ASSAM ELECTRICITY REGULATORY COMMISSION

(AERC)

ASEB Campus, Dwarandhar, G.S. Road, Sixth Mile,
Guwahati-781022

# TARIFF ORDER FOR FY 2012-13

## Assam Power Distribution Company Limited (APDCL)

## Petition No. 13/2012
## & Suo Motu Case No.1/2012

ASSAM ELECTRICITY REGULATORY COMMISSION

A.S.E.B. Campus, Dwarandhar,

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## Contents

## LIST OF TABLES

# Abbreviations

| | |
|---|---|
| ABT | Availability Based Tariff |
| ADB | Asian Development Bank |
| AEGCL | Assam Electricity Grid Corporation Limited |
| AERC | Assam Electricity Regulatory Commission |
| APDCL | Assam Power Distribution Company Limited |
| APDRP | Accelerated Power Development and Reforms Programme |
| APGCL | Assam Power Generation Corporation Limited |
| ARR | Annual Revenue Requirement |
| ASEB | Assam State Electricity Board |
| BST | Bulk Supply Tariff |
| CSGS | Central Sector Generating Stations |
| CV | Calorific Value |
| CWIP | Capital Works In Progress |
| FY | Financial Year |
| GFA | Gross Fixed Assets |
| GoA | Government of Assam |
| GoI | Government of India |
| KLHEP | Karbi Langpi Hydro Electric Project |
| KV | Kilo Volt |
| KVA | Kilo Volt Ampere |
| KW | Kilo Watt |
| KWH | Kilo Watt Hour |
| LTPS | Lakwa Thermal Power Station |
| MMSCMD | Million Metric Standard Cubic Meter per day |
| MU | Million Unit |
| MYT | Multi-Year-Tariff |
| NEC | North Eastern Council |
| NERLDC | North Eastern Regional Load Despatch Centre |
| NTPS | Namrup Thermal Power Station |
| PAF | Plant Availability Factor |
| PGCIL | Power Grid Corporation of India Limited |
| PLF | Plant Load Factor |
| RGGVY | Rajeev Gandhi Grameen Vidyuthikaran Yojna |
| R&M | Repairs and Maintenance |
| Rs. | Rupees |
| SLDC | State Load Despatch Centre |
| T&D | Transmission and Distribution |
| UCPTT | Unified Common Pool Transmission Tariff |
| Wt. Av. | Weighted Average |

# ASSAM ELECTRICITY REGULATORY COMMISSION
# Guwahati

Present

**Shri Jayanta Barkakati, Chairperson**
**Dr. Rajani Kanta Gogoi, Member**
**Shri Tapan Chatterjee, Member**

**Petition No. 13 of 2012**

**& Suo Motu Case No. 1/2012**

Assam Power Distribution Company Limited (APDCL) —— **Petitioner**

## ORDER

**(Passed on 28.02. 2013)**

(1) The Assam Power Distribution Company Limited (APDCL) filed petition for approval of True up for FY 2009-10 on 7.04.2012 under Section 62 of the Electricity Act, 2003. APDCL has not filed the Petition for true up for FY 2010-11, Performance Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13.

(2) The Commission informed the APDCL that in pursuance of the directive of the Honourable APTEL, powers conferred under section 64 of Electricity Act, 2003 and Regulation 10 of AERC (Conduct of Business) Regulations 2004, Regulation 78 of AERC (Terms and Conditions) Regulations, 2006, the Commission decided to initiate *suo motu* proceedings for Review of FY 2011-12 and determination of ARR and Tariff for FY 2012-13, for APDCL.

(3) The Commission directed APDCL to submit the following information on or before 15th November, 2012 vide Commission's letter dated 31.10.2012 for,

(i) True up of FY 2010-11.

The Audited financial statement for FY 2010-11.

(ii) Performance Review of FY 2011-12

The Audited / Provisional financial statement for FY 2011-12.

(iii) ARR and determination of Tariff for FY 2012-13

Expected revenue with the tariff approved in the Tariff Order dated 16th May 2011 for the expected sales during FY 2012-13

(4) APDCL has submitted the above information on 09.11.2012.

(5) The Commission on preliminary scrutiny found that the above petition filed by APDCL was incomplete in some material particulars. Therefore, additional data and clarifications on the petition were sought for from APDCL from time to time and replies received. Although, additional information and clarifications continued to be submitted, the Commission in larger interest of the consumers as well as licensees and abiding by the statutory obligation of tariff determination admitted the petition on on true up for FY 2009-10 on 20.11.2012 and registered as Petition No.13/2012. The Commission has also taken up for suo motu proceedings for True up for FY 2010-11, Performance Review for FY 2011-12 and Tariff determination for FY 2012-13 and registered as Case No. 1/2012.

(6) After the petition was admitted, in accordance with Section 64 of the Electricity Act 2003, the Commission directed APDCL to publish a summary of the ARR and Tariff filings in local dailies to ensure public participation. Copy of the petition was also made available in website of Commission and APDCL.

(7) Accordingly, a Public Notice was issued by APDCL inviting objections / suggestions from stakeholders on or before 15.12.2012. The notice was published in 11 newspapers on 30.11.2012. Meanwhile the Commission received requests for extending the time limit for filing objections / suggestions from some consumers / consumer organizations. With a view to giving some more time for obtaining views of stakeholders, the Commission positively considered the request and extended the time limit upto 31.12.2012. APDCL was asked to give public notice to this effect, which was published in newspapers on 16.12.2012.

(8) The Commission received 2 objection petitions on the petition filed by APDCL and sent communication to the objectors to take part in the public hearing to be held at NEDFI House at Guwahati on 19.02.2013. In addition to these 2 objectors, 1 more objectors took part in the Public Hearing. APDCL gave a power point presentation on salient feature of Petition and *suo motu* proceedings. The details are discussed in the relevant section of this Tariff Order. The Petition was also discussed in the meeting of the State Advisory Committee (constituted under Section 87 of the Electricity Act, 2003) convened on 19.12.2012.

(9) Although, the Petition from APDCL was admitted on 20.11.2012, the Commission continued to receive additional data and clarifications from APDCL on various aspects as late as February, 2013.

(10) The Commission, now in exercise of its powers vested under Section 61 and 62 of the Electricity Act, 2003 and all other powers enabling on its behalf and taking into consideration the submissions made by the petitioners, objections and suggestions received from stakeholders and all other relevant materials on record, carried out True up for FY 2009-10 & *suo-motu* proceedings on True up of FY 2010-11, determination of ARR and Tariff of APDCL for 2012-13 and Performance Review for FY 2011-12 and issued order accordingly.

(11) The Commission further directs the utilities to publish a Public Notice of 7 days before the implementation of the order.

(12) Before parting, it would be worth mentioning that while passing the Tariff Order some delay could not be avoided and the factors attributed for the same have been stated herein before.

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| (T. Chatterjee) | (Dr. R. K. Gogoi) | (J. Barkakati) |
| Member, AERC | Member, AERC | Chairperson, AERC |

# 1. Introduction

## 1.1 CONSTITUTION OF THE COMMISSION

1.1.1 The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on February 28, 2001.The first proviso of section 82(1) has ensured continuity of the Assam Electricity Regulatory Commission under the Electricity Act, 2003.

1.1.2 The AERC came into existence in August 2001 as a one-man Commission. Considering the multidisciplinary requirements of the Commission, it was made a Multi Member Commission consisting of three Members (including Chairperson) from 27th January 2006. The Commission has started functioning as Multi Member Commission on joining of two Members from 1st of February 2006.

1.1.3 The Commission is mandated to exercise the powers and functions conferred under Section 181 of the Electricity Act 2003 (36 of 2003) (hereinafter referred to as the Act) and to exercise the functions conferred to it under Section 86 of the Act from 10th June 2003.

## 1.2 TARIFF RELATED FUNCTIONS OF THE COMMISSION

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions:

(a) To determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be;

(b) To regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;

(c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

(a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

(b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;

(c) The factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State Commission considers appropriate for the purpose of this Act,

(d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner,

(e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies,

(f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy;

1.2.3 In accordance with the Act, the Commission will not show undue preference to any consumer of electricity in determining the tariff, but may differentiate according to the consumers load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required (Section 62 of the Act)

1.2.4 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall pay the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct as a condition for the license or any other person concerned to implement the subsidy provided for by the State Government (Section 65 of the Act).

## 1.3 BACKGROUND

1.3.1 The Government of Assam notified Vide Memo No PEL151/2003/Pt./165 dated 10th Dec’2004 to restructure the Assam state Electricity Board (ASEB) into five entities namely;

Assam Electricity Grid Corporation Limited (AEGCL) to carry out function as State Transmission Utility (STU).

Assam Power Generation Corporation Limited (APGCL) to carry out function of generation of electricity in the State of Assam.

Three Electricity Distribution Companies, namely Lower, Central and Upper Assam Distribution Company Limited respectively to carry out functions of distribution and retail sale of electricity In the districts covered under each company area.

1.3.2 All companies are duly incorporated with the Registrar of Companies as per the Companies Act.

1.3.3 Further in exercise of power under Section 172 of the Electricity Act 2003, the State Government authorized ASEB to continue its trading functions by periodic notification till Sept 2009.

1.3.4 In May 2009, as per GOA notification No PEL.41/2006/199 dated 13th May'09, in accordance with the Assam State Reform (Transfer and merger of Distribution Functions and undertakings) scheme, 2009, CAEDCL & UAEDCL distribution companies merged with the LAEDCL, thereby forming one distribution company for the state.

1.3.5 The name of the company is changed from LAEDCL to Assam Power Distribution Company Limited (APDCL) vide certificate of incorporation dated 23rd October 2009.

1.3.6 The Commission notified the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 vide No. AERC.2005/19 dt 28th April 2006, which was published in the Assam Gazette on 24th May, 2006. It was stated that it shall come into force from the date of their publication in the Official Gazette of the Government of Assam.

1.3.7 In accordance with the clause 5.3 of the regulations, the multi year tariff principle, the tariff will be determined on the basis of the principles enunciated for a period of three years.

APDCL filed the MYT Petition for the control period FY 2010-11, FY 2011-12 and FY 2012-13 on 15th February 2010.

The Commission, after following the due procedure, issued the Tariff Order for FY 2010-11 to FY 2012-13 on 16th May, 2011.

## 1.4 SUO-MOTU PROCESSING FOR TRUING UP FOR FY 2009-10 AND FY 2010-11, PERFORMANCE REVIEW FOR FY 2011-12 AND TARIFF DETERMINATION FOR FY 2012-13.

As per provisions of Section 64 of the Act and Assam Electricity Regulatory Commission (AERC) (Terms and Conditions for Determination of Tariff) Regulations 2006, APDCL is required to file the Petition for the Truing up of FY 2009-10 and FY 2010-11 and Performance review for FY 2011-12 and determination of Tariff for FY 2012-13 by December,2011.

APDCL has filed the Petition for Truing up for FY 2009-10 on 7.04.2012, and it has not filed any Petition for Truing up for 2010-11, Performance review for FY 2011-12 and determination of Tariff for FY 2012-13.

On issue of notice by the Commission vide AERC letter No. AERC/384/2012/A/25 dated 31.10.2012, APDCL submitted copies of Audited Annual Accounts for FY 2010-11, Provisional Annual accounts for FY 2011-12.

In the order on OP. No. 1 of 2011, Hon'ble APTEL has directed the State Commission that " *In the event of delay in filing of the ARR, Truing up and Annual Performance Review, one month beyond the schedule date of submission of the Petition, the State Commission must initiate suo motu proceedings for Tariff determination in accordance with Section 64 of the Electricity Act, 2003 read with clause 8.1 (7) of the Tariff Policy".*

In Pursuance with the directive of the Hon'ble APTEL, Powers conferred under Section 64 of the Indian Electricity Act, 2003 the Commission decided to initiate the suo motu proceedings for truing up for FY 2009-10 and FY 2010-11, Performance Review for FY 2011-12 and determination of Tariff for FY 2012-13.

In response to the letter No. AERC/384/2012/A/35 dated 29.11.2012 of the Commission, APDCL submitted information sought for by the Commission for proceeding with true up for FY 2010-11, Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13, vide its letter dated 7.12.2012.

1.4 The Commission conducted preliminary analysis of the information submitted by APDCL.

In accordance with Section 64 of the electricity Act 2003, the Commission directed APDCL to publish the information in the abridged form and manner to ensure public participation.

Copy of the information was also made available in website of Commission and APDCL. A public Notice was issued by APDCL inviting objections / suggestions from stakeholders on or before 15.12.2012 which was published in the following newspapers on 30.11.2012.

| Date | Name of newspapers | Language |
|---|---|---|
| 30.11.2012 | The Sentinel | English |
| | The Assam Tribune | English |
| | The Business Standard | English |
| | Ajir Asom | Assamese |
| | Dainik Agradoot | Assamese |
| | Dainik Janambhumi | Assamese |
| | Dainik Asom | Assamese |
| | Dainik Jugasankha | Bengali |
| | Samayik Prasang | Bengali |
| | The Sentinel | Hindi |
| | Poorvanchal Prahari | Hindi |

Since only two objections are received, the Commission has extended the date of receipt of objections / suggestions up to 31.12.2011.

The Commission has received only two (2) objections / suggestion up 31.12.2012 on the Petition filed by APDCL.

The Commission has considered the objections received and sent communication to the objectors to take part in public hearing process for presenting their views in person before the Commission. The public hearing was held at AERC, office Guwahati on 19.02.2013 as scheduled.

The representatives of the organizations presented their views at public hearing on 19.2.2013. The replies to their objections and Commission's view on the same are discussed in Chapter 6 of this order.

All consumers / public who participated in the public hearing were given opportunity to express their views on the Petition.

## 1.5 Approach of this order

In this order, the Commission has considered the 'Truing up' for FY 2009-10 and FY 2010-11, Review for FY 2011-12 and determination of Tariff for FY 2012-13.

The Commission had undertaken 'Truing up' for FY 2009-10, based on the Petition and information furnished by APDCL and the Audited Annual accounts for FY 2009-10.

The Truing up for FY 2010-11, is considered based on the information furnished by APDCL and the Audited Annual Accounts for FY 2010-11.

While truing up for FY 2009-10 and FY 2010-11, the Commission has been guided by following principles.

i) Controllable parameters have been considered at the level approved as per the Tariff order unless the Commission considers that there are valid reasons for revision of the same.

ii) Uncontrollable parameters have been revised based on the actual performance observed.

Review of FY 2011-12, has been considered based on the information furnished by APDCL and Provisional Annual Accounts for FY 2011-12.

In the absence of Audited Annual accounts for FY 2011-12 the Revenue gap/ surplus is only indicative and this is not carried forward to ARR of FY 2012-13. Truing up will be considered after the Audited Annual Accounts for FY 2011-12 are made available to the Commission.

For the determination of ARR for FY 2012-13, the Commission has considered the ARR for FY 2012-13 as approved in the MYT order dated 16.05.2011.

## 1.6 State Advisory Committee Meeting

A meeting of State Advisory Committee (Constituted under section 87 of the Electricity Act, 2003) was convened on 19.12.2012 and members were briefed on the Petition of APDCL for Truing up for FY 2009-10 and FY 2010-11, for Performance Review for FY 2011-12 and ARR and Tariff determination for FY 2012-13 which the Commission has taken up suo motu. The minutes of the meeting are appended to this order as Annexure 1.1.

# 2.Summary of the Petition / Information and Annual Accounts Furnished by APDCL

## 2.1 ANNUAL REVNUE REQUIREMENT (ARR)

The Assam Power Distribution Company Ltd (APDCL) submitted the Petition for Truing up for FY 2009-10 along with Audited Annual Accounts. It has also submitted Audited Annual Accounts for FY 2010-11 and Provisional Annual accounts for FY 2011-12.

The summary of the ARR of the following are given in the table 2.1 below, which are based on.

i) The Petition filed by APDCL and the Audited Annual Accounts for FY 2009-10 in respect of Truing up for FY 2009-10.

ii) The information furnished by APDCL and the Audited Annual Accounts for FY 2010-11, in respect of Truing up for FY 2010-11.

iii) The information furnished by APDCL and the Provisional Accounts for FY 2011-12, in respect of Review for FY 2011-12.

**Table 2.1: ARR for FY 2009-10, FY 2010-11, FY 2011-12**

**(Rs.Cr)**

| Sl. No. | ARR Element | FY 2009-10 proposed for True up | FY 2010-11 as per additional information submitted | FY 2011-12 as per additional information submitted |
|---|---|---|---|---|
| A | MU Purchase | 4989.76 | 5672.88 | 5965.19 |
| B | MU Sales | 3247.52 | 3535.43 | 3969.24 |
| C | % Loss | 26.06 | 25.44 | 26.33 |
| 1 | Power Purchase Cost | 1321.74 | 1871.46 | 2242.16 |
| 2 | Past fuel and Power purchase cost | -- | -- | -- |
| 3 | Employee Cost | 357.98 | 398.53 | 461.23 |
| 4 | Repairs and Maintenance | 31.17 | 31.82 | 35.32 |
| 5 | Administration and General | 20.16 | 17.30 | 23.32 |
| 6 | Interest on term loan (All) | 56.15 | 58.02 | 71.31 |
| 7 | Interest on working capital | 36.84 | 1.31 | 1.96 |
| 8 | Interest on consumer security deposit | 12.68 | 14.58 | 16.62 |
| 9 | Depreciation | 50.79 | 64.30 | 57.70 |
| 10 | Provision for bad & doubtful debts | 2.41 | 4.43 | 5.28 |
| 11 | Other Debits & others | 4.63 | -- | 1.90 |
| 12 | Net Prior Period expenses | 3.63 | -- | -- |

| | | | | |
|---|---|---|---|---|
| 13 | Return on Equity | 35.11 | -- | -- |
| 14 | Provision for Taxes | 0.00 | -- | -- |
| **15** | **Total ARR** | **1929.66** | **2462.35** | **2916.80** |
| 16 | Less Non Tariff Income | 56.56 | 221.26 | 162.23 |
| **17** | **Net ARR** | **1873.10** | **2241.09** | **2754.57** |
| **18** | **Revenue from Tariff** | **1407.99** | **1584.57** | **2046.47** |
| **19** | **Revenue grant** | | **252.00** | **150.00** |
| **20** | **Revenue (Deficit)/Surplus** | **(464.11)** | **(404.52)** | **(571.70)** |
| 21 | (Deficit)/Surplus from Truing up for 2007-08 | (86.74) | | |
| 22 | Total (Deficit)/ surplus from Truing up for 2009-10 (S.No.20+21) | (551.85) | | |
| 23 | Past period Fuel and power purchase adjustment for FY 2006-07 and 2007-08 | | | |
| **24** | **Consolidated (deficit)/surplus (2007-08 to 2009-10)** | | | |

# 3.Truing up for the FY 2009-10 and FY 2010-11

## 3.1 METHODOLOGY FOR TRUING UP

3.1.1 The Commission approves the cost parameters through approval of the Annual Revenue Requirement at the beginning of the year keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue before the beginning of the year and hence the projections might vary over the course of the year.

3.1.2 The actual cost / values for certain elements / parameters may vary as against the approved cost during the year due to various controllable and uncontrollable reasons on the part of the Distribution Licensee. The Distribution Licensee may end up with higher or lower expenditure, as the case may be, at the end of the year as against the approved cost. In case of actual expenditure being higher than that of the approved expenditure, there is no mechanism during the year to recover the additional expenditure over and above the approved expenditure as the tariff for Distribution Licensee cannot be amended more than once in a year as per section 5.1 of the Terms and Conditions for Determination of Tariff Regulations 2006 of AERC, the abstract of which is provided below:

> ***"No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified in terms of subsection (4) of section 62 of the Act specified in Regulation 9 of these Regulations"***

3.1.3 In the case of a Generation Company and Distribution Licensee, the Regulation 9 of AERC Regulations provides for recovery of additional cost for fuel and power purchase than the cost approved by AERC on a quarterly basis through the formulae approved by the Commission.

3.1.4 The Commission analyses the actual expenditure for the previous year / years based on the Annual Audited Financial Statement of the Licensee and allows / disallows the recovery of the actual expenditure through the present year tariff, subject to prudence checking and considering the controllable and uncontrollable factors.

## 3.2 BACKGROUND

3.2.1 The Commission has approved the ARR and Tariffs for the year 2009-10 in its Tariff Order dated 24th July 2009. The approval was based on the estimates presented by the Discoms for costs to be incurred and revenues likely to be generated during the years 2009-10 after due scrutiny.

3.2.2 The ARR and tariff for the year 2010-11, was approved by the Commission vide Tariff Order for FY 2010-11 to FY 2012-13, dated 16th May, 2011, after due scrutiny of the estimates submitted by the APDCL in its Petition.

3.2.3 APDCL has submitted the petition for Truing up for FY 2009-10, on 10th April, 2012. The Commission, as per provisions of Section 64 of the Electricity Act, 2003 and Assam Electricity Regulatory Commission (AERC) (Terms and Conditions for Determination of Tariff) Regulation, 2006, obtained the required information, for *suo-moto* processing for truing up for FY 2010-11, review for FY 2011-12 and determination of tariff for FY 2012-13. APDCL, furnished the information vide its letter dated 7th December, 2012.

3.2.4 Based on the Audited Accounts for FY 2009-10 and provisional Annual Accounts for FY 2010-11, and the information furnished by APDCL the Commission has analysed the components of actual expenditure and revenue for the FY 2009-10 and FY 2010-11 and the estimated gains / losses in line with the Regulations.

## 3.3 TRUING UP FOR FY 2009-10

### 3.3.1 Energy Sales

APDCL submitted category wise energy sales approved in the Tariff Order for FY 2009-10 and actuals during the year 2009-10 in the petition and stated that the actual consumption is 3247 MU against 3475 MU approved i.e. 228 MU (6.6%) lower than approved sales.

The sales approved in the tariff order 2009-10, actuals furnished by APDCL and now approved by the Commission for truing up are given in Table 3.1 below:

**Table 3.1: Energy Sales FY 2009-10**

**(MU)**

| Sl. No. | Categories | Approved by the Commission in Tariff Order 2009-10 | Actual submitted for 2009-10 | Approved in Truing up for FY 2009-10 |
|---|---|---|---|---|
| | **LT Group** | | | |
| 1 | Jeeban Dhara 0.5 kW & 1 kWh/day | 283 | 40 | 40 |
| 2 | Domestic: A above 0.5 kW to 5 kW | 1189 | 973 | 973 |
| 3 | Domestic: B above 5 kW to 20 kW | 93 | 99 | 99 |
| 4 | Commercial load above 0.5 to 20 KW | 270 | 315 | 315 |
| 5 | General Load upto 20 KW | 73 | 58 | 58 |
| 6 | Public Lighting | 9 | 8 | 8 |
| 7 | Agriculture upto 7.5 hp | 7 | 4 | 4 |
| 8 | Small Industries Rural upto 20 KW | 40 | 45 | 45 |
| 9 | Small Industries Urban | 28 | 25 | 25 |
| 10 | Temporary Supply | | | |
| | Domestic | 0 | 1 | 1 |
| | Others | | 5 | 5 |
| 11 | **LT Total** | **1992** | **1573** | **1573** |
| 12 | **HT Group** | | | |
| 13 | HT Domestic 20 kW and above | 39 | 29 | 29 |
| 14 | HT Commercial 20 kW and above | 149 | 167 | 167 |
| 15 | Public water works | 48 | 55 | 55 |
| 16 | Bulk supply 20 kW and above | | | |
| | Government Educational Institutions | 41 | 45 | 45 |
| | Others | 300 | 289 | 289 |
| 17 | HT Small Industries upto 50 KW | 22 | 41 | 41 |
| 18 | HT Industries-I 50 KW to 150 KW | 40 | 50 | 50 |
| 19 | HT Industries-II above 150 KW | 455 | 482 | 482 |
| 20 | Tea & Coffee & Rubber | 308 | 412 | 412 |
| 21 | Oil & Coal | 63 | 80 | 80 |
| 22 | HT Irrigation load above 7.5 HP | 18 | 24 | 24 |
| **23** | **HT Total** | **1483** | **1674** | **1674** |
| **24** | **All Total** | **3475** | **3247** | **3247** |

The consumption is lower than the approved in almost all LT consumer categories, except the LT commercial category. The LT commercial category recorded a sale higher than estimation by 17%. It is stated by APDCL that the consumption by Jeeban Dhara category of consumers is much below the approved sales, due to non-completion of ongoing RGGVY scheme in the year and also due to shifting of many consumers of Jeeban Dhara category to domestic A category, automatically as per the provision of schedule of tariff due to higher consumption than stipulated 30 units per month. In the case of HT consumers, the overall sale is 13% higher than approved by the Commission.

**The Commission approves the energy sales as per actuals, for truing up purpose for FY 2009-10 at 3247 MU as against 3475 MU approved in the tariff order dated 24th July, 2009.**

### 3.3.2 Distribution Losses

APDCL has submitted that the actual distribution loss during FY 2009-10 was at 26.06% against 22.65% approved by the Commission. For the FY 2008-09, APDCL, in its Tariff Petition for the MYT Period FY 2010-11 to 2012-13, furnished the actual distribution loss of 24.32%, against the approved loss by the Commission, in its Tariff Order for FY 2008-09. The Commission, while truing up for FY 2008-09, approved the distribution loss at 24.24%, limiting it to the approved level in the Tariff Order for FY 2008-09. It is significant to note, APDCL has not only achieved the loss target of 22.65%, approved by the Commission, but also has fallen short of the actual loss furnished by it (24.32%), for FY 2008-09.

The distribution losses approved in the Tariff Order for FY 2009-10, actuals loss furnished by APDCL and loss as approved for truing up for FY 2009-10, are as given in the Table 3.2 below:

**Table 3.2: Distribution loss for FY 2009-10**

(MU)

| Sl. No. | Year | Approved by the Commission in Tariff Order 2009-10 | Actual furnished by for FY 2009-10 | Approved in Truing up for FY 2009-10 |
|---|---|---|---|---|
| 1 | 2009-10 | 22.65% | 26.06% | 22.65% |

**The Commission approves the distribution loss level at 22.65% in truing up for FY 2009-10, as it is a controllable element.**

### 3.3.3 Energy requirement

APDCL has submitted the energy requirement for FY 2009-10 based on actual sales, distribution loss, transmission loss and PGCIL loss as given in Table 3.3 below:

**Table 3.3: Energy requirements and energy balance for FY 2009-10**

| Sl. No. | Categories | Unit | 2009-10 | | Now approved in Truing up for FY 2009-10 |
|---|---|---|---|---|---|
| | | | Approved | Actual | |
| 1 | Energy sale | MU | 3475 | 3247.32 | 3247.32 |
| 2 | Distribution loss | MU | 1018 | 1144 | 950.90 |
| 3 | Distribution loss | % | 22.650 | 26.057 | 22.65 |
| 4 | Energy requirements | MU | 4492.78 | 4392 | 4198.22 |
| 5 | Transmission loss | MU | 261.48 | 256 | 244.34 |
| 6 | Transmission loss | % | 5.5 | 5.5 | 5.5 |
| 7 | Total energy for State sale | MU | 4754.26 | 4647.6 | 4442.56 |
| 8 | Trading sales | MU | 352.23 | 204.54 | 204.54 |
| 9 | Total energy requirements including trading sales | MU | 5106.49 | 4852 | 4647.10 |
| 10 | Pool loss in PGCIL | MU | 146.880 | 137.660 | 137.660 |
| 11 | Total power purchase | MU | 5253.363 | 4989.76 | 4784.76 |

Commission approves energy purchase of 4784.76 MU for the FY 2009-10.

