity Tax	377.19	
C	Less- 8% Deficit Revenue Recovery Surcharge	575.00	
D	Less- Pension Trust Surcharge	483.04	
E	Net Revenue Billed	8,555.75	(A-B-C-D)

During the FY 2022-23, the Petitioner has realized an amount of Rs. 9,991.67 Cr against the total revenue billed of Rs. 9,990.97 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 2022-23 (Rs Cr)

S. No.	Particular	Amount	Remark
A	Total Revenue Realized	9,991.67	Note 36.2 of the Audited Financial Statement
B	Less: Electricity Tax	370.62	
C	Less: 8% Deficit Revenue Recovery Surcharge	575.89	
D	Less: Pension Trust Surcharge	482.49	
E	Revenue Collected for Collection Efficiency	8,562.67	(A-B-C-D)

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 2022-23

S. No.	Particular	UoM	Amount	Remark
A	Amount Billed	(Rs Cr)	8,555.75	Table 3.8
B	Amount Collected	(Rs Cr)	8,562.67	Table 3.9
C	Collection Efficiency	%	100.08%	B/A
D	Target collection efficiency	%	99.50%	As per BPR,2019
E	Amount of Collection over and above 99.50% target	(Rs Cr)	49.70	A*(C-D)
F	**Sharing of Incentive**			
	Discoms (50% upto 100% and 100% beyond 100% collection)	(Rs Cr)	28.31	
	Consumers (50% upto 100% collection)	(Rs Cr)	21.39	

Computation of Revenue Available for FY 2022-23

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 2022-23 (Rs Cr.)

S. No.	Particular	Collection Other than (DRS/PTS)	Remark
A	Total Collection	8,562.67	Table 3.9
B	Less- Overachievement Incentive towards Lower Distribution Loss	66.57	Table 3.7
C	Less- Overachievement incentive towards Collection	28.31	Table 3.10
D	Collection available towards ARR	8,467.79	(A-B-C)

Power Purchase

Power Purchase Quantum

During FY 2022-23, the Petitioner has purchased 12,732.38 MUs out of which 1,585.85 MUs of surplus energy was sold as short-term sale of surplus power.

After deducting the Inter-State transmission loss of 426.68 MUs and Intra-State transmission loss of 98.09 MUs, the Petitioner has submitted a net power purchase quantum of 10,621.76 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 2022-23 as per SLDC Report is given below:

Table 3.12: Power Purchase Quantum (MUs) for FY 2022-23 as per SLDC Report

S. No.	Particulars	Actual Power Purchase (MUs)	Remarks
A	**Power Purchase:**		
i	Power Purchase Quantum from Long Term Sources	11,491.97	Table 3.14
ii	Short Term Power Purchase Quantum	1,240.41	Table 3.21
iii	Short term sale of Power Quantum	(1,585.85)	Table 3.23
iv	Net Power Purchase	11,146.53	(i+ii+iii)
B	**Transmission Loss:**		
i	Intra-State Transmission Loss	(98.09)	
ii	Inter-State Transmission Loss	(426.68)	
iii	Total Transmission Loss	(524.77)	(i+ii)
C	**Net Power Available after Transmission Loss**	**10,621.76**	**(A+B)**

Actual consumption

The breakup of Actual consumption in FY 2022-23 is as under:

Table 3.13: Input (MUs) as per SLDC

Particulars	MU
Actual demand of FY 22-23 as per Delhi SLDC UI bills	(10,695.37)
(-) Open Access consumer	77.63
(+) TATA Power-DDL Solar generation	1.56
(+) Net metering	2.46
Total consumption	**10,621.76**

Input considered for FY 2022-23 is 10,621.76 MUs.

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

During the year, the Petitioner has purchased 11,491.97 MUs from long term sources.

Table 3.14: Energy Purchased (MU) from Generating Stations during FY 2022-23

S. No.	Particulars	Energy (MU)
		Actuals
A	**NTPC**	
	Anta Gas Power Station	1.02
	Auraiya Gas Power Station	1.46
	Dadri Gas Power Station	9.67
	FARAKKA	37.58
	KAHALGAON – I	91.07
	NCPP – DADRI	0.00
	RIHAND – I	210.22
	RIHAND – II	311.03
	SINGRAULI	327.43
	UNCHAHAR – I	31.48
	UNCHAHAR – II	84.25
	UNCHAHAR – III	57.29
	KAHALGAON – II	318.40
	DADRI EXTENSION	42.40
	ARAVALI	3097.46
	Sub-Total NTPC	**4,620.77**
B	**NHPC**	
	BAIRA SIUL	20.56
	CHAMERA – I	44.66
	CHAMERA – II	53.48
	CHAMERA – III	38.70
	DHAULIGANGA	51.43
	DULHASTI	79.06
	Parbati – III	24.57
	SEWA –II	20.94
	TANAKPUR	16.27
	URI	90.56
	Uri – II	62.23
	Sub-Total NHPC	**502.44**
C	**NUCLEAR**	
	RAPS – 5 & 6	125.98
	NPCIL – NAPS	94.34
	Sub-Total Nuclear	**220.33**
D	**Other Stations**	
	THDC	

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S. No.	Particulars	Energy (MU)
		Actuals
	KOTESHWAR HEP	36.93
	TEHRI HEP	62.94
	SJVNL	
	NJPC (SJVNL)	203.10
	DVC	
	Mejia unit – 6	170.12
	DVC Chandrapur (Ext. 7 & 8)	492.84
	Other CSGS	
	Haryana CLP Jhajjar	740.90
	MPL DVC - Maithon Power	2,145.44
	Tala	21.42
	Sasan UMPP	407.90
	Sub-Total (THDC+SJVNL+DVC+Other CSGS)	**4,281.60**
E	**State Generating Stations**	
	Gas Turbine Power Station (GTPS)	101.94
	Pragati – I	162.61
	Pragati – III	546.89
	Timarpur-Okhla Waste Mgt. Co	48.77
	MSW Bawana	40.26
	Tehkhand Waste to Electricity Project Ltd	10.02
	TPDDL Solar	1.55
	Sub-Total SGS	**912.05**
F	**RENEWABLE ENERGY**	
	Net metering	2.44
	SECI 20 MW Solar	42.97
	SECI 200 MW Solar	256.29
	SEI JyotiSwaroop	54.72
	SEI RaviKiran	53.49
	SEI Renewable	53.67
	SEI Solarvan	53.55
	SEI Sooraj	54.46
	SEI Sunshine	54.23
	NANTI HYDRO POWER PRIVATE LIMITED	45.19
	SECI- Wind	138.32
	Taranda Hydro	38.38
	Suryakanta Hydro Energies Pvt. Ltd.	44.36
	M/s Cosmos Hydro Power Private Limited,	56.84
	Singrauli Small Hydro	5.89
	Sub-Total Renewable	**954.79**
G	**Grand Total (A+B+C+D+E+F)**	**11,491.97***

**MU scheduled to the petitioner in FY 2022-23 is as per invoices. Figures fetched from Audited Power Purchase Certificate Annexure -V*

Short Term Power Purchase

During this financial year the Petitioner has purchased 1,240.41 MUs through bilateral/banking/exchange/UI/intrastate as short-term power purchase. Out of 1,240.41 MUs the Petitioner has received back 510.87 MUs through bilateral, 436.32 MUs through banking, 277.13 MUs through exchange mode, 11.53 MUs through UI and balance 4.56 MUs through intra-state arrangements. A comparative summary of sources wise short term power purchase from various sources from FY 2020-21 onwards is shown below:

Table 3.15: Details of Short-term Power Purchase

S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	644.26	41%	740.55	56%	510.87	41%
B	Banking	187.83	12%	184.03	14%	436.32	35%
C	Exchange	680.26	43%	383.12	29%	277.13	22%
D	Intra state	42.18	3%	15.59	1%	4.56	0.4%
E	UI	10.57	1%	8.95	1%	11.53	1%
F	**Total**	**1,565.10**	**100%**	**1,332.24**	**100%**	**1,240.41**	**100%**

**Figures as per Audited Power Purchase Certificate Annexure-V*

Short Term Power Sale

During the year FY 2022-23, the Petitioner has sold 1,585.85 MUs of surplus energy, out of which 1,225.34 MUs (77%) was sold through exchange, 253.82 MUs (16%) was sold through intra-state arrangements and 106.70 MUs (7%) was sold through UI.

A comparative summary of source wise short term power sales through various sources from FY 2020-21 onwards is shown below:

Table 3.16: Details of Short-term Power Sales

S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	0.00	0%	0.00	0%	0.00	0%
B	Banking	200.35	25%	468.00	25%	0.00	0%
C	Exchange	403.16	50%	1,106.49	60%	1,225.34	77%
D	Intra state	115.15	14%	199.65	11%	253.82	16%
E	UI	92.49	11%	67.00	4%	106.70	7%
F	**Total**	**811.16**	**100%**	**1,841.14**	**100%**	**1,585.85**	**100%**

** Figures as per Audited Power Purchase Certificate Annexure-V*

Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 7,312.14 Cr. (inclusive of REC) for the gross power purchase quantum of 12,732.21 MUs in FY 2022-23 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 959.57 Cr. on account of sale of 1,585.85 MUs 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. 1,225.18 Cr.

