COMMISSION'S ORDER

ON

AGGREGATE REVENUE REQUIREMENT OF UHBVNL & DHBVNL FOR THEIR DISTRIBUTION & RETAIL SUPPLY BUSINESS UNDER MYT FRAMEWORK FOR THE CONTROL PERIOD FY 2014-15 TO FY 2016-17 AND DISTRIBUTION AND RETAIL SUPPLY TARIFF FOR FY 2014-15

CASE No's: HERC/PRO-41 of 2013, HERC/PRO-42 of 2013 &

HERC/PRO-43 of 2013

29th May, 2014

HARYANA ELECTRICITY REGULATORY COMMISSION

BAYS 33-36, SECTOR - 4, PANCHKULA - 134 112, HARYANA

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IN THE MATTER OF:

Petitions / Applications filed by Faridabad Industries Association (FIA), Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) for determination of Aggregate Revenue Requirements for their distribution & retail supply business under MYT Framework for the control period FY 2014-15 TO FY 2016-17 and wheeling/distribution & retail supply tariff for wheeling/supply of electricity by UHBVNL and DHBVNL within the state of Haryana for the FY 2014-15.

ORDER

Present:

Shri R. N. Prasher	**Chairman**
Shri Jagjeet Singh	**Member**
Shri M.S. Puri	**Member**

DATE OF ORDER: 29th May, 2014

The Haryana Electricity Regulatory Commission, hereinafter referred to as 'the Commission', in exercise of Powers vested in it under section 62 of the Electricity Act, 2003 read with section 11 of the Haryana Electricity Reforms Act, 1997 and all other enabling provisions in this behalf, passes this Order determining the Aggregate Revenue Requirements of UHBVNL and DHBVNL for their Distribution and Retail Supply Business under MYT framework for the control period FY 2014-15 to FY 2016-17 and wheeling/distribution & retail supply tariff for wheeling/supply of electricity by UHBVNL and DHBVNL within the State of Haryana for the financial year 2014-15 in accordance with the provisions of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 . The Commission, while passing this order, has considered the Multi Year ARR / Tariff petitions filed by UHBVNL and DHBVNL and the Petition filed by Faridabad Industries Association (FIA) along with subsequent filings, all subsequent filings made by the two utilities in response to various queries of the Commission, objections received from various organisations and individuals, the replies / comments furnished by

UHBVNL/ DHBVNL in respect of these objections, various issues raised and the replies/ submissions given / made by UHBVNL and DHBVNL in the presentations made during the public hearings held on 19.03.2014 on the MYT filing of UHBVNL and on 20.03.2014 and 26.03.2014 on the MYT filing of DHBVNL. Consultations have also been held with the State Advisory Committee and all other relevant facts and information on the record of the Commission have been perused before passing this Order.

The Petition HERC/PRO-41 of 2013 filed by FIA wherein it was submitted that the Discoms have failed to file Capital Investment Plan, Business Plan and the MYT Petition within the timelines prescribed in the HERC MYT regulations and that the Commission under the provisions of regulation 71.7 of the MYT Regulations can suo motu or on a petition filed by any interested or affected party can determine tariff of any generating company or the licensee and it was prayed that ‘the Commission may determine the tariff under MYT Regulations including true-up of the controllable costs irrespective of whether the Discoms file their MYT ARR/Tariff Petitions or not’, is also disposed of with this Order. The Commission in the instant Order has determined the distribution & retail supply tariff as prayed. All other issues raised in the said petition have been duly considered by the Commission while passing this Order.

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1 INTRODUCTION

1.1 Background

Haryana was one of the first few states in India who endeavoured to implement comprehensive power sector reforms much before the enactment of the Electricity Act, 2003 by the Government of India. The Haryana Electricity Reform Bill was passed by the Haryana Legislative Assembly on 22.07.1997. After the presidential assent to the Reform Bill on 28th February, 1998, the gazette notification for the Haryana Electricity Reform Act, 1997 (HERA) was issued by Govt. of Haryana on 10.03.1998. The HERA came into force on 14th August, 1998 as per the State Govt. Notification No. S.O.105/H.A.10/1998/S.1/1998 dated 13.08.1998. The Haryana Electricity Regulatory Commission (HERC) was established in August 1998 under the provisions of HERA to regulate power sector in the state of Haryana.

Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) are the two State Government owned distribution companies, registered under the companies Act, 1956, engaged in the business of distribution and retail supply of electricity in the state of Haryana. UHBVNL hold the Distribution and Retail Supply License No. DRS-1 of 2004 to cater distribution and retail supply of electricity in the North Zone of Haryana and DHBVNL hold Distribution and Retail Supply License No. DRS-2 of 2004 to cater distribution and retail supply of electricity in the South Zone of Haryana.

These two electricity distribution companies (Discoms) were formed upon corporatisation / restructuring of erstwhile Haryana State Electrical Board (HSEB) carried out by the State Govt. under the aegis of Haryana Electricity Reforms Act (HERA) in 1998 and 1999. The corporatisation / restructuring of erstwhile HSEB was carried out through two statutory Transfer Schemes notified by the State Govt. under the provisions of HERA. Through the first Transfer Scheme, titled, Haryana Electricity Reform (Transfer of undertakings, Assets, Liabilities, Proceedings and personnel) Scheme Rules, 1998, the Generation business (undertakings, assets, liabilities, proceedings and personnel) was separated from Transmission and Distribution business and vested in a separate State Govt. owned company, namely Haryana Power Generation Corporation Ltd. (HPGCL) while Transmission and Distribution business was vested in another State Govt. owned company, namely Haryana Vidyut Prasaran Nigam Limited (HVPNL).Thereafter, through the second Transfer Scheme, titled Haryana Electricity Reform (Transfer of Distribution Undertakings from Haryana Vidyut Prasaran Nigam Limited to Distribution Companies) Rules, 1999, the

Transmission undertakings and business was separated from Distribution undertakings and business. While the transmission business was retained by HVPNL, the Distribution business was segregated into two successor Distribution companies namely UHBVNL and DHBVNL as set out below:

(a) UHBVN was vested with the North Zone comprising of Ambala, Yamuna Nagar, Karnal, Kaithal, Kurukshetra, Jind, Jhajjar, Panipat, Rohtak and Sonepat Circles, which cater to the Ambala, Yamuna Nagar, Karnal, Kaithal, Kurukshetra, Jind, Jhajjar, Panchkula, Panipat, Rohtak and Sonepat Districts.

(b) DHBVN was vested with the South Zone comprising of Bhiwani, Faridabad, Gurgaon, Hisar, Narnaul and Sirsa Circles, which cater to Bhiwani, Faridabad, Gurgaon, Hisar, Fatehabad, Mohindergarh, Rewari, Mewat and Sirsa Districts.

Prior to the notification of Second Transfer Scheme by the State Govt., the Commission vide its licensing order dated 04.02.1999(''the First Licensing Order''), granted Distribution and Retail Supply (D & RS) licence to HVPNL permitting it to carry out the distribution and Retail supply business in the entire state of Haryana. Subsequently, after the implementation of second transfer scheme, the Commission permitted HVPNL to continue with the Distribution and Retail Supply business through its newly formed subsidiaries namely UHBVNL & DHBVNL vide its order dated 21.04.1999 (''the Second Licensing Order''). The Commission further directed under para 5 (iii) of the Second Licensing Order that the two subsidiary companies, UHBVNL and DHBVNL should submit their respective applications for grant of D & RS licensee within period of three months from the date of issue of said Order. Appropriate applications were accordingly filed by UHBVNL and DHBVNL on 20.07.1999 with the Commission for grant of regular D&RS licensee to independently carry out the business of Distribution and Retail Supply in the North Zone and South Zone respectively. Thereafter, on an application filed by HVPNL, the Commission accepted the surrender of D&RS license vide its order dated 4th November, 2004 and granted the D&RS license no. DRS-1 of 2004 to UHBVNL and D&RS license No. DRS-2 of 2004 to DHBVNL to conduct Distribution and Retail Supply business in the North Zone and South Zone of Haryana respectively.