### 3.3.4 Power Purchase Cost

The Power purchase cost approved by the Commission for FY 2009-10, in its Tariff Order dated 24th July 2009 and actual power purchase cost now claimed by APDCL as per audited annual accounts are as given in Table 3.4 below:

**Table 3.4: Power Purchase for FY 2009-10**

| Sl. No. | Sources | Energy (MU) | | Amount (Rs. Lakhs) | |
|---|---|---|---|---|---|
| | | Approved | Actual | Approved | Actual |
| 1 | Central Sector Generators | 3296.85 | 3265.91 | 48907.70 | 64371.00 |
| 2 | APGCL | 1693.69 | 1617.25 | 34480.50 | 33987.00 |
| 3 | DLF (IPP) | 141.02 | 78.59 | 2489.20 | 1844.00 |
| 4 | MeSEB | 8.76 | 13.16 | 319.00 | 497.00 |
| 5 | Trader | 113.05 | 14.85 | 6712.80 | 1329.00 |
| 6 | Total | 5253.36 | 4989.76 | 92909.20 | 102028.00 |

3.3.5 The Commission had approved power purchase cost at Rs. 1230.56 crore in the Tariff Order for FY 2009-10 including transmission charges, SLDC charges etc.

APDCL has submitted revised claim of Rs. 1321.75 crore for the Truing-up for FY 2009-10. But the cost of power purchase as per Audited Annual Accounts reported is Rs. 1321.74 crore for FY 2009-10, (Sch-18) as against Rs. 1230.56 crore.

**Table 3.5: Power Purchase Cost (Actuals)**

**(Rs. Crore)**

| Power purchase cost | Approved | Actual | Approved for true-up for FY 2009-10 |
|---|---|---|---|
| Power purchase cost | 929.09 | 1020.27 | 1020.27 |
| AEGCL cost | 299.21 | 299.21 | 299.21 |
| SLDC | 2.26 | 2.26 | 2.26 |
| Less: Misc. Receipt from trading | 13.96 | | |
| **Total** | **1216.60** | **1321.74** | **1321.74** |

* - Excludes ASEB Trader ARR of Rs. 2.73 crore

**Power Purchase Cost (Approved)**

| Power purchase cost | Approved |
|---|---|
| Energy requirement approved as per Table 3.3 | 4784.76 MU |
| Energy actually purchased as per Table 3.4 | 4989.76 MU |
| Gross cost of energy purchase as per table 3.5(A) | Rs. 1321.74 Cr |
| Cost of energy purchased as per requirement i.e. (1321.74/4989.76)x4784.76 | Rs. 1267.44 Cr |
| Power purchase cost approved for truing up of FY 2009-10 | Rs. 1267.44 Cr |

The Commission approves Power purchase cost for truing up of FY 2009-10 for Rs. 1267.44 crore

### 3.3.6 Past period Fuel and Power Purchase Cost

APDCL has claimed Rs. 86.74 crore in the truing up petition for FY 2009-10. With reference to a query from the Commission APDCL has furnished the details as to how the amount of Rs. 86.74 crore has been arrived at in its memo no GM (Com-7) 2011/Tariff/35 dated 07.07.2012. The details are as given below:

Past period fuel and power purchase cost adjustments for FY 2009-10

| Particulars | Amount (Rs. crore) |
|---|---|
| A) Addition during the year | 45.19 |
| Amount of accumulated Loss upto 2007-08 transferred to Regulatory Asset | 66.59 |
| Transfer of Amount deficit for FY 2009-10 | 69.63 |
| **Total (A)** | **181.40** |
| B) Deletion during the year | |
| Deficit receivable allowed in the Tariff order for FY 2007-08 | 22.60 |
| Amount of 2nd installment of Regulatory Asset allowed for FY 2007-08 | 72.07 |
| **Total (B)** | **94.67** |
| **C) Balance Liability (A-B)** | **86.74** |

**The Commission approves the balance power purchase liability for past period Fuel and Power purchase at Rs. 86.74 crore in the Truing up for FY 2009-10.**

### 3.3.7 Employee cost

The Commission had approved employee cost at Rs. 379.94 crore including Rs. 0.52 crore of ASEB Trader expenditure for the year 2009-10 in the Tariff Order.

The APDCL has submitted a revised claim for Rs. 357.98 crore in the truing up 2009-10.

The employee cost as per the Audited Annual Accounts for 2009-10 is Rs. 357.98 crore including ASEB Trader.

**The Commission approves the employee cost at Rs. 357.98 crore as per the Audited Annual Accounts in the truing up for 2009-10.**

### 3.3.8 Repairs and Maintenance (R&M) expenses

The Commission had approved the R&M expenses at Rs. 24.08 crore including Rs. 0.01 crore of ASEB Trader for 2009-10 in the Tariff Order.

APDCL has submitted revised claim for Rs. 31.17 crore for 2009-10 based on the Audited Annual Accounts.

**Since R&M expense is a controllable element, the Commission approves the R&M expenses at Rs. 24.08 crore in the truing up for FY 2009-10 as per the Tariff Order.**

### 3.3.9 Administration and General (A&G) expenses

The Commission had approved the A&G expenses at Rs. 15.45 crore including Rs. 2.08 crore of ASEB Trader expenses in the Tariff Order for 2009-10.

APDCL has submitted revised claim for Rs. 20.16 crore for 2009-10 as per Audited Accounts.

APDCL has submitted in its letter dated 7$^{th}$ July 2012 that APDCL has made one time un-avoidable payment of Rs. 1.25 crore to MOCA towards fees for enhancing the paid up capital of the company to Rs. 250 crore and Rs. 2.14 crore as property tax to GMC.

**The Commission accordingly approves A&G expenses at Rs. 18.84 (15.45 + 1.25 + 2.14) crore in the truing-up for FY 2009-10.**

### 3.3.10 Interest and Finance charges

The Commission had approved the interest and finance charges at Rs. 13.39 crore including Rs. 0.01 crore of ASEB Trader expenses for 2009-10 in the Tariff Order.

APDCL has submitted revised claim for Rs. 56.15 crore in the truing up for 2009-10.

The interest and finance charges as per the Audited Annual Accounts are Rs. 68.83 crore including interest on GPF and interest on working capital for 2009-10. The Commission has examined the component wise interest charges as per the accounts and allow these charges on bonds, ADB loans and bank charges, discount to consumers for timely payment of bills, bank commission etc. Interest on State Government loans is not considered for calculating interest and finance charges as APDCL has not submitted the documentary evidence establishing that the Government loans were utilized for creation of capital assets. As regards the interest amount of Rs. 20.88 crore claimed on GPF based on the Audited Accounts, it is to be stated that as per the statutory requirements neither GPF fund trust was created nor GPF money was invested in authorized Government securities. Hence the interest on GPF and new pension scheme is not considered. The interest on working capital is considered separately in this chapter.

**The Commission approves the interest and finance charges at Rs. 3.82 crore in the truing up for 2009-10 based on the Audited Annual Accounts.**

### 3.3.11 Interest on working capital

The Commission had approved the interest on working capital at Rs. 42.54 crore including Rs. 0.09 crore of ASEB trader expense in the Tariff Order for 2009-10.

APDCL has submitted revised claim for Rs.36.84 crore for 2009-10 based on Audited Annual Accounts.

**Table 3.5: Interest on working capital approved in Truing up for 2009-10**

| Sl. No. | Particulars | Amount (Rs. crore) |
|---|---|---|
| 1. | One month O&M cost | 33.41 |
| 2. | Maintenance spares @ 1% of GFA | 15.07 |
| 3. | Receivable 60 days* | 115.62 |
| 4 | Working capital (1+2+3) | 164.10 |
| 5 | Rate of interest | 12.25% |
| 6 | Interest on working capital | **20.10** |

* Excluding security deposits.

**The Commission approves the interest on working capital at Rs. 20.10 crore in the truing up for 2009-10.**

### 3.3.12 Interest on consumer security deposit

The Commission had approved the interest on security deposit at Rs. 12.32 crore in the Tariff Order for 2009-10.

APDCL has submitted revised claim for Rs. 12.68 crore in the true up for 2009-10 as per Audited Annual Accounts.

**The Commission approves the interest on consumers security deposit at Rs. 12.68 crore in the truing up for 2009-10 as per the Audited Annual Accounts.**

### 3.3.13 Depreciation

The Commission had approved the depreciation charges at Rs. 22.38 crore including Rs. 0.02 crore of ASEB Trader expenses for 2009-10 in the Tariff Order.

APDCL has submitted the revised claim for depreciation at Rs. 50.79 crore.

As per the Audited Annual Accounts the depreciation charges are worked out at Rs. 65.89 crore for 2009-10.

It is stated that the depreciation calculated is as per the schedule XIV of Companies Act, 1956.

The depreciation charges for the year 2009-10 have now been computed in accordance with Regulation 14 of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The details are given in the Table 3.6 below.

**Table 3.6: Computation of Depreciation for the Truing up FY 2009-10**

**Rs. crore**

| Sl. No. | Particulars | GFA 01.04.2009 | Additions during FY 2009-10 | Rate of depreciation | Depreciation As per AERC |
|---|---|---|---|---|---|
| 1 | Land & Rights | 11.88 | 0.40 | | |
| 2 | Buildings | 44.80 | 1.05 | 1.80% | 0.73 |
| 3 | Other civil works | 38.19 | 1.03 | 1.80% | 0.63 |
| 4 | Plant machinery | 501.08 | 19.62 | 3.60% | 16.55 |
| 5 | Lines & Cable net work | 733.56 | 49.71 | 2.57% | 17.54 |
| 6 | Vehicles | 11.37 | 0.14 | 18.00% | 1.85 |
| 7 | Furniture & Fixtures | 10.70 | 0.60 | 6.00% | 0.59 |
| 8 | Office equipment | 10.78 | 7.19 | 6.00% | 0.78 |
| 9 | Consumer cont. deducted from service connection G.H. Lines & cable Network inc. asset not belonging to Board | 156.56 | 33.41 | | |
| **10** | **Total** | **1518.92** | **113.15** | | **38.68** |
| 11 | Average Assets of OB & CB in 2009-10(excluding lands & rights and Consumer Contribution) | **1390.15** | | 2.78% | |

| Particulars | | As on 01.04.2009 |
|---|---|---|
| **Grants Available** | | **469.12** |
| GFA (excluding Consumer contribution and Land & Rights) | | 1350.48 |
| CWIP | | 252.41 |
| Total | | 1602.89 |
| Cumulative grants apportioned in the ratio of GFA and CWIP | GFA | 395.25 |
| | CWIP | 73.87 |
| Total | | 469.13 |
| Dep. calculated as per the Regulation | | 38.68 |
| Wt. Avg. rate of dep. | | 2.78% |
| Dep. To be deducted on the assets built on the grants component | | 9.90 |
| **Depreciation approved** | | **28.78** |

**The Commission approves depreciation at Rs. 28.78 crore in the Truing up for 2009-10.**

### 3.3.14 Provision for bad and doubtful debts

The Commission had approved the provision for bad debts at Rs. 15.87 crore at 1% of the revenue for the year in the Tariff Order for 2009-10.

APDCL has submitted revised claim of Provision of Bad and doubtful debts at Rs. 2.41 crore for the truing up for 2009-10 as per Audited Annual Accounts.

Bad and doubtful debts written off only to be considered for ARR.

**The Commission do not approve for bad and doubtful debts in the truing up for 2009-10.**

**3.3.15 Other debits**

The APDCL has claimed Rs.1.00 crore towards other debits for FY 2009-10. The Commission has not approved any provision for this in the Tariff order and hence not considered in the truing up for FY 2009-10**.**

**3.3.16 Net prior period expenses**

APDCL has claimed Rs. 3.63 crore towards net prior period expenses. There is no provision for the above expense in the AERC Regulations. Therefore, Net prior period expenses are not considered in the truing up for FY 2009-10.

**3.3.17 Return on equity**

The Commission had approved return on equity of Rs. 11.40 crore including Rs. 0.01 crore of ASEB Trader at 7% on equity for the year 2009-10 in the Tariff Order.

APDCL has now claimed Rs. 35.11 crore towards return on equity at 14% on an equity of Rs. 250.8142 crore wherein the utility has taken into consideration the equity of Rs. 88.04 crore said to be that of ASEB. APDCL has submitted that it has been performing the trading activities with effect from 1st April 2009 and that the equity of ASEB has been included with that of APDCL as depicted in the Annual statement of Accounts for FY 2009-10.

The Commission had approved the ROE at 7% considering the overall performance of the DISCOMS which was not satisfactory. Regarding APDCL's claim of return on equity of ASEB said to have been transferred to APDCL, the Commission finds from the Annual Accounts that GoA has not yet notified the transfer of assets and liabilities of trading function of ASEB to APDCL.

**The Commission therefore retains the ROE at Rs. 11.40 crore in the truing up for FY 2009-10 as approved in the Tariff Order.**

**3.3.18 Provision for taxes**

In the Tariff Order for 2009-10 no provision for tax was considered.

APDCL has not claimed any provision for taxes based on actual as per Annual Accounts.

### 3.3.19 Miscellaneous receipts / other income

The Commission had approved Rs. 265.33 crore towards non-tariff income including trading income at Rs. 216.62 crore in the Tariff Order for 2009-10.

In the true up for 2009-10 APDCL has furnished the miscellaneous receipts and other income including UI sales at Rs. 157.34 crore (Rs. 56.56 crore towards UI sales income and Rs. 100.78 crore towards other income) i.e. consumer related based on the Annual Accounts for 2009-10.

**The Commission approves the non-tariff income at Rs. 157.34 crore actual as per Audited Annual Accounts in the truing up for 2009-10.**

### 3.3.20 Revenue with existing tariff

APDCL has furnished the revenue from existing tariff at Rs. 1407.99 crore for 2009-10 as against Rs. 1576.41 crore approved by the Commission in the Tariff Order for 2009-10.

**The Commission approves the revenue from tariff at Rs. 1407.99 crore actual as per Audited Annual Accounts in the true up for 2009-10.**

### 3.3.21 True up of ARR for 2009-10

The ARR for the year 2009-10 based on the audited annual accounts and as analyzed in the above paras is detailed in the Table 3.7 below.

**Table 3.7: Aggregate Revenue Requirement in Truing up for FY- 2009-10**

(Rs. crore)

| Sl No | ARR Element | Approve by the Commission in TO for 2009-10 | Revised claim by APDCL | Actuals as per Audited Annual Accounts for 2009-10 | Approved for True up |
|---|---|---|---|---|---|
| A | MU Purchase | 5,253.36 | 4,989.76 | | 4,784.76 |
| B | MU Sales | 3,475.00 | 3,247.52 | | 3,247.52 |
| C | % Distribution loss | 22.65 | 26.06 | | 22.65% |
| 1 | Power Purchase Cost | 1,216.60 | 1,321.74 | 1,321.74 | 1,267.44 |
| 2 | Past fuel & Power Purchase Cost | 98.31 | - | - | 86.74 |
| 3 | Employee Cost | 379.94 | 357.98 | 357.98 | 357.98 |
| 4 | Repairs and maintenance | 24.08 | 31.17 | 31.17 | 24.08 |
| 5 | Administration and General | 15.45 | 20.16 | 20.16 | 18.84 |
| 6 | Interest on term loan (All) | 13.39 | 56.15 | 56.15 | 3.82 |

| | | | | | |
|---|---|---|---|---|---|
| 7 | Interest on working capital | 42.54 | 36.84 | 1.43 | 20.10 |
| 8 | Interest on security deposit | 12.32 | 12.68 | 12.68 | 12.68 |
| 9 | Depreciation | 22.38 | 50.79 | 60.97 | 28.78 |
| 10 | Provision for doubtful debts | 15.87 | 2.41 | 2.41 | - |
| 11 | Other debts and others | - | 4.63 | 3.41 | - |
| 12 | Net prior period expenses | - | - | 3.63 | - |
| 13 | Return on equity | 11.40 | 35.11 | - | 11.40 |
| 14 | provision for taxes | - | - | - | - |
| **15** | **Total ARR** | **1,852.28** | **1,929.66** | **1,871.73** | **1,831.86** |
| 16 | Less Non Tariff income | 265.33 | 157.34 | 157.34 | 157.34 |
| **17** | **Net ARR** | **1,586.95** | **1,772.32** | **1,714.39** | **1,674.52** |
| **18** | **Revenue from Tariff** | **1,576.41** | **1,407.99** | **1,407.99** | **1,407.99** |
| 19 | Revenue Deficit for FY 2009-10 | | (364.33) | | (266.53) |
| 20 | Surplus from truing up for 2007-08 | | | | 3.13 |
| 21 | Deficit from truing up for 2008-09 | | | | (35.90) |
| 22 | Cumulative Deficit (2007-08 to 2009-10) | | | | (299.30) |
| 23 | Surplus from truing up of APGCL for FY 2009-10 | | | | *96.38* |
| 24 | Ddeficit from truing up of AEGCL for FY 2009-10 | | | | (59.06) |
| 25 | Net (deficit) of APDCL on truing up for FY 2009-10 | | | | *(261.98)* |

The deficit of Rs.266.53 crore approved in truing up for FY 2009-10, together with the surplus of Rs.3.31 crore arrived for FY 2007-08 and deficit of Rs.35.90 crore arrived for FY 2008-09 totaling Rs.299.30 and surplus of Rs.96.38 crore for FY 2009-10 of APGCL and deficit of Rs.59.06 crore for FY 2009-10 of AEGCL as shown in the above table shall he considered in the ARR for FY 2012-13.

## 3.4 TRUING UP FOR FY 2010-11

### 3.4.1 Energy Sales

APDCL, vide its letter No.CGM (COM)/ Tariff / 2011/47 dated 7.12.2012 submitted the actuals of category wise sales for FY 2010-11.

The sales approved in the Tariff order for FY 2010-11, actuals furnished by APDCL and now approved by the Commission for Truing up for FY 2010-11 are given in table 3.8 below.

**Table 3.10: Energy Sales FY 2010-11**

(MU)

| Sl. No. | Categories | Approved by the Commission in Tariff Order 2010-11 | Actual submitted for 2010-11 | Approved in Truing up for FY 2010-11 |
|---|---|---|---|---|
| | **LT Group** | | | |
| 1 | Jeeban Dhara 0.5 kW & 1 kWh/day | 75 | 215.14 | 215 |
| 2 | Domestic: A above 0.5 kW to 5 kW | 1132 | 928.71 | 929 |
| 3 | Domestic: B above 5 kW to 20 kW | 114 | 118.53 | 119 |
| 4 | Commercial load above 0.5 to 20 KW | 365 | 353.93 | 354 |
| 5 | General Load upto 20 KW | 59 | 60.52 | 61 |
| 6 | Public Lighting | 8 | 8.87 | 9 |
| 7 | Agriculture upto 7.5 hp | 12 | 4.72 | 5 |
| 8 | Small Industries Rural upto 20 KW | 52 | 45.16 | 45 |
| 9 | Small Industries Urban | 25 | 26.82 | 27 |
| 10 | Temporary Supply | -- | 6.30 | 6 |
| **11** | **LT Total** | **1842** | **1768.69** | **1769** |
| | **HT Group** | | | |
| 12 | HT Domestic 20 kW and above | 31 | 26.61 | 27 |
| 13 | HT Commercial 20 kW and above | 204 | 180.89 | 181 |
| 14 | Public water works | 63 | 62.13 | 62 |
| 15 | Bulk supply 20 kW and above | | | |
| | Government Educational Institutions | 50 | 44.41 | 44 |
| | Others | 308 | 297.45 | 297 |
| 16 | HT Small Industries upto 50 KW | 21 | 52.56 | 53 |
| 17 | HT Industries-I 50 KW to 150 KW | 53 | 70.25 | 70 |
| 18 | HT Industries-II above 150 KW | 578 | 551.34 | 551 |
| 19 | Tea & Coffee & Rubber | 378 | 356.44 | 356 |
| 21 | Oil & Coal | 84 | 98.56 | 99 |
| 21 | HT Irrigation load above 7.5 HP | 26 | 26.10 | 26 |
| **22** | **HT Total** | **1796** | **1766.74** | **1767** |
| **23** | **All Total** | **3638** | **3535.43** | **3535** |

It is observed that the sales are lower than that approved in the Tariff order for FY 2010-11 by about 2.8%.

**The Commission approves the energy sales as per actuals (i.e) 3535 MU, for Truing up purpose for FY 2010-11 against 3638 MU approved in the Tariff Order.**

### 3.4.2 Distribution Losses

APDCL has submitted that the actual distribution loss during the FY 2010-11 was at 25.44% against 21.6% approved by the Commission.

The distribution losses approved in the Tariff order for FY 2010-11, the actuals furnished by APDCL and loss as approved for Truing up for FY 2010-11 are given in the table 3.9 below.

**Table 3.11: Distribution losses for FY 2010-11**

| Sl. No. | Year | Approved by the Commission in the Tariff order FY 2010-11 | Actual furnished by APDCL for FY 2010-11 | Approved for Truing up for FY 2010-11 |
|---|---|---|---|---|
| 1 | 2010-11 | 21.60% | 25.44% | 21.60% |

### 3.4.3 Energy Requirement

From the information submitted by APDCL, the energy requirement as per actuals along with the same as approved in the Tariff order for FY 2010-11 and now approved for Truing up are given in table 3.10 below.

**Table 3.12: Energy Requirement and Energy balance for FY 2010-11**

| Sl. No. | Categories | Unit | 2010-11 | | Now approved in Truing up for FY 2010-11 |
|---|---|---|---|---|---|
| | | | Approved | Actual | |
| 1 | Energy sale | MU | 3638 | 3535.43 | 3535.43 |
| 2 | Distribution loss | MU | 1002 | 1206.29 | 974.05 |
| 3 | Distribution loss | % | 21.6% | 25.44% | 21.60% |
| 4 | Energy requirement | | 4640 | 4741.72 | 4509.48 |
| 5 | Transmission loss | MU | 219 | 231.24 | 212.49 |
| 6 | Transmission loss | % | 4.5% | 4.65% | 4.5% |
| 7 | Total energy for State sale | MU | 4861 | 4972.97 | 4721.97 |
| 8 | Trading sales | MU | | 553 | 553 |
| 9 | Total energy requirement including trading sales | MU | 4861 | 5525.97 | 5274.97 |
| 10 | Pool loss in PGCIL | MU | 193.76* (3.75%) | 167.83 (4.28%) | 147.84 (3.84%) |
| 11 | Total power purchase | MU | 5054.76 | 5693.80 | 5422.81 |

The total power purchase as per actuals and as per the submission vide APDCL letter No. CGM(COM)/Tariff/2011/47 dated 7.12.2012 was 5672.88 MU. But, when all items are added up, as per the information of APDCL dated 7.12.2012, it is totaling to 5693.80 MU. The Pool losses in PGCIL is mentioned as 4.28% (167.83 MU). If it is considered at 3.84% (on power purchase from central generating stations), the PGCIL losses work out to 147.84 MU, in which case the total power purchase will be 5672.88 MU. It is hence considered at 5672.88 MU.

### 3.4.4 Power Purchase

The Power purchase cost approved by the Commission for FY 2010-11, in the Tariff order dated 16.05..2011 and actual power purchase cost now furnished by APDCL as per Audited Accounts are given in the table below.

**Table 3.13: Power Purchase for FY 2010-11**

| Sl. | Sources | Energy (MU) | Amount (Rs. Crore) |
|---|---|---|---|

| No. | | Approved | Actual | Approved | Actual |
|---|---|---|---|---|---|
| 1 | Central Sector Generators | 3446.66 | 3850.04 | 668.9 | 1057.45 |
| 2 | APGCL | 1618.76 | 1614.87 | 326.97 | 411.85 |
| 3 | Banskandi & Adamtila (SIPP) | 92.62 | 63.65 | 21.71 | 13.57 |
| 4 | MeSEB | 8.76 | 15.22 | 3.30 | 6.15 |
| 5 | Trader | - | 129.10 | - | 40.39 |
| 6 | Total | 5166.80 | 5672.88 | 1020.90 | 1529.41 |

3.4.5 The Commission had approved power purchase cost at Rs. 1363.61 crore in the Tariff Order for FY 2010-11 including transmission charges, SLDC charges etc.

APDCL has submitted revised claim for Rs. 1871.46 crore for the Truing-up for FY 2010-11. But the cost of power purchase as per Audited Annual Accounts for FY 2010-11 reported is Rs. 1871.47 crore, (Sch-18) as against Rs. 1363.61 crore.

**Table 3.14 (A) : Power Purchase Cost (Actuals)**

(Rs. crore)

| Power purchase cost | Approved | Actual | Approved for true-up for FY 2010-11 |
|---|---|---|---|
| Power purchase cost | 1020.90 | 1529.41 | 1529.41 |
| SLDC & AEGCL charges | 206.97 | 341.21 | 341.21 |
| PGCIL charges | 134.24 | | |
| ASEB Cost | 1.50 | | |
| **Total** | **1363.61** | **1870.62** | **1870.62** |

**Table 3.14 (B): Power Purchase Cost (Approved)**

| Power purchase cost | Approved |
|---|---|
| Energy requirement approved as per Table 3.10 | 5422.81 MU |
| Energy actually purchased as per Table 3.11 | 5672.88 MU |
| Gross cost of energy purchase as per table 3.12(A) | Rs. 1870.62 Cr |
| Cost of energy purchased as per requirement i.e. (1870.62/5672.88)x5422.81 | Rs. 1788.16 Cr |
| Power purchase cost approved for truing up of FY 2010-11 | Rs. 1788.16 Cr |

**Commission approves Power purchase cost for truing up of FY 2010-11 for Rs. 1788.16 crore.**

### 3.4.6 Employee cost

The Commission had approved the employee cost at Rs. 464.69 crore for the year 2010-11 in the Tariff Order.

The APDCL has submitted the Audited Annual Accounts for FY 2010-11 vide its letter CGM (Comm.)/Tariff/2013-16/2012/27 dated 9th November, 2012.

The employee cost as per the Audited Annual Accounts for 2010-11 is Rs. 398.53 crore.

**The Commission approves the employee cost at Rs. 398.53 crore as per the Audited Annual Accounts in the truing up for 2010-11.**

### 3.4.7 Repairs and Maintenance (R&M) expenses

The Commission had approved the R&M expenses at Rs. 26.48 crore in for 2010-11 in the Tariff Order.

APDCL has submitted Audited Annual Accounts for FY 2010-11 and R&M expenses are Rs.31.82 crore for 2010-11as per accounts.

**Since R&M expense is a controllable item, the Commission approves the R&M expenses at Rs. 26.48 crore in the truing up for FY 2010-11 as per the Tariff Order.**

### 3.4.8 Administration and General (A&G) expenses

The Commission had approved the A&G expenses at Rs. 14.17 crore in the Tariff Order for 2010-11.

The A&G expenses as per Audited Annual Accounts are RS. 17.30 crore.

**Since A&G expenses are controllable expenses, the Commission approves the A&G expenses at Rs. 14.17 crore in the truing-up for FY 2010-11 as per the Tariff Order**.

### 3.4.9 Interest and Finance charges

The Commission had approved the interest and finance charges at Rs. 4.70 crore for 2010-11 in the Tariff Order.