Further in order to meet RPO obligations for FY 2022-23, an amount of Rs. 79.79 Cr. has been incurred towards purchase of RE certificates. The Petitioner has arrived at total audited power purchase cost of Rs. 7,577.75 Cr. for FY 2022-23. 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 2022-23

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					
NTPC						
Anta Gas Power Station	1.02	6.92	2.02	0.0036	8.94	87.37
Auraiya Gas Power Station	1.46	10.25	2.59	0.07	12.91	88.41
Dadri Gas Power Station	9.67	10.55	14.08	-0.08	24.54	25.38
Farakka Super Thermal Power Station	37.58	3.84	14.45	3.37	21.67	5.77
Feroze Gandhi Unchahar TPS 1	31.48	4.15	13.93	2.92	20.99	6.67
Feroze Gandhi Unchahar TPS 2	84.25	10.33	35.02	4.37	49.73	5.90
Feroze Gandhi Unchahar TPS 3	57.29	4.79	25.27	3.83	33.89	5.92
Feroze Gandhi Unchahar TPS 4	-	0.05		0.42	0.47	-
Kahalgaon STPS 1	91.07	11.11	34.97	3.45	49.53	5.44
Kahalgaon STPS 2	318.40	30.42	115.99	14.88	161.29	5.07
National Capital Therm Pwr - Dadri 1	-	-7.50	-	-1.18	-8.68	-
National Capital Therm Pwr - Dadri 2	42.40	10.44	20.05	12.18	42.68	10.06
Rihand Super Therm Pwr Stn 1	210.22	17.68	32.02	2.14	51.83	2.47
Rihand Super Therm Pwr Stn 2	311.03	23.56	48.48	5.83	77.87	2.50
Singrauli Super Thermal Power Station	327.43	23.07	49.45	5.78	78.29	2.39
NTPC	**1,523.31**	**159.64**	**408.31**	**58.00**	**625.95**	**4.11**
APCPL						
Aravali Jhajjar	3,097.46	619.04	1,423.51	47.05	2,089.59	6.75
APCPL	**3,097.46**	**619.04**	**1,423.51**	**47.05**	**2,089.59**	**6.75**
NHPC						
Bairasiul	20.56	2.81	2.87	1.27	6.96	3.39
Chamera-I	44.66	4.51	4.90	-2.33	7.08	1.59
Chamera-II	53.48	6.57	5.37	2.51	14.45	2.70

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					
Chamera-III	38.70	9.33	7.62	1.69	18.65	4.82
Dhauliganga	51.43	7.14	6.44	5.89	19.48	3.79
Dulhasti	79.06	9.71	11.07	3.41	24.19	3.06
Parbati-III	24.57	11.66	3.78	1.56	17.00	6.92
Salal	-	-	-0.48	1.78	1.30	-
Sewa-II	20.94	6.41	5.54	1.01	12.96	6.19
Tanakpur	16.27	3.72	2.65	2.29	8.67	5.33
Uri	90.56	8.78	7.44	8.85	25.08	2.77
Uri-II	62.23	12.68	11.76	6.55	31.00	4.98
NHPC	**502.44**	**83.33**	**68.99**	**34.50**	**186.82**	**3.72**
SJVN						
Nathpa Jhakri	203.10	26.68	24.01	0.17	50.86	2.50
SJVN	**203.10**	**26.68**	**24.01**	**0.17**	**50.86**	**2.50**
THDC						
THEP (Koteshwar)	36.93	19.29	8.91	6.63	34.82	9.43
THEP (Tehri)	62.94	10.64	12.24	1.66	24.54	3.90
THDC	**99.88**	**29.93**	**21.14**	**8.29**	**59.36**	**5.94**
CLP						
CLP Jhajjar	740.90	64.16	331.18	7.91	403.25	5.44
CLP	**740.90**	**64.16**	**331.18**	**7.91**	**403.25**	**5.44**
MPL						
Maithon Power	2,145.44	309.58	587.27	20.69	917.53	4.28
MPL	**2,145.44**	**309.58**	**587.27**	**20.69**	**917.53**	**4.28**
DVC						
Chandrapura Thermal Power Station - Unit 7 & 8	492.84	95.17	180.85	18.55	294.57	5.98
Mejia Thermal Power Station - Unit 6	170.12	26.99	63.49	6.72	97.20	5.71
DVC	**662.96**	**122.16**	**244.34**	**25.26**	**391.76**	**5.91**
NPCIL						
NAPS Unit 1 & 2	94.34	-	28.19	0.11	28.31	3.00
RAPS Unit 5 & 6	125.98	-	46.98	2.75	49.73	3.95
NPCIL	**220.33**	**-**	**75.17**	**2.87**	**78.03**	**3.54**
Sasan						
Sasan UMPP	407.90	6.29	46.86	6.28	59.43	1.46
Sasan	**407.90**	**6.29**	**46.86**	**6.28**	**59.43**	**1.46**
Tala HEP						
Tala HEP	21.42	-	4.86	-	4.86	2.27
Tala HEP	**21.42**	**-**	**4.86**	**-**	**4.86**	**2.27**
Grand Total	**9,625.13**	**1,420.81**	**3,235.65**	**211.00**	**4,867.46**	**5.06**

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Energy availability from State Gencos

The energy scheduled along with total cost to the Petitioner during FY 2022-23 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 2022-23

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Cost Including PY Arrears (Rs. Cr.)	Avg. Rate (Rs./kWh)
	Sought for Trued up					
State Generating Stations						
Gas Turbine Power Station (GTPS)	101.94	31.54	147.40	13.10	192.04	18.84
Pragati Power Station – I	162.61	29.47	261.10	-	290.57	17.87
Pragati Power Station - III, (Bawana)	546.89	284.89	367.67	-0.79	651.77	11.92
Total SGS	**811.44**	**345.90**	**776.17**	**12.31**	**1,134.38**	**13.98**

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

a) 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.

b) 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 owning 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, 2019 has prescribed the Solar & Non-Solar RPO trajectory to be met by Delhi Discom's for FY 2020-21 to FY 2022-23, which was further revised in DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations 2021. 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 2020-21 to FY 2022-23, 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 RPO shall be met through purchase of power from various Renewable Energy sources or purchase of Renewable Energy Certificates ('REC') or combination of both, and shall be as follows:

Table 3.19: Targets for Renewable Purchase Obligation

S. No.	Particulars	2020-21	2021-22	2022-23
A	Non-Solar Target	10.25%	10.25%	**10.50%**
B	Solar Target	7.25%	8.75%	**10.50%**
C	HPO Target		0.18%	**0.35%**
D	Total	17.50%	19.18%	**21.35%**

(2) The Distribution Licensee shall comply with its RPO through procurement of Solar energy and Non-Solar energy:

Provided that on achievement of Solar RPO compliance as specified in aforesaid sub-

Regulation (1) to the extent of 85% and above, remaining shortfall if any, can be met by excess Non-Solar energy/ Non-Solar REC purchased beyond non-Solar RPO for that particular year:

Provided further that on achievement of Non-Solar RPO compliance as specified in aforesaid

sub-Regulation (1) to the extent of 85% and above, remaining shortfall if any, can be met by excess Solar energy/Solar REC purchased beyond Solar RPO for that particular year:

Provided also that the Distribution Licensee may purchase power from various Renewable Energy sources or RECs or combination of both 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 DERC (Net Metering for Renewable Energy) Regulations, 2014, for the relevant-year:

.."

Table 3.20: Meeting of RPO obligations FY 2022-23

Particulars	RPO requirement for FY 2022-23			
	Solar	Non-Solar	HPO	Total
Total Billed Sales				9,946.7
Less- units from Hydro				826.8
Balance Billed sales to be met through RPO obligation				9,119.9
RPO obligation (%)	10.50%	10.50%	0.35%	21.35%
A. Total RPO to be met – MUs	957.6	957.6	31.9	1,947.1
B. MUs through Long term Tied up quantum	678.3	430.9	-	1,109.1
C. MUs through Short term Tied up quantum	9.2	22.8	18.6	50.5
D. Adjusted for RPO compliance for FY 2021-22	(22.5)	-	-	(22.5)
E. REC purchased – Mus	215.7	426.3	0.0	642.0
F. Last Year Carry Forward (FY 2021-22 as allowed by the Hon'ble commission on 28th Mar' 2023)		129.1		129.1
G. Adjustment done from Q1 FY 2023-24 as per Regulation 27(2) of BPR, 2019	28.1	-	10.7	38.8
H. Balance RPO compliance (MUs) at the end of March 21 (H=B+C-A+D+E+F+G)	(48.8)	51.5	(2.7)	-
I. Non-Solar Surplus adjusted in Solar & HPO Shortfall as per as per Regulation 27(2) of BPR, 2019	48.8	(51.5)	2.7	-
Balance MUs (H+I)	-	-	-	-

Note: - as per certificate
**Information already shared with the Hon'ble Commission*

From above (Point-F) it is evident that there was a surplus of 129.1 MUs in FY 2021-22, therefore it was requested to the Hon'ble Commission to carry forward these renewable attributes of 129.1 MUs surplus power from FY 2021-22 to FY 2022-23 toward RPO compliance, which will ultimately reduce the burden on end consumers. It is also pertinent to mention that the Petitioner had filed Petition with the Hon'ble Commission for carry forward of the renewable attributes of surplus Renewable power of FY 2021-22 subsequently in FY 2022-23. The same has been approved by Hon'ble Commission as per clause 19. of the Hon'ble Commission order dated 28th Mar'2023 and relevant extract is reproduced below:

"19. The Hon'ble Commission allows the carry forward of Surplus Energy during FY 2021-22 in FY 2022-23 only for the limited purpose of RPO. Such Surplus Energy will be ascertained by the Commission during True-up of relevant Financial Year based on the Energy Accounting report from Delhi SLDC, as per past practice. However, for the purpose of Sales, Distribution Loss, Revenue Billed, Surplus Energy of FY 2021-22 shall be considered in FY 2021-22 itself".

Details of Short-Term Power Purchase

During this financial year the Petitioner has procured 1,240.41 MU through bilateral/banking/exchange/UI/Intrastate under short-term power purchase.