The rights relating to procurement and bulk supply of electricity or trading of electricity were initially vested with the HVPNL at the time of restructuring of erstwhile HSEB. However, in view of HVPNL having been declared State Transmission Utility (STU) vide State Govt. notification dated 9.12.2003 and in view of sections 31 (2), 39 (1) and 41 of Electricity Act, 2003, which prohibit the STU from engaging in the business of trading in electricity, the Govt. of Haryana vide its notification no. 1/6/2005-1/Power dated 9th June, 2005, transferred the rights relating to procurement and bulk supply of electricity or trading of electricity from HVPNL to HPGCL. Subsequently, vide notification dated 11th April 2008 (No. 1/1/2008-1 Power), the Govt. of Haryana transferred the rights relating to procurement of electricity / UI drawls / dispatches or trading of electricity from HPGCL to UHBVNL and DHBVNL w.e.f 15/04/2008. Further with effect from 1st April 2008, the rights and obligations under agreements and contracts relating to procurement and bulk supply of electricity or trading of electricity to which HSEB / HVPNL / HPGCL was originally a party, were transferred and vested to Transferee companies i.e. UHBVNL and DHBVNL in 1:1 ratio. Firm allocations in each of the Central Sector Generating Stations along with any allocations from the unallocated quota, as determined by the Government of India for Haryana, was also allocated to UHBVNL and DHBVNL in 1:1 ratio. The power sold by HVPNL from its shared project Bhakra Beas Management Board (BBMB) to the extent of share owned by it was also allocated to UHBVNL and DHBVNL in 1:1 ratio. The notification also provided for setting up of Haryana Power Purchase Centre (HPPC), an administrative body manned by officers from UHBVNL and DHBVNL, to manage the bulk power purchase and supply functions for the two distribution companies. All power purchases, long term as well as short term, from within and outside the Haryana including trading of power are being managed by HPPC for the two Discoms

As intimated by DHBVNL in their ARR/Tariff Petition, Distribution operation circle, Jind, which was earlier with UHBVNL, has been transferred to DHBVNL vide an amendment, notified by Govt. of Haryana on 3rd July, 2013, to the Haryana Electricity Reform (Transfer of Distribution Undertakings from Haryana Vidyut Prasaran Nigam Ltd. to Distribution companies) Rules, 1999. It has, however, been stated by DHBVNL that whereas cash operation of Jind circle have been transferred from UHBVN area of operation but the allocation of assets and liabilities in respect of Jind circle among UHBVNL and DHBVNL is currently underway and is excepted to be completed by the time DHBVNL shall file petition for Mid-year Performance Review next year. For the interim period, DHBVNL, as stated, has considered jind circle as part of UHBVNL for the purpose of filing of Capital Investment Plan, Business Plan and MYT Petition. UHBVNL has also submitted on the same lines in respect of jind circle in their ARR/Tariff Petition.

1.2.Application of Multi Year Tariff (MYT) framework for determination of ARR/Tariff w.e.f. FY 2014-15

The Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012, hereinafter referred to as MYT Regulations, were notified by the Commission 05.12.2012. The first control period for determination of ARR/Tariff under MYT framework, as provided in these Regulations shall be of three years from 1st April, 2014 to 31st March, 2017. The regulation 4.2 of the MYT Regulations provides as under:-

> "4.2 The Commission shall adopt Multi Year Tariff (MYT) framework for determination of ARR/tariff for each year of the Control Period from FY 2014-15. However, there shall be annual determination of ARR/tariff for the utilities for FY 2013-14 for their respective businesses as per these regulations".