The interest and finance charges as per the Audited Annual Accounts are Rs. 74.51 crore including interest on GPF for FY 2010-11. The Commission has examined the component wise interest charges as per the accounts and allow these charges on bonds, ADB loans and bank charges, discount to consumers for timely payment of bills, bank commission etc. Interest on State Government loans is not considered for calculating interest and finance charges as APDCL has not submitted the documentary evidence establishing that the Government loans were utilized for creation of assets. As regards the interest amount of Rs. 21.78 crore claimed on GPF based on the Audited Accounts, it is to be stated that as per the statutory requirements neither GPF fund trust was created nor fund was invested in authorized Government securities. Hence the interest on GPF and new pension scheme is not considered. The interest on working capital is considered separately.

**The Commission approves the interest and finance charges at Rs. 3.65 crore in the truing up for 2010-11 based on the Audited Annual Accounts.**

### 3.4.10 Interest on working capital

The Commission had approved the interest on working capital at Rs. 40.23 crore in the Tariff Order for 2010-11.

Consequent on truing-up of expenses based on audited annual accounts, the interest on working capital is determined as detailed in the table 3.12 below:

**Table 3.15: Interest on working capital approved in Truing up for 2010-11**

| Sl. No. | Particulars | Amount (Rs. crore) |
|---|---|---|
| 1. | One month O&M cost | 36.60 |
| 2. | Maintenance spares @ 1% of GFA | 16.20 |
| 3. | Receivable 60 days* | 98.26 |
| 4 | Working capital (1+2+3) | 115.06 |
| 5 | Rate of interest | 11.75% |
| 6 | Interest on working capital | **17.75** |

*Excluding consumers security deposit.

**The Commission approves the interest on working capital at Rs. 17.75 crore in the truing up for 2010-11.**

### 3.4.11 Interest on consumers security deposit

The Commission had approved the interest on consumer security deposit at Rs. 12.47 crore in the Tariff Order for 2010-11.

The interest on consumer security deposit is Rs. 14.58 crore as per Audited Annual Accounts Schedule-22.

**The Commission approves the interest on consumer security deposit at Rs. 14.58 crore in the truing up for 2010-11 as per the Audited Annual Accounts.**

### 3.4.12 Depreciation

The Commission had approved the depreciation charges at Rs. 21.84 crore for 2010-11 in the Tariff Order.

As per the Audited Annual Accounts the depreciation charges are Rs. 64.30 crore for 2010-11.

The depreciation charges for the year 2010-11 have now been computed in accordance with Regulation 14 of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The details are given in the Table 3.13 below:

**Table 3.16: Computation of Depreciation for the Truing up FY 2010-11**

(Rs.crore)

| Sl. No. | Particulars | GFA 01.04.2010 | Additions during FY 2010-11 | Rate of depreciation | Dep. As per AERC |
|---|---|---|---|---|---|
| 1 | Land & Rights | 12.28 | 0.19 | | |
| 2 | Buildings | 45.85 | 0.50 | 1.80% | 0.75 |
| 3 | Other civil works | 39.22 | 0.84 | 1.80% | 0.64 |
| 4 | Plant machinery | 520.70 | 14.16 | 3.60% | 17.10 |
| 5 | Lines & Cable net work | 783.27 | 22.68 | 2.57% | 18.38 |
| 6 | Vehicles | 11.52 | 0.00 | 18.00% | 1.87 |
| 7 | Furniture & Fixtures | 11.30 | 0.29 | 6.00% | 0.62 |
| 8 | Office equipment | 17.97 | 0.93 | 6.00% | 1.00 |
| 9 | Consumer cont. deducted from service connection G.H. Lines & cable Network inc. asset not belonging to Board | 189.97 | 25.73 | | |
| **10** | **Total** | **1632.07** | **65.33** | | **40.35** |
| 11 | Average Assets of OB & CB in 2010-11(excluding lands & rights and Consumer Contribution) | **1449.52** | | 2.78% | |

| Particulars | | As on 01.04.2010 |
|---|---|---|
| **Grants Available** | | **1761.05** |
| GFA (excluding Consumer contribution and Land & Rights) | | 1429.83 |
| CWIP | | 925.94 |
| Total | | 2355.76 |
| Cumulative grants apportioned in the ratio of GFA and CWIP | GFA | 1068.86 |
| | CWIP | 692.18 |
| Total | | 1761.05 |
| Depreciation calculated as per the Regulation | | 40.35 |
| Wt. Avg. rate of depreciation | | 2.78% |
| Depreciation to be deducted on the assets built on the grants component | | 26.78 |
| **Depreciation approved** | | **13.57** |

**The Commission approves depreciation at Rs. 13.57 crore in the Truing up for 2010-11.**

### 3.4.13 Provision for bad and doubtful debts

The Commission did not approve any provision for bad debts for the year in the Tariff Order for 2010-11.

As per Audited Annual Accounts for FY 2010-11 bad and doubtful debts written off reported at Rs. 0.05 crore.

**The Commission approves for bad and doubtful debts written off at Rs. 0.05 crore in the truing up for 2010-11.**

### 3.4.14 Other debits

The Commission did not approve any provision for this in the Tariff order for FY 2010-11.

### 3.4.15 Net prior period expenses

As per audited accounts for FY 2010-11 there are prior period credits to the extent of Rs. 9.56 crore. There is no provision for the net prior expenses/credit in the AERC Regulations. Therefore, net prior period credits are not considered in the truing up for FY 2010-11.

### 3.4.16 Return on equity

The Commission had approved return on equity of Rs. 22.79 crore at 14% on equity for the year 2010-11 in the Tariff Order.

**The Commission, therefore, retains the ROE at Rs. 22.79 crore in the truing up for FY 2010-11 as approved in the Tariff Order.**

### 3.4.17 Provision for taxes

In the Tariff Order for FY 2010-11 provision for tax was considered for Rs. 4.54 crore.

**Taxes paid are nil for FY 2010-11 as per Audited Annual Accounts, Commission approves taxes as Nil**.

### 3.4.18 Miscellaneous receipts / other income

The Commission had approved Rs. 162.89 crore towards non-tariff income and other income in the Tariff Order for 2010-11.

As per Audited Annual Accounts the other income reported is Rs. 221.26 crore for FY 2010-11.

**The Commission approves the non-tariff income at Rs. 221.26 crore actual as per Audited Annual Accounts in the truing up for 2010-11.**

### 3.4.19 Revenue with existing tariff

The Commission had approved the Revenue from existing tariff at Rs. 1681.48 crore in the Tariff Order for FY 2010-11.

The Revenue from sale of power is Rs. 1584.57 crore as per the Audited Annual Accounts for FY 2010-11.

**The Commission approves the revenue from tariff at Rs. 1584.57 crore actual as per Audited Annual Accounts in the true up for 2010-11.**

### 3.4.20 True up of ARR for 2010-11

The ARR for the year 2010-11 based on the audited annual accounts and as analyzed in the above paras is detailed in the Table 3.14 below.

**Table 3.17: Aggregate Revenue Requirement in Truing up for FY- 2010-11**

**(Rs. crore)**

| S. No. | ARR Element | Approved by the Commission in T.O for FY 2010-11 | Actuals as per Audited Annual Accounts for FY 2010-11 | Approved in Truing-up |
|---|---|---|---|---|
| | MU Purchase | 5167 | 5672.88 | 5672.88 |
| | MU Sales | 3638 | 3535.43 | 3535.43 |
| | Distribution losses (%) | 21.60 | 25.44 | 21.60 |
| 1 | Cost of Power Purchase | 1363.61 | 1871.47 | 1788.16 |
| 2 | Employee Cost | 464.69 | 398.53 | 398.53 |
| 3 | R&M Expenses | 26.48 | 31.82 | 26.48 |
| 4 | Administration & General Expenses | 14.17 | 17.30 | 14.17 |
| 5 | Depreciation | 21.84 | 64.30 | 13.57 |
| 6 | Interest & Finance Charges | 4.70 | 58.62 | 3.65 |
| 7 | Interest on working capital | 40.23 | 1.31 | 17.75 |
| 8 | Interest on CSD | 12.47 | 14.58 | 14.58 |
| 9 | Provision Bad Debts | -- | 4.43 | -- |
| 10 | Bad debt written off | | | 0.05 |
| 11 | Return on Equity | 22.79 | -- | 22.79 |
| 12 | Provision for Taxes | 4.54 | -- | -- |
| 13 | FBT 0.5% on Employee cost | -- | | |
| | **ARR** | **1975.52** | **2462.37** | **2299.73** |
| 14 | Non-Tariff Income | 67.20 | 221.26 | 221.26 |
| 15 | Other Income | 95.69 | | |

| | | | | |
|---|---|---|---|---|
| | **Net ARR (A)** | **1812.63** | **2241.11** | **2078.47** |
| 16 | Revenue at Existing tariff (B) | 1681.48 | 1584.57 | 1584.57 |
| **17** | Revenue Grant (C) | -- | 252.00 | 252.00 |
| 18 | **Revenue Deficit (B+C) - (A) for FY 2010-11** | **-131.15** | **(404.54)** | **(241.90)** |
| 19 | Surplus from truing up of APGCL for FY 2010-11 | | | *20.51* |
| 20 | Dficit from truing up of AEGCL for FY 2010-11 | | | (37.72) |
| **21** | **Net deficit of APDCL on Truing up for FY 2010-11** | | | ***(259.11)*** |

The deficit of Rs.241.90 crore approved in truing up for FY 2010-11 and surplus of Rs.20.51 crore approved for FY 2010-11 for APGCL and deficit of Rs.37.72 crore approved for FY 2010-11 for AEGCL as shown in the above Table shall be considered in the ARR for FY 2012-13.

# 4. Review for the FY 2011-12

## 4. REVIEW FOR THE FY 2011-12

### 4.1 Energy Sales

The APDCL submitted Category wise energy sales for the FY 2011-12, vide its letter No. CGM (COM)/ Tariff / 2011 / 47 dated 7.12.2012.

The sales approved in the Tariff order for FY 2011-12, actuals furnished by APDCL and now considered by the Commission for review purpose for FY 2011-12, are given in the table 4.1 below:

**Table 4.1: Energy Sales for FY 2011-12**

**(MU)**

| Sl. No. | Categories | Approved by the Commission in Tariff Order 2011-12 | Actual submitted for FY 2011-12 | Considered for Review for FY 2011-12 |
|---|---|---|---|---|
| | **LT Group** | | | |
| 1 | Jeeban Dhara 0.5 kW & 1 kWh/day | 165 | 272.88 | 273 |
| 2 | Domestic: A above 0.5 kW to 5 kW | 1245 | 1038.19 | 1038 |
| 3 | Domestic: B above 5 kW to 20 kW | 131 | 139.24 | 139 |
| 4 | Commercial load above 0.5 to 20 KW | 420 | 403.22 | 403 |
| 5 | General Load upto 20 KW | 60 | 74.14 | 74 |
| 6 | Public Lighting | 8 | 9.61 | 10 |
| 7 | Agriculture upto 7.5 hp | 21 | 6.68 | 7 |
| 8 | Small Industries Rural upto 20 KW | 60 | 48.79 | 49 |
| 9 | Small Industries Urban | 26 | 27.66 | 28 |
| 10 | Temporary Supply | - | 5.22 | 5 |
| **11** | **LT Total** | **2136** | **2025.64** | **2026** |
| | **HT Group** | | | |
| 12 | HT Domestic 20 kW and above | 32 | 36.95 | 37 |
| 13 | HT Commercial 20 kW and above | 249 | 218.68 | 219 |
| 14 | Public water works | 73 | 57.97 | 58 |
| 15 | Bulk supply 20 kW and above | - | - | - |
| | Government Educational Institutions | 55 | 55.28 | 55 |
| | Others | 323 | 331.43 | 331 |
| 16 | HT Small Industries upto 50 KW | 23 | 20.01 | 20 |
| 17 | HT Industries-I 50 KW to 150 KW | 56 | 61.51 | 61 |
| 18 | HT Industries-II above 150 KW | 694 | 686.55 | 687 |
| 19 | Tea & Coffee & Rubber | 404 | 392.32 | 392 |
| 20 | Oil & Coal | 88 | 57.59 | 58 |
| 21 | HT Irrigation load above 7.5 HP | 28 | 25.30 | 25 |
| **22** | **HT Total** | 2025 | **1943.60** | **1943** |
| **23** | **All Total** | **4161** | **3969.24** | **3969** |

The Commission considers the energy sales as per actuals (i.e) 3969 MU, for the purpose of Review for FY 2011-12, against 4161 MU approved in the Tariff Order.

## 4.2 Distribution Losses

APDCL submitted that the actual distribution losses during the FY 2011-12 were at 26.33% against 20.60% approved by the Commission, in the Tariff order for FY 2011-12.

The distribution losses approved in the Tariff Order for FY 2011-12, the actuals furnished by APDCL and Losses considered by Commission for Review purpose for FY 2011-12 are given in the table 4.2 below.

**Table 4.2: Distribution Losses for FY 2011-12**

| Sl. No. | Year | Approved by the Commission in the Tariff Order for FY 2011-12 | Actuals furnished by APDCL for FY 2011-12 | Considered for the Purpose of Review for FY 2011-12 |
|---|---|---|---|---|
| 1 | 2011-12 | 20.60% | 26.33% | 20.60% |

## 4.3 Energy Requirement

From the information submitted by APDCL, the energy requirement as per actuals, along with the same approved in the Tariff Order for FY 2011-12 and now considered for Review purpose for FY 2011-12, are given in the table 4.3 below.

**Table 4.3: Energy Requirement for FY 2011-12**

| Sl. No. | Categories | Unit | 2011-12 in the Tariff order | | Now considered in the Review for FY 2011-12 |
|---|---|---|---|---|---|
| | | | Approved | Actual | |
| 1 | Energy sale | MU | 4161 | 3969.24 | 3969 |
| 2 | Distribution loss | MU | 1080 | 1424.02 | 1030 |
| 3 | Distribution loss | % | 20.60 | 26.33 | 20.60 |
| 4 | Energy requirements | | 5241 | 5393.26 | 4999 |
| 5 | Transmission loss | MU | 233 | 293 | 222 |
| 6 | Transmission loss | % | 4.25% | 5.13% | 4.25% |
| 7 | Total energy for State sale | MU | 5474 | 5685.85 | 5221 |
| 8 | Trading sales | MU | - | 145.99 | 146 |
| 9 | Total energy requirements including trading sales | MU | 5474 | 5831.84 | 5367 |
| 10 | Pool loss in PGCIL | MU | 232.91 (3.75%) | 115.06 | 132 (3.75%) |
| 11 | Surplus Energy Available | MU | 504 | - | - |
| 12 | Total power purchase | MU | 6211 | 5946.90 | 5499 |

The actual power purchase as per the source wise details furnished by APDCL vide its letter dated 7.12.2012 was 5965 MU, against which 5499 MU is considered for review purpose.

## 4.4 Power Purchase

The power purchase cost approved by the Commission for FY 2011-12, in its Tariff Order dated 16.05.2011 and Actual Purchase Cost now furnished by APDCL are given in the table 4.4 below.

**Table 4.4: Power Purchase for FY 2011-12**

| Sl. No. | Sources | Energy (MU) | | Amount (Rs. crore) | |
|---|---|---|---|---|---|
| | | Approved | Actual | Approved | Actual |
| 1 | Central Sector Generators | 4323.66 | 3530.16 | 932.00 | 1082.99 |
| 2 | APGCL | 1775.95 | 1690.03 | 358.74 | 433.99 |
| 3 | Adamtila & Banskandi (SIPP) | 95.48 | 58.49 | 22.38 | 13.83 |
| 4 | MeSEB | 8.76 | 19.10 | 3.30 | 7.68 |
| 5 | NCE Source | 7.20 | 6.79 | 2.52 | 2.19 |
| 6 | IOCL | - | 15.32 | - | 5.35 |
| 7 | Trading Purchase | - | 572.38 | - | 241.49 |
| 8 | UI Pool | - | 72.88 | - | 20.33 |
| **9** | **Total** | **6211.05** | **5965.19** | **1318.94** | **1807.33** |
| 10 | Loss in PGCIL % on (1) | 3.75 | 3.33 | | |
| 11 | MU loss | 232.91 | 115.06 | | |
| 12 | Energy Available for sale | 5978.14 | 5850.13 | 1318.94 | 1807.83 |
| 13 | Trading Sales | - | 146 | | |
| 14 | Energy Available to Discoms | 5978.14 | 5704 | | |
| 15 | Surplus Energy Available (MU) | 504.00 | - | | |
| | **Total** | | | **1318.94** | **1807.83** |

(Rs. crore)

| | Approved | Actual |
|---|---|---|
| Total Power purchase cost | 1318.94 | 1807.83 |
| AEGCL & SLDC Charges | 256.90 | 391.14 |
| PGCIL Charges | 134.24 | - |
| **ASEB Cost** | **1.60** | **-** |
| Add:<br>past period fuel and power purchase cost adjustment | - | - |
| **Total Power Purchase & Transmission Cost** | **1711.68** | **2198.97** |

4.5 The Commission had approved the cost of power purchase at Rs. 1711.68 crore in the Tariff order for FY 2011-12 including Transmission charges, SLDC charges etc.,

APDCL submitted actuals at Rs. 2242.16 crore based on Audited Accounts.

For review purpose, the power purchase cost is reduced on pro-rata basis with the approved energy purchase (considered for Review), commensurate with the approved distribution losses.

**The power purchase cost is considered at Rs. 2027.18 crore (Rs. 2198.97 / 5965X5499) against Rs. 2242.16 crore as per actuals.**

### 4.6 Employee cost

The Commission had approved the employee cost at Rs. 501.87 crore for the year 2011-12 in the Tariff Order.

The APDCL has submitted the unaudited Annual Accounts for FY 2011-12, wherein the employee cost as per the unaudited Annual Accounts for 2011-12 is Rs. 461.23 crore.

**The Commission considers the employee cost at Rs. 461.23 crore as per the provisional Annual Accounts in the Review for 2011-12.**

### 4.7 Repairs and Maintenance (R&M) expenses

The Commission had approved the R&M expenses at Rs. 29.13 crore in for 2011-12 in the Tariff Order.

APDCL has submitted Annual Accounts for FY 2011-12 and R&M expenses shown @ Rs.35.32 crore for 2011-12 as per accounts.

**Since R&M expense is a controllable item, the Commission approves the R&M expenses at Rs. 29.13 crore in the Review for FY 2011-12 as per the Tariff Order.**

### 4.8 Administration and General (A&G) expenses

The Commission had approved the A&G expenses at Rs. 15.02 crore in the Tariff Order for 2011-12.

The A&G expenses as per provisional Annual Accounts are Rs. 23.32 crore.

**Since A&G expenses are controllable expenses, the Commission approves the A&G expenses at Rs. 15.02 crore in the Review for FY 2011-12 as per the Tariff Order.**

### 4.9 Interest and Finance charges

The Commission had approved the interest and finance charges at Rs. 10.25 crore for 2011-12 in the Tariff Order.

The interest and finance charges as per the Annual Accounts are Rs. 87.93 crore including interest on GPF 2011-12. The Commission has examined the component wise interest charges as per the accounts and allows these charges on bonds, ADB loans and bank charges, discount to consumers for timely payment of bills, bank commission etc. Interest on State Government loans is not considered for calculating interest and finance charges, as APDCL has not submitted the documentary evidence establishing that the Government loans were utilized for creation of capital assets. As regards the interest amount of Rs. 23.25 crore claimed on GPF based on the Audited Accounts it is to be reiterated that as per the statutory requirements neither GPF fund trust was created nor money was invested in authorized Government securities. Hence the interest on GPF and new pension scheme is not considered. The interest on working capital is considered separately in this chapter.

**The Commission considers the interest and finance charges at Rs. 1.67 crore in the Review for 2011-12 based on the provisional Annual Accounts.**

### 4.10 Interest on working capital

The Commission had approved the interest on working capital at Rs. 43.81 crore in the Tariff Order for 2011-12.

Consequent on Review of expenses based on annual accounts, the interest on working capital is determined as detailed in the table below:

**Table 4.5: Interest on working capital approved in Review for 2011-12**

| Sl. No. | Particulars | Amount (Rs. crore) |
|---|---|---|
| 1. | One month O&M cost | 42.12 |
| 2. | 1% of GFA | 16.85 |
| 3. | Receivable 60 days* | 118.78 |
| 4 | Working capital (1+2+3) | 177.75 |
| 5 | Rate of interest | 13% |
| 6 | Interest on working capital | **23.11** |

*Excluding consumer security deposits.

**The Commission considers the interest on working capital at Rs. 23.11 crore in the Review for 2011-12.**

### 4.11 Interest on consumers security deposit

The Commission had approved the interest on consumer security deposit at Rs. 13.67 crore in the Tariff Order for 2011-12.

The interest on consumer security deposit is Rs. 16.62 crore as per provisional Annual Accounts.

**The Commission considers the interest on consumer security deposit at Rs. 16.62 crore in the Review for 2011-12 as per the provisional Annual Accounts.**

## 4.12 Depreciation

The Commission had approved the depreciation charges at Rs. 29.20 crore for 2011-12 in the Tariff Order.

As per the Annual Accounts the depreciation charges are Rs. 57.70 crore for 2011-12.

The depreciation as per Annual Accounts calculated is as per the schedule of XIV of Companies Act, 1956.

The depreciation charges for the year 2011-12 have now been computed in accordance with Regulation 14 of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The details are given in the Table 3.13 below:

**Table 4.6: Computed Depreciation for the Review FY 2011-12**

Rs. crore

| Sl. No. | Particulars | GFA 01.04.2011 | Additions during FY 2011-12 | Rate of depreciation | Dep. As per AERC |
|---|---|---|---|---|---|
| 1 | Land & Rights | 12.46 | 0.10 | | |
| 2 | Buildings | 46.35 | 1.06 | 1.80% | 0.76 |
| 3 | Other civil works | 40.06 | 0.82 | 1.80% | 0.66 |
| 4 | Plant machinery | 534.86 | 8.29 | 3.60% | 17.46 |
| 5 | Lines & Cable net work | 839.04 | 19.15 | 2.57% | 19.63 |
| 6 | Vehicles | 11.52 | 0.10 | 18.00% | 1.87 |
| 7 | Furniture & Fixtures | 11.59 | 0.69 | 6.00% | 0.64 |
| 8 | Office equipment | 18.90 | 1.18 | 6.00% | 1.05 |
| 9 | Consumer cont. deducted from service connection G.H. Lines & cable Network inc. asset not belonging to Board | 182.62 | 27.36 | | |
| **10** | **Total** | **1697.39** | **56.75** | | **42.08** |
| 11 | Average Assets of OB & CB in 2010-11(excluding lands & rights and Consumer Contribution) | **1517.97** | | 2.77% | |

| Particulars | | As on 01.04.2011 |
|---|---|---|
| **Grants Available** | | **2338.29** |
| GFA (excluding Consumer contribution and Land & Rights) | | 1502.32 |
| CWIP | | 1414.59 |
| Total | | 2916.91 |
| Cumulative grants apportioned in the ratio of GFA and CWIP | GFA | 1204.31 |
| | CWIP | 1133.98 |
| Total | | 2338.29 |
| Dep. calculated as per the Regulation | | 42.08 |

| | |
|---|---|
| Wt. avg rate of dep. | 2.77% |
| Dep. To be deducted on the assets built on the grants component | 30.05 |
| **Depreciation approved** | **12.03** |

**The Commission considers depreciation at Rs. 12.03 crore in the review for 2011-12.**

### 4.13 Provision for bad and doubtful debts

The Commission did not approve any provision for bad debts for the year in the Tariff Order for 2011-12.

As per Audited Annual Accounts for FY 2011-12, bad and doubtful debts written off reported at Rs. 0.76 crore.

**The Commission approves bad and doubtful debts written off at Rs. 0.76 crore in the truing up for 2011-12.**

### 4.14 Other debits

The Commission did not approve any provision for this in the Tariff order for FY 2011-12.

### 4.15 Net prior period expenses

As per provisional accounts for FY 2011-12 there are prior period credits to the extent of Rs. 148.58 crore. There is no provision for the net prior expenses/credit in the AERC Regulations. Therefore, Net prior period credits are not considered in the Review for FY 2011-12.

### 4.16 Return on equity

The Commission had approved return on equity of Rs. 22.79 crore at 14% on equity for the year 2011-12 in the Tariff Order.

**The Commission therefore retains the ROE at Rs. 22.79 crore in the Review for FY 2011-12 as approved in the Tariff Order.**

### 4.17 Provision for taxes

In the Tariff Order for 2011-12 no provision for tax was considered.

**Taxes paid are nil for FY 2011-12 as per Annual Accounts**.

## 4.18 Miscellaneous receipts / other income

The Commission had approved Rs. 437.88 crore towards non-tariff income in the Tariff Order for 2011-12.

As per Annual Accounts, the other income is Rs. 162.23 crore for FY 2011-12.

**The Commission considers the non-tariff income at Rs. 162.23 crore as per provisional Annual Accounts, in the review for 2011-12.**

## 4.19 Revenue with existing tariff

The Commission had approved the Revenue from existing tariff at Rs. 1899.35 crore in the Tariff Order for FY 2011-12.

The Revenue from sale of power is Rs. 2046.47 crore as per the Annual Accounts for FY 2011-12. In reply to a query from the Commission, APDCL has furnished the revenue from Tariff at Rs. 2199.89 crore including FPPPA during FY 2011-12 vide its letter dated 7$^{th}$ December, 2012

**The Commission considers the revenue from tariff at Rs. 2199.89 crore as per Annual Accounts in the Review for 2011-12.**

## 4.20 Review of ARR for 2011-12

The ARR for the year 2011-12 based on the provisional annual accounts and as analyzed in the above paras is detailed in the Table 3.14 below:

**Table 4.7: Aggregate Revenue Requirement in review for FY- 2011-12**

(Rs. crore)

| Sl. No. | ARR Element | Approved by the Commission in T.O for FY 2011-12 | Actuals as per Provisional Annual Accounts for FY 2011-12 | Considered in review for FY 2011-12 |
|---|---|---|---|---|
| A | Power Purchase (MU) | 6211 | 5965.19 | 5499.00 |
| B | Sales (MU) | 4161 | 3969.24 | 3969.00 |
| C | Distribution losses (%) | 20.60 | 26.33 | 20.60 |
| 1 | Cost of Power Purchase | 1711.68 | 2242.18 | 2027.18 |
| 2 | Employee Cost | 501.87 | 461.23 | 461.23 |
| 3 | R&M Expenses | 29.13 | 35.32 | 29.13 |
| 4 | Administration & General Expenses | 15.02 | 23.32 | 15.02 |
| 5 | Depreciation | 29.20 | 57.70 | 12.03 |
| 6 | Interest & Finance Charges | 10.25 | 69.35 | 1.67 |
| 7 | Interest on working capital | 43.81 | 1.96 | 23.11 |
| 8 | Interest on CSD | 13.67 | 16.62 | 16.62 |
| 9 | Provision Bad Debts | -- | 5.28 | -- |
| | Bad debt written off | | | 0.76 |
| 10 | Return on Equity | 22.79 | -- | 22.79 |
| 11 | Provision for Taxes | 4.54 | -- | -- |
| 12 | FBT 0.5% on Employee cost | | -- | -- |
| | **ARR** | **2381.96** | **2912.96** | **2609.55** |
| 13 | Non-Tariff Income | 312.40 | 162.23 | 162.23 |
| 14 | Other Income | 125.48 | | |
| | **Net ARR (A)** | **1944.08** | **2750.73** | **2447.32** |
| 15 | Revenue at Existing tariff (B) | 1899.35 | 2046.47 | 2199.89 |
| 16 | Revenue Grant (C) | | 150.00 | 150.00 |
| **17** | **Revenue Deficit (B+C) - (A) for FY 2011-12** | **(44.73)** | **(554.26)** | **(97.43)** |

**The Review reveals a deficit of Rs. 97.43 crore for FY 2011-12. It is only indicative in the absence of Audited annual Accounts for FY 2011-12. This is not carried forward to ARR for FY 2012-13. It will be considered in the next Tariff Order after the Audited Annual Accounts are made available to the Commission.**

# 5. Determination of Tariff for FY 2012-13

## 5.1 Introduction

This chapter deals with the determination of Revenue deficit / Surplus as well as retail Tariff for FY 2012-13 for APDCL. Commission has considered the ARR for FY 2012-13 as approved in the MYT order dated 16.05.2011, while determining the Revenue deficit / Surplus for FY 2012-13 and the adjustment on account of True up for FY 2009-10 and FY 2010-11, while determining the Revenue deficit / Surplus for FY 2012-13.