Table 3.21: Details of Short-term Power Purchase in FY 2022-23

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Purchase	4.56	5.47	2.49
B	IEX Purchase	246.09	7.34	180.70
C	PXIL Purchase	31.04	16.85	52.30
D	Banking Purchase	436.32	2.59	113.18
E	DSM Purchase	11.53	13.20	15.21
F	Bilateral Purchase	510.87	9.11	465.42
G	**Short Term Purchase Total**	**1,240.41**	**6.69**	**829.31**

In above table the Petitioner has accounted banking purchase as revenue neutral and considered the total cost from import and export of banking transactions as same however, the Hon'ble Commission in its Tariff order dated 30th Sept' 2021 has accounted the banking transactions on the basis of actual variable cost of long-term power purchase cost of respective years. In such scenario the total short-term power purchase cost will increase from 829.31 (Table 3.21) to 883.66 (Table 3.21(a)). However, such accounting for banking transaction by Hon'ble Commission has been challenged by the Petitioner in the Hon'ble APTEL and hence, without prejudice the Petitioner has taken short-term power purchase cost as per Table no. 3.21 for the true up power purchase cost for FY 2022-23.

Table 3.21(a): Details of Short-term Power Purchase in FY 2022-23

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Purchase	4.56	5.47	2.49
B	IEX Purchase	246.09	7.34	180.70
C	PXIL Purchase	31.04	16.85	52.30
D	Banking Purchase	436.32	3.84	167.54
E	DSM Purchase	11.53	13.20	15.21
F	Bilateral Purchase	510.87	9.11	465.42
G	**Short Term Purchase Total**	**1,240.41**	**7.12**	**883.66**

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, previously the Petitioner in its accounts has followed the below mentioned methodology for accounting of banking transactions. The Petitioner while banking the units with the other utility record the transaction at normative cost say Rs 2.62/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. 3.85/unit in its books of account.

Due to consideration of two different rates while accounting for the same banking transaction the discrepancy might occurred. Each banking contract (comprising import & export) needs to be treated as a transaction where import & export Mus are to be considered at same rate making the transaction revenue neutral. The only exception to this would be the percentage return which would reduce/increase the rate by the same factor. For example, a 100 Mus export considered at Rs. 4/-per unit would amount for Rs. 40 Cr. in sale & corresponding import at 105% would result in import being considered at Rs. 3.81/- per unit as 105 units would be retuned now.

As the statutory auditor has certified the power purchase cost based on books of account, hence, has certified return of banked units of 436.32 MUs @ reducing cost of Rs 2.59/unit against the notional cost of Rs 2.62 /unit.

Therefore, for the purpose of truing up of banking transaction, the Petitioner is seeking return of banking transaction at notional rate of Rs. 2.62 per unit. Impact of the same is given in table below:

Table 3.22: Details of Financing Cost of Power Banking

S. No.	Short Term Purchase	MOU	Units	Amount
A	Banking Purchase/refund	MUs	436.32	113.18
B	Rate Considered	Rs./unit	2.59	
C	Notional Rate to be considered	Rs./unit	2.62	
D	Additional Impact to be computed for the purpose of ARR	Rs Cr.	1.13	

Revenue neutrality of power banking transaction and its impact on power purchase availability

The Hon'ble Commission *vide* its letter dated 16th Nov'2018, has specified that the normative rate of banking transaction shall be '*weighted average rate of all long-term sources considering only* ***variable cost for the relevant year***'. The relevant paragraph of the aforesaid letter is given below for reference please:

"*the normative cost of banking transactions shall be* ***weighted average rate of all long term sources*** *considering only variable cost* ***for the relevant year****. Further the sample calculation for incentive on sale of surplus power is annexed herewith.*"

Essentially, it means that in all likelihood the first leg of banking transaction may have a different normative cost than the return leg of the same banking transaction if both the legs take place in different financial years. This has been the usual practice till date.

"***The relevant year***" defeats the **"revenue neutral"** nature of banking transaction and bring in "Mark to Market" exposure. Distribution companies will not know the extent of "Mark to Market" exposure when they propose to enter into such transaction. It will be known only in the year of true-up as the rate for relevant year would be known then [almost two years later].

An example of actual banking transaction, spread over two financial years, have been settled by the Hon'ble Commission in the Tariff Order dated 30th Sep'2021 as below:

Banking Transanction Treatement - J&K								
Parameters	Period	True Up Period	Return Ratio	MUs Banked	Per Unit Rate Considered by Commission in True Up	Total Export (Sale) Amount Considered (Rs Crore)	Total Import (Purchase) Amount Allowed (Rs Crore)	Total Disallowance (Rs Crore)
Export	Dec'17- to Feb'18	FY 2017-18	-	268	4	107.28	-	30.67
Import	May'18 to Sep'18	FY 2018-19	98.5%	264.18	2.90	-	76.61	

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The aforesaid transaction, as settled, is opposite to what forms part of the Regulation 121 (3) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, Regulation 29 (1) (ii) of DERC Business Plan Regulation, 2019 as well as directives issued by the Hon'ble APTEL in its judgment in Appeal 14 of 2012.

Thus, the Petitioner propose the following options for consideration of the Hon'ble Commission to make banking transactions revenue neutral:

- **Option A [No Financial Impact towards Export / Import of Power]**

Only adjustment of import/export units should be considered and no financial impact for the export of power [sale] and import of power [purchase] and allowance of Trading Margin / Transmission charges/Return Ratio if any.

- **Option B**

Financial impact for the export of power [sale] and import of power [purchase] at the same weighted average rate of variable cost of all long-term sources. The financial impact towards "return ratio" linked to the weighted average rate of variable cost of all long-term sources of the financial year when such return takes place.

> ***"....Provided that the normative cost of banking transactions shall be weighted average rate of variable cost of all long term sources. Further, weighted average rate considered during True Up for first leg of banking transaction shall be used for the True-Up of second leg of the banking transaction along with Trading Margin, Transmission charges and/or applicable Return Ratio, if any."***

The above amendment will help in preserving the revenue neutrality of power banking transactions. And DISCOM will be able to bank its surplus contracted capacity of power generation in winters with other distribution utilities and seek return of such surplus capacity during summers of next financial year.

Details for Short Term Surplus Power Sale

During this year the Petitioner has sold 1,585.85 Mus at the average rate of Rs 6.05 per unit. The source wise summary of sale of surplus power during the FY 2022-23 is shown below:

Table 3.23: Details of Short-term Power Sales

S. No.	Particulars	FY 2022-23		
		Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Sale	253.82	8.13	206.44
B	IEX Sale	1,225.34	5.91	723.91
C	DSM Sale	106.70	2.74	29.22
D	**Short Term Sale Total**	**1,585.85**	**6.05**	**959.57**

Transmission Charges

The Petitioner has incurred transmission charges of Rs. 1,225.18 Cr. The party wise breakup of the transmission charges is given in the table below:

Table 3.24: Summary of Transmission charges for FY 2022-23

S No.	Name of Station-Particulars / Party Name	Rs. Cr.
A	**PGCIL TRANSMISSION CHARGES**	**844.36**
	PGCIL NON POC BILL	1.97
	PGCIL POC BILL 1	647.79
	PGCIL POC BILL 2	193.75
	PGCIL POC BILL 4	0.86
B	**DTL/ SLDC TRANSMISSION CHARGES**	**255.13**
	DTL-Application Charges	0.22
	DTL-NRLDC Charges	4.13
	DTL-Reactive Energy Charges	9.18
	DTL-SCED	(2.26)
	DTL-SLDC Charges	2.94
	DTL-STOA Credit	(149.16)
	DTL-Wheeling Charges	390.07
C	**OTHER TRANSMISSION CHARGES**	**125.69**
	Banking Purchase STOA	16.72
	Bhakra Beas Management Board	0.56
	Bilateral purchase STOA	19.80
	Chandrapura Thermal Power Station – Transmission	1.04
	CLP Jhajjar Transmission	10.18
	IEX Purchase STOA	9.44
	IEX Sale STOA	46.95
	M/s Cosmos Hydro Power Private Limited, Transmission	0.18
	Maithon Power Tx Charges	1.04
	Mejia Thermal Power Station - Unit 6 Transmission	0.17
	NANTI Transmission	1.89

S No.	Name of Station-Particulars / Party Name	Rs. Cr.
	NTPC Transmission Charges	0.24
	PXIL Purchase STOA	1.21
	SECI 20 MW Solar Transmission	1.96
	SEI Sunshine Transmission	12.87
	Suryakanta Transmission	1.41
	Taranda Hydro Transmission	0.02
	THEP (Koteshwar)- NRLDC Charges	0.01
	THEP (Tehri)-NRLDC Charges	0.01
	Grand Total (A+B+C)	**1,225.18**

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 3.25: Summary of Normative Rebate for FY 2022-23 (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%	2,096.69	31.45
2	Adani	2.00%	22.07	0.44
3	CHPPL	1.50%	25.23	0.38
4	DMSWSL	2.00%	28.31	0.57
5	DTL (LT)	2.00%	390.07	7.80
6	DVC	1.50%	368.80	5.53
7	IPGCL	2.00%	192.04	3.84
8	NHPC	1.50%	186.27	2.79
9	NHPPL	1.50%	19.39	0.29
10	NPCIL NAPS	2.50%	27.64	0.69
11	NPCIL RAPS	2.50%	48.09	1.20
12	NTPC	1.50%	605.85	9.09
13	NVVNL	2.00%	35.85	0.72
14	PGCIL	1.50%	0.79	0.01
15	CTUIL	1.50%	875.20	13.13
16	PPCL I	2.00%	290.57	5.81
17	PPCL III	1.50%	651.77	9.78