The Commission had accordingly carried out annual determination of ARR / Tariff for FY 2013-14 for all the utilities based on the norms and other terms and conditions as provided in the MYT Regulations. The ARR/Tariff Order for distribution and retail supply business of UHBVNL and DHBVNL for FY 2013-14 was issued by the Commission on 30.03.2013.

In line with the provisions in the MYT Regulations, the Commission has adopted MYT framework for determination of ARR/Tariff for all the utilities w.e.f. FY 2014-15. Regulations 71.2 and 75 of the MYT Regulations provide that the generation company and the licensees shall file an application for approval of ARR for their respective business for each year of the control period and tariff for the 1st year of the control period, consistent with the Business Plan and the Capital Investment Plan approved by the Commission, by 30th November of the year proceeding the 1st year of the control period. UHBVNL and DHBVNL were accordingly required to file their MYT ARR/ Tariff petitions for the control period FY 2014-15 to FY 2016-17 by 30th November, 2013. Prior to that they were required to file, for approval of the Commission, their respective Capital Investment Plan and Business Plan, covering at least the entire control period, by 1st June, 2013 in terms of regulation 9 and 10 respectively of MYT Regulations. Both UHBVNL and DHBVNL, however, failed to meet the timeline for submission of Capital Investment Plan and Business Plan. The Commission, on the request of distribution licensees, granted extension twice in the time line for submission of Capital Investment Plan and Business Plan. However, both the distribution licensees failed to file their respective Capital Investment Plan and Business Plan even within the extended time line and the same were ultimately filed by them as part of their MYT ARR/Tariff Petitions.

The MYT / Tariff Petitions, Petition No. PRO - 42 of 2013 and Petition No. PRO- 43 of 2013, were filed by DHBVNL and UHBVNL vide Memo No. Ch. 33/SE/RA-441 dated 19.12.2013 and Memo No. Ch -70/GM/RA/N/F-25/Vol-49 dated 20.12.2013 respectively in terms of, as stated, applicable provisions of the Act and of the D&RS license and as per regulation 75 of the MYT Regulations, for determination of ARR for their Distribution and Retail Supply Business for each year of the control period FY 2014-15 to FY 2016-17 and wheeling / distribution & retail supply tariff for the FY 2014-15. There had been delay of 19/20 days in filing of MYT ARR / Tariff Petitions by DHBVNL/ UHBVNL but, keeping in view that it is for the first time that utilities have filed their ARR / Tariff Petition under MYT framework and that there has also been delay in finalization of formats for furnishing various data / information for the MYT fling, the Commission condoned the delay and accepted the MYT ARR/Tariff petitions of UHBVNL and DHBVNL.

As in the past, the Commission is issuing a single Order in respect of MYT ARR/ Tariff Petitions of UHBVNL and DHBVNL. Consequently as in the past ARR/Tariff Order, the common issues of the ARRs of the two utilities have been dealt with together while any issue specific to UHBVNL and DHBVNL has been dealt under a separate sub head.

The Commission in the instant Order has approved the ARRs of UHBVNL and DHBVNL for their distribution and retail supply business for each year of the control period FY 2014-15 to FY 2016-17 and wheeling/distribution & retail supply tariff applicable in the state of Haryana for wheeling / supply of electricity by UHBVNL and DHBVNL for the FY 2014-15. The Capital Investment Pan of UHBVNL and DHBVNL for each year of the control period have also been approved. In respect of Business Plan, the Commission directs that UHBVNL and DHBVNL would resubmit their respective Business Plan, covering at least the entire control period, after incorporating changes / amendments in line with various approvals given in the instant Order within three months from the date of this Order for approval by the Commission

2 PROCEDURAL ASPECTS OF THE ARR FILING

Petition filed by Faridabad Industries Association (FIA)

Petition (No. HERC/PRO-41 of 2013) was filed by FIA with the Commission on 16.12.2013 seeking determination of ARR of UHBVNL and DHBVNL for their distribution and retail supply business for the control period FY 2014-15 to FY 2016-17.