## 5.2 Approved ARR for FY 2012-13

Based on the above approach, table below summarises the Annual Revenue Requirement as approved by the Commission for the FY 2012-13 in the MYT order dated 16.05.2011. Detailed analysis of each expense head has already been provided in the MYT order.

**Table 5.1: Approved ARR for FY 2012-13**

| Sl.No. | ARR Element | Approved for FY 2012-13 |
|---|---|---|
| A | Power Purchase (MU) | 7033 |
| B | Sales (MU) | 4796 |
| C | Distribution Losses (%) | 19.60 |
| 1 | Cost of Power Purchase | 1977.64 |
| 2 | Employee Cost | 542.01 |
| 3 | R&M Expenses | 32.04 |
| 4 | Administration & General Expenses | 15.92 |
| 5 | Depreciation | 34.38 |
| 6 | Interest & Finance Charges | 17.70 |
| 7 | Interest on Working Capital | 50.27 |
| 8 | Interest on CSD | 15.26 |
| 9 | Provision Bad Debts | 0.00 |
| 10 | Return on Equity | 22.79 |
| 11 | Provision of Taxes | 4.54 |
| 12 | FBT 0.5% on Employee Cost | 0.00 |
| | **ARR** | **2712.56** |
| 13 | Non Tariff Income | 323.40 |
| 14 | Other Income | 139.07 |
| | **Net ARR (A)** | **2250.09** |
| **15** | **Revenue at Existing Tariff (B)** | **2167.16** |
| **16** | **Revenue Deficit (B)-(A)** | **(82.93)** |
| 17 | Average Cost of supply (Rs/Kwh) | 4.69 |

### 5.3 Estimated Revenue from existing Tariff for FY 2012-13

As already stated, the Commission has considered the approved sales for FY 2012-13 and has applied the present existing Tariff. The Revenue with the present Tariff is arrived at based on the per unit revenue including FPPPA for each category of consumer realized during the year 2011-12. The Non-Tariff Income and Other Income have been taken equal to that approved by the Commission in the Tariff order dated 16.05.2011. The revenue estimated for FY 2012-13, is shown in the table below.

**Table 5.2: Estimated Revenue for FY 2012-13**

(Rs.crore)

| Sl.No. | Parameters | Amount |
|---|---|---|
| 1 | Revenue from Sale of Power | 2415.44 |
| 2 | Revenue from FPPPA at average of Rs. 0.51/Kwh as billed by APDCL for 2011-12 | 244.60 |
| **3** | **Total Revenue** | **2660.04** |

### 5.4 Estimated Revenue and Revenue (Deficit) / Surplus for FY 2012-13

The total Revenue from sale of Power estimated by the Commission at existing Tariff is Rs.2660.04 crore excluding FPPPA.

The estimated deficit for FY 2012-13 is given in the table below.

**Table 5.3: Estimated Revenue and Revenue deficit / (surplus) for FY 2012-13**

| Sl. No. | Parameters | Estimated by Commission (Rs. crore) |
|---|---|---|
| 1 | Approved ARR for FY 2012-13 under MYT order dated 16.5.2011 | 2250.09 |
| 2 | Add: Deficit in Truing up for FY 2010-11 | (259.11) |
| **3** | Add: Deficit in Truing up for FY 2009-10 | (261.98) |
| 4 | **Revised ARR for FY 2012-13** | **2771.18** |
| 5 | Less: Revenue from sale of power at the existing tariff including FPPPA | 2660.04 |
| **6** | **Net Deficit for FY 2012-13 (4-5)** | **111.14** |

# 6. Brief Summary of Objections raised, Response of APDCL and Commission's comments

The Commission received 3 objections /suggestions to the Petitions from the following organizations:

| Sl.No. | Particulars |
|---|---|
| 1 | Assam Branch of Indian Tea Association |
| 2 | Hotel & Restaurant Association of Assam, Guwahati. |
| 3. | All Assam Small Scale Industries Association |

APDCL responded on the objections / suggestions from the above stakeholders.

The Commission considered the objections received and sent communication to the objectors to take part in the public hearing process by presenting their views in person before the Commission.

The Commission held the hearing on 19th February, 2013 in the auditorium of NEDFI House, Ganeshguri, Guwahati. It may be noted here that the All Assam Small Scale Industries Association had submitted written objection petition only on the date of public hearing after verbal permission from the Commission. The Commission forwarded their petition to APDCL for their response on the same.

Representatives from each of the above organizations attended the public hearing and submitted their views/ suggestions.

All these oral and written representations made before the Commission during the hearing and the responses have been carefully considered while issuing this Tariff order.

The objections raised and responses of the Petitioner are briefly dealt in this Chapter. The major issues raised by the objectors along with the response of the APDCL and the views of the Commission are discussed in the following pages:

**Objector- I: Assam Branch of Indian Tea Association (ABITA), Guwahati**

Objections 1.1 to 1.5: Sharing of gains and losses due to controllable and uncontrollable factors.

The Commission was requested to formulate a proper profit / loss sharing mechanism due to controllable and uncontrollable factors, as per the Tariff policy 2006, and Forum of Regulators

(FOR) recommendations No. 6.2.1 and No. 6.2.2 in its report on MYT framework and distribution margin, so as to ensure progressive reduction in Tariff for end use consumers, while at the same time incentivising the utilities to perform efficiently.

**Response of APDCL**

Noted.

**Comments of the Commission**

The AERC tariff Regulations 2006 states that "……….When the licensee or generating company earns a profit greater than the amount set in the tariff order, the licensee or generating company shall be entitled to retain fifty percent of the additional profit earned from all sources, twenty five percent shall be credited to the licensee's or generating company's contingency reserve and the remaining twenty five percent shall be passed on to the consumers/users.

Provided that the Licensee shall not be entitled to retain additional profit if in the Commission's opinion the licensee has failed to achieve the targets set in the Transmission or Distribution Licensees' Standard of Performance Regulations, 2004.

Provided also that when the licensee fails to achieve performance standards, the Commission may direct by order that the additional profit earned by the licensee be invested in improving the performance of the transmission and distribution services to consumers."

AERC is considering modifying its Tariff Regulations 2006 and appropriate action in this regard has already been taken.

Devising a mechanism of sharing gains /losses on account of controllable factors in line with the Gujarat MYT Regulations 2011 is under examination of the Commission. As per these MYT Regulations of Gujarat: One-third of the amount of such gain /loss shall be passed on as a rebate/additional charge in tariffs over such period as may be stipulated in the Order of the Commission and the balance amount, which will amount to two-thirds of such gain/ loss, may be utilised /absorbed by the Generating Company or Transmission Licensee or Distribution Licensee.

The Commission will consider incorporating the suggestion offered by ABITA when these Regulations are revised.

**Objection 1.6 to 1.7: Segregation of factors as controllable or uncontrollable for FY 2009-10.**

While formulating the MYT framework, it is essential to clearly specify the controllable and uncontrollable factors and their treatment, according to Tariff Policy 2006. According to

Section 5.3 (h)(4) of the Tariff policy, uncontrollable costs shall include (but not limited to) fuel costs, costs on account of inflation, taxes and cess, variations in power purchase unit costs including on account of Hydro -Thermal mix in case of adverse natural events.

The objector noted that the classification of costs into controllable or uncontrollable factors, made by APDCL is not appropriate and the objector has a different view.

**Response of APDCL**

APDCL's claims have been made as per provision of the Regulations and as a prudent practice of claim where provision is not expressly defined in the Regulations.

### Comments of the Commission

The Truing up for each year is carried out based on the actuals as per the Audited Accounts of the utilities and considering the AERC Tariff Regulations. As already mentioned, AERC will be revising its Tariff Regulations 2006 and the suggestion will be considered while taking a decision on the matter in the revised Regulations.

**Objections 1.9 to 1.11: Sales figures for FY 2009-10**

The category wise sales as per APDCL submission differ from those approved in the MYT order. There is increase in sales for certain category and decrease for some others. Such changes for category wise sales, from the approved ones, raise concerns.

**Response of APDCL**

The sale figures in the MYT orders / Petition were estimated figures and the sales figures in True up Petition are as per actual sale. The sale figures in Tariff order were provisional as the Petition was filed prior to completion of FY 2009-10.

### Comments of the Commission

The Commission agrees with the response of APDCL. Consumption of electricity by the consumers cannot be regulated under normal circumstances. The Commission makes sales estimations of a particular consumer category in the tariff orders based on consumption pattern of that consumer category in earlier years and prevailing socio-economic conditions.

### Objections 1.12 to 1.16: Distribution loss for FY 2009-10

APDCL has given the distribution loss of 26.37%, in the Petition where as in Table 1.2, it is shown as 21.06%.

Despite loss trajectory given by the Commission, APDCL not only was unable to meet the targets but also has witnessed increase in T&D losses in FY 2009-10, in comparison to that recorded in FY 2008-09, which is not acceptable to the consumer.

The Commission may approve the T&D losses for FY 2009-10 at the same level as approved in the MYT order for FY 2010-11 to 2012-13.

**Response of APDCL**

Approved distribution loss was 22.65% as Shown in Table 1.2 against actual loss of 26.06% and the Petition has been submitted as per actual loss. The higher T & D loss may be due to non-completion of transmission and distribution investment in time and can be mostly attributed for wide spread extension of network to the far-flung areas of the state.

**Comments of the Commission**

The higher loss of the distribution licensee has always been a cause of concern to the Commission and several directives were issued to the licensee in each of its tariff orders to restrict distribution losses. These include introduction of prepaid meters in Government departments /commercial buildings, spot billing, MRI downloads for all HT and non domestic consumers, etc.

The Distribution losses have been considered at the level approved in the MYT order for FY 2008-10 and power purchase cost considered accordingly for True up purpose for FY 2009-10. T&D loss over and above that approved by the Commission has not been allowed to be passed on to the consumers in any case.

**Objection 1.17: Energy Balance for FY 2009-10**

The energy requirement as submitted by APDCL is based on the high distribution loss of 26.06%. APDCL should only be allowed the energy requirement of 4785 MU as per the approved distribution loss of 22.65%.

**Response of APDCL**

Noted.

**Comments of the Commission**

Energy requirement for the purpose of Truing up for FY 2009-10 has been considered based on approved T&D losses only.

**Objection 1.18 to 1.19: Power Purchase Cost**

The cost of power purchase was allowed by the Commission at Rs. 1317.64 Cr for FY 2009-10 in the Tariff order for FY 2009-10. As per table A of the Petition, the approved amount for cost of power purchase is Rs. 1230.55 Cr. APDCL should clarify the mismatch.

Also, the power purchase cost should be allowed on the revised energy requirement based on approved distribution loss.

**Response of APDCL**

**The approved power purchase cost break up is as below. (Ref Page 176 of Tariff Order 2008-09 & 2009 -10).**

| Sl.No. | Particulars | Amount ( Rs.crore) |
|---|---|---|
| 1 | Total Power purchase cost | 929.09 |
| 2 | ASEB Cost | 2.73 |
| 3 | Past Period Fuel & PP Cost | 75.72 |
| 4 | Deficit for 2007-08 | 22.59 |
| 5 | Total | 1030.13 |
| 6 | Less Misc Receipt: (Trading Sale + UI) | 13.96 |
| 7 | Total | 1016.17 |

In the True up Petition the item No.1 above, Transmission Charge Rs. 299.21 Cr and LDC Charge Rs. 2.26 Cr (Total Rs. 1230.55 Cr) has been shown. No separate account for ASEB is made for 2009-10.

**Comments of the Commission**

The clarification given by APDCL on the mismatch is noted.

The Power Purchase cost has been allowed on the revised energy requirement based on the approved distribution loss only.

**Objection 1.20 to 1.24: O&M Expenses for FY 2009-10**

- There is difference in A&G expenses, actually approved (Rs. 13.37Cr) in the Tariff order for FY 2009-10 and stated as approved in APDCL Petition (Rs. 15.45) Cr.
- The R&M and A&G expenses, being a controllable item should be allowed as per approved number only and not on the basis of actuals.
- Employee expenses being an uncontrollable item may be allowed as per actuals.

APDCL has claimed the actual employee expenses of Rs. 357.98 Cr for FY 2009-10 and it is proposed that the same should be allowed by the Hon'ble Commission. APDCL has claimed the actual R&M and A&G expenses of Rs. 31.13 Cr and Rs 20.16 Cr for FY 2009-10 and it is proposed that only Rs. 24.07 Cr and Rs. 13.37 Cr should be allowed by the Commission. The details of O&M expenses as per ABITA's proposal is given in the table below.

**Table: Proposed O&M Expenditure for FY 2009-10**

| Particulars | Approved in Tariff order FY 2009 -10 | Actuals for FY 2009-10 | Uncontrollable | Controllable | Total |
|---|---|---|---|---|---|
| Employee Cost | 379.42 | 357.98 | 357.98 | | 357.98 |
| R&M Expenses | 24.07 | 31.17 | | 24.07 | 24.07 |
| A&G Expenses | 13.37 | 20.16 | | 13.37 | 13.37 |
| O&M Expenses | 416.86 | 409.31 | 357.98 | 37.44 | 395.42 |

It may be noted that the core objective of introducing MYT Regulations / Principles is to prudently determine the cost elements for the utilities for the entire MYT control period based on the utility's proposals and the Commission's prudence check at the very beginning of such control period. There are already provisions for categorization of certain elements / variables as uncontrollable where the respective utility has limited or no control. Allowing increased expenses or deviations on controllable parameters with respect to the values which have already been approved by the Commission in its previous orders will defeat the very purpose of introduction of MYT in the state and also the ultimate objective of providing increased transparency and visibility to consumers in the State.

**Response of APDCL**

- The A&G expenses approved is inclusive of approved A&G of ASEB at Rs. 2.08 Cr for ASEB in Tariff order 2009-10. The details are as below.

| S.No | Particulars | Amount (Rs.Cr) |
|---|---|---|
| 1 | APDCL A&G | 13.37 |
| 2 | ASEB A&D | 2.08 |
| 3 | Total | 15.45 |

- A&G expenses are a part of O&M expenses inclusive of Salary & Allowances and Repair & Maintenance expenditure. APDCL has been able to maintain overall O&M expenses within the approved limit. It is expected that the Commission will take a holistic view on the matter.

**Comments of the Commission**

The objection and the response of the APDCL have been taken note of by the Commission and the O&M expenditure has been allowed as per Regulations after due deliberation and prudent checking.

**Objections 1.25 to 1.27: Depreciation for FY 2009-10**

- The opening GFA for FY 2009-10 and the capitalization are Rs. 154.21 Cr and Rs. 113.51 Cr more than the approved figures, respectively. APDCL has not provided any reason for such increase in Capital expenditure. Moreover, there has not been any exceptional increase in energy sales / input or reduction in losses justifying such increased capital expenditure. In the absence of any information, it can be assumed that the increase in Capital expenditure is due to time/cost overrun due to poor management and therefore the impact should be borne by APDCL.
- Accordingly, the Commission should disallow the depreciation to that extent to be treated as uncontrollable.
- Further, since the APDCL has not been able to achieve the T&D loss approved by the AERC for the year, the capital expenditure as well as other associated expenses should be appropriately adjusted for by the Commission to adequately penalize the APDCL for non-performance.

**Response of the APDCL**

Capitalization is done on completion of the project. However, all capitalization has not resulted in reduction of loss as many projects implemented in the period are extension of network to un electrified areas of the state, as the level of electrification is very low.

**Comments of the Commission**

Depreciation has been allowed as per AERC Regulations and only on assets capitalized. Besides, depreciation has not been allowed on assets created through grants, subsidies, consumer contribution, etc.

**Objection: 1.28 to 1.31: Interest and Finance Charges for FY 2009-10**

- Irrespective of the actual interest being incurred by the utility, only such expenses to the extent it corresponds to the capitalized assets, shall be allowed in retail Tariffs as is being done by several SERCs.
- The Commission shall deduct the depreciation from normative loan and allow Interest and Finance Charges accordingly. Also, Grant in proportion to the GFA and CWIP

should be deducted from GFA to arrive at the opening capital cost as given in the table below.

Table: Calculation of Opening and Closing Normative Loan for FY 2009-10

(Rs.Cr)

| Opening Parameters | Formula | Opening Values | Closing Parameters | Closing Values |
|---|---|---|---|---|
| Opening GFA | A | 1518.92 | Closing GFA | 1632.07 |
| Opening CWIP | B | 590.18 | Closing CWIP | 925.94 |
| Opening Grant | C | 1232.87 | Closing Grant | 1902.43 |
| Grant in Proportion to GFA | D=C* A/(A+B) | 887.88 | Grant in Proportion to GFA | 1213.80 |
| Opening Capital Cost | E=A-D | 631.04 | Opening Capital Cost | 418.27 |
| Equity | F= 30%*E | 189.31 | Equity | 125.48 |
| Opening Accumulated Depreciation | G | 676.86 | Opening Accumulated Depreciation | 742.75 |
| Acc. Dep in proportion to GFA | H=G*E/A | 281.20 | Acc. Dep in proportion to GFA | 190.35 |
| Opening Normative Loan | I =E-F-H | 160.53 | Opening Normative Loan | 102.44 |

- It is requested that the Commission should consider the above opening and closing value of loans only. Based on the approved interest rate of 9.9%, interest and finance charge of only Rs. 13.02 Cr should be allowed.
- Also, as stated earlier, the Capitalization of Rs. 113.15 lakhs should be considered as controllable. Interest expense on such expenditure should also be accordingly taken as controllable variation and should not be passed on to consumers.

**Response of APDCL**

- Noted. The interest is recoverable as per regulations
- Capitalization should be considered at actual as per Financial Statement of the Company. Interest on outstanding loan commensurate with the Capital work is allowable as per the Regulations.

**Comment of the Commission**

The suggestions made by the objector are noted. The method for considering normative loan based on the capitalized CAPEX and then deducting depreciation from normative loan and allowing Interest and Finance Charges is not provided for in the existing AERC Tariff Regulations. The Commission has considered the interest on loans in accordance with the provisions under Regulation 123 of AERC (Terms and Conditions of Tariff) Regulations, 2006. The suggestion made by the objector will be taken in to consideration at the time of revision of the existing AERC Tariff Regulations, 2006.

**Objection 1.32 & 1.33: Interest on Working Capital for FY 2009-10**

- Working Capital computation depends on other parameters like O&M expenses, receivables, GFA etc. The categorization of working capital into controllable or uncontrollable will depend on the extent up to which these parameters are approved as controllable or uncontrollable.

- The interest on working capital based on the revised O&M expenses and capital cost comes out to be Rs.35.61 Cr and the same should be allowed by the Hon'ble omission

**Table: Calculation on Interest on Working Capital for FY 2009-10**

(Rs.crore)

| Particulars | As per APDCL' s submission | Based on Revised number |
|---|---|---|
| O&M Expenses – One month | 34 | 33 |
| 2 month Receivables | 251 | 251 |
| 1% of GFA | 15 | 6 |
| Total Working Capital | 301 | 291 |
| Rate of Interest on WC | 12.25% | 12.25% |
| Interest on WC | 36.84 | 35.61 |

**Response of APDCL**

May be considered as per Regulation.

**Comments of the Commission**

The normative working capital and interest there on are computed in accordance with the provisions of Regulation 140 of AERC (terms and Conditions for Determination of Tariff) regulations, 2006 and the approved interest on working capital is Rs. 34.68 Cr against Rs. 35.61 Cr worked out by the objector.

**Objection: 1.34 to 1.36: Return on Equity for FY 2009-10**

The Commission's approach of allowing, RoE at 7%, on grounds of poor Performance is appreciated. No upward revision of RoE should be allowed by the Commission.

The Commission should not allow any RoE for FY 2009-10, due to non-performance of APDCL and unnecessary burdening of retail tariff.

**Response of APDCL**

As per the regulation, RoE is the bread and butter of APDCL which is the real earning as all other expenditure are pass through in nature. As respondent has argued for curtailment of claims based on performance in the form of T&D loss, power purchase etc, further curtailment on RoE will tantamount to great injury to the organization leading to inadequate consumer service and other, normal activities of the organization.

**Comments of the Commission**

The decision of the Commission to allow Return on Equity is explained in the relevant chapter.

**Objection: 1.37 to 1.39: Proposed True up for FY 2009-10**

The claim of Rs. 272.13 Cr, as revenue gap is incorrect. As per our proposal, the revenue gap works out to Rs. 177.54 Cr only. The Commission is requested to undertake adequate prudence check and direct APDCL to submit additional information / reasoning on each of the parameter for claiming higher expense in the ARR. All unjustified expenditure of APDCL should not be passed in the Tariff of retail consumers.

**Response of APDCL**

Noted. It is the prerogative of the Commission to examine the matter prudently.

**Comments of the Commission**

The True up for FY 2009-10 is approved only after prudence check and after obtaining the necessary clarification / additional information from APDCL.

**Objection: 2.1 to 2.2: Sales Forecast for FY 2012-13**

The APDCL has submitted a sales forecast of 4184 MU for FY 2012-13, against 4796 MU approved by the Commission. The Commission is requested to revise the sales forecast for the control period.

**Response of the APDCL**

- The sale of energy was less than the projection mainly due to perennial shortfall of power experienced during the year. The state experienced approximately 15% shortfall during off peak hours and 20% during peak hours, in almost entire period of the year.
- Sales projection was made by Category wise CAGR, as growth of all categories are not same, which is largely dependent upon sector specific growth.

**Comments of the Commission**

The actual sales figures for a particular year are considered while approving the True up for the respective year.

**Objection 2.3 to 2.4: Distribution loss for FY 2010-11 to FY 2012-13**

The Commission is requested to allow the energy requirements, based on approved distribution loss only for the year FY 2010-11 to FY 2012-13, as the actual loss for FY 2010-11 is more than the approved one.

**Response of the APDCL**

The energy injected in the state network for FY 2010-11 was 4972.53 MU and the energy sale was 3535.43 MU with 4.65% of transmission loss and 25.44% of distribution loss.

**Comments of the Commission**

For true up of FY 2010-11, the Commission shall consider the approved distribution loss of 21.66% and transmission loss of 4.50% only, and not the actual losses.

**Objection 2.5: Power Purchase Cost for FY 2010-11**

The Commission is requested to allow power purchase cost at approved T&D loss only.

**Response of APDCL**

Noted.

**Comments of the Commission**

Power purchase cost for the True up purpose for FY 2010-11, is based on approved T&D losses only.

**Objection 2.6 to 2.10: O&M Expenses for FY 2010-11**

- APDCL in its MYT Petition projected the employee expense during FY 2010-11 by considering 50% increase over base expenditure of FY 2008-09 on actual with additional annual increase of 8%.
- The Commission approved 30% increase in FY 2010-11 over the actual of FY 2009-10 to consider the impact of 6$^{th}$ Pay Commission recommendation and 8% per annum for the years FY 2011-12 and FY 2012-13 during the control period. As per the audited numbers, it is inferred that the actual increase is only 11% for FY 2010-11.It is therefore requested the Commission may True up the employee expense based on actuals and allow appropriate escalation in the subsequent years.

The Employee Cost, R&M expenses and A&G expenses, may be approved based on 'actuals' or as approved in the MYT order, whichever is less, for True up purpose.

**Response of APDCL**

- In the Petition provision was made to accommodate the effect of 6th pay Commission recommendation as per provision made in CERC regulation for MYT 2009-14, and accordingly provision was made by the Commission. However the actual effect of revision was made only from September, 2010, due to which the actual expenditure was less. However, arrear salary was paid in subsequent year(s), which reflected in the subsequent financial statements.
- All parameters of R&M and A&G expenses are shown in detail in the Financial Statements of respective years. With increasing assets the requirement s of expenditure under the heads are increasing over and above the increase due to inflationary trends in the year under reference. The APDCL is analyzing the O&M expenditure in a normative value based on actual expenditure on FY 2009-10 for the year under reference. This has been done in line with the CERC Regulation for O&M of Transmission assets.

  The O&M expenditure is less than normative, in the subsequent years after 2009-10, to serve the increasing assets with inflation.

**Comments of the Commission**

The O&M expenses have been allowed based on the Audited Annual Accounts for FY 2010-11 and after prudence check.

**Objection 2.11 to 2.12: Capitalization for FY 2010-11 to FY 2012-13**

The actual schedule of capitalization is given below.

**Table: actual and approved Schedule of GFA**

**(Rs.crore)**

| GFA | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|---|---|---|---|---|
| **Actuals** | | | | |
| Opening | 1518.90 | 1632.07 | **1697.40** | |
| Addition | 113.17 | 65.33 | | |
| Closing | 1632.07 | 1697.40 | | |
| **Approved by commission in the MYT order** | | | | |
| Opening | 1518.90 | 1914.02 | 2533.17 | 3435.12 |
| Addition | 395.12 | 619.15 | 901.95 | 884.78 |
| Closing | 1914.02 | 2533.17 | 3435.12 | 4319.90 |

As can be inferred from the table above, the year wise capitalization approved by the Hon'ble Commission for the MYT period is on the higher side. Consequently, the depreciation and interest & finance charges approved by the Commission are also higher leading to increase in Annual revenue requirement. This has led to increase in Tariff and unnecessary burdening for consumers. It is prayed to the Commission to reduce the capitalization and associated expenses of depreciation, interest & finance expenses etc. on the basis of actuals incurred by the APDCL during the period.

**Response of APDCL**

Capitalization of assets are shown after the assets are put into service for delivering service for which it was implemented and accordingly accounted for. As such there is no reason for reducing capitalization to reduce burden on consumer.

**Comments of the Commission**

The Commission had taken into consideration the actual capitalization for computation of depreciation and actuals in-respect of interest and finance charges as per the Audited Annual Accounts for FY 2009-10.

**Objection 2.13 to 2.16: Depreciation and Interest and Finance Charges for the Control Period.**

The actual and provisional depreciation and Interest & Finance Charges for FY 2010-11 and FY 2011-12 respectively along with the approved figures for FY 2010-11 to FY 2012-13 are given in the table below.

**Table: Actual and Approved Depreciation and Interest & Finance Charges**

| Particulars | FY 2011 | FY 2012 | FY 2011 | FY 2012 | FY 2013 |
|---|---|---|---|---|---|
| | Actual | Provisional | Approved by commission in MYT Order | | |
| Depreciation | 64.30 | 57.78 | 21.84 | 29.20 | 34.38 |
| Interest & Finance Charges | 59.93 | 61.14 | 4.70 | 10.25 | 17.70 |

Depreciation on GFA made out of Grant & consumer Contribution should not be allowed and it should only be allowed for the GFA made out of loan equity contributions at the rate of depreciation approved by the Commission.