S. No.	Vendor	Maximum Normative Rebate (in %) (A)	Rebatable Amt (B)	Amount offered as normative rebate. [C=(B*A]
18	PTC(ST)	2.00%	19.58	0.39
19	PTC(Tala)	1P/KWH	4.86	0.02
20	SASAN	1.50%	53.76	0.81
21	SECI	1.50%	105.64	1.58
22	SEI SUNSHINE	1.50%	21.47	0.32
23	SEI SOLARVANA	1.50%	21.20	0.32
24	SEI SOORAJ	1.50%	21.56	0.32
25	SEI JYOTISWAROOP	1.50%	21.67	0.32
26	SEI RAVIKIRAN	1.50%	21.18	0.32
27	SEI RENEWABLE	1.50%	21.25	0.32
28	SHEPL	1.50%	16.86	0.25
29	SJVNL	1.50%	50.86	0.76
30	TARANDA	1.50%	16.46	0.25
31	THDC	1.50%	54.42	0.82
32	TOWMCL	2.00%	27.85	0.56
33	TWEPL	2.00%	4.31	0.09
34	TPTCL MPL	1.50%	898.52	13.48
35	TPTCL CLP	1.50%	395.35	5.93
36	TPTCL ST	2.00%	385.45	7.71
37	RPG ST	2.00%	2.46	0.05
	Total (A)		**8,029.31**	**128.14**
B	**Towards Sale of Power**		-	-
	Total (B)		**0.00**	**0.00**
	Grand Total (A)-(B)		**8,029.31**	**128.14**

Incentive on Sale of Surplus Power

The Hon'ble Commission in its Business Plan Regulations, 2019 has specified the methodology for computation of the incentive on sale of surplus power. The same has been reproduced below for reference:

"<u>29. INCENTIVE SHARING MECHANISM FOR SALE RATE OF SURPLUS POWER</u>

(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 2020-21 to FY 2022-23 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. 114.81 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.

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

Based on all above submissions, the net energy balance for FY 2022-23 comes as below:

Table 3.26: Energy Balance for FY 2022-23

Particulars	**As Per the Petitioner**			**Remark**
	MU	**(Rs Cr)**	**Rs/kWh**	
Power Purchase from CSGS	9,622.10	4,867.46	5.06	Table 3.17
Short Term Power Purchase	1,240.41	829.31	6.69	Table 3.21
Power Purchase – Delhi Gencos	811.44	1,134.38	13.98	Table 3.18
RPO Obligations	1,058.27	401.21	3.79	
Cost of REC certificate – towards RPO		79.79		
Gross Power Purchase Cost	**12,732.21**	**7,312.14**	**5.74**	
Add: Transmission Charges				
PGCIL charges	(98.09)	844.36		Table 3.24
DTL charges	(426.68)	255.13		
Other transmission charges		125.69		
Surplus Power sold / Banked / UI sales	(1,585.85)	(959.57)	6.05	Table 3.23
Power Purchase Cost (Audited)	**10,621.59**	**7,577.75**	**7.13**	
Net Normative Rebate on power purchase		(128.14)		Table 3.25
Add-Incentive on Sale of Surplus Power		114.81		
Add- Normative additional units of power Banking @ 2.62/unit		1.13		Table 3.22
Net Power Purchase Cost	**10,621.59**	**7,565.56**	**7.12**	

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, 2019 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	2020-21	2021-22	2022-23
66 kV Line	Rs. Lakh / ckt.km	3.079	3.197	**3.32**
33 kV Line	Rs. Lakh / ckt.km	3.079	3.197	**3.32**
11 kV Line	Rs. Lakh / ckt.km	0.935	0.971	**1.008**
LT Line System	Rs. Lakh / ckt.km	7.338	7.62	**7.912**
66/11 kV Grid S/s	Rs. Lakh / MVA	0.954	0.991	**1.029**
33/11 kV Gris S/s	Rs. Lakh / MVA	0.954	0.991	**1.029**
11/04.15 kV DT	Rs. Lakh / MVA	1.489	1.546	**1.605**

Thus, computation of Normative O&M expenses for FY 2022-23 based on the above table and Actual Network capacity is computed as below:

Table 3.27: Normative O&M Expenses for FY 2022-23

Particulars	Unit	FY 2022-23 Rate	Capacity	Capacity as on 31.03.2022	Capacity as on 31.03.2023	Average Capacity	Amount Rs Cr.
66 kV Line	Rs. Lakh / ckt.km	*3.320*	Ckt.km	*616.41*	*621.77*	619.09	20.55
33 kV Line		*3.320*	Ckt.km	*604.53*	*616.81*	610.67	20.27
11 kV Line		*1.008*	Ckt.km	*7,274.81*	*7,456.75*	7,365.78	74.25
LT Line System		*7.912*	Ckt.km	*7,619.60*	*7,758.46*	7,689.03	608.36
66/11 kV Grid S/s	Rs. Lakh / MVA	*1.029*	MVA	*3,213.50*	*3,339.50*	3,276.50	33.72
33/11 kV Gris S/s		*1.029*	MVA	*1,873.00*	*1,913.00*	1,893.00	19.48
11/04.15 kV DT		*1.605*	MVA	*6,368.99*	*6,452.45*	6,410.72	102.89
Total							**879.52**

Further, Regulation 26(4) of the Business Plan Regulation, 2019, 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 the Petitioner.

It is worth to mention that following additional expenses are either statutory in nature or done in the interest of the consumer or uncontrollable in the hands of the Petitioner. Hence, the Petitioner has sought these expenses over and above the normative expenses on actual basis.

Considering the submission made by the Petitioner before the Hon'ble APTEL in Appeal 246 of 2014, the Hon'ble APTEL agreed with the Petitioner contentions and decided the issue in favour of the petitioner. Relevant extract of the Judgment of Appeal 246 of 2014 is given below:

"16.4.1 We have carefully gone through the rival submissions of learned counsel for the Appellant and learned counsel for the Respondent Commission and also taken note of the findings of this Tribunal in its judgment dated 10.02.2015 in Appeal No. 171 of 2012. It is not in dispute that the Appellant has actually incurred various expenses as claimed by it in the petition which the State Commission has disallowed while truing up for FY 2012-13 giving

reasoning that these expenses are controllable. ***It is, however, seen that many of the expenses so claimed by the Appellant are in the category of uncontrollable in nature and need to be looked into by the Commission by adopting a judicious approach instead of disallowing all of them in totality .... Accordingly, we decide this issue in favour of the Appellant."***

Thus, in line with the Hon'ble APTEL Judgment, the Petitioner seeks the following claims for FY 2022-23.

1) Change in Law

A. 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 2022-23 the Petitioner has incurred an amount of Rs. 13.12 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.

The Petitioner has to pay land licensee fee for the past land taken from GoNCTD and also for the new land allocated within the year and hence cost is uncontrollable.

The Hon'ble Commission vide its letter no. F.17(174)/Engg./DERC/17-18/5856/1269 dated 13.09.2022 allowed DDA to pay one time SLD charges of Rs 14 lacs per MVA towards land cost where land is allocated by DDA through GoNCTD.

While SLD charges received is passed in the ARR, the applicable annual licensee cost has to be borne by the Petitioner and is not controllable 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 3.28: Computation of Land License fee to be allowed on actual basis

S. No.	Land Licensee fee	Amount Rs Cr	Remark
A	Amount Actually paid	13.12	Refer note no 5(iv) of the Audited financial statement
B	Allowed on Normative basis	11.01	
C	**Balance amount to be realized**	**2.11**	A-B

Based on the above submission and facts, the Petitioner requests to the Hon'ble Commission to allow differential amount of Rs. 2.11 Cr towards Land licensee fee, as the same is uncontrollable and statutory in nature.

Change in treatment of Land Licensee Fee

Earlier as per accounting standard Ind AS 17, Land licensee fee was accounted as part of Administrative and General expenses in Profit and loss account of the company. The accounting standard was changed w.e.f 1st April 2019 by MCA (Ministry of Corporate Affairs) by notifing new standard Ind AS 116 – "Leases". Now the accounting and disclosure requirements relating to Land Licensee fee falls under the preview of Ind AS 116. Land Licensee fee payable is considered in computation of lease liabilities and its annual payments reduce from lease liabilities.

The Petitioner applied Ind AS 116 "Leases" with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial amount recognised as in 1st April, 2019.

Accordingly, from 1st April 2019, such expenses are not reflected in Administration & General Expenses (A&G) but included in Depreciation & Finance Cost consequently, the same will not be booked under O&M expenses going forward.

During FY 2022-23, the Petitioner has made a payment on account of Land Licensee Fee amounting to Rs.13.12 Cr. which is not part of A&G expenses as per Audited Financials.

B. Incremental Impact of GST

Regulation 87 of Tariff Regulations 2017 read with Business Plan Regulation, 2019 which is applicable for 4th 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, the Petitioner submits that the Goods & Services Tax (GST), which 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% (as distribution of power is treated as service sector). 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 the Hon'ble Commission.

It is further clarified that GST is a Statutory Tax/levy, applicability of which cannot be avoided by any utility and hence it's impact cannot be controlled by the Petitioner; thus, it falls under the proviso of Regulation 87 which provides as under:

"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."

CERC has already recognized the enactment of GST Act as Change in Law and allowed Genco's/ Transco's to claim additional financial impact of change in tax rate on normative O&M expenses from the beneficiaries.

Further in Business Plan Regulation 2019 the years considered for setting the norms for 4th Control Period for O&M expenses were FY 2016-17, FY 2017-18 and FY 2018-19.