The submissions made in brief are as under:

- Discoms have failed to file Capital Investment Plan / Business Plan and MYT ARR/Tariff Petition within the timelines prescribed in the HERC MYT Regulations.
- Under the provisions of section 64(3) of the Electricity Act, 2003 and the Order of the APTEL in OP No. 1 of 2011, the obligation of the Commission is to issue the ARR/Tariff Order before 1st April of the year.
- Under the circumstances, the Commission can either suo motu or on a petition filed by any interested party can determine the ARR/Tariff as per the provisions of regulation 71.7 of the MYT Regulations.
- Discoms are delaying the statutory filing of the MYT ARR/Tariff Petitions due to political reasons as the general elections as well as state assembly elections would coincide with the FY 2014-15 tariff period.
- Tariff hike of 18% allowed by the Commission constituted largely of amortization of past regulatory assets and FSA for the period FY 2011-12. Since the Discoms have collected more revenue than envisaged by the Commission, there is a need to true up the revenue recovery figures by way of adjusting the surplus so generated by reducing the consumer category-wise tariff.

Other issues raised in the petition are regarding distribution and AT & C loss trajectory, PLEC, Cross-Subsidy surcharge, HT Industrial Tariff to be aligned with cost of supply, category/voltage-wise cost of supply not furnished by Discoms etc.

It has been prayed as under in the petition

i) The petition, in its present form, may kindly be taken on record.

ii) The petitioner may be allowed to file additional points / rejoinder at a later stage and as and when the Discoms make detail data available to the Commission.

iii) The Commission may determine tariff under MYT Regulations including true up of the controllable costs irrespective of the fact whether the Discoms file MYT petition or not.

iv) Pass any such order, as the Hon'ble Commission, deems fit, given the provisions of the Electricity Act, 2003 and the National Electricity Policy / National Tariff Policy and the Regulations notified there under.

v) Since this Petition is in public interest, the Commission may order waiving the requisite fees. However, if the Commission so decides, we will deposit the same as per the Regulations on the subject.

Reply to the FIA's Petition was submitted by GM/RA, UHBVNL vide memo no. Ch-32/GM/RA/N/R-25/Vol-51 dated 18.03.2014.

As may be observed, the Petition No. HERC/PRO-41 of 2013 was filed by FIA primarily to ensure that in case Discoms does not file MYT ARR Petition because of any reasons, the process of determination of ARR/Tariff for FY 2014-15 was not stalled and the Commission could proceed based on their petition for determination ARR/Tariff of the Discoms as per the provision of regulation 71.7 of the MYT Regulations. Since the MYT ARR Petitions were subsequently filed by UHBVNL and DHBVNL on 20.12.2013 and 19.12.2013 respectively, the petition filed by FIA has become infructuous. Accordingly Petition of FIA, as far as determination of ARR/Tariff of Discoms is concerned, is not discussed any further in this Order. However various other issues raised in the Petition have been dealt with under the head 'Objections from Public and response of the Distribution licensees' and at other relevant places in the Order.

Filing of ARR Petitions by UHBVNL & DHBVNL

UHBVNL filed its MYT ARR/Tariff Petition (HERC/PRO-43 of 2013) for the control period FY 2014-15 to FY2016-17 for its distribution and retail supply business with the Commission vide Memo No. Ch-70/GM/RA/N/F-25/Vol-49 dated 20.12.2013. Similarly DHBVNL filed its MYT ARR/Tariff Petition (HERC/PRO-42 of 2013) for the control period FY 2014-15 to FY2016-17 for its distribution and retail supply business with the Commission vide Memo No.

Ch-33/SE/RA-441 dated 19.12.2013.The Capital Investment Plan and Business Plan for the control period, which were required to be filed by UHBVNL/DHBVNL with the Commission through a separate application by 1st June 2013 as per regulation 9 and 10 of MYT Regulations, were also submitted by UHBVNL/DHBVNL as part of MYT ARR/Tariff Petitions.