Also, as mentioned earlier, the Commission is prayed to deduct the depreciation from normative loan to calculate the outstanding loan and allow interest and finance charges accordingly. Also, Grant in proportion to the GFA and CWIP should be deducted from GFA to arrive at the opening capital cost.

Also, as stated earlier, the capitalization approved by the Commission is on the higher side. Based on the revised estimate of capitalization, the depreciation and interest & finance charges should be recalculated and the benefit should be passed on to the consumers.

**Response of APDCL**

Depreciation has been shown in the Financial Statements as per prudent practice of accounting. However, Hon'ble Commission shall examine the quantum of depreciation amount for pass on to the Tariff as per prudent practice of Regulation.

**Comments of the Commission**

The suggestions made by the objector are noted. The depreciation and interest and finance charges are approved in-accordance with the provisions of AERC Tariff Regulations, 2006.

**Objections 2.17 to 2.18: Return on Equity and Provision of Taxations for the Control Period**

The performance of the power distribution utility is extremely poor in the state on several grounds such as availability & reliability of supply, consumer service etc. The APDCL has failed to make the necessary interventions of capital expenses as approved by the Commission for the control period and has therefore not been able to meet the T&D loss level targets approved. Hence, RoE of 14% as allowed by the Commission for the control period of FY 2010-11 to FY 2012-13 should be reduced to Zero as to penalize the APDCL for its lack of focus on efficiency improvement and service delivery.

Accordingly the Commission should reduce the Provision for Taxes based on revised return on equity.

**Response of the APDCL**

As per the regulation, RoE is the bread and butter of APDCL which is the real earning as all other expenditure are pass through in nature. As respondent has argued for curtailment of claims based on performance in the form of T&D loss, power purchase etc, further curtailment on RoE will result on a great injury to the organization leading to inadequate consumer service and other normal activities of the organization.

**Comments of the Commission**

The Commission has examined the issue raised and taken appropriate decision. The Commission had issued directions to APDCL to improve its performance and Commission had fixed targets for reduction of T&D losses etc. and limited power purchase etc. to the approved losses.

**Objection 2.19 to 2.22: Comparison of Approved ARR and Actuals (as per accounts) for FY 2010-11 and approved ARR and actuals (as per provisional accounts) for FY 2011-12.**

In the absence of adequate information and non achievement of targeted distribution losses, the Commission is requested not to carry forward any financial losses (revenue gap) for FY 2010-11 and FY 2011-12 to the subsequent year for recovery in Tariff.

**Response of the APDCL**

APDCL has submitted all required information to the Commission in connection with this Petition. The purpose of Truing up exercise is to provide due benefit to the consumer as well as to the supplier for survival of the sector.

**Comments of the Commission**

The Commission has examined the issue raised and carried forward the loss to the extent permissible.

**Objection 3.1 to 3.4: High Tariff for Tea, Coffee and Rubber Consumer Category**

The Tariff applicable to the above category is amongst the highest in the State of Assam. The Commission is requested not to allow any upward increase in the Tariff for the above category, as FPPPA was already charged for the uncontrollable parameter of power purchase.

**Response of the APDCL**

Noted.

**Comments of the Commission**

Tea, Coffee and Rubber category is a cross subsidizing consumer category and therefore electricity tariff is higher than the cost of supply. The Commission has been trying to gradually reduce the cross subsidies as mandated under Section 61 (g) of the Electricity Act, 2003.

The Commission examined the suggestion and has taken its decision only after proper scrutiny of all relevant documents and with an intention to avoid tariff shock to any category of consumer to the extent possible.

**Objection 3.5 to 3.8: Determination of Contracted Demand**

- The Commission in its earlier orders has fixed the lower limit of the Contracted demand as 65% of the Connected Load. Such a limitation in respect of HT consumers is not prevalent in any of the power Utilities /States of the country**.**
- The maximum of monthly maximum demand actually required by the tea gardens varies between 30% to 50% of total connected load and not 65%. Stipulation of 65% as minimum of Contract Demand will, therefore, not be on the basis of cost of supply but only enable the supplier to get payment against additional quantum of power, which the supplier never delivers to tea gardens.
- The connected load is not a realistic estimation of the actual peak loading for any consumer installation / connection. Connected load comprises of several electrical load / installations which are not used simultaneously. Therefore, the billable demand should be linked to the sanctioned / contract demands as declared contracted by the consumer based on his understanding of power requirement / loading pattern.
- Accordingly, the Commission is requested to allow the demand charges to be levied against the actual contracted/ sanctioned demand instead of linking it to be connected load, as is the practice in others states.

**Response of APDCL**

Limitation of the Contacted Demand with that of sanction load is prevailing in most of the tariff of utilities in the country. The present tariff structure was structured out after analysis of pattern of consumptions by the sector during different period of the year and taking into consideration of overdraw events by many consumers which causes unnoticed pressure on network of utility leading to higher loss. The practice has attained legal scrutiny at different level, which does not call for any further review at this stage.

**Comments of the Commission**

The Commission agrees with the response of the APDCL.

**Objections 3.9 to 3.10: Pro- rata adjustment of fixed charges**

- AERC has regulated the pro-rata adjustments of fixed charges via Regulation 7.5 of AERC (Electricity Supply Code Related Matters) Regulations, 2004 (1st Amendment) 2007.
- The AERC has already notified the formula in accordance with which such prorating of fixed charges is to be done by the APDCL and the APDCL has also started allowing relief to certain consumers in accordance with the same. However, there are several issues associated with the same to which the ABITA draws the attention of the Hon'ble Commission.
- The formula prescribed by the AERC in the clarification note provides for a prorated reduction in application of approved demand charges only to the extent power is not available to consumers beyond 240 hours during a month. For example, for a normal month comprising 30 days (720 hours), the utility would be penalized only if it is not even able to make available supply to the extent of 67% of the time which is proportionately reduced to 0% when there is absolutely no availability of supply.
- This is in a way legitimizing and accepting that it is normal for the utility to not make supply available for 1/3rd of the times. Also, the prescribed demand charge reduction formula gives no consideration to the hours or the timing of such non – availability, which is very critical to the functioning of industries and will force them to depend on extremely high cost back – up sources if power is not made available by the utility at appropriate time of the day.
- The Commission is requested for ordering prorating of demand charges directly on the basis of the duration for which power is made available by the utility.
- Secondly, the prescribed formula gives no consideration to the supply voltage for the duration supply is made available by the utility. Even if power is available for certain durations not meeting minimum threshold voltage levels will make it unusable for industrial purposes. When the Standards of Performance Regulations notified by the AERC already prescribe the tolerance range for voltage fluctuations any deviation from the prescribed limits should be treated as non-availability for the purpose of prorating of demand charges for industrial consumers.
- Meter downloads are not being provided to consumers by APDCL for verifying the power availability hours being used for prorating of demand charges.
- The APDCL being a public utility, it is very much duty bound to make available all necessary supporting facts/evidences for allowing consumers to be able to

verify their bills, However, the APDCL has completely failed to comply with the Commission's directions in this regard in the past.

- The Commission is requested to issue necessary directives and ensure its implementation.

**Response of APDCL**

- The utility has followed the provision of relevant regulation in case of inadequate power supply as per the provision of regulation. Further, the utility is bound to supply power as per stipulated voltage within the allowable band. Any lower voltage recorded in the energy meter may be analyzed to ascertain the causes for remedial measures or to give compensation if any to the consumers.
- APDCL is now analyzing High Value consumer consumption by directly unloading data of consumer meter over and above giving access of information to consumer on demand. Data may be shared by Tea consumer for any clarity.

**Comments of the Commission**

APDCL is directed to take action as per its response and submit periodical (Quarterly) reports to Commission.

**Objections 3.11 to 3.12: Voltage wise Cost of Supply**

- The Commission had proposed the voltage wise Cost of Supply mechanism in its Tariff/ Order for FY 2006-07.
- In accordance to the above, it is requested that the Commission may pursue with the APDCL for determination of voltage wise Cost of Supply for realistic fixation of retail tariffs. This will also add to the clarity and transparency of the cross-subsidy reduction approach adopted by the Commission.

**Response of the APDCL**

Noted. The APDCL is working on this direction to generate required information for this purpose.

**Comments of the Commission**

The APDCL is once again directed to build up required data to arrive at the cost of supply of different categories, at different voltages and submit its report to the Commission by 30th April, 2013.

## Objector 2: Hotel & Restaurant Association of Assam, Guwahati

**Objection 1: To treat the Hotels as Industry and Fix the Tariff accordingly.**

The Hotels are declared and treated as industry by both central and State Governments. The industrial policy of Assam also treats hotels as industry under Orange category.

**Response of APDCL**

The hotel is categorized as service industry for extending the benefit of the policy of the Government. However, service industries are not considered as industry in categorization of electrical consumer.

**Comments of the Commission**

Any re-categorization may be considered in the next MYT order only.

**Objection 2: Hotel industry is paying higher Tariff than the HT Industry**

Hotel industry, having been categorized as HT commercial is paying higher Tariff than the average cost of supply and HT industry Tariff. The Hotel Tariff should be equal to HT industry Tariff. The short fall in Revenue can be compensated by increasing HT industry Tariff by 1 Paise/unit.

**Response of APDCL**

Most other categories in the HT group are paying higher Tariff than the average cost of supply. It may be noted that many number of hotels are connected at HT group with a reduced tariff in comparison with LT commercial**.**

All Tariff of APDCL is charged at two part, as such calculation of an estimated average cost can not be considered as example. With higher consumption of energy, the supply cost comes down to the benefit of consumers.

Further, as this is a true up Petition, there appears to be no room for review of categorization of consumer for past Tariff period.

**Comments of the Commission**

The Commission is at present not considering any review of the categorization of consumers. However, re-categorization may be considered in the next MYT order.

**Objector 3: All Assam Small Scale Industries Association, Guwahati.**

The objection petition from All Assam Small Scale Industries Association (AASSIA), Guwahati was submitted on the date of public hearing i.e.19.02.2013 and it was forwarded to the Assam Power Distribution Company Limited for their comments on the same within 26.02.2013. However, no comment was forthcoming from APDCL till 27.02.2013.

Since the objections/ suggestions raised by AASSIA are pertinent for better functioning of the licensee and benefit of consumers, therefore, the Commission has decided that these shall be dealt with in the next Tariff Order for FY 2013-14.

APDCL is directed to submit their reply on the objections raised by the objector and take remedial action wherever necessary as pointed out by the petitioner.

The objections/ suggestions of AASSIA are recorded below:

**Objection 1: Non compliance of AERC Directive on Energy Audit**

The Commission has directed erstwhile Discoms for carrying out energy audit and to constitute task force in different zones of the licensee to detect pilferage and initiate penal action against the guilty. Further, the Commission fixes the loss reduction of 1% per year for the years 2010-11, 2011-12 and 2012-13 as a roadmap towards achieving the objective of R-APDRP.

**Objection 2: Interest on Load Security**

APDCL shown interest on load security in their audited balance sheet but practically no consumer have received any interest on security or adjusted against their energy bill.

**Objection 3: Provision for Bad & Doubtful debts**

Huge amount shown in the provision for bad and doubtful debts means inefficiency of APDCL and ultimate burden goes to the consumer. B/S of APDCL reflects even doubtful debts of year 2005.

**Objection 4: Fixed Asset Register**

APDCL have not submitted fixed assets register till today and the same has also reflected in the Auditors report.

**Objection 5: Auditor's Report**

Many queries and observations mentioned in the Auditor's reports are not followed by the APDCL which are:

(a) Sundry Debtors: The Company has not furnished the details of reconciliation of balances between Customer Ledgers and Financial Ledger and also not furnished age wise/ cause wise break up of dues from customers particularly in respect of long outstanding dues. Further, there is no system or procedure of obtaining confirmation of balances from customers and there is no proper system of review for identifying doubtful dues particularly arising out of dispute and long pending dues.

(b) Cash and Bank balance: In 2010-11, the cash in hand includes postage stamps. This balance amount is same in opening balance and closing balance.

Balances with schedule banks in current accounts includes un-reconciled items and there are unidentified credits in the bank and cheques deposited but not credited which are under reconciliation. The impact of the above on the Revenue account, Assets and Liabilities could not be determined.

Bank account field units: Some of the bank accounts of the field units are not properly reconciled with the balance as per bank statements. Where reconciliation is prepared the effect of the outstanding items has not been given in the accounts. Bank reconciliation statement of various field units includes dishonored cheques, amount deposited but not credited in the bank and amount credited by bank but not recorded in the cash book etc.

(c) Many divisions do not maintained proper accounting procedure and no regularly bank reconciliation. The discrepancies need to be rectified.

(d) Purchase of power: Auditor reports reflected that supporting documents relating to purchase of power are not available for verification.

# 7. Compliance of Directives by APDCL and new Directives

## 7.1 COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

The Commission in its Tariff Order dated 24th July 2009 for the years 2008-09 and 2009-10 had issued certain directives to APDCL. APDCL has submitted the status of compliance of the directives issued in their ARR and Tariff Petition for FY 2010-11 to FY 2012-13. The status of the compliance of the directives issued by APDCL and Commission's comments on the same were given in Chapter -7 of the MYT Order for FY 2010-11 to FY 2012-13 dated 16th May, 2011.

The Commission noted that many of the directives were not complied with and therefore, the Commission furnished its comments on such directives in above Tariff Order dated 16th May, 2011.

Further in its MYT order dated 16th May, 2011 for FY 2010-11 to 2012-13, AERC had also issued some new directives for which APDCL submitted the status of compliance vide their letter No. CGM(COM)/SAC/2010/7 dated 22nd May, 2012 and through other communications at different points of time.

Commission's comments on the status of compliance of Old and Fresh Directives by APDCL are discussed in this chapter and directives issued, wherever necessary.

## 7.2 COMPLIANCE OF OLD DIRECTIVES

**Directive 3:** File Fixed Assets Registers duly authenticated incorporating Gross Fixed Assets (GFA) at the beginning of the relevant financial year, addition, dispositions / sale proceeds, if any, made during the relevant financial year and the written down value of the assets at the end of the relevant financial year.

Further, to maintain proper and detailed fixed asset Registers at field offices to work out depreciation expenses the Commission directs them to submit a report to the Commission citing clearly as to how they are maintaining fixed assets registers for the various assets.

**Compliance by APDCL:**

The Fixed Assets Registers have been prepared unit wise and updated Fixed Asset Registers upto 31.03.2011 submitted.

**Commission's Comments:**

Noted.

**Directive 4:** File Physical Verification Report of Fixed Assets by a competent and reliable authority as at the end of each financial year beginning with FY 2005-06 and onwards.

**Compliance by APDCL:**

Physical Verification of the Fixed Assets from 2005-06 onwards has not yet been done.

**Commission's Comments:**

Physical verification of the Fixed Assets shall be commenced at the earliest and confirmed to the Commission.

**Directive 6: Capital Work-in-progress:-** To submit the detail analysis of amount locked up in Capital Work-in-progress year wise beginning from FY 2005-06 to FY 2007-08 and the conversion of CWIP into Fixed Assets duly reconciling with the Assets Register within two months from date of issue of Tariff Order 2008-10. The utilities shall submit in detail the cost and time of completion of each project and reason for delay (if any).

**Compliance by APDCL:**

Not submitted.

**Commission's Comments:**

This is very much delayed. A report shall be submitted as directed within two months.

**Directive 17: Power from Co-generation and Renewable sources:-** The utilities / Discoms should make all efforts to procure more power from co-generation and renewable sources may be through competitive bidding process to promote Renewable
Generation.

**Compliance by APDCL:**

The APDCL is committed to purchase Non Conventional Energy from all upcoming generators through MOU /PPA route. Report submitted.

**Commission's Comments:**

Noted.

**Directive 18: Circle-wise Trajectory for Loss Reduction: -** Discom is directed to fix-up circle-wise trajectory for loss reduction and prepare a detailed action plan for reduction of Distribution and AT&C losses during 2009-10. The action plan for reduction of losses during 2009-10 should be submitted to the Commission within 2 months from the date of this order.

**Compliance by APDCL:**

Loss reduction is expected with implementation of various capital projects under different circles.

**Commission's Comments:**

Not submitted the above particulars with the petition. The detailed action plan as directed shall be submitted at the earliest. APDCL shall organize circle as a cost / profit centre and shall report the loss levels and loss trajectory for each operation circle.

**Directive 19: Database on TOD consumption: -** The Commission intended to extend the benefit of TOD tariff to other HT category consumers. At present under HT group, Domestic, Commercial, Public Water Works, HT Small Industries and HT Irrigation are not covered under TOD tariff. The Utilities have to build up some database and make available to the Commission the pattern of consumption during different periods of day by different categories under TOD tariff. But the volumes of data in sample forms are not sufficient. The Commission directs that the Load Research Cell under Discoms will collect more data of such consumers and submit to the Commission for making a database on TOD consumption. The data submitted by utilities should be both in hard and soft copy forms.

**Compliance by APDCL:**

MRI data of consumers having load 500 KVA and above are downloaded and monitored. Necessary information from the data are processed for study of TOD consumption.

**Commission's Comments:**

The data given is insufficient. More data as called for in the directive shall be submitted at the earliest.

## 7.3 COMPLIANCE OF THE FRESH DIRECTIVES ISSUED BY THE COMMISSION IN ITS TARIFF ORDER DATED 16TH MAY, 2011

**Directive 1: Pilferage of Energy**

The need of the hour is to activate the organization to curb the pilferage of power within the premises of provisions of Indian Electricity Act 2003 and also the Indian Penal Code. A task force is to be constituted in different zones to which the entire Licensee area is to be divided to carry out massive raid to arrest pilferage. In case of detection of such theft/pilferage, the concerned authority of the area and personnel attached to them, who have duties to supervise the work, have to be made answerable for punitive action. Those found committing mischief of pilferage should be booked and penal action should be taken.

**Compliance by APDCL:**

To stop pilferage/ theft of energy, 5(five) Nos. of Police Stations have been constituted under LAZ and 3(three) Nos. of Police Stations under UAZ which are

| LAZ | UAZ |
|---|---|
| (1) Kokrajhar | (6) Dibrugarh |
| (2) Dhubri | (7) Jorhat |
| (3) Nalbari | (8) Golaghat |
| (4) Guwahati & | |
| (5) Mangaldoi. | |

**Commission's Comments:**

The Vigilance Cell of APDCL vide their letter No. ASEB/CVO&D(S)/Esstt-533/1477 dated 12.10.2011 informed the Commission that 12 Nos. of special police stations were established in different parts of Assam. The other districts excluding those mentioned above where special police stations have been established are Silchar, Nagaon, Lakhimpur and Tezpur. It was also informed that the motivation and dedication levels of the officers in these special police stations are far from satisfactory.

The Commission directs that the Performance Report of these special police stations for FYs 2011-12 & 2012-13 be submitted to the Commission **within April, 2013**. The Performance Report should include the number of FIRs lodged, No. of persons arrested, No. of cases filed in Court, No. of persons convicted, total amount of monthly assessment bills, No. of raids conducted, etc. Besides, the Report should mention the action taken by the licensee to motivate the police personnel of these police stations, No. of police personnel sanctioned for these stations separately for each station, No. of personnel actually in position and the payment disbursed to them during the above mentioned years.

**Directive 2: Energy Audit and Demand Side Management**

Energy audit is an important and essential tool to identify the high loss (technical and commercial) areas in the system. For carrying out the energy audit, meters are required to be provided at all the feeders from 220KV to 11KV level and also distribution transformers on LT side.

The energy audit should be taken up first in all the towns with a population of fifty thousand and above. The first status report on the action taken for energy audit in all the towns should be reported to the Commission by end September, 2011 to issue further directives in this regard, if required.

One of the effective methods to minimize the demand-supply gap is by expediting Demand Side Management (DSM) activities. The Commission vide letter No. AERC 180/2005/Pt I /68 dated 15/09/2010 directed APDCL to constitute a DSM Cell for carrying out load research, formulation of DSM Plans, design, development and implementation of DSM activities etc. The Commission directs that a status report on the activities of DSM Cell be submitted within 60 days from the date of issue of this Order.

**Compliance by APDCL:**

APDCL informed vide letter No.CGM(COM)/SAC/2010/13 dated 14.12.2012 that a DSM Cell has been constituted as per the directions of AERC in its Tariff Order for 2010-13. The DSM Cell would carry out load research, formulation of DSM Plans, design, development and implementation of DSM activities etc. The licensee has embarked on a number of DSM activities including

1. Distribution of CFL to BPL consumers and consumers with connected load of upto 1 KW in rural areas. Out of 1998600 numbers delivered to different area 1033500 numbers are already distributed.
2. Purchase and installation of 3 star rated transformers,
3. Smart grid pilot project is being proposed in Guwahati City under R-APDRP which includes DSM initiative by segregating consumer load under essential/ non-essential basis. MOI, GOI has already sanctioned Rs 44 Cr for the purpose.
4. APDCL has already undertaken monitoring of High Value consumers through special audit and CMRI download of all HT consumers has been taken up.

APDCL has engaged consultants M/s PWC for High Value Consumer Management System (HVCMS) project. Project work started in September 2012.

5. The electricity Inspectorate prepared a draft report on DSM which includes APDCL area with an estimated investment of approx Rs 300 Cr. After finalization of the report, APDCL may take up the proposal for implementation.
6. Installation of pre-paid energy meters
7. APDCL, at the request of Rajiv Bhawan, Guwahati has allowed installation of a 2 KW LT Roof Top Solar PV at a net-metering arrangement which was commissioned on 02.10.2012. The plant is running successfully and contributing approximately 180 units per month to the grid and the consumer in return is getting a benefit of approximately Rs 900 /month.
8. APDCL would implement the Bachat Lamp Yojana and the Malaysian firm M/s C Quest Capital Malaysia Limited was selected for the project.

**Commission's Comments:**

The steps taken by the licensee are noted. The Commission further directs that APDCL may with the support of the Government of Assam take up the following DSM activities:

1. Promotion of energy efficient appliances – (BEE star rated ACs, fridge and fans, CFL, T5 and LEDs in commercial sector, solar heater in commercial and residential sector).
2. Promotion of energy efficiency in new commercial buildings – (Energy Conservation Building Code - ECBC, Green Rating for Integrated Habitat Assessment - GRIHA under MNRE).
3. State-wide education and awareness campaign for energy conservation.
4. Improvement in process and operational efficiency in the industrial sector – mandate compulsory energy audit for all HT industries and commercial establishments.
5. Mandatory public procurement of energy efficient appliances for purchase of minimum 4-star rated fridge, ACs and FTLs and transformer mandatory for all Government Departments /Corporations.
6. Feeder segregation – erection of separate HT and LT lines and rearrangements of power supply schedule of agricultural feeders.

**Directive 3: Annual Accounts**

The APDCL is directed to accord highest priority and ensure that the accounts are got audited by Accountant General in time. The provisional accounts for FY 2009-10 are not yet furnished to the Commission. The audited accounts for 2009-10 shall be furnished at the earliest.

**Compliance by APDCL:**

Submitted.

**Commission's Comments:**

Noted.

**Directive 4: Employee Cost**

As per the information made available, the employee cost of APDCL is high which stands at about 24% of the total revenue income from sale of power at existing tariff. APDCL is directed to enforce economy and austerity measures in their operations and take urgent steps to reduce establishment cost by utilizing the existing man-power optimally imposing restriction on creation of posts, introducing revised work load norms. APDCL is directed to identify surplus staff and deploy them after proper training, in the area of customer service, in the meter reading, billing and revenue realization so as to provide better service to the consumer. A first report on the action taken may be sent to the Commission by 30, June 2011.

**Compliance by APDCL:**

The HR profiling exercise was carried out for the three companies (APDCL, APGCL and AEGCL) together for ready reference.

The HR profiling exercise has been carried out on the basis of manpower data collected from the office of Director Personal and Deputy General Manager-Human Resource (DGM-HR) of respective companies.

Based on the information available employees have been classified into two categories, Executive and Non Executive.

All employees belonging to grade G10 and above were classified as executives and all employees belonging to grade G9 and below were classified as non executives.

| Company | Number of Employees | | | | | E/NE Ratio (%) |
|---|---|---|---|---|---|---|
| | Executive (E) | | Non-Executive (NE) | | | |
| | At HQ | At Field | At HQ | At Field | **Total** | |
| AEGCL | 33 | 195 | 77 | 1550 | 1855 | 12 / 88 |
| APDCL | 110 | 494 | 424 | 10204 | 111232 | 5 / 95 |
| APGCL | 44 | 174 | 107 | 1113 | 1438 | 15 / 85 |
| **Total** | **187** | **863** | **608** | **12867** | **14525** | **7 / 93** |

In this report, the HR profiling analysis carried out for APDCL only.

In APDCL, about 5% of the total employees are in the headquarters and about 95% of the total employees are in the field offices.

In APDCL, HQ executives form 21% of the total employees working in HQ, whereas in field functions executive form only 5% of the total employees working in field functions. For APDCL as a company executives form 5% of the total employees working.

For APDCL, the average age of employee is 52 years.

The average age among executives and non-executives does not vary much from company average.

Approx. 70% employees are above 50 Years of age and approx. 75% executives are above 50 years of age (highest in 3 companies). Therefore, requires linked recruitment plan to manage the likely rate of superannuation.

Non-executive to executive ratio is 18.

Need based analysis have been carried out and recruitments and mobilization/ deployments are done.

**Commission’s Comments:**

The HR profiling is noted. However, the reply from APDCL is silent regarding introduction of revised work load norms, provision of training to the existing staff etc. APDCL is therefore directed once again to provide the information in this regard within April, 2013.

**Directive 5: Power from Sishugram Sub-station**

North Eastern Small Scale Industries Association represented that two big steal industries in Amingaon area have submitted requisition for entire power requirement of expansion of 50 MVA Sishugram Sub-station and the SSI Industries were asked to wait till the Sishugram project in completed. They request a reservation of 40% power to be made available to Small Sector Industries from Sinshugram Sub-station. A report on the expansion of the Sishugram sub-station capacity, pending industrial small scale sector and other industrial application etc. may be submitted to the Commission before 30$^{th}$ June 2011.

**Compliance by APDCL:**

Sishugram substation has the capacity of 31.5x2 MVA and 40x1 MVA. The substation can take power either from Kahilipara or Rangia Grid Substation. But due to line constraints (Panther Conductor) cannot be fully loaded. However steps are being taken to remove the bottlenecks. The present status of load released and yet to be released are enclosed.

**Commission's Comments:**

Noted.

**Directive 6: Improvement in quality of service**

APDCL is directed to take appropriate steps to improve quality of service, especially quality of supply to its consumers. The quality of power being supplied to consumers, especially in the rural areas needs substantial improvement. Adequate steps need to be taken so that reliable, uninterrupted and quality power is made available to the consumers.

**Compliance by APDCL:**

Schemes under different funding are being undertaken to improve quality and reliability of service. APDCL submitted in the State Advisory Committee Meeting that it is making efforts to improve its billing and collection efficiency to that of national average in order to make the organisation economically viable. It has achieved 75.33% & 75.87% billing efficiency and 96.38 % & 97.35 % collection efficiency during FY 2010-11 & FY 2011-12 respectively. For convenience of consumers in far flung areas and remote villages, 27 Customer Care Centres have been established at the division level and 29 Consumer's Service Centres have been functioning at the Sub-division level to take care of consumer complaints, revenue billing & collection etc.