The Hon'ble Commission has averaged the expenses for three years of the above mentioned years while GST law was made applicable from July 2017 however, the Hon'ble Commission has not considered the entire impact of GST levy as the same was not applicable upto 30th june' 2017. Therefore the increase in expenses due to this additional levy was not captured for one year & three months and got partially allowed due to averaging of expenses by three years instead of one year & nine months. Thus, the normative expenses doesn't cover full impact of GST for 4th Control Period.

Based on above submission and considering its statutory nature, the Hon'ble Commission is requested to consider ***the differential impact*** of the GST for Rs 34.66 Cr. for FY 2022-23 as computed below.

Table 3.29(a): Impact of GST for FY 2022-23

Particulars	Amount Rs. Cr
GST Amount in Rs Cr – **A** (As per disclosure no. 33.4 of Audited Financial Statements)	45.22
Derived normative O&M Expenses allowed by the Hon'ble Commission towards GST for FY 2021-22	9.96
Further, adjusted for the following impact	
(i) Impact of escalation for FY 2022-23	3.83%
(ii) Impact of network growth for FY 2022-23	2.13%
Normative amount allowed – B	**10.56**
Differential Impact (A-B)	**34.66**

C. Impact of Increase in Minimum Wages

During the FY 2022-23, the Petitioner has incurred an additional amount of Rs 12.61 Cr. over and above normative O&M expenses towards the impact of increase in the Minimum Wages as announced by the Delhi Government vide Delhi Gazette Notification No. 85 dated 3rd Mar'2017. Copies of the Gazette Notification regarding Minimum Wages along with the previous year Gazette Notification are annexed hereto and marked as **Annexure-II.** As the said Gazette Notification was issued only on 3rd Mar'2017, thus, its impact was not fully factored into account by the Hon'ble Commission while notifying the Business Plan Regulation, 2019 applicable for 4th Control Period as the normative O&M expenses were premised on the data for FY 2016-17, FY 2017-18, and FY 2018-19.

The Hon'ble Commission has averaged the expenses for FY 2016-17, FY 2017-18 and FY 2018-19 which was further escalated by inflation factor to arrive at the FY 2020-21 norms instead of normalizing the impact for period in which it was applicable.

Thus, impact for complete one year i.e. FY 2016-17 was not captured while setting the norms for 4th Control Period and got diluted due to averaging of expenses by three years. Thus, the normative O&M expenses doesn't cover full impact of Minimum Wages for 4th Control Period.

It is further clarified that it is a statutory levy. Govt. of NCT has increased the minimum wages by significantly in addition to the normative increase allowed in normal course resulting in significant increase in O&M expenses for DISCOMS. Hence, the differential impact has to be allowed over and above normative O&M Expenses being statutory in nature and cannot be controlled by the Petitioner.

It is noteworthy to mention that proviso of Regulation 87 of Tariff Regulations, 2019 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 differential impact of abnormal increase in minimum wages to the tune of Rs. 12.61 Cr should be allowed to the Petitioner on actual basis. The computation of same is as follows:

Table 3.29(b): Impact of minimum wages for FY 2022-23

Particulars	Amount (Rs Cr)
Minimum Wages Amount in Rs Cr – **A** (As per disclosure no. 33.4 of Audited Financial Statements)	29.51
Derived Normative O&M Expense allowed by DERC towards minimum wages for FY 2021-22	15.94
Further, adjusted for the following impact	
(i) Impact of escalation for FY 2022-23	3.83%
(ii) Impact of network growth for FY 2022-23	2.13%
Normative amount allowed – B	**16.91**
Differential Impact (A-B)	**12.61**

2) Expenses allowed on actual basis as per Regulations

D. Leave Salary Contribution/Pension contribution towards - 7th Pay Commission 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. The Petitioner has complied with the recommendations of Wage Revision Committee (WRC) for disbursement of Interim Relief w.e.f. 1st Jan'2016 and for payment of other allowance w.e.f. 1st Jul'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 26th Jul'2017.

Further due to implementation of recommendation of WRC, there is substantial increase in FRSR employee salary which was not fully factored at the time of setting O&M norms in Business Plan Regulation,2019 as full & final payment was made in FY 2021-22. Therefore, it is requested to the Hon'ble Commission to allow the differential impact due to implementation of 7th Pay Commission as per computation in table 3.30 since it was not part of normative O&M expenses.

Further, payment of Rs. 1.82 Cr has been made on account of VSS/Separated employees, which is being sought additionally over and above the normative O&M expenses.

Based on above submissions, the Petitioner is seeking impact of 7th Pay Commission due to implementation of WRC recommendations as computed below:

Table 3.30: Payment on account of 7th Pay Commission

Particulars	Amount Rs Cr
Differential payout of Leave salary Contribution/Pension contribution due to implementation of 7th pay Commission (gross)	18.51
Differential payout of salary & Allowances due to implementation of 7th pay Commission (gross)	54.04
Payment made against VSS & Separated employees in FY 2022-23	1.80
Amount already considered under Normative O&M	(51.62)
Incremental Impact on account of 7th Pay Commission	**22.73**

Note: *Figures as per Audited Certificate towards additional impact on account of 7th Pay Commission Annexure-III*

3) Impact of APTEL order in Appeal 246 of 2014 dated 30th Sep'2019

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 were never part of A&G expenses thus did not form part of base year normative O&M expenses. Therefore, the Petitioner is entitled to claim the financing charges of Rs 0.86 Cr on actual basis.

Table 3.31: Total amount of financing charges

Particulars	Amount Rs Cr
Total Financing charges	0.86

(Refer Note no 32 (d) of Audited Financial Statements attached as Annexure-I of the Petition)

It is respectfully submitted to the Hon'ble Commission to allow an amount of Rs 0.86 Cr on account of financing charges.

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

F. Professional & Legal Expenses

The Hon'ble Commission has not considered Legal & Professional Expenses of the DISCOMs. While determination of normative O&M expenses for the control period. Further as per clause no. 23(7) of Business Plan Regulation, 2019 and SOR, the Hon'ble Commission has specified that it shall allow the Legal & Professional Expenses on actual basis subject to prudence check. Thus, the Petitioner is claiming Professional & Legal expenses separately on actual basis.

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 as per clause no 23(7) of Business Plan Regulation, 2019.

During FY 2022-23, the Petitioner has incurred an amount of Rs. 30.13 Cr (net of BD Expenses and Generation) under the head Legal and Professional Expenses. Given below is the sub-head wise bifurcation of Legal and Professional Expenses where Professional expenses includes expenses incurred during the normal course of business, like Auditors expenses, consultancy and professional charges, credit rating agency fees etc.

Table 3.32: Professional & Legal Expenses for FY 2022-23

S. No.	Particulars	Amount Rs. Cr
Professional Expenses (Major breakup given below)*		
A	Auditor Expenses (for statutory audit)	0.57
B	Other Professional/Consultancy Charges	7.41
Total Professional Expenses		**7.98**
Legal Expenses		
C	Legal Expenses - Against Commission's order/Regulations	6.19
D	Legal Expenses - Other than Commission's order/regulation	15.55
E	Litigation Expenses - Compensation charges as per direction of court	0.40
Total Legal Expenses		**22.15**
Total Professional & Legal Expenses		**30.13**

***Nature of expenses booked under Professional expenses**
Certificates as per Loan Covenants of Financial Institutions
Fee for Various DERC Certificates
Fees for handling various Direct/Indirect Tax matters

*Nature of expenses booked under Professional expenses
Professional charges for Cost Audit and related expenses
Fees for Co. Secretarial compliances & filing documents to MCA
Credit Rating fees (mandatory to get loans from financial institutions)
Physical Verification of Assets as per CARO compliance
Audit Fee including Out of Pocket Expenses

Based on above submission, it is requested to the Hon'ble Commission to allow Rs 30.13 Cr towards Legal and Professional Fees.

G. Common Effluent Treatment Charges (CETP Charges)

DSIDC has raised demand of Rs. 7.86 Cr towards non-payment of Maintenance charges and CETP (Common effluent treatment charges) against 5 premises occupied by the Petitioner under DSIDC jurisdiction. Out of 5 plots, 2 are vacant plots held since DVB period having no operations at all, 2 are grid substations which are unmanned and dedicatedly cater to the entire industrial area while 1 grid cum zonal office is situated from which only domestic sewage is being discharged and no industrial effluent is generated. The Petitioner has challenged the said impugned demand raised by DSIDC & filed writ petition before the Hon'ble High Court WP (C) 2157 of 2019. The court was pleased to grant stay against the total demand raised by DSIDC. For FY 2022-23 payment of Rs 0.40 Cr has been made by the Petitioner in this regard.

Therefore, the Petitioner requests the Hon'ble Commission to take cognizance of the facts as above, and in case later on it is found/ decided that these demands are payable, the Hon'ble Commission is requested to allow in ARR as additional expense along with any interest or penalty if payable and for FY 2022-23 it is requested to the Hon'ble Commission to allow Rs 0.40 Cr towards CETP Charges. It is clarified that CETP charges are in the nature of statutory levies which were not forming part of base year normative O&M expenses, hence need to be allowed on actual basis over and above normative O&M Expenses.

Summary of the Additional O&M Expenses sought over and above the normative O&M expenses allowed for FY 2022-23

Based on the above submissions, the Petitioner is seeking Rs 103.48 Cr. additionally on account of O&M expenses for FY 2022-23 towards statutory levies/uncontrollable factors, change in law, minimum wages, 7th pay commission etc. in line with the judgement of Appeal 246 of 2014 & in line with the Business Plan Regulations, 2019.

Table 3.33: Summary of Additional O&M Expenses on account of statutory levies & Taxes (Rs Cr)

S. No.	Nature	Amount Rs Cr	Remark
Change in Law			
A	Land Licensee fees towards Grid	2.11	Table 3.28
B	Incremental impact of GST	34.66	Table 3.29(a)
C	Incremental impact of Minimum Wages	12.61	Table 3.29(b)
Actual as per Regulation			
D	7th Pay Commission Impact- FRSR employees	22.73	Table 3.30
As per APTEL order 246/2014 dated 30.09.2019			
E	Allowance of Financing Charges	0.86	Table 3.31
Other Expense not forming part of Base year expenses at the time of Normative O&M expenses determination			
F	Professional Expenses	7.98	Table 3.32
G	Legal Expenses	22.15	Table 3.32
H	CETP Charges	0.40	As per explanation above
	Sub total	**103.48**	

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 2022-23. However, the actual Non-Tariff Income for the purposes of Truing Up for FY 2022-23 comes to Rs. 118.19 Cr. Break-up of the same is given below:

Table 3.34: Non-Tariff Income for FY 2022-23

S. No.	Particular	Amount Rs Cr	Amount Rs Cr	Remark
A	Other Operating Revenue		118.93	Note 29.4.2 of Audited Accounts
B	Other Income		106.76	Note 29.5 of Audited Accounts
	Total –(I)		**225.69**	
Less: Income included in above, not passed as Non-Tariff Income as per DERC Tariff Regulations, 2017				
C	Transfer from capital grants	0.57		Note 29.4.2 of Audited Accounts
D	Transfer from consumer Contribution for Capital work	51.43		Note 29.4.2 of Audited Accounts

S. No.	Particular	Amount Rs Cr	Amount Rs Cr	Remark
E	Incentive towards Street Light	0.73		Note 29.4.2(i) of Audited Accounts
F	Interest Income /Short term capital gain	9.65		Note 29.5 of Audited Accounts
G	Financing Cost of LPSC	7.44		Explanation given below(Table 3.35)
H	Income from other Business	57.44		(To be Offered separately)
	Total –(II)		**127.26**	(C+D+E+F+G+H)
Add: Income included above, but not required to be passed as Non-Tariff Income				
I	Differential amount of Service Line Charges – **III**		**(7.25)**	Explanation given below (Table 3.36)
	Sub- Total		**91.19**	(I)-(II)+(III)

Note: As per Audited Accounts Attached as Annexure-I 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. 0.73 Cr as an incentive earned towards the maintenance of Street Light. It is further clarified that the total amount of maintenance charges of Rs. 10.01 Cr. under the head Other Operating Revenue as appearing in Note No 29.4.2(c) of Audited Balance Sheet is inclusive of aforesaid street light incentive of Rs. 0.73 Cr. (refer note no 29.4.2(i) of the audited financial statement), therefore, the Petitioner has deducted amount of Rs. 0.73 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 2022-23, the petitioner has earned an amount of Rs. 9.65 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. 9.65 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 6.25%.

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

Table 3.35: Computation of financing cost of LPSC

S. No.	Particular	UoM	Amount
A	LPSC earned (Note 29.5(a) of Audited Financial Statement)	(Rs Cr)	21.25
B	Out of above LPSC 0.24 Cr pertains to 9.75% as per DERC Covid order dt 7.4.20	(Rs Cr)	0.18
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)	118.91
E	Normative Interest Rate	%	6.25%
F	Financing Cost (D*E)	(Rs Cr)	7.44

The Petitioner has filed a writ petition before the Hon'ble High Court challenging the demand raised by MCD to the tune of Rs. 15,06,00,000/- (Rupees Fifteen Crores Six Lakhs only) 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 arise on same account as a pass-through item in ARR, in case the amount becomes payable to MCD if there is a 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 as per 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, under 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 are 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 2022-23. Given below is the amount adjusted as a part of Non-Tariff income:

Table 3.36: Additional amount of Service Line Charges for FY 2022-23

Particulars	Amount Rs. Cr	Remark
Receipt on account of Service Line charges	32.82	Note 21(2) of the Audited Financial Statement
Amortized and transferred to Profit & Loss	40.07	Note 21(2) of the Audited Financial Statement
Amount adjusted from NTI	**(7.25)**	

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 2022-23, the Petitioner has earned Rs. 57.44 Cr (Gross Receipts) from other than licensed business. Breakup of the same is given below;

(a) Optimal utilization of Distribution Assets (Rs. 13.34 Cr); and

(b) Consultancy Income/other (Rs. 43.33 Cr)

(c) Income through Training (Rs. 0.60 Cr)

(d) Income from DSM (Rs. 0.08 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.*

It is well known fact that to generate any revenue corresponding expenses have to be incurred. The Petitioner has incurred expenses of Rs. 31.56 Cr. during the FY 2022-23, out of which Rs 30.19 Cr expenses are directly linked with the service offered and balance Rs. 1.37 Cr pertaining to other common expenses.

Further, while setting the Normative O&M expenses in DERC Business Plan Regulation, 2019, which is applicable for FY 2020-21 to FY 2022-23 the Hon'ble Commission has not included other business expenses (Direct) while fixing the base year expenses. Therefore, Normative

Tata Power Delhi Distribution Ltd.

O&M Expenses of the Petitioner doesn't include the direct expenses related to other business income.

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 3.37: 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	**44.02**	**13.34**	**0.08**	**57.44**	Note 29.5 of the Audited Financial Statement
- Consultancy	43.33				
- Training	0.60				
- Others	0.08	13.34	0.08		
Less- Expenses incurred	**30.19**	**0.00**	**0.00**	**30.19***	Note 37.2 of the Audited Financial Statement
Direct Expenses	30.19		0.00		
Income net of Direct Expenses before Tax	13.83	13.34	0.08	**27.24**	
Income Tax @ 17.92%	2.48	2.39	0.01	**4.88**	
Net Revenue available for sharing	**11.35**	**10.95**	**0.06**	**22.36**	

**Indirect allocation of expenses of Rs 1.37 Cr excluded*

Table 3.38: 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	**11.35**	**10.95**	**0.06**	**22.36**
TPDDL Share %	60%	40%	40%	
Consumer Share %	40%	60%	60%	
Consumer Share	**4.54**	**6.57**	**0.04**	**11.15**

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 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 @ 6.25% has been considered for FY 2022-23.

Table 3.39: Computation of Interest on Consumer Security Deposit

S. No.	Particulars	Amount Rs. Cr.	Remark
A	Opening Balance Of Consumer Security Deposit	836.94	Note no 18 & 25 of the Audited Financial Statement attached as Annexure-I of the Petition
B	Closing Balance of Consumer Security Deposit	925.12	
C	Average Balance Of Consumer Security Deposit	881.03	(A+B)/2
D	Working Capital Interest Rate	6.25%	
E	Normative amount of Interest	55.09	(C*D)
F	Actual Amount of Interest	60.74	Note no 32 (c) of Audited Balance Sheet
G	Difference to be additionally Claimed as on Exp	(5.65)	(E-F)

Based on the above computation, the Petitioner is claiming Rs. (5.65) Cr as interest on CSD.

Income from Open Access

For the FY 2022-23, the Petitioner has earned Income of Rs 22.21 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 3.40: Income from Open Access

S. No.	Particulars	Amount Rs. Cr	Remark
A	Total Income from Open Access	22.21	Note 29.4.1 of the Audited Financial Statement attached as Annexure-I of the Petition
B	Less- E. Tax for the year	0.77	
C	Income from open access available for ARR	21.44	(A-B)

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 2022-23 is computed as below:

Table 3.41: Non-Tariff Income for FY 2022- 23

S. No.	Particulars	Amount Rs. Cr	Remark
A	Non-Tariff Income	91.19	Table 3.34
B	Income from other Business	11.15	Table 3.38
C	Interest on Security Deposit	(5.65)	Table 3.39
D	Income from Open Access	21.44	Table 3.40
E	Total	118.13	(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 2022-23. However, the Petitioner has done actual capitalization of Rs. 447.65 Cr during the FY 2022-23.

Table 3.42: Approved Capitalization versus Actual Capitalization for FY 2022-23

Particulars	Sought for Trued up Rs. Cr	Remark
Capitalization	447.65	Refer Note no 4.4 of the Audited Financial Statement attached as Volume II of the Petition
Smart Meter		
Capitalization with Deposit work	**447.65**	

Gross Fixed Assets

The Hon'ble Commission in its previous Tariff Order Sep 2021, had provisionally trued up an amount of Rs. 6,456.30 Cr. towards the closing value of gross fixed assets at the end of FY 2019-20. The Petitioner has considered same amount as opening Gross Fixed Asset which is subject to change upon completion of physical verification exercise of past years and additional capitalisation as per True up petition for FY 2020-21 & FY 2021-22 considered to arrive at Opening Gross Fixed Asset for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 is yet to released by Hon'ble Commission.

It is worth to mention that due to pending physical verification, other components of ARR which are linked to capitalization are also being allowed on provisional basis, which again is effecting cash flow of the Petitioner and leading to non-cost reflective tariff. Therefore, the Hon'ble Commission is requested to consider the capitalization for past years based on Audited Financials so that Tariff Order reflects correct components of ARR and consumer is saved from additional burden of carrying cost.