APDCL has taken initiative for payment of compensation on receipt of claim by the consumers after scrutiny and by adjustment of demand charges; however, no such claims are pending with the department as of now.

**Commission's Comments:**

Noted. APDCL should continue with the above initiatives and make efforts to improve the quality of service further.

**Directive 7: APDRP Schemes**

The status of implementation of APDRP schemes, amount utilized upto 31$^{st}$ March, 2011 the benefits accrued by way of increase in metered sales, reduction of transmission loss, improvement of quality of supply, revenue etc., shall be reported to the AERC by end of July 2011.

**Compliance by APDCL:**

Submitted.

**Commission's Comments:**

Noted.

**Directive 8: Prepaid Meters**

Prepaid meters eliminate the cost of meter reading, bill serving, disconnection / reconnection and avoids wrong readings, delay in bill serving etc. Since the payment is upfront it improves the cash flow of the Discom. APDCL may procure some prepaid meters initially after ensuring service facilities and provide to some domestic consumers as a pilot study to encourage and make the consumers to observe the advantages of having prepaid meters facility. Subsequently APDCL may suggest the consumers to purchase the prepaid meters at their own cost by offering some rebate say about 10% in energy charges.

**Compliance by APDCL:**

A total of 2624 nos. of prepaid meters have been installed in greater Guwahati area mainly in Guwahati Electrical Circle – I (GEC-I) and directive has been issued to make it mandatory to install prepaid meters in all upcoming residential flats of Guwahati City.

**Commission's Comments:**

Noted. The Commission directs APDCL to take appropriate initiatives along with the State Government for installation of prepaid meters in the Government Departments as well as autonomous bodies in order to achieve timely settlement of power dues from Government departments to the distribution licensee.

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**Directive 9: Cost of Supply and Cross Subsidy**

As per Section 61 (g) of the Electricity Act, 2003 the Commission has to ensure that the tariff progressively reflect the cost of supply and cross subsidy is reduced within a specified period. In this context the Commission directs APDCL to carry out a study to ascertain voltage wise and consumer category wise cost of supply. The study should be for a period of one year. APDCL may appoint a consultant if necessary to carry out the study. APDCL is also directed that team of young Engineers of APDCL should interact continuously with the consultant and fully familiarize themselves with the subject so that they are in a position to take up such studies themselves in future. The study shall be completed with a period of 18 months from issue of this order.

The progress on this study shall be reported to the Commission every month.

**Compliance by APDCL:**

With the MRI data availability and monitoring of high value consumers, required information regarding consumption patterns are being made available for study and updating of the Cost of Supply & Cross Subsidy.

**Commission's Comments:**

The Commission directs that a report on the study on voltage wise cost of supply and cross subsidy be submitted within May, 2013.

**Directive 10: Spot Billing**

To avoid errors in meter reading / recording delay in bill serving action may be taken to read/record the meter reading and bill serving for the LT consumers on the spot with handheld computers. Handheld computers prices have come down considerably and many utilities are successfully implementing these procedures.

APDCL shall initiate action in this regard and the progress in this matter may be shared with the Commission.

**Compliance by APDCL:**

Spot billing was introduced on experimental basis under Zoo Road, Electrical Sub-division for the consumer's under three numbers of DTR and the response is good. This shall be expanded to more DTRs in coming months.

**Commission's Comments:**

Noted. APDCL shall try to initiate spot billing in remote areas. Spot billing in all towns of Assam should be taken up on top priority to arrest the current trend of increasing distribution losses.

**Directive 11: Independent third party meter testing arrangement**

The National Electricity Policy (NEP) emphasizes the need for establishment of an independent third party meter testing arrangement. It is noted that the Licensee has not been establishing reliable Independent Testing Laboratories.

The Licensee shall establish more number of testing laboratories in each circle to test more number of meters either new or defective. Setting up of a meter testing lab may not cost much but the persons have to be trained in testing. The progress on upgrading the existing labs and setting up of new labs may be reported to the

Commission quarterly. The first such report shall be submitted by July, 2011.

**Compliance by APDCL:**

All the six circles under Lower Assam Zone and all the circles except Tinsukia in Upper Assam Zone are equipped with meter testing laboratories and doing the job successfully. Third party inspection arrangement is not yet ready.

**Commission's Comments:**

Noted. All circles should be equipped with meter testing laboratories without further delay.

**Directive 12: Efficient meter reading billing and collection**

Timely meter reading, billing and collection for energy consumed by the consumers can significantly improve the cash flow of the Licensee. The present system should be reviewed with a view to streamlining the process and minimizing the time between actual delivery of power and receipt of revenue. Supervisory officers must counter check the meter readings taken by the meter readers. Further, the area of meter readers should be changed every year. Although MRI billing is in place for some of the consumers, the Licensee now shall conduct billing through Meter Reading Instrument (MRI) for all HT consumers and large non-domestic consumers. Spot billing preferably by palm top computers may be introduced in the urban areas. The present status of MRI billing for the consumers shall be submitted to the Commission by end June, 2011.

**Compliance by APDCL:**

It is decided that all the consumers having 500 KVA & above will be billed through MRI and data will be analysed.

**Commission's Comments:**

Meter Reading Instrument (MRI) downloads for all HT consumers and large non-domestic consumers should be made compulsory within a period of three months from the date of this order and the status report shall be submitted to the Commission by the end of May, 2013. The MRI data should be analysed. Computer generated bills with the sole purpose of avoiding human element in bill generation be implemented within a fixed time line.

**Directive 13: Meter Reading of HT services**

The monthly meter reading of HT services shall be entrusted to a committee of high level officers of the APDCL. All the HT services below 500KVA contracted maximum demand, meter reading may be done by the concerned Assistant Manager and those above 500KVA by the concerned Senior Manager / Manager / Deputy Manager. Further, certain percentage of meter readings in each category of consumers shall be done by senior officers of the APDCL upto the level of GM / DGM to control pilferage of electricity. APDCL shall issue suitable instructions in this regard immediately and the Licensee shall also review the percentage of check readings and take action in case of variation between normal meter reading read by meter reader and the check meter reading taken by the officers of the APDCL.

**Compliance by APDCL:**
All dedicated service lines are now equipped with check meters with required agreement to arrest pilferage of energy.

**Commission's Comments:**
Noted. Meter Reading Instrument (MRI) downloads for all HT consumers and large non-domestic consumers should be made compulsory within a period of three months from the date of this order and the status report shall be submitted to the Commission by the end of May, 2013.

**Directive 14: Replacement of old electromagnetic meters with static meters**

A report on the status of metering, type of meters provided in HT and other high value LT installations along with a programme for replacement of such meters with static meters shall be submitted to the Commission by July, 2011.

**Compliance by APDCL:**
As per demand placed by the concerned circle, efforts were made to replace 22,100 Nos. of old/ stopped /defective electromechanical meters by Static Digital Meters under ABY, O&M and IBDF schemes in UAZ. Further, under ADB funded schemes 11, 003 nos. of single phase and 5,690 Nos. of three phase electro-mechanical meters were replaced by Static Digital meters.
Similarly, in LAZ, as per demand placed by the concerned circle, efforts were made to replace 17775 (single phase) and 188 (three phase) Nos. of old electromechanical

meters by Static Digital Meters under ABY and O&M schemes. Further, under ADB funded schemes 1,45,515 Nos. of single phase and 7,640 Nos. of three phase electro-mechanical meters were replaced by Static Digital meters.

**Commission's Comments:**

Efforts should be made to replace more electro-mechanical meters with Static Digital meters and the latest status report for the entire state of Assam submitted to the Commission within April, 2013.

**Directive 15: Management Information System**

The Board is directed to take urgent steps to build a credible and accurate database and management information system with unbundled costs and expenditure of the three businesses of the Board viz. Generation, Transmission and Distribution to make information available on operational and financial issues and get such data updated on monthly basis. Advantage of IT must be taken to institute the MIS. Action must be taken urgently on this and the action taken shall be reported to the Commission by October, 2011. Care must be taken to see that the next tariff petition is supported by an accurate and credible database.

**Compliance by APDCL:**

Not submitted

**Commission's Comments:**

The above direction be complied with and report on the same be submitted within April,2013.

**Directive 16: Energy conservation**

A well-known proverb is that energy conserved is energy generated and to conserve energy, the consumers are required to be well educated by way of demonstrations, holding meetings at various levels and through print media so that energy consumption can be reduced considerably by adopting economy measures such as use of energy efficiency lighting, high efficiency and standard make household appliances, high efficiency pumpsets preferably with labels of Bureau of Energy Efficiency (BEE) and other energy conservation devices. All categories of consumers should be well apprised of the newly developed latest energy conservation devices so that the energy conserved can be utilized for more productive purposes and in consonance with direction issued by the Ministry of Power, Government of India.

**Compliance by APDCL:**

For energy conservation, consumers were asked to use CFL bulb & use latest energy conservation devices. Decision has been taken to introduce at least 3 star rated DTRS in all new schemes.

**Commission's Comments:**

Noted. More initiatives should be taken by the Company as per schemes formulated by the Government of India.

**Directive 17: Consumer education and awareness**

The Commission directed APDCL to establish and earmark funds for consumer education and awareness. APDCL was also directed to provide details about the scope of activities to be taken up under this initiative to the Commission within 3 months from the date of issue of the Tariff Order for FY 2008-09 and FY 2009-10. Although, it was informed by APDCL that some measures were taken in this regard, whole hearted approach to this cause seems to be lacking. The Commission vide letter No. AERC 123/2005/Pt I/358 dated 04/02/2011 directed APDCL to incorporate some additional vital information on the reverse of the electricity bills to be served to the consumers. This information in the electricity bills will benefit the consumers in redressal of their grievances. However, till date the required information has not been incorporated in the energy bills. Therefore, the Commission now directs the APDCL to take immediate measures for creating consumer awareness through the print/electronic media, hold meetings at different levels and publish the information as directed on the reverse of the electricity bills. The Commission directs that APDCL submit a status report on the action taken within 60 days from the date of issue of this Tariff Order.

**Compliance by APDCL:**

APDCL has given advertisements in print and electronic media for education and awareness of consumers.

**Commission's Comments:**

Noted. Such endeavors by APDCL should continue, It is noted that direction issued for printing information on the reverse side of the bill has been implemented by the licensee.

**Directive 18: Standards of Performance**

In pursuance to the provisions stipulated in Clause 5.1 and Clause 5.4 of the AERC (Distribution Licensees' Standard of Performance) Regulations, 2004 the Licensee is required to furnish to the Commission, in a report for every quarter and in a consolidated annual report for each financial year information as to the Guaranteed and Overall Standards of Performance. The Commission prepared a proforma reflecting the required performance parameters of the distribution licensee and the same was sent to APDCL vide letter No. AERC 326/2009/10 dated 04/12/2009 and the licensee was directed to make arrangements for filling up the required information in the proforma and send it to the Commission regularly as specified in the regulations. Although, information in this regard was received from LAEDCL for FY 2009-10, calculations on service reliability indices were not submitted as specified in the formats. A report on these submissions is available at the Commission's website. No information was received by the Commission for FY 2010-11. The Commission therefore directs that the required information for FY 2010-11 be submitted within 60 days from the date of issue of this Tariff Order and such information be submitted to the Commission regularly as stipulated in the Regulations.

**Compliance by APDCL:**

Efforts were being made to motivate the personnel at the field level through training etc. to improve system reliability. APDCL has taken initiative for payment of compensation on receipt of claim by the consumers after scrutiny and by adjustment of demand charges; however, no such claims are pending with the department as of now.

**Commission's Comments:**

APDCL has not submitted the information on SOP as per the proforma prepared by the Commission for FY 2010-11 and FY 2011-12 till date despite several reminders for compliance. These information on SOP are required to be notified by the Commission as per section 59 (2) of the Electricity Act, 2003. The Commission had notified the information for FY 2009-10. APDCL is required to submit all required details to AERC for FY 2010-11 and FY 2011-12 latest by the end of April, 2013.

**Directive 19: Metering System in All Government Departments and autonomous Bodies.**

It has been ascertained that due to accumulated outstanding dues of various Government departments, Autonomous bodies and Municipal bodies the burden of arrears dues has adversely affected the licensee on the Distribution business as well as financial growth of the utility. In view of the above it has become incumbent on the part of Distribution Licensee to switch over to prepaid meters in the Autonomous bodies. The prepaid meters of different locations would be identified and installed by the Distribution Companies and the cost of which would be borne by the Government departments. The APDCL is therefore directed to act accordingly and to take all necessary steps in implementing prepaid metering system within six months from the date of issue of this order. APDCL is directed to engage a Consultant for providing necessary technical assistance and software support required for implementation of prepaid metering system effectively and action taken report on this needs to be intimated to the Commission within two months of the issue of the order.

**Compliance by APDCL:**

Most of the Government consumers under APDCL are metered.

**Commission's Comments:**

Noted. All Government consumers under APDCL need to be metered and preferably prepaid meters must be installed in newly metered consumers.

**Directive 20:**

APDCL is directed to submit all financial figures in the petition filed for the future ARR and Review / True-up in units of rupee crore.

**Compliance by APDCL:**

Complied with.

**Commission's Comments:**

Noted.

# 8. Tariff Philosophy and Tariff approved for FY 2012-13

## 8.1 INTRODUCTION

In determining the revenue requirement and the retail supply tariff of APDCL for FY 2012-13 the Commission has been guided by the provisions of the Electricity Act, 2003 and the National Electricity Policy (NEP), the National Tariff Policy (NTP), CERC (Terms and Conditions of Tariffs) Regulations as well as AERC Regulations.

Section 61 of the Act lays down the broad principles and guidelines for determination of retail supply tariffs. The basic principle is to ensure that tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidies amongst categories within a period to be specified by the Commission.

APDCL has not filed the petition for determination of revised aggregate revenue requirement (ARR) for FY 2012-13 and for revision of tariff for FY 2012-13 despite reminders from the Commission. The Commission has taken up the case on suo motu for determination of revised ARR and tariff for FY 2012-13.

## 8.2 REVENUE DEFICIT / SURPLUS FOR FY 2012-13

The Commission has estimated the revenue deficit of Rs.521.09 crore based on the truing up of FY 2009-10 and FY 2010-11 and net revenue deficit of Rs.111.14 crore for FY 2012-13 as shown in the Table 5.3.

While estimating the revenue at existing tariff for FY 2012-13, the Commission has adopted the actual average revenue realized per unit through FPPPA charges during FY 2011-12 which was about Rs.0.51 per unit. The Commission noted that the licensee is charging FPPPA per unit at Rs.0.69 from May 2012 to July 2012, Rs.0.76 from August 2012 to October 2012 and at Rs. 1.03 from November, 2012 upto March 2013. Hence ,the Commission expects that the revenue through FPPPA charges will be more than Rs.150 crore than that estimated by the Commission as a result of which there may not be any revenue deficit during FY 2012-13. Hence it is decided not to revise the tariff for FY 2012-13.

## 8.3 FUEL PRICE AND POWER PURCHASE ADJUSTMENT CHARGES (FPPPA)

Fuel Price and Power purchase adjustment charges as per AERC Regulations, 2010 dated 28.12.2010 are applicable.

At present APDCL is charging FPPPA at 103 paise/unit. As per clause 5.2 of AERC FPPPA Regulations "*The FPPPA charges shall not exceed 25% of the variable cost component of tariff or such other ceiling as may be stipulated by the Commission from time to time, where the variable component of tariff is defined as total estimated revenue from energy charges (EC) in a year the approved in the Tariff Order divided by total estimated sales of the year. When FPPPA charges exceed 25% of the variable component of tariff, the licensee shall make a petition to the Commission for recovery of the charges over the specified cap which shall be recovered after Commission's scrutiny and directives".*

APDCL shall strictly follow the above Regulation and when FPPPA charges exceed 25% of the variable components of the tariff the APDCL shall file a petition to the Commission and FPPPA charges beyond 25% of the variable cost component of tariff shall be recovered only after Commission's scrutiny and approval.

# 9. Wheeling Charges and Cross subsidy surcharge

## 9.1 INTRODUCTION

As discussed earlier in paragraph 1.4, APDCL has not filed the petition for revision of wheeling charges and cross subsidy surcharge for FY 2012-13. The Commission has taken up the case on suo motu and specified the wheeling charges for distribution business of the licensee.

## 9.2 ALLOCATION MATRIX

The Commission has considered the following matrix for allocation of rates between the wires business and retail supply business in its order passed on 21.06.2012.

**Table 9.1: Allocation of matrix for separation of wheeling charges and costs supply cost**

| Sl. No. | Particulars | Wire Business | Retail Supply Business |
|---|---|---|---|
| 1 | Power purchase expenses | 0% | 100% |
| 2 | Employee expenses | 60% | 40% |
| 3 | Repair and Maintenance expenses | 90% | 10% |
| 4 | Administration and General expenses | 50% | 50% |
| 5 | Depreciation | 90% | 10% |
| 6 | Interest and Finance charges | 90% | 10% |
| 7 | Interest on working capital | 10% | 90% |
| 8 | Interest on Security deposit | 0% | 100% |
| 9 | Bad debts written off | 0% | 100% |
| 10 | Income tax | 90% | 10% |
| 11 | Return on equity | 90% | 10% |
| 12 | Other income | 10% | 90% |
| 13 | Non-tariff income | 0% | 100% |

9.3 The Commission has adopted the same allocation matrix given in above Table 9.1 for segregation of the approved ARR for wires business and retail supply business for APDCL for FY 2012-13 as given below:

**Table 9.2: Allocation of matrix for separation of wheeling charges and retail supply cost**

(Rs. crore)

| Sl. No. | Particulars | Wire Business | Retail Supply Business | Total |
|---|---|---|---|---|
| 1 | Power purchase expenses | 0.00 | 1977.64 | 1977.64 |
| 2 | Employee expenses | 325.21 | 216.80 | 542.01 |
| 3 | Repair and Maintenance expenses | 28.84 | 3.20 | 32.04 |
| 4 | Administration and General expenses | 7.96 | 7.96 | 15.92 |
| 5 | Depreciation | 30.94 | 3.44 | 34.38 |
| 6 | Interest and Finance charges | 15.93 | 1.77 | 17.70 |
| 7 | Interest on working capital | 5.03 | 45.24 | 50.27 |
| 8 | Interest on consumers security deposit | 0.00 | 15.26 | 15.26 |
| 9 | Income tax | 4.09 | 0.45 | 4.54 |
| 10 | Return on equity | 20.51 | 2.28 | 22.79 |
| **11** | **Total expenditure** | **438.51** | **2274.04** | **2712.55** |
| 12 | Less: Other income | 13.91 | 125.16 | 139.07 |
| 13 | Less: Non-tariff income | 0.00 | 323.40 | 323.40 |
| **14** | **ARR** | **426.60** | **1825.48** | **2250.09** |

## 9.4 WHEELING CHARGES

The wheeling charges for distribution open access consumers and 33 kV voltage level has been determined from distribution ARR as arrived in Table 9.2 above.

**Table 9.3: Wheeling charges approved by the Commission for FY 2012-13**

| Sl. No. | Particulars | Unit | Total |
|---|---|---|---|
| 1 | Employee expenses | Rs. crore | 325.21 |
| 2 | Repair and Maintenance expenses | Rs. crore | 28.84 |
| 3 | Administration and General expenses | Rs. crore | 7.96 |
| 4 | Depreciation | Rs. crore | 30.94 |
| 5 | Interest and Finance charges | Rs. crore | 15.93 |
| 6 | Interest on working capital | Rs. crore | 5.03 |
| 7 | Income tax | Rs. crore | 4.09 |
| 8 | Return on equity | Rs. crore | 20.51 |
| **9** | **Total expenditure** | Rs. crore | **438.51** |
| 10 | Less: Other income | Rs. crore | 13.91 |
| **11** | **Net ARR** | Rs. crore | **426.60** |
| 12 | Total energy input into Distribution system | MU | 5965 |
| 13 | Total distribution cost | Rs. crore | 426.60 |
| **14** | **Distribution cost for wires business for 33 kV voltage level (assuming 35% of cost at 33 kV)** | Rs. crore | **149.31** |
| **15** | **Wheeling charges for 33 kV voltage level** | **Paise/kWh** | **25** |

The wheeling charges as given above are applicable for use of distribution system of APDCL by other licensees or generating companies or captive power plants or consumers / users who are permitted open access at 33 kV voltage level under Section 42(2) of the Electricity Act, 2003.

## 9.5 CROSS SUBSIDY SURCHARGE

The open access consumers are liable to pay the cross subsidy surcharge to compensate the utility for any loss of revenue due to the shifting of the consumer to the open access system. The cross subsidy surcharge for open access customer is to be calculated as per the following recommended in the National Tariff Policy.

$S = T - [C(1+L/100)+D]$

Where,

S is the Surcharge

T is the overall Tariff payable by the relevant category of consumers

C is the weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power.

D is the Wheeling charges

L is the system losses for the applicable voltage level expenses as a percentage.

In accordance with Regulation 4.3 of AERC Open Access Regulation, 2005 consumers with a connected load of 3 MW and above shall be allowed open access with effect from 1.04.2008. Accordingly, HT category V (C): HT-II Industry consumers may likely opt for open access.

The cross subsidy surcharge based on the above formula for HT-II industry category was worked out in the Commission order passed on 21.06.2012 as shown in the Table below:

**Table 9.4: Cross subsidy surcharge for FY 2012-13**

| Sl. No. | Particulars | Unit | Amount |
|---|---|---|---|
| 1 | T | Rs./kWh | 4.82 |
| 2 | C | Rs./kWh | 3.82 |
| 3 | D | Paise/kWh | 27 |
| 4 | L | % | 13.04 |
| 5 | S=cross subsidy surcharge | Paise/kWh | 23 |

The Commission has decided to continue the cross subsidy surcharge as given above at 23 paise/kWh payable by the HT Industry-II (above 150 kVA) opting open access at 33 kV voltage level. It will be reviewed during the next control period.

# 10. Schedule of Tariff

This chapter lists the tariffs which are applicable in the State of Assam with effect from 08.03.2013 until replaced by another order of the Commission.

For the purpose of this schedule the consumers are divided into two distinct groups based on consumption and the nature of supply. The consumers are further divided into categories that are supplied electricity at LT and HT voltages

**LT GROUP**

Supply Voltage 1 Ph 230 V AC and 3 Ph 415V AC

**LT Category-1 Jeevan Dhara:**

**Applicability**

This Tariff shall be applicable for supply of power to any premises exclusively for the purpose of own requirements with a Connected Load of not more than 0.5 KW and consumption upto 1kwh/day or 30kWh per month.

(a) **Tariff :**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For consumption upto 30 kWh per month. | Rs 2.50/kWh | Rs. 15 per connection per month |

N.B: If, during any billing period the consumption exceeded the stipulated 1 KWH/day or 30 kWh per month the consumers will be considered as if they are shifted to the next appropriate higher category.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made in full on or before the due date.

(c) Payments shall be made by cash/local cheque/DD: For all payments made by DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## LT Category –II: Domestic A.

**Applicability**

This tariff shall be applicable for supply of power to consumers having connected load below 5 KW for residential premises, exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings, if the premises have not been classified under Domestic B or HT Domestic and receiving bulk power at single point without any individual metering arrangements for domestic purposes.

(a) **Tariff**

| | **Energy Charge** | **Fixed Charge** |
|---|---|---|
| For consumption between 0 - 4 kWh/day or 0 – 120 kWh per month | Rs 3.25/kWh | Rs 30/KW/month |
| For consumption of next 4 kWh/day or 121 – 240 kWh per Month | Rs 4.30/kWh | Rs 30/KW/month |
| Balance kWh | Rs 5.00/kWh | Rs 30/KW/month. |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kw, connected load shall be rounded off to 0.5 kw

(b) **Surcharge for delayed paym**ent : Surcharge @ 1.5% per month or part thereof in simple interest shall be levied, if payment is not made in full on or before the due date.

(c) **Payments shall be made by cash/local cheque/DD**: For all payments made by local cheque/DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial etc. the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

**LT Category-III: Domestic-B**

**Applicability**

This tariff shall be applicable for supply of power to consumers having Connected Load 5 KW and below 20 KW exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings, receiving bulk power at single point with individual metering for domestic purposes.

**Tariff:**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.60/kWh | Rs 30/KW/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5.

(a) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) **Payments shall be made by cash/local cheque/DD**: For all payments made by local cheque/DD, commission shall be borne by the consumers.

(c) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial etc. the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

**LT Category-IV: LT Commercial**

**Applicability**

This tariff shall be applicable for supply of power to consumers having Connected Load below 20KW to all establishments and institutions of commercial nature and connected with trading activities, including commercial offices, Government. and public sector commercial installations, commercial houses, optical houses, shops, hotels, restaurants, bars, refreshment stalls, showcases of advertisements, theatres, cinema halls, guest houses, laundries, dry-cleaners, Railway stations, public and private bus-stands not covered under any other category of consumers, copy works, X-ray installations, private nursing homes/clinical laboratories, photographic studios, battery charging units, workshops, petrol pumps, factory & printing presses not using motive power in the manufacturing process, private educational and cultural institutions, lodging and boarding houses.

(a) **Tariff**

| | **Energy Charge** | **Fixed Charge** |
|---|---|---|
| For all consumption. | Rs .5.00/kWh | Rs 110/KW/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kw, connected load shall be rounded off to 0.5 kw

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof in simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD: For all payments made by local cheque/DD, commission shall be borne by the consumers.

(d) Power factor penalty and rebate:

  (a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

  (b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**LT Category V- LT General Purpose Supply**

**Applicability**

This tariff shall be applicable for supply of power to consumers having Connected Load below 20 KW to all Non-commercial and Non-domestic users of electric power like Government offices, Semi-Government Educational and cultural institutions, Government hospitals, dispensaries, Charitable institutions and Trusts (public or private formed solely for charitable or religious purposes), Dharamshalas, Non-commercial boarding and lodging houses and other Non-commercial institutions.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.45/kWh | Rs 125/KW/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kW, connected load shall be rounded off to 0.5 kW

Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(c) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## LT Category VI-Public Lighting

**Applicability**

This tariff is applicable to supply of power for street lighting systems in Municipalities, Town Committees and Panchayat etc., Signal systems in roads and park lighting, in areas of Municipality/Town Committee/Panchayat etc.

(a) **Tariff**

| | **Energy Charge** | **Fixed Charge** |
|---|---|---|
| For all consumption. | Rs 4.70/kWh | Rs 120/KW/month |

N.B. In case any un metered supply is provided in exigency, the energy shall be assessed considering 12 hours per day burning hours for the energy charge. For example if the total connected load of the street light service is 1 kw, energy shall be asses as 12 unit per day.

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kw, connected load shall be rounded off to 0.5 kW

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD: For all payments made by DD, commission shall be borne by the consumers.

(d) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## LT Category VII-Agriculture

### Applicability

This tariff shall be applicable for supply of power for agriculture / irrigation purpose in the agricultural sector for pump sets upto 7.5 HP.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 2.75/kWh | Rs 30/KW/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kw, connected load shall be rounded off to 0.5 kw

Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(b) Payments shall be made by cash/local cheque/DD: For all payments made by DD, commission shall be borne by the consumers.