For the purpose of truing up of capitalization for FY 2022-23, 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 2022-23 has been computed as below:

Table 3.43: Detail of Actual Capitalization

S No.	Particulars	Amount (Rs. Cr.)	Remark
A	Opening balance of Gross Fixed Assets (as on 1st April'2020)	5,996.08	Table 3.82 of Tariff Order 2021-22
B	Add- Capitalization during the FY 2020-2021	501.39	Table 3.45 of True up Petition 2020-21
C	Less- Retirement/ De-capitalization for the FY 2020-2021	41.17	Table 3.45 of True up Petition 2020-21
D	Provisional closing balance of Gross Fixed Assets (as on 31st Mar'2021)	6,456.30	(A+B-C)
E	Add- Capitalization during the FY 2021-2022	415.76	Table 3.45 of True up Petition 2021-22
F	Add - 7th Pay LSC/PC	8.62	Table 3.45 of True up Petition 2021-22
G	Less- Retirement/ De-capitalization for the FY 2021-2022	79.68	Table 3.45 of True up Petition 2021-22
H	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2022)	6,801.01	(D+E+F-G)

S No.	Particulars	Amount (Rs. Cr.)	Remark
I	Add- Capitalization during the FY 2022-2023	447.65	Table 3.42
J	Less- Retirement/ De-capitalization for the FY 2022-2023	54.94	Note 4 of the Audited Financial Statement
K	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2023)	7,193.71	(H+I-J)
L	Average Balance of Gross fixed Assets	6,997.36	(H+K)/2

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."

It is worth to mention that as the capitalization is not trued up from FY 2005-06 onwards, hence, exact computation of loss for retirement of assets is not possible. Therefore, the Petitioner is requesting to allow loss towards retired assets for an amount of Rs. 8.35 Cr for FY 2022-23 based on the audited financial statement. 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 Tariff Order FY 2021-22, the Hon'ble Commission had provisionally trued up an amount of Rs. 928.92 Cr. towards consumer contribution & capital grant at the end of FY 2019-20. The Petitioner has considered same amount as opening Consumer Contribution / Grant which is subject to change upon completion of physical verification exercise of past years and additional consumer contribution as per True up petition for FY 2020-21 & FY 2021-22 considered to arrive at Opening Balance for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by Hon'ble Commission. During the FY 2022-23, the Petitioner has transferred an amount of Rs 60.77 Cr. towards capitalization of Deposit work schemes.

Table 3.44: Consumer Contribution/grants

S No.	Particulars	Amount (Rs Cr)	Remark
A	Opening Balance (as on 1st April'2020)	**900.94**	Table 3.84 of Tariff Order 2021-22
B	Add- Capitalized during the FY 2020-2021	27.98	Table 3.46 of True up Petition 2020-21
C	Less- Refund during the FY 2020-21	16.89	Note 21.1(iv) of Audited Financial Statement of FY 20-21
D	Provisional closing balance (as on Mar'2021)	**912.03**	(A+B-C)
E	Add- Capitalized during the FY 2021-2022	52.47	Note 21.1(ii) of Audited Financial Statement of FY 21-22
F	Closing Balance (as on March'2022)	**964.51**	(D+E)
G	Add- Capitalized during the FY 2022-2023	60.77	Note 21.1(ii) of Audited Financial Statement of FY 22-23
H	Closing Balance (as on March'2023)	**1,025.28**	(F+G)
I	**Average Cumulative Capitalized Consumer Contribution**	**994.89**	(F+H)/2

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 deprecation rate based on 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 3.45: Computation of Average rate of Depreciation on Gross Fixed Assets

S. No.	Particulars	Amount Rs.	Remark
A	Average of Fixed Assets	7,67,276.98	Only for Distribution Assets
B	Depreciation	36,821.12	
C	Rate of Depreciation	4.80%	(A/B)

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

Table 3.46: Depreciation on Net Fixed Assets

S. No.	Particulars	Sought Rs. Cr	Remark
A	Average Balance of Gross fixed Assets	6,997.36	Table 3.43
B	Average Cumulative Capitalized Consumer Contribution	994.89	Table 3.44
C	Average of Fixed Assets (net of Consumer Contribution)	6,002.46	(C=A-B)
D	Depreciation	4.80%	Table 3.45
E	Rate of Depreciation	288.05	(C*E)

Further in Tariff Order FY 2021-22, the Hon'ble Commission had provisionally trued up an amount of Rs. 2,280.27 Cr. towards accumulated depreciation at the end of FY 2019-20. The Petitioner has considered same amount as opening Accumulated Depreciation which is subject to change upon completion of physical verification exercise of past years and additional depreciation as per True up petition for FY 2020-21 & FY 2021-22 considered to arrive at Opening balance for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by Hon'ble Commission.

Table 3.47: Accumulated Balance of Depreciation on Net Fixed Assets

S.No.	Particulars	Sought Rs. Cr	Remark/ Ref.
A	Opening Depreciation (as on 1st April'2020)	**2042.31**	Table 3.89 of Tariff Order,2021
B	Addition during the FY 2020-2021	264.83	Table 3.49 of True up Petition 2020-21
C	Less- Depreciation towards Retirement during FY 2020-2021	26.87	Table 3.49 of True up Petition 2020-21
D	Provisional closing balance (as on Mar'2021)	2,280.27	(A+B-C)
E	Addition during the FY 2021-22	282.06	Table 3.49 of True up Petition 2021-22
F	Less- Depreciation towards Retirement during FY 2021-2022	49.34	Table 3.49 of True up Petition 2021-22
G	Provisional closing balance (as on Mar'2022)	2,512.99	D+E-F
H	Addition during the FY 2022-23	288.05	Table 3.46
I	Less- Depreciation towards Retirement during FY 2022-2023	36.25	Note 4 of the Audited Financial Statement
J	Closing balance (as on Mar'2023)	2,764.80	(G+H-I)

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 2022-23 is given in table below:

Table 3.48: Computation of working capital for FY 2022-23

S. No.	Particulars	Amount Rs. Cr	Remark
A	Annual Revenue	9,811.97	Table 3.54
B	Receivables equivalent to 2 months average billing	1,635.33	(A/12*2)
C	Power Purchase expenses	7,565.56	Table 3.26
D	Add: 1/12th of power purchase expenses	630.46	(C/12*1)
E	Total working capital	1,004.87	(B-D)

In Tariff Order FY 2021-22, the Hon'ble Commission had provisionally trued up an amount of Rs. 778.97 Cr. towards working capital at the end of FY 2019-20. 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 2020-21 & for FY 2021-22 considered to arrive at Opening Working capital for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by Hon'ble Commission. Computation in addition in working capital is as per table given below.

Table 3.49: Computation of Change in working capital

S. No.	Particulars	Amount Rs Cr	Remark
A	Total working capital for the year	1,004.87	Table 3.48
B	Less- Opening Working Capital	854.11	Table 3.50 of True up Petition 2021-22
C	Working Capital for the year	150.76	(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	7.39%
B	Cost of Debt for Working Capital	6.25%

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 deprecation, consumer contribution and working capital requirement for FY 2022-23, the computation of Regulated Rate Base is given below:

Table 3.50: Computation of Regulated Rate Base for the period FY 2022-23

S. No.	Particulars	Amount Rs. Cr	Remark
A	Opening GFA	6,801.01	Table 3.43
B	Opening Accumulated Depreciation	2,512.99	Table 3.47
C	Opening Consumer Contribution	964.51	Table 3.44
D	Opening Working Capital	854.11	Table 3.49
E	Opening RRB	4,177.62	(A-B-C+D)
F	Investment during the year	190.82	(G-H-I)/2+J
G	Net Capitalisation	392.70	Table 3.43
H	Depreciation (Net of Retirement)	251.81	Table (3.46 - 3.47)
I	Consumer Contribution	60.77	Table 3.44
J	Change in Working Capital	150.76	Table 3.49
K	Regulated Rate Base - Closing	4,408.49	(E+G-H-I+J)
L	RRB(i)	4,368.43	(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 2022-23.

Table 3.51: Means of Finance

S. No.	Particulars	Amount Rs. Cr	Remark
A	Capitalization during the year	447.65	Table 3.43
B	Less- Retirement	54.94	Table 3.43
C	Net Capitalisation	392.70	(A-B)
D	Less- Consumer Contribution, Grants, etc. for the year	60.77	Table 3.44
E	Balance Capitalization required to be funded	331.93	(C-D)
F	Funding through – Debt @ 70% of E	232.35	
G	Funding through – Equity @ 30% of E	99.58	

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 3.52: 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	-51.69	59.69	618.15	
FY 08-09	618.15	70.57	5.83	694.55	
FY 09-10	694.55	36.86	(1.79)	729.62	
FY 10-11	729.62	95.92	(1.5)	824.04	
FY 11-12	824.04	56.94	7.25	888.23	
FY 12-13	888.23	33.4	(70.37)	851.26	
FY 13-14	851.26	24.79		876.05	
FY 14-15	876.05	63.57		939.62	
FY 15-16	939.62	65.01		1004.63	
FY 16-17	1004.63	88.34		1092.97	
FY 17-18	1092.97	107.37		1200.34	1,146.66
FY 18-19	1200.34	132.09		1332.43	1,266.39
FY 19-20	1332.43	141.81		1474.24	1,403.34
FY 20-21*	1474.24	129.67		1603.91	1,539.08
FY 21-22*	1603.91	87.67		1691.58	1,647.75
FY 22-23	1,691.58	99.58		1,791.16	1,741.37

**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 2022-23 is given below.

Table 3.53: Computation of WACC

S. No.	Particulars	Amount Rs Cr	Remark
A	RRB (i)	4,368.43	Table 3.50
B	Average Equity deployed in the business	1,741.37	Table 3.52
C	Average Debt -Capex Loan	1,622.19	Balancing Figure
D	Average Debt - working capital	1,004.87	Table 3.48
E	Rate of return on equity (re)	16.00%	As per BPR,2019
F	Effective Tax Rate	17.92%	Effective tax rate As per Audited Financials
G	Grossed up Return on Equity	19.49%	
H	Rate of interest on debt (rd) - Blended	6.95%	
I	WACC	11.95%	
J	RoCE	522.16	(A*I)
K	Additional tax liability due to Deferred tax	15.54	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 for Deferred tax Liability" for the purpose of disclosure of the same in Audited Financial Statement. As per the opinion of the Committee, the Deferred asset shown as recoverable from future tariff is in the **nature of regulatory asset** as per Ind AS 114.