(c) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## LT Category VIII – Small Industries

### Applicability

This tariff is applicable for supply of power for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for consumers having Contract Demand/Connected Load below 25 KVA (20 KW).

(a) **Tariff**

| | | Energy Charge | Fixed Charge |
|---|---|---|---|
| (i) | Rural Industries - For all consumption. | Rs 2.80/kWh | Rs 30/KW/month |
| (ii) | Urban Industries - For all consumption. | Rs 3.05/kWh | Rs 40/KW/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5. For consumer having connected load below 0.5 kw, connected load shall be rounded off to 0.5 kw

(b) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(d) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## LT Category IX: Temporary Supply:

**Applicability**

This Tariff will be applicable for electric supply of power which is temporary in nature for a period not exceeding one month.

| | Charges |
|---|---|
| Domestic | Rs 80/KW/day or Rs 6.25/kwh whichever is higher |
| Non Domestic non agricultural | Rs 125/KW/day or Rs 8.25/kwh whichever is higher |
| Agricultural | Rs 50/KW/day or Rs 4.25/kwh whichever is higher. |

## HT GROUP

**Tariff for this group is applicable for those consumers availing power supply at 11 KV or above. Calculations shall be deemed to be in KVA for consumers under this part of the tariff schedule. However, consumers above 25 KVA connected load and drawing power at LT are also covered under this group. During the period of conversion from LT supply to HT supply, the consumer shall have to pay the necessary compensatory charges (10% & 3% of total energy consumption for LT line & DTR respectively).**

## HT Category I: HT Domestic

**Applicability**

This tariff shall be applicable for supply of power to consumers having Connected Load 25 KVA and above to residential premises, exclusively for domestic purposes only. This shall also include supply of power to occupants of flats in multi storied buildings/ residential colony, receiving bulk power at single point with single metering for domestic purposes.

(a) **Tariff:**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.40/kWh | Rs 30/KVA/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.
- In case, metering is done on the L.T side of the distribution transformer, for a

group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(d) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

NOTE:

If any part of the domestic connection is utilised for any use other than dwelling purpose like commercial, industrial etc. the entire consumption shall be treated as the case may be, for corresponding category and the respective tariff shall be applied for the entire consumption.

## <u>HT Category-II: HT Commercial</u>

**Applicability**

This tariff shall be applicable for supply of power to consumers having Connected Load 25KVA and above to all establishments and institutions of commercial nature and *connected* with trading activities, including commercial offices, Government and public sector commercial installations, commercial houses, optical houses, shops, shopping malls, restaurants, hotels, bars, refreshment stalls, showcases of advertisements, theatres, cinema halls, guest houses, laundries, dry-cleaners, Railway stations, public and private bus-stands not covered under any other category of consumers, copy works, X-ray installations, private nursing homes/clinical laboratories, photographic studios, battery charging units, workshops, petrol pumps, factory & printing presses not using motive power in the manufacturing process, private educational and cultural institutions, lodging and boarding houses.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.70/kWh | Rs 115/KVA/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(d) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category - III: Public water Works**

**Applicability**

This tariff is applicable for public water supply maintained by Government or Government Corporations, Municipalities, Town Committees and Panchayats.

(a) **Tariff**

| | **Energy Charge** | **Fixed Charge** |
|---|---|---|
| For all consumption. | Rs 4.55/kWh | Rs 125/KVA/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Surcharge for delayed payment: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(c) Payments shall be made by cash/local cheque/DD: For all payments made by DD, commission shall be borne by the consumers

(d) **Power factor penalty and rebate:**

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category – IV: Bulk Supply**

**Applicability**

This tariff is applicable to Bulk consumers with a Connected Load not less than 25 KVA provided that the consumers not covered by any other category such as any domestic connection, industries, tea etc. and who make their own internal distribution arrangement at their own cost and receive power at the point of supply at high or extra high voltage. This is further classified as under:

(i) Government educational institution-like universities, engineering colleges, medical colleges with residential facilities and

(ii) Others

(a) **Tariff**

**(i) Bulk Government educational institutions**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.25/kWh | Rs 110/KVA/month |

**(ii) Others**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.55/kWh | Rs 145/KVA/month |

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

(a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Contract Demand**: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to KVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to KVA shall be the contracted demand.

(d) **Billable Demand**: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) **Overdrawal Penalty**: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category V (A): HT Small Industries;**

**Applicability**

This tariff is applicable for supply of power for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for consumers with Connected Load above 25 KVA and upto 50 KVA, irrespective of location of the industry in rural area or urban area.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 3.25/kWh | Rs 40/KVA/month |

For the purpose of determination of Monthly fixed charge, the Connected Load shall be rounded up to the next higher KW if the decimal is higher than 0.5 and the nearest lower KW if the decimal is lower than 0.5.

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.
- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

(a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Surcharge for delayed payment:** Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(d) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category V (B)-HT-I Industries**

**Applicability**

This tariff is applicable for supply of power to industrial consumers having licence from designated authority of appropriate government and not covered under any other category, at a single point for industrial purposes with Contract Demand/Connected Load above 50 KVA to 150 KVA.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.00/kWh | Rs 100/KVA/month |

**TOD tariff**

T.O.D tariff for HT-I industries

| Description | Energy charge |
|---|---|
| **Time** | **Rs/kWh** |
| 0600 hrs to 1700 hrs (normal) | 4.00 |
| 1700-2200 hrs (peak) | 6.25 |
| 2200-0600 hrs (night ) | 3.35 |

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

   (a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

   (b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Contract Demand**: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to KVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to KVA shall be the contracted demand.

(d) **Billable Demand**: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) **Overdrawal Penalty**: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category V (C): HT-II Industries**

**Applicability**

This tariff is applicable for supply of power at a single point for industrial purposes having licence from designated authority of appropriate government and not covered under any other category, for Contract Demand/Connected Load above 150 KVA.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| Option -1. | Rs 4.10/kWh | Rs 140/KVA/month |
| Option -2 | Rs 3.40/kWh | Rs 270/KVA/month |

A consumer may opt for any one option depending on his requirements by prior intimation to concerned billing unit of Discom. A consumer may change his option only after six months of availing that particular option.

TOD tariff for Option-1 above (only), no TOD Tariff will be applicable for consumers opted for option-2. However, supplier may impose peak hour restriction due to system constraints.

**T.O.D tariff for HT-II industries**

| Description | Energy charge |
|---|---|
| **Time** | **Rs/kWh** |
| 0600-1700 hrs (normal) | 4.10 |
| 1700-2200 hrs (peak) | 5.55 |
| 2200-0600 hrs (night) | 3.60 |

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

(a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Contract Demand**: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to KVA at 0.85 power factor. In case declaration /option are not made by the consumer within the stipulated time, 100% of the Connected Load converted to KVA shall be the contracted demand.

(d) **Billable Demand**: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) **Overdrawal Penalty**: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(h) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**HT Category VI-Tea, Coffee and Rubber : Seasonal**

**Applicability**

This tariff is applicable for tea, coffee and rubber plantation/production by utilisation of electrical power in factory, irrigation, lighting etc. in the Estate.

(a) **Tariff**

**(i) Seasonal Tariff (April to November)**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.45/kWh | Rs 230/KVA/month |

**TOD tariff applicable**

T.O.D tariff for Tea, Coffee & Rubber

| Description | Energy charge |
|---|---|
| **Time** | **Rs/kWh** |
| 0600-1700 hrs (normal) | 4.45 |
| 1700-2200 hrs (peak) | 6.25 |
| 2200-0600 hrs (night) | 4.20 |

**Off- Season Tariff (December to March)**

Off-Season energy charge for Tea, Coffee and Rubber is Rs. 4.45 / kWh.

Consumer under this category shall have the option to select any continuous maximum 4 (four) months period between September to March in lieu of normal off-season period of December to March. Such option must be exercised on or before 31st August of every year.

Off-Season fixed charge for Tea, Coffee & Rubber minimum 40% of contracted demand during season period.

No benefit of ToD tariffs can be availed by consumers if they opt for the off season tariff option during off-season period.

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) **Power factor penalty and rebate:**

(a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Contract Demand**: The Contract Demand shall be between 65% to 105% as declared by the consumer of the Connected Load converted to KVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to KVA shall be the contracted demand. *Contract Demand for off-season shall be minimum 40% of the seasonal Contract Demand.*

(d) **Billable Demand**: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) **Overdrawal Penalty**: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(h) **In the event that it is not possible to measure availability to a particular consumer, Fixed Charge @ Rs.230/KVA will be applicable.**

(i) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

## HT Category VII -Oil and Coal

**Applicability**

This tariff shall be applicable for supply of power to consumers at a single point for installations of Oil and Coal Sector.

(a) **Tariff**

| | Energy Charge | Fixed Charge |
|---|---|---|
| For all consumption. | Rs 4.50/kWh | Rs 270/KVA/month |

**(i) T.O.D Tariff**

T.O.D tariff for Oil & Coal

| Description | Energy charge |
|---|---|
| **Time** | **Rs/kWh** |
| 0600-1700 hrs (normal) | 4.50 |
| 1700-2200 hrs (peak) | 6.25 |
| 2200-0600 hrs (night) | 4.35 |

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.

- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) **Power factor penalty**: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) **Power factor rebate**: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Contract Demand**: The Contract Demand shall be between 70% to 105% as declared by the consumer of the Connected Load converted to KVA at 0.85 power factor. In case declaration /option is not made by the consumer within the stipulated time, 100% of the Connected Load converted to KVA shall be the contracted demand.

(d) **Billable Demand**: Billing demand shall be 100% of Contracted Demand or Recorded Demand, whichever is higher. In case the meter remains defective in a month, billing demand shall be considered as per clause 4.2.2.4 of AERC (Supply Code and Related Matters) Regulations, 2004, *Procedure for Assessment of Consumption* in case of incorrect or stopped meter for seasonal consumer.

(e) **Overdrawal Penalty**: If the Recorded Demand is higher than the Contracted Demand in a month, then fixed charge based on Contracted Demand shall be levied at three times the normal rate for the portion of demand exceeding the Contracted Demand.

(f) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(g) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(h) **In the event that it is not possible to measure availability to a particular consumer, Fixed Charge @ Rs.270/Kva will be applicable.**

(i) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**<u>HT Category VIII: HT Irrigation</u>**

**Applicability**

This tariff shall be applicable for electricity supply for agriculture / irrigation purpose in the agricultural sector for pump set above 7.5 HP and for whom power has been supplied at 11 KV or above.

(a) **Tariff**

| | **Energy Charge** | **Fixed Charge** |
|---|---|---|
| For all consumption. | Rs 3.70/kWh | Rs 40/KVA/month |

- For supply at voltages higher than as applicable to the consumers as per sec 2.2 of the AERC Electricity Supply Code and related matters, Regulation 2004 rebate @ 3% shall be applicable on energy consumption for each higher level of voltage.
- In case, metering is done on the L.T side of the distribution transformer, for a group of consumers receiving power, then for the purpose of billing an additional energy consumption on account of transformer loss computed @ 3% on the consumer's Energy Charges shall be added.

(b) Power factor penalty and rebate:

(a) Power factor penalty: In case average power factor in a month for a consumer falls below 85%, a penalty @1% for every 1% fall in power factor from 85% to 60%; plus 2% for every 1% fall below 60% to 30% upto and including 30% shall be levied on total unit consumption. Power factor penalty shall be levied on those consumers where power factor is recorded electronically.

(b) Power factor rebate: In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is above 95%, a rebate of 2% on unit consumption shall be applicable. Power factor rebate shall be allowed on those consumers where power factor is recorded electronically.

(c) **Surcharge for delayed payment**: Surcharge @ 1.5% per month or part thereof at simple interest shall be levied, if payment is not made on or before the due date.

(d) **Payments shall be made by cash/local cheque/DD**: For all payments made by DD, commission shall be borne by the consumers.

(e) The Tariff does not include any tax or duty etc. on Electrical Energy that may be payable at any time in accordance with any law /State Government Rule in force. Such charges, if any, shall be payable by the consumers in addition to tariff charge.

**REBATE FOR CONSUMERS**

- In order to encourage consumers to switch over to solar water heating system, the Commission introduced a monthly rebate of Rs.30 in Tariff Order 2005-06 for all consumers who have installed such solar water heating systems for meeting their hot water requirements and these are actually used. The Commission had decided to increase this rebate to Rs 40/- per month in Tariff Order 2006-07 and same rebate for 2007-08 also. To further encourage the use of Solar Water Heaters in the State, the Commission decided to allow the rebate at Rs. 40 per consumer per month per 100 litres per day (LPD) capacity Solar Water Heaters on fulfilment of the following conditions:-

(a) The solar water heating system being used by the consumer has to be an authorised/approved product of the Ministry of Non-conventional Energy Sources (MNES), Government of India or the State Nodal Agency.

(b) To avail this rebate, the consumer will be required to give the licensee an affidavit to the effect that such a system has been installed on his premises and is being used to meet his water heating requirements. The declaration can be verified by the licensee's meter readers / representative, if required.

(c) In case, any such declaration is found to be false, the licensee apart from taking appropriate legal action against such consumer would be entitled to recover the entire rebate allowed to such consumers with 100% penalty.

The amount of rebate on Solar Water Heaters will be reimbursed by the Ministry of Non-conventional Energy Sources (MNES), Government of India, to the utilities vide Notification No. 3/1/2007/UICA (SE) dated 18th August, 2008, **Clause No. 3.3 : Amendment in building bye-laws & announcement of rebate in property tax/electricity tariff** which state**s:**

"Grant of upto Rs. 10 lakhs will also be available to State Electricity Boards/Utilities that announce rebate in electricity tariff to the users of solar water heating systems in their monthly electricity bills."

The Discoms may claim for grant for the rebate on solar water heating systems from MNES as per the above circular.

❖ **In case of Domestic category of consumers,** the higher rating of only one equipment shall be considered for determination of connected load if both Geyser and Air-Conditioner (without heater) are installed and used for domestic purpose only. This provision is subject to disposal of appeal petition filed before Appellate Tribunal for Electricity in Appeal No 92/2008.

➯ These Tariffs take effect from 08.03.2013.

➯ **This Tariff Order shall continue to be applicable until it is replaced by another Order passed by the Commission.**

➯ This Tariff Order is signed by the Assam Electricity Regulatory Commission on 28.02.2013.

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| (T.Chatterjee) | (Dr.R.K. Gogoi) | (J. Barkakati) |
| Member, AERC | Member, AERC | Chairperson, AERC |

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**Annexure-1.1**

**Minutes of the 16th Meeting of the State Advisory Committee of the Assam Electricity Regulatory Commission held on 19th December, 2012 at NEDFi House, Ganeshguri, Guwahati**

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Members present are as per list at Annexure-A

At the beginning Shri M.J. Baruah, Secretary, AERC, welcomed the members present and expressed hope that the deliberations during the course of the meeting would be interactive and effective. The Chairperson, AERC, Shri J. Barkakati was then requested to preside over the meeting.

Chairperson, AERC once again welcomed the members and stated the objectives /responsibilities of the State Advisory Committee as mandated by Section 87 and 88 of the Electricity Act, 2003 which are mainly to advise the Commission on major questions of policy, matters relating to quality, continuity and extent of service provided by the licensees, protection of consumer interest, electricity supply and overall standards of performance by utilities. The members were updated on the developments that took place after notification of the AERC [Fuel and Power Purchase Price Adjustment (FPPPA) Formula] Regulations 2010 which permits APDCL to recover FPPPA charges from all categories of consumers so as to mitigate any hardship on account of sudden increase in fuel and power purchase prices. It was stated that APDCL imposed FPPPA charge of 69 paise per unit w.e.f. 01.08.2011 to 30.04.2012 followed by 76 paise w.e.f. 01.05.2012 to 31.10.2012 and 103 paise w.e.f 01.11.2012 to 31.01.2013. It was informed by the Chairperson that AERC after scrutiny of the claims filed by APDCL, approved FPPPA charges of 69 paise on energy consumption for the quarter April, May and June 2011 w.e.f. 01.08.2011 to 31.10.2011, 65 paise for quarter July to September 2011 w.e.f. 01.11.2011 to 31.01.2012 and 103 paise for the quarter October to December w.e.f. 01.02.2012 to 30.04.2012 subject to final adjustment on audit of Annual Accounts of the APGCL and APDCL for FY 2011-12 for a total recovery of Rs 263.98 Cr in 9 months. It was informed that the factors leading to levy of this FPPPA charge were due to the following reasons:

i) State and Central Sector less power availability during lean hydro period – It was stated that as on 16th November, 2011 against Assam's share of 611 MW, the Central Sector Generators could provide only 425 MW leading to a shortfall of approximately190 MW.

ii) To make up for the peak shortages prevailing in the system, APDCL had to procure power from NTPC which shot to as high as Rs 5.36 per unit during October 2011.

iii) Differential cost on account of fuel on generation by the State Generator, APGCL

iv) PGCIL past arrear bills.

The Chairperson stated that the increase in distribution loss to 26.33% during FY 2011-12 against approved loss of 20.60% is a matter of concern for the Commission. It was stated that actual distribution loss during FY 2010-11 was 25.44%, which was also higher than the approved loss of 21.60%.

The Chairperson informed that one of the main objectives of the Commission is to ensure supply of reliable, quality power at reasonable rates and the key to this lies in making the distribution segment of the industry efficient and financially secure. It was stated that the Regulatory Commission needs to strike the right kind of balance between ensuring commercial viability of distribution licensees and protecting consumers' interests. The Chairperson stated that the FPPPA charges were approved so as to prevent tariff shock to the consumers at the time of tariff determination. The Chairperson suggested that in order to overcome power shortages and offset high power purchase cost, the Distribution Company should relentlessly try to procure a share of the unallocated power available with the Government of India. It was further suggested that the Company should follow the Ministry of Power Guidelines dated 15.05.2012 while making short term power purchases.

The members present were urged to take active part in the deliberations and to offer valuable suggestions and advice to the Commission. The Chairperson then took up the Agenda for the meeting item-wise.

**(1) Agenda Item No. 1: To confirm the Minutes of the 15th Meeting of the State Advisory Committee held on 17.02.2012.**

The minutes of the last meeting of the Advisory Committee held on 17.02.2012, was placed before the Committee for confirmation. The minutes of the 15$^{th}$ meeting were accepted and confirmed.

**(2) Agenda Item No. 2: Action taken on the Minutes of the 15$^{th}$ Meeting of the State Advisory Committee held on 17.02.2012.**

The detailed action taken reports on the minutes of the last meeting were submitted by the APGCL, AEGCL and APDCL to the Commission for information. Copies of the same were also distributed among the members in the meeting. The deliberations that took place on these minutes regarding action taken by the licensee (APDCL) are briefly recorded below:

Going through the last minutes of the meeting where Shri Khosla, the Additional Chief Secretary, Power, Government of Assam suggested that Time of Day (TOD) categories may be introduced for various consumer categories, Chairperson AERC informed that presently three tier TOD Tariff was applicable to four category of consumers namely HT-I Industries, HT-II Industries, Tea Coffee & Rubber and Oil & Coal categories. It was informed that the Commission was contemplating on extending the number of TOD categories in the coming years.

On the issue of operationalisation of Open Access, it was informed by the Chairperson that APDCL had submitted the forms for application, scheduling of Open Access to the Commission on 13.12.2012. It was informed that a Public Notice was issued by the Commission on 30.05.2012 inviting comments from stakeholders and so far four stakeholders have submitted their comments and these are:

i) Tripura Electricity Regulatory Commission

ii) Indian Energy Exchange Limited

iii) Federation of Industries and Commerce, NER

iv) Tata Power Trading Company

It was informed by the Chairperson that Public hearing on this issue will be held soon.

Regarding application of e-governance for addressing consumer grievances in a faster and more efficient manner, the Chairperson informed that APDCL has engaged a Consultant, M/s Price Waterhouse Coopers Private Limited, in implementing revenue protection measures through IT based tools and introduction of High Value Consumer Management System (HVCMS). On the status of DTR metering, Chairperson informed that as per report submitted by APDCL on 14.12.2012, of the total 15,888 DTRs in Lower Assam Zone, 8420 were defective DTR meters/ unmetered DTRs. Similarly, in Upper Assam Zone, of the total 14,053 DTRs, 7009 are unmetered. In Central Assam Zone, of the total 18,875 DTRs, 8578 general DTRs were either unmetered or the meters were defective/ stopped. whereas 296 DTRs under SPSS /IBDF (Franchisee) Scheme were either unmetered or the meters were defective/ stopped. **The Commission as well as the members expressed grave concern in this matter and the Commission directed that immediate steps be taken to replace the stopped/ defective meters and all unmetered DTRs be metered without further delay. The Commission also asked APDCL to comply with the directives specified in Tariff Order 2010-13.**

The Chairperson informed that the AERC (Demand Side Management) Regulations, 2012 were notified in the Assam gazette on 31.03.2012. It was also informed that some DSM measures were being implemented by the distribution licensee like distribution of more than 10 lakhs CFLs to rural consumers with upto 1 KW load and constitution of a DSM cell as per the Regulations to chalk out targets, plans and programmes to carry out DSM activities. It was also informed by APDCL that smart grid pilot project is being proposed in Guwahati City under R-APDRP which includes DSM initiative by segregating consumer load under essential/ non-essential basis. It was informed that Rs 44 Cr was already sanctioned for the purpose. The Chairperson also informed that all the other new Regulations and amendments discussed in the last meeting of the State Advisory Committee were finally notified in the Assam Gazette.

The Chairman of AIMO (Assam State Chapter) from Tinsukia, a State Advisory Committee (SAC) member requested that a few points may be clarified regarding interest on security deposit and adjustment of FPPPA charges. It was stated that the SAC members shared the concern of the Commission regarding the high rate of power purchase and requested that steps be taken to increase the state generation capacity. It was also requested that the consumers may be educated by the licensee on issues such as conservation of energy and tackling commercial losses. The licensees were called upon by the member to reduce their Transmission and distribution losses to the maximum extent possible. It was stated by the member that the payment of interest on security deposit by the distribution licensee may be done in a transparent manner and properly reflected in the electricity bills. It was informed that many consumers were yet to get their interest refund. It was further informed that officers in some subdivisions insisted for the original security deposit receipt in order to avail interests. The member also enquired if the licensee has issued any clarification regarding applicability of Small Industries category to certain factories and industrial manufacturing units certified by DIC as discussed in the 15th State Advisory Committee.

Responding to the enquiries by the aforesaid member, the Chairman ASEB and CMD APDCL, Shri S.C. Das, clarified that the distribution licensee had issued circular regarding applicability of Small Industries category for manufacturing units on 20.02.2012 i.e within 7 days from the date of the last Advisory Committee Meeting as was agreed to. Shri Das stated that the peak demand for power was usually in the range of 1200-1250 MW and there is usually a gap of 350-400 MW. Therefore, it becomes necessary to procure power from power traders like NTPC through a transparent process of tendering and also from power exchanges. It was informed that at present, APDCL was procuring 150MW power from the power exchanges and around 112 MW from NTPC Station at Farakka. It was informed that NTPC power was priced high as their stations were based on coal which had to be imported from outside the country.

It was informed that there were constraints in the transmission corridor of PGCIL and therefore, required quantity of power could not be procured. However, it was informed that there was no constraint in transmission network for power from Tripura Based Palatana project which is to be commissioned shortly. Shri Das informed that the draft Detailed Project Report for the Lower Kopili project was ready and construction should start in the year 2013. It was further informed that a few thermal projects are in the pipeline namely 100 MW Amguri Thermal Power Project, 100 MW Namrup Extension Power Project, 500 MW coal fired Margherita Thermal Power Project and Revival of the 60 MW Chandrapur Thermal Power Project on coal. It was stated that coal and gas linkage for the projects were awaited.

Shri Das further informed the members that a number of steps were being taken through R-APDRP for improvement of infrastructure and the quality of power. It was stated that Rs 1000 Cr was sanctioned for 2011-14 for development/ upgradation of power facilities in 67 towns across Assam and reduction of losses to 15% within a period of 5 years. It was informed that in order to monitor the consumption of high value consumers, CMRI download of all HT consumers were taken up and likely to be completed within January 2013. It was informed that a HVCMS (High Value Consumer Management System) was also taken up with a data center set up at Sixmile, ASEB Campus at a cost of approximately Rs 200 Cr.

Shri Das stated that the number of consumers has more than doubled within the last five years to the tune of approximately 25 lakhs and most of these were rural consumers who were added to the distribution licensees' network through the Rajiv Gandhi Gramin Vidyutikaran Yojana. It was stated that APDCL was trying to improve service facilities to the rural consumers by establishing care centres/ revenue collection centres within short, accessible distances. It was stated that the challenge for the licensee was to reduce losses as targeted and improve collection. It was informed that online electricity bill payment facility has been introduced in Guwahati and e-bills can also be viewed in all districts of Assam, except Kokrajhar.

Regarding the payment of interest on security deposit, it was informed by Shri Das that the concerned APDCL executives have been asked through internal notification to consider the amount of security deposit per KW applicable in 1998 as the basis for refund of interest and production of original security deposit receipt by consumers was not necessary. It was stated that if specific cases of non-payment could be brought to his notice then necessary action could be taken in this regard.

The Chairperson AERC stated that prudent checking of all documents/ bills vouchers were made by the Commission before issuing the FPPPA orders. The members were informed that detailed calculations approving the FPPPA charges for different quarters are available at the official website of the Commission.

The Chairperson informed that Monitoring Committees which were constituted in the last meeting to monitor the improvement of quality of power supply and standard of performance of APDCL; review the performance of APGCL and AEGCL, held their first meetings in the month of June, 2012 and a number of important decisions were taken. The minutes of the meetings are available in the website of the Commission.

The member from AIMO further stated that Industrial Policy of Assam under Chapter II – 'Procedural Simplification' provided guidelines (Annexure II) fixing time frames for sanction of power to industrial units. He enquired whether such guidelines have been formulated and implemented by the Distribution Company. In reply, Chairman ASEB stated that load sanction is usually granted to any industrial unit only when there is redundant capacity available at the nearest existing substation. Otherwise, alternate arrangements need to be made which may be time consuming. Besides, it was informed that the Chief Engineers of the licensee could grant load sanction to a maximum of 1 MW only. Any load sanction above 1 MW requires the permission of the State Government which is a time consuming exercise.

**The members suggested that the Commission may put up a proposal to the Government of Assam for increasing the permissive load sanction by Chief Engineers from 1 MW to 5 MW. The Commission noted the suggestion of the members and assured that action in this regard would be taken.**

**(3) Agenda Item No 3: Appraisal of members on Tariff Proposal by the respective utilities.**

The Commission informed the members that as per Section 64(2) of the Electricity Act 2003, the tariff proposal in abridged form and manner is required to be published in the daily newspapers inviting comments and observations of the stakeholders. Accordingly, as per the Electricity Act 2003, and in line with the procedure followed by AERC for the previous years, notices on the petitions received and suo-motu proceedings for Truing up, Annual Performance Review, revision of ARR and determination of the Tariff for FY 2012-13 were published in widely circulated dailies. The last date for receipt of objection petitions was initially fixed as 15.12.2012; however, the date was further extended up to 31.12.2012.

The Commission informed that it has received two response petitions so far and hearing on the petitions shall be held at a later date which shall be duly notified. Discussions on these petitions for generation, transmission and distribution are briefly dealt with in the paragraphs below:

**I. Generation (APGCL):**

A petition was filed by APGCL on 06.06.2012 for Annual Performance Review (APR) of FY 2011-12 and truing –up for 2009-10 & 2010-11.