Further, as the Deferred tax liability is arisen 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 computation of deferred tax on depreciation 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 earlier was 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 discloser requirement, the PBT (Profit Before tax) gets increased by the same amount of Deferred Tax recoverable consequently resulted 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 15.54 Cr (working given below) and it is requested to the Hon'ble Commission to allow the same as part of ARR for FY 2022-23.

Particulars	Amount Rs Cr	Remark
Amount of Deferred Tax - A	86.71	P&L statement VII(ii) (Tax Expenses) for FY 2022-23
Tax payable @ - B	17.92%	Effective Tax Rate
Additional Tax liability = A*B	15.54	

Truing up of Aggregate Revenue Requirement for FY 2022-23

Based on the above submissions, the total Aggregate Revenue Requirement for the FY 2022-23 comes to Rs. 9,811.97 Cr. Components wise ARR sought for true up is given in table below:

Table 3.54: Summary of Aggregate Revenue Requirement

Particulars	Sought Amount Rs. Cr	Remarks
Power Purchase Cost	7,565.56	Table 3.26
Normative O&M Expenses	879.52	Table 3.27
Other O&M Expenses	103.48	Table 3.33
Depreciation	288.05	Table 3.46
Loss on Retirement of Assets	8.35	Note No. 33 As per Audited Financials
ROCE (Income Tax)	537.69	Table 3.53
Carrying Cost	547.45	Table 3.65
Less- Non Tariff Income	(91.19)	Table 3.34
Less- Interest on Consumer Security Deposit	5.65	Table 3.39
Less- Income from Non Energy Business	(11.15)	Table 3.38
Less- Income from Open Access	(21.44)	Table 3.40
Total of Aggregate Revenue Requirement	9,811.97	

Turing up of Incentive for Refinancing of Loan

Regulation 31 of Business Plan Regulations, 2019 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, 2019 from FY 2020-21 to FY 2022-23 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 2.00% 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 3.55: 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 *	9.00%

** i.e. SBI MCLR of 7.00% + 2.00%*

During FY 2022-23, the Petitioner is able to bring down the cost of financing, hence, as per the Business Plan Regulations, 2019, 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 liquidity situation, it has always been 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 2019 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 3.56: 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	1,622.19	7.39%	9.00%	26.13	13.06
B	Working Capital	1,004.87	6.25%	9.00%	27.60	13.80
C	**Total Incentive**					26.86

The Petitioner has then reduced its share of incentive of Rs 26.86 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 3.57 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	4,066.78	7.46%	9.00%	62.57	31.28

The Petitioner has then reduced its share of incentive of Rs 31.28 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 3.58: Computation of Net Revenue available with the Petitioner is given below

S. No.	Particular	Actual as per Petitioner Rs. Cr	Remark
A	Revenue Available	8,467.79	Table 3.11
B	Less- Incentive towards Capex Loan/working capital	26.86	Table 3.56
C	Less- Incentive towards Revenue Gap Loan	31.28	Table 3.57
D	Revenue Available towards ARR net of Incentives	8,409.65	(A-B-C)

Revenue Surplus / (Gap) for FY 2022-23

Based on above submission the Petitioner has computed actual Revenue Gap for FY 2022-23 as given in the table below;

Table 3.59: Computation of Revenue surplus/ (Gap) for FY 2022-23

S. No.	Particular	Actual as per Petitioner Rs. Cr	Remark
A	Revenue Available towards ARR net of Incentives	8,409.65	Table 3.58
B	Aggregate Revenue Requirement (net of carrying cost)	9,264.52	Table 3.54
C	Revenue Surplus/(Gap)	(854.88)	(A-B)

True up of Rithala for FY 2022-23

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.118.93 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. 83.35 Cr. has been allowed upto FY 2017-18 and Rs. 47.44 Cr is pending true up from FY 2018-19 to FY 2021-22. Thus, the remaining WDV of Rithala plant of Rs. 46.87 Cr. should be allowed to the Petitioner. Working of the same is given below:

Table 3.60: Remaining WDV of Rithala Plant

Particulars	**Amount Rs. Cr**
Total Capital Cost of Rithala	197.70
Trued up Depreciation upto FY 2017-18 & sought for FY 2018-19 to FY 2020-21	129.20
Trued up Advance Against Depreciation upto FY 2017-18	1.59
Capitalized amount pending for recovery (net of Depreciation)	**66.91**
Less- Scrap Value	20.04
Net Amount recoverable (WDV of the plant)	**46.87**

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.

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 2022-23 for distribution segment, therefore, in light of the aforesaid submissions also seeking true up of Rithala plant for FY 2022-23 in this petition.

Table 3.61 Computation of the ARR for Rithala plant is given below (FY 2022-23): **Rs Cr.**

Particulars	Amount	Remark
O&M expenses	1.72	Based on Actuals (Segment wise bifurcation of P&L Account will be shared during prudence check)
Depreciation	11.86	In line with para 5.3.3 of Rithala Tariff Order Nov, 2019
RoCE	5.94	As computed below in Table 3.62
Income Tax	0.56	As computed below in table 3.63
Incentive for refinancing of loans	0.40	As computed below in table 3.64
Total	**20.48**	

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

Table 3.62 Computation of the ROCE for Rithala plant is given below (FY 2022-23):

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)	130.79	
Opening Working capital (WCo)	5.06	
Opening RRB (RRBo)	71.97	
Depreciation during the year (Di)	11.86	
Change in capital investment (ΔABi)	(11.86)	
Change in working capital during the year (ΔWCi)	(0.99)	
RRB Closing	59.12	
RRBi	65.05	
Opening Equity for Capitalisation (limited to 30%)	20.07	
Closing Equity limiting to 30% of net capitalisation	16.52	
Average Equity for Capitalisation (limited to 30%)	18.29	
Opening Debt at 70% of net capitalization	46.84	
Closing Debt at 70% of net capitalization	38.54	
Avg Debt at 70% of net capitalization	42.69	
Debt at 100% of working capital	5.06	
Debt- balancing figure	47.75	
Rate of return on equity (re)	14.00%	
Rate of debt (rd) on capitalisation	7.39%	
Rate of debt (rd) on working Capital	6.25%	
WACC	9.13%	
RoCE	5.94	

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 3.63 Computation of the ROCE for Rithala plant is given below:

Particulars	Amount Rs. Cr	Remark
Average ROE – Rs Cr.	18.29	
ROE %	14.00%	
ROE – Rs Cr.	2.56	
Income Tax Rate	17.92%	Effective Tax Rate Actual as per audited financial
Income Tax on ROE – Rs Cr.	0.56	

Further, in line with the BPR, 2019 if the actual cost of financing is lower than the SBI MCLR +2% margin, in that scenario, the Petitioner is eligible to claim incentive for refinancing on loans.

Table 3.64 Computation of Incentive for refinancing of loans is given below:

Particulars	Debt Amount Rs. Cr	Cost of Debt	SBI MCLR+ 2%	Difference for Incentive Rs. Cr	Amount of Incentive Rs. Cr
Avg Debt at 70% of net capitalization	42.69	7.39%	9.00%	0.69	0.34
Debt at 100% of working capital	4.07	6.25%	9.00%	0.11	0.06
Total amount of Incentive					**0.40**

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 2022-23, 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. 1,762.82 Cr upto FY 2019-20 as per previous Tariff Order dated 30th September'2021. The Petitioner has considered same amount as opening Revenue Gap along with the revenue gap for FY 2020-21 & FY 2021-22 as per True up petition filed by the Petitioner against which Tariff order is yet to be released by the Hon'ble Commission.

Table 3.65: Computation of closing Revenue Gap for FY 2022-23

S. No	Particulars	Amount (Rs Cr)	Remark
A	Opening Provisional trued up Revenue Gap upto FY 2019-20	(1,762.82)	Table 5.3 of Tariff Order FY 21-22
B	Add: Revenue Gap sought for FY 2020-21 (including carrying cost & DRRS)	(587.35)	Table 3.67 of True up Petition FY 20-21
C	Add: Revenue Gap sought for FY 2021-22 (including carrying cost & DRRS)	(789.04)	
D	Closing Provisional trued up Revenue Gap upto FY 2021-22	(3139.21)	(A+B+C)
E	Impact of Prior Period Judgement	(2232.80)	
F	Revised Opening Revenue Gap for FY 2022-23	(5372.01)	(D+E)
G	Add: Revenue Gap sought for the year	(854.88)	Table 3.59
H	Add: Rithala impact FY 2022-23	(20.48)	Table 3.61
I	Total addition during the year FY 2022-23	(875.36)	(G+H)
J	Average revenue gap	(5,809.69)	(F+I/2)
K	Carrying Cost Rate	9.42%	
L	Add: Carrying Cost	(547.45)	(J*K)
M	Less- Realization from 8% Deficit Revenue Recovery Surcharge	575.89	Table 3.9
N	Closing Revenue Gap	(6218.93)	(F+I+L+M)

The Petitioner has computed carrying cost @ 9.42% considering actual cost of debt, on the average balance of revenue gap for the year. During FY 2022-23 the Petitioner has collected Rs 575.89 Cr towards 8% Deficit Revenue Recovery Surcharge and adjusted the said amount against the total of closing revenue gap of Rs. 6,218.93 Cr. in line with the Hon'ble Commission directions for adjusting the 8% DRRS against the liquidation of Revenue Gap.