As per section 6.1 of the AERC (Terms and Conditions for Determination of Tariff) Regulations 2006, the generating company is required to file the petition for determination of Annual Revenue Requirement (ARR) and tariff for FY 2012-13 by 01.12.2012. APGCL neither filed such petition nor approached the Commission to grant extension of time for filing the ARR petition.

The Commission served notice to APGCL on 24.07.2012 to file ARR and tariff petition for FY 2012-13 i.e. the final year of control period FY 2010-11 to FY 2012-13 within 45 days of receipt of the notice failing which, the Commission would initiate a suo-motu proceeding for revision of ARR and determination of tariff for the year 2012-13 as per Regulation 10 (1) of AERC (Conduct of Business) Regulations 2004.

APGCL on 28.09.2012 submitted petition for revision of ARR and determination of generation tariff for the year 2012-13.

The salient features of the petitions were briefly discussed through a power-point presentation made by the APGCL representatives. It was informed that the generation target was achieved for FY 2010-11, however, for FY 2011-12, generation was less than that approved by the Commission due to non-availability of adequate fuel (gas) and shutdown of some generating units for breakdown maintenance. The members observed that the actual auxiliary consumption for the generating stations of NTPS and LTPS was higher than that approved by the Commission for FY 2010-11. The actual auxiliary consumption was 5.44% against the approved figure of 4.02%. The members also expressed concern that the actual Gross Station Heat Rate (SHR) was higher than the normative rates for these generating stations.

The representatives from the petitioner stated that the NTPS and LTPS of APGCL were old power stations and therefore the auxiliary consumption for the stations was on a high side. Regarding Gross SHR, the petitioner informed the members that CERC has relaxed SHR of Agartala GPS in its Terms-and-Conditions-of-Tariff -Regulations-2009-14 stating the reasons for higher actual station heat rate (SHR) than the normative as due to part load / low load operation due to non-availability of adequate gas and deteriorating quality of gas. It was informed that CERC relaxed the SHR norm for the Assam GPS (CCGT) to 2400 kcal/kWh for the tariff period 2009-14 from the earlier SHR norms of 2250 Kcal/Kwh (for the Tariff period 2004-09). APGCL stated that since, LTPS and NTPS are also facing similar constraints of part load /low load operation due to non-availability of adequate gas and deteriorating quality of gas etc, leading to higher actual heat rate than the SHR norms, therefore, the Commission may consider CERC’s above Heat Rate norms while truing-up for FY 2009-10 & 2010-11. APGCL appealed to the Commission to grant higher SHR than normative so that the actual fuel cost incurred in these years may be recovered.

On the matter of depreciation for Karbi Langpi Hydro Electric Project (KLHEP), APGCL stated that although the project was commissioned in March’ 2007, most of the assets (Plant Machinery, Buildings etc.) were procured during the period 1992. APGCL requested the Commission that as the assets were kept idle for about fifteen (15) years, so for deriving depreciation rate of assets of KLHEP, life span of assets may be considered as 20 years instead of normal life span of 35 years for Hydro station.

The member from FINER informed that it would not be a prudent practice to consider depreciation for 20 years only as requested by APGCL. The Commission noted the contention of the member and stated that the matter shall be examined in light of the relevant Regulations.

On the matter of higher Station Heat Rate, the Commission suggested that an institution like IIT, Guwahati or Assam Engineering College may be approached for studying the actual position of the generating stations witnessed by CEA/ NTPC and a report may be submitted to the Commission. The Commission further suggested that open cycle and combined cycle generating stations may be considered separately as the norms of operation are different for these stations. The Commission assured that action shall be taken, if necessary, based on the findings of the study. The Commission also asked APGCL to make all out efforts for completion of its ongoing projects.

**Action to be taken by: APGCL /AERC**

### II. Transmission (AEGCL):

As per AERC (Terms and Conditions for Determination of Tariff) Regulation 2006, AEGCL filed Petition for Truing up for FY 2009-10 and FY 2010-11 vide their letter dated 09/10/2012. But AEGCL had not submitted Petition for Annual Performance Review of FY 2011-12 and Annual Revenue Requirement & Determination of Tariff for FY 2012-13.

As per AERC Regulation 78 of AERC (Terms and Conditions for Determination of Tariff) Regulation 2006, the Transmission Licensee, AEGCL is required to submit Petition for determination of Tariff by 1st December every year for each control period in case of MYT. Despite repeated verbal requests in addition to written notices, the Transmission Licensee, AEGCL did not file their Petitions as required. The Hon'ble APTEL in its order on OP No. 1 of 2011 mandated that in the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy. It has, therefore, become incumbent on the part of AERC to go ahead with the suo-motu proceedings for conducting the Annual Performance Review of FY 2011-12 and revision of ARR & tariff determination for FY 2012-13.

During the course of the power-point presentation made by AEGCL, it was informed that the PGCIL charges for FY 2010-11 and FY 2011-12 increased by Rs 44.10 Cr and Rs 75.34 Cr respectively due to arrear bills raised by the Corporation after tariff revision by CERC.

The members expressed their desire to know the trend of actual transmission losses and it was reported by AEGCL that actual losses for FY 2009-10 was 6.04%, FY 2010-11 was 4.81% and FY 2011-12 was 5.13%. The members noted that the transmission losses have increased in FY 2011-12 and asked AEGCL to take measures for reducing these losses in future. The Chairperson, AERC drew the attention of the Members to the proposed commissioning of the first unit of 726 MW Palatana project by OTPC (ONGC Tripura Power Company) by 2013 and it was informed that Assam has been allotted 120 MW in the first phase from this power station.

The members of the Committee wanted to know if the grid infrastructure for evacuating this 120 MW power into our system is in place. AEGCL informed that the power would be transmitted through 132 KV double circuit lines via Hailakandi and Srikona sub-stations and a load flow study was already conducted for the purpose. They informed that although there were some constraints in the Hailakandi sub-station, the power would be transmitted through PGCIL network. It was informed by AEGCL sources that the power from Palatana project would be available to the consumers for over Rs 4:00 per unit.

**Action to be taken by: AEGCL/ AERC**

**III. Distribution (APDCL)**

As per provisions 126 and 148 of AERC (Terms and conditions for determination of Tariff) Regulations 2006, the Distribution Licensee is required to file for True up, Annual Performance Review, Annual Revenue Requirement and Tariff Determination Petitions for each financial year of the MYT regime by 1st December of that particular year.

Although, petition for truing up of FY 2009-10 was received, petitions for Truing up of FY 2010-11, Annual Performance Review for FY 2011-12, revision of Annual Revenue

Requirement (ARR) and Determination of Tariff for FY 2012-13 were not submitted by APDCL. The Commission had categorically directed the licensee to file the petitions, however, the petitions for truing up of 2010-11, Annual Performance Review for FY 2011-12, revision of ARR and Determination of Tariff for FY 2012-13 were not forthcoming for some reason or the other.

In this connection, Hon'ble APTEL Order No. 01 of 2011 is very specific and it has become necessary to determine the Tariff in consonance and compliance with the APTEL order. The Commission, therefore, decided to go ahead with the suo-motu proceedings with a view to conducting true-up of FY 2010-11, Annual Performance Review of FY 2011-12 and revision of ARR & determination of tariff for FY 2012-13.

During the power-point presentation made by APDCL, the members were informed that power purchase costs in FY 2009-10 increased by over Rs 91 Cr and the amount has been claimed in the true-up petitions. Similarly, the power purchase cost for FY 2010-11 increased by a huge amount of Rs 508 Cr. It was stated that although, sale to consumers belonging to Jeevan Dhara category was anticipated to be 283 MU in Tariff Order for FY 2009-10, but actual sale was only 40 MU while in Tariff Order for FY 2010-11, sale was anticipated as 75 MU but actual sale was 215 MU. It was informed that this was due to the fact that BPL connections through Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) which were expected to be completed in the year 2009-10 were actually completed in the year 2010-11.

While noting that initiatives were being taken by APDCL to control distribution and commercial losses at different voltage levels, the members expressed the desire that these schemes should be effectively implemented.

The Commission informed the members that true-up of the tariff order with annual accounts of a company could be done only when the financial statements duly audited by the office of Principal Accountant General were made available and enquired on the status of Annual Account Statements of APDCL for FY 2010-11. APDCL informed the members that audit of Annual Accounts of the Company for FY 2010-11 were completed and the same can be made available to the Commission after approval of the Board of directors.

Representatives from NESSIA and AASSIA enquired if permission from the Commission was necessary while making power purchases and if there was any kind of restrictions on the price for power purchase. The CMD, APDCL clarified that usually power is purchased from the power exchanges at market driven prices and also through the process of tendering/ bidding in addition to the power allocated to Assam from the Central Sector Generating Stations located in the North East. The Commission while issuing the tariff and FPPPA orders, makes an assessment of these purchases through prudent checking as per the AERC Regulations and Government of India Guidelines in this matter.

Representative from AIMO requested the utilities that the officers in the consumer care centres/ sub-division level may be trained to explain the tariff documents whenever a consumer needs help to understand such documents. It was stated that usually when a consumer approached an officer with a problem on the tariff petitions, there was negative/ subdued response from the officer concerned.

The CMD, APDCL noted the suggestion of the member and explained that the officers in the sub-divisions were often preoccupied settling the issues which arise on a day-to-day basis. The Chairperson, AERC suggested that Deputy General Managers (DGMs) may be approached in this regard and APDCL may issue an order assigning the DGMs for public interactions of any kind and a day may be fixed in a month for such purpose according to the convenience of the officer concerned. The CMD, APDCL agreed to issue necessary direction to the concerned officers accordingly.

**Action to be taken by: APDCL /AERC**

**(4) Agenda Item No. 4 : Standards of Performance achieved (both Overall and Guaranteed) for FY 2010-11 & 2011-12 including Reliability indices, billing/collection efficiency, etc.**

The licensee prepared a presentation on the above subject but the presentation could not be made due to paucity of time. The licensee however, submitted a soft copy of the presentation to the Commission.

The Commission notes from the presentation that APDCL is making efforts to improve its billing and collection efficiency to that of national average in order to make the organisation economically viable. APDCL stated that it has achieved 75.33% & 75.87% billing efficiency and 96.38 % & 97.35 % collection efficiency during FY 2010-11 & FY 2011-12 respectively. It also stated that 27 Customer Care Centres have been established at the division level and 29 Consumer’s Service Centres have been functioning at the Sub-division level to take care of consumer complaints, revenue billing & collection etc. APDCL stated that Reliability Indices - CAIFI & CAIDI calculated for Fancy Bazar sub-division, Guwahati Electrical Circle -I (GEC-I) for the year 2011-12 are 166 & 136 respectively and for Kokrajhar Sub-division for FY 2010-11 are 323 & 638 respectively and efforts were being made to motivate the personnel at the field level through training etc. to improve system reliability. It was also stated that APDCL has taken initiative for payment of compensation on receipt of claim by the consumers after scrutiny and by adjustment of demand charges; however, no such claims are pending with the department as of now.

While appreciating the initiatives taken by the distribution licensee for improvement of service to its consumers, the Commission also notes that APDCL has not submitted the information on SOP as per the proforma prepared by the Commission for FY 2010-11 and FY 2011-12 till date despite several reminders for compliance. These information on SOP are required to be notified by the Commission as per section 59 (2) of the Electricity Act, 2003. The Commission had notified the information for FY 2009-10. APDCL is required to submit all required details to AERC for FY 2010-11 and FY 2011-12 latest by the end of March, 2013.

**Action to be taken by: APDCL**

**(5) Agenda Item No. 5 : Discussion on Principles and Protocols of Load Shedding hours (PPLS) in the State of Assam**

The EA, 2003 casts certain obligations on Distribution Licensees with regard to supply of electricity to their consumers, except in certain circumstances outside their control. However, it is inevitable that, when there is a shortage of available power vis-à-vis the requirement of consumers, load shedding would have to be undertaken in order to maintain the system frequency and to ensure its security.

The thrust of the EA, 2003 is on efficiency and economy of operations. Moreover, the immediate issue of concern is the equitable management and regulation of the load in a situation of shortage. In order to do so in a fair and equitable manner, the Commission believes that it is necessary to distinguish between areas with better performance, and undertake lesser load shedding in areas with lower Distribution losses and higher collection efficiency, all else being equal. This would be in keeping with the principle that, at a time of scarcity, areas where energy is not being efficiently utilized or paid for should rank lower in the rationing order.

During the course of the discussions, APDCL informed that area-wise Load shedding schedules are prepared based on 20% shortfall in power supply and notifications are given accordingly in newspapers for timely information to the consumers.
It was informed that APDCL takes care to avoid load shedding in some of the priority sectors like Hospitals, Judiciary etc. as far as possible. Also, it was informed that load shedding is avoided by the licensee to the extent possible in high revenue yielding areas and in case of shortage; Guwahati city often gets preference over other areas.

The Commission suggested that the T&D losses and collection efficiency in different areas need to be taken into account while deciding the load shedding protocol. The Commission also noted that the supply-demand gap is not a short-term phenomenon, and will persist to a greater or lesser extent for a considerable further period of time. Moreover, the load shedding requirement is dynamic, and would vary from time to time depending on the system demand-supply gap, system frequency, season, time of day, etc. The Commission suggested that a Load Shedding Committee be constituted with the following representatives / members:

| Sl. No. | Representatives from | Members |
|---|---|---|
| 1 | Commission | Secretary/ Joint Director (Tariff), AERC |
| 2 | SLDC | CGM, SLDC |
| 3 | APDCL | CGM, LAR, APDCL<br>Convener for the meeting |

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| 4 | Consumer Representative | 1. President, Grahak Suraksha Sanstha<br>2. President, All Assam Small Scale Industries Association (AASSIA) |

The Commission suggested that the Committee may prepare a report within the next one month on the principles and protocol proposed to be adopted for load shedding, the other alternatives that might also meet the tests of equity, fairness and reasonableness, and the likely impacts. This was agreed to by the esteemed members of the State Advisory Committee.

Thereafter, the report needs to be submitted to the Commission and it would be separately considered and addressed by the Commission. The Commission shall accord approval after examining the same in proper perspective.

**Action to be taken by: APDCL /AERC**

**(6) Agenda Item No. 6 : Discussion on the issue of arrear dues to APDCL from Government Departments and installation of pre-paid meters in greater Guwahati both in Government buildings as well as residential flats and commercial buildings.**

As per submission made by APDCL, outstanding dues from different consumers as on 31.03.2012 are as follows:

**i)** Outstanding against total Government consumers : **Rs 42.90 Cr.**

**ii)** Arrears on account of Power Subsidy to the Industry Department : **Rs 27.93 Cr.**

**iii)** Outstanding against different Municipal boards/ Town Committees : **Rs 2.57 Cr.**

**iv)** Outstanding dues of ATC Garden : **Rs 15.37 Crs.**

**Hence, Total Outstanding as on 31.03.2012 : Rs 88.77 Cr**

APDCL informed that they were planning to install prepaid meters in all Government buildings and 2624 meters have already been installed at the residential flats in greater Guwahati Area mainly under GEC-I of APDCL. CMD, APDCL requested the Commission that it may consider giving discount of 2%-3% in tariff orders for consumers installing prepaid meters in order to encourage their use. The Commission noted the proposal of the member and requested the representatives from State Government to take appropriate initiatives with regard to installation of prepaid meters in the Government Departments as well as autonomous bodies.

The Chairperson, AERC drew a reference to a similar situation as was experienced by the state of Delhi which had predominantly more defaulting State Government consumers affecting the revenue realization of the utilities. To contain the situation, the Government of Delhi issued directives under their letter No. 11(168)/2005/Power/PF/1410 dated 11.06.2007 enumerating the following main points:

1. The Cabinet vide its decision No. 116 dated 21.09.2006 emphasized the timely settlement of power dues of Government departments to distribution companies.
2. All Government departments and autonomous bodies under the Govt. having single phase and three phase electricity load below 45 KW would need to switch over to the Pre-Paid Metering System.
3. For all Government department/autonomous bodies having load above 45 KW including high tension loads, Discoms would switch over to Automatic Meter Reading System.
4. Rebate of 2% shall be allowed as the payment is given in advance as approved by Delhi Electricity Regulatory Commission in line with CERC.

The Chairperson informed that after implementation of the above , things have changed remarkably in Delhi. It was informed that the current position was recently discussed with CEO of BSES; Rajdhani, the Reliance Distribution Utility and it was apprised that Pre-paid Metering recharging and related scheme of things have been very successfully implemented resulting in remarkable impact in performance of the distribution company.

The overall achievements as gathered are as under:

1. Utilities in Delhi are receiving 100% payment on a month to month basis from Government owned establishments in advance without the need for any follow-up or running around.
2. There are no arrears on Government connections, except some disputed/ challenged invoices etc.
3. There is a lot of awareness amongst the users in terms of the tariff, usage pattern etc. which is also leading to energy conservation.

The Chairperson, AERC submitted a copy of the letter of the Government of Delhi to the Commissioner & Secretary, Power Department, Government of Assam and requested that similar initiatives may be taken up by the State Government for overall improvement of the power sector in Assam. The Commissioner & Secretary expressed his gratitude for the document and assured that efforts would be made in this direction.

**Action to be taken by: APDCL/ State Government/ AERC.**

**(7) <u>Agenda Item No. 7:</u> Demand Side Management.**

Representatives from the distribution licensee in their power point presentation regarding DSM activities by the company highlighted the fact that a DSM cell has been constituted as per the directions of AERC in its Tariff Order for 2010-13. The DSM Cell would carry out load research, formulation of DSM Plans, design, development and implementation of DSM activities etc.

The members were informed that AERC also notified AERC (Demand Side Management) Regulations, 2012 on 31.03.2012.

APDCL in their presentation observed that by distributing 2 CFLs of 11 Watt for replacing 60 watt incandescent lamps to the existing domestic consumers, the Company would save upto 59% of peak lighting load energy. The licensee informed the members that keeping in mind the importance of DSM in the present scenario of widening demand-supply gap, it has embarked on a number of activities like distribution of CFL to BPL consumers, installation of 3 star rated transformers, Smart grid pilot project in Guwahati under RAPDRP, monitoring of High Value consumers through High Value Consumer Management System (HVCMS), use of pre-paid energy meters, consumer awareness campaign through advertisements etc.

It was also informed that APDCL, at the request of Rajiv Bhawan, Guwahati has allowed installation of a 2 KW LT Roof Top Solar PV at a net-metering arrangement which was commissioned on 02.10.2012. It was further informed that the plant is running successfully and contributing approximately 180 units per month to the grid and the consumer in return is getting a benefit of approximately Rs 900 /month. APDCL opined that the scheme may be popularized for mass acceptance by the consumers by offering capital subsidy and other benefits extended under NEIPP. Besides, it was informed that APDCL would implement the Bachat Lamp Yojana and the Malaysian firm M/s C .Quest Capital Malaysia Limited was selected for the project. It was also informed that the Electricity inspectorate prepared a draft report on DSM, which includes APDCL area with an estimated investment of Rs 300 Cr (approx).

The members expressed satisfaction at the initiatives taken by the Company. The Chairperson, AERC emphasized that although the DSM plans are to be organized by the utilities within enabling regulatory framework created by the State Commissions, a proactive support from the State Government concerned would be necessary for success of the DSM programmes. The following could be the key areas for intervention by the State Governments:

- The State Governments may consider financially supporting the DSM programmes aimed at such category of consumers which are receiving tariff subsidy from the State Governments. This would obviously be in the long-term interests of the state finances.
- The State Designated Agency (SDA) has a key role in implementation of the Energy Conservation Act and also in implementing various other schemes. The State Governments need to take steps to enhance effectiveness of the SDAs.
- The State Governments may also consider reduction in taxes on energy efficient appliances.

The Chairperson, AERC, further advised following DSM action plan for implementation by the utilities with the support of the Government of Assam.

7. Promotion of energy efficient appliances – (BEE star rated ACs, fridge and fans, CFL, T5 and LEDs in commercial sector, solar heater in commercial and residential sector).
8. Promotion of energy efficiency in new commercial buildings – (Energy Conservation Building Code - ECBC, Green Rating for Integrated Habitat Assessment - GRIHA under MNRE).
9. State-wide education and awareness campaign for energy conservation – (Kerala model - energy clinic programme, volunteer for energy programme, panchayat libraries).
10. Improvement in process and operational efficiency in the industrial sector – (Kerala mandated compulsory energy audit for all HT/EHT industries and commercial establishments. Further states like Maharashtra, Madhya Pradesh and Haryana have launched promotional schemes offering financial assistance for carrying out energy audits).
11. Public procurement of energy efficient appliances – (Haryana made the purchase of minimum 4-star rated fridge, ACs and FTLs and transformer mandatory for all Govt. departments/Corporations).
12. Feeder segregation – erection of separate HT and LT lines and rearrangements of power supply schedule of agricultural feeders.
13. Regulatory measures for promoting DSM – Maharashtra and West Bengal have introduced TOD tariff for LT industrial category. Delhi, Himachal and Uttarakhand have introduced KVAH billing for some of its consumer categories.

**Action to be taken: APDCL/ State Government/AERC**

**(8) <u>Agenda Item No. 8: Compliance of Renewable Purchase Obligations (RPO) in Assam</u>**

APDCL informed the members that RPO energy gap were to the tune of 19.06 MU, 154.69 MU and 243.50 MU for FY 2010-11, FY 2011-12 and FY 2012-13 respectively as the procurement of power from the NCE sources is not sufficient to meet the renewable obligation. This has resulted in requirement of Rs. 6.67 Cr., Rs. 54.14 Cr. and Rs. 85.23 Cr. for the FY 2010-11, FY 2011-12 and FY 2012-13 respectively by the licensee considering equilibrium price of Rs. 3500 /MWh to meet up the RPO by purchasing Renewable Energy Certificates.

APDCL informed that it has already approached the Commission for approval of recovery of this amount of Rs. 146.00 Cr through tariff. Chairperson AERC informed that the matter is being carefully examined by the Commission.

The Commission informed the members that none of the obligated entities has purchased Renewable Energy Certificates (REC) in compliance with RPO obligations so far. Some of these organizations are having co-generation in their captive power plants and are have claimed exemption from RPO as per Order of Hon'ble APTEL in Appeal No. 57 of 2009. The Uttar Pradesh Electricity regulatory Commission has given an order on 04.11.2011 in the matter of inclusion of co-generating plant using fossil fuels in Renewable Energy Sources. Consequent to the above, the Ministry of Power (M.O.P.), GOI has recently constituted a high level committee to accelerate development of Renewable Energy through legislative and policy changes. The terms of reference of the Committee inter-alia includes the legislative changes i.e. to clarify the intent of section 86(1)(e) of the Electricity Act, 2003 regarding the definition of the word Co-generation in section 2(12) which does not distinguish between co-generation based on fossil and non-fossil fuels. The Commission is waiting for the guidelines of MOP (GOI) based on the Committee report.

The Commission informed that a meeting on compliance of Renewable Purchase Obligation (RPO) by the obligated entities in the state of Assam was held with the Assam Energy Development Agency (AEDA) at the office premises of the Commission on 13.09.2012. AEDA is functioning as the State Agency for undertaking the functions under the above AERC (Renewable Purchase Obligations and its Compliance) Regulations 2010. As per RPO report submitted by AEDA, the State Nodal Agency vide letter dated 24.09.2012, the total installed capacity of CPPs (15 nos.) in Assam is 350 MW (approx.) and so far there is no compliance of RPO by these CPPs.

**Action to be taken by: APDCL/ AERC**

**Agenda Item No. 9: Any Other matter**

On perusal of the metering status submitted by the Distribution Licensee, the Commission noted that defective meters in different zones of the licensee were not replaced by static meters and as such, the revenue leakage would continue to remain unabated, thus, impeding the licensee from attaining the roadmap of 15% distribution loss as recommended by the Abraham Committee. The Commission brought the following measures to the notice of the distribution licensee for immediate implementation:

i) Installation of Intelligent Tri Vector Meter, TVM (fully static) for high value consumers.

ii) MRI downloading parameters are to be analysed on monthly basis followed by raids/ inspections, whenever wide deviations are noted.

iii) All consumer meters are to be read through MRI with a view to avoiding human element in meter reading of consumers. MRI readings are required to be injected to the computer for generation of electricity bills of the consumers.

iv) As directed in the AERC Tariff Order for FY 2010-13, palm held computers are required to be used for all consumers in the state for spot billing for arresting the commercial losses to a reasonable extent. The power utilities in Andhra Pradesh have been resorting to this practice and have been able to contain their distribution losses within the range of 10%-12%.

Further, the Commission opined that if the directives 8, 10, 11, 12, 13 and 14 of the tariff Order 2010-13 are complied with along with the above mentioned measures, the distribution losses could definitely be controlled to the desired level.

**Action to be taken by: APDCL**

No other matter was discussed and the meeting ended with a vote of thanks offered from the Secretary, AERC to everyone present in the meeting.

(J. Barkakati)
Chairperson,
Assam Electricity Regulatory Commission

**Annexure -A**

**List of Persons attending the 16th Meeting of the State Advisory Committee held on 19th December, 2012**

(1) **Shri J. Barkakati,** Chairperson, AERC

(2) **Dr. R. K. Gogoi**, Member, AERC

(3) **Shri T. Chatterjee,** Member, AERC

(4) **Shri S. C. Das, IAS,** Chairman, ASEB & CMD, APDCL.

(5) **Shri Vijayendra, IAS,** MD, APGCL

(6) **Shri G. Das,** MD, AEGCL

(7) **Shri A. Goel, IAS,** Commissioner & Secretary, Power Deptt., Govt. of Assam

(8) **Ms. U. Saikia, ACS**, Deputy Secretary, Power Deptt, Government of Assam.

(9) **Ms. K. V. Padmanabhan, IAS,** Commissioner, GMC**.**

(10) **Shri S. Thakuria,** Secretary, P&RD Deptt., Government of Assam.

(11) **Shri S. Rahman,** Jt. Secretary, Food & Civil Supplies Deptt., Government of Assam.

(12) **Shri D. K. Baruah,** Secretary, Deptt. of Agriculture, Government of Assam.

(13) **Shri B. P. Bakshi,** Chairman, AIMO (Assam State Board), Tinsukia, Assam.

(14) **Dr. P. K. Bordoloi,** Professor & HoD, Deptt. of AEI, GIMT, Guwahati-17.

(15) **Shri S. K. Agarwal,** Director, FINER, Guwahati.

(16) **Shri P. K. Baruah,** APPL, C/o ABITA, Guwahati.

(17) **Shri A. K. Baruah,** President, All Assam Small Scale Industries Association.

(18) **Shri G. C. Baishya,** President, Grahak Suraksha Sanstha

(19) **Shri K. C. Medhi,** State Secretary, North Eastern Small Scale Industries Association.

**Officers of AERC present** :

(1) **Shri M. J. Baruah,** ACS, Secretary, AERC.

(2) **Shri D. K. Sharma,** Joint Director (Tariff), AERC

(3) **Shri T. Mahanta,** Deputy Director (Engg.), AERC

(4) **Shri A. Purkayastha,** Deputy Director (Finance), AERC

**Consultants of AERC present :**

(1) **Shri A. K. Borthakur,** Senior Consultant, AERC

(2) **Shri P. C. Sarma,** Consultant (Regulations), AERC

(3) **Ms. P. Sharma,** Consultant (Finance, Database and Consumer Advocacy), AERC

(4) **Shri N. K. Deka,** Consultant (Technical), AERC