There was delay of 20/19 days in filing of MYT ARR/Tariff Petitions by UHBVL/DHBVNL. But keeping in view the reasons as stated in Chapter 1, the Commission after consideration and after conducting preliminary analysis admitted the MYT ARR/Tariff Petitions (ARR petitions) of both the licensees.

Preliminary observations of the Commission

The ARR petitions filed by UHBVNL and DHBVNL were scrutinised and preliminary observations were communicated to the licensees vide memo No. 4816 / HERC/ Tariff dated 15.01.2014, memo No. 7521/ HERC dated 21st January, 2013 . Replies in respect of various observations and deficiencies in the ARR petitions communicated to the Discoms vide above references by the Commission were furnished by UHBVNL vide memo No. Ch – 40 / GM / RA / N / F-25 / Vol – 51 dated 21.03.2014, memo No. Ch – 22/ GM / RA / N / F-25 / Vol – 46 dated 6th February, 2013. Replies in respect of various observations and deficiencies in the ARR petitions were furnished by DHBVNL vide memo no. Ch – 99/ SE / RA – 441 dated 21.03.2014. The Commission reviewed the replies and sought further information including non compliance with some of the observations of the Commission which persisted despite replies received from UHBVNL/DHBVNL and also for obtaining certain additional data / information. Both UHBVNL and DHBVNL furnished replies thereto. All the replies, data/information supplied by UHBVNL and DHBVNL through letters or emails have been taken on record.

Summary of ARRs:

For MYT Petition filing for FY 2014-15 to FY 2016-17, UHBVNL and DHBVNL, as stated, have adhered to the projections, plans and trajectories laid down in the Financial Restructuring Plan (FRP) of the State Discoms, to the extent possible within the regulatory framework of the rules, regulations & guidelines specified by the Commission. The Assumptions / basis / rationale used for projection of various elements of ARR has been summarized as under:

Sr. No.	Elements of ARR	Assumption in Control Period
1	Distribution Loss	Trajectory has been considered as submitted in FRP.
2	Power Purchase	Actuals for FY 14 (upto 5 months) and thereafter an escalation of 2.50% for the Control Period
3	O&M Cost	In line with HERC MYT Regulations 2012.
4	Capital Expenditure	In line with the Capital Investment Plan
5	Capitalisation	70% of Capex
6	Debt-Equity Ratio	80:20
7	Depreciation	Depreciation is calculated on opening GFA at the rates specified in the Annexure of HERC MYT Regulations 2012
8	Interest on Loans	In line with FRP.
9	Interest on Security Deposit	At the Bank Rate as on 1st April of the financial year in which petition is filed.
10	Return on Equity	As per HERC MYT Regulations 2012 at 14%
11	Non Tariff Income	Nominal Escalation

2.1.1 Projection of Energy Sales (within the state)

UHBVNL have intimated actual energy sales for FY2012-13 as 12132 MUs and for FY2013-14 (up to Dec.) as 9466 MUs. Similarly DHBVNL have intimated actual energy sales for FY2012-13 as 14272 MUs and for FY2013-14 (up to Dec.) as 12984 MUs. The projection of energy sales for the control period FY2014-15 to FY2016-17 have been made by UHBVNL and DHBVNL as summarised in the Table 2.1 and Table 2.2 given below:

Table 2.1 : Energy Sales Projections (in MUs) for UHBVNL

	Particulars	FY 2013-14 (Estimate)	FY 2014-15 (Projections)	FY 2015-16 (Projections)	FY 2016-17 (Projections)
1	Domestic	3751	4045	4419	5381
2	Non Domestic	1000	1131	1281	1449
3	LT Industry	918	1049	1174	1266
4	MITC/ societies	11	11	10	10
5	Lift Irrigation	23	25	27	29
6	Public Water Works	514	597	694	806
7	Bulk Supply	346	390	440	496

8	Street Light	65	76	88	103
9	HT Industrial	3030	3423	3869	4188
10	Railway Traction	106	108	111	113
	Sub Total Metered Sales	**9764**	**10855**	**12112**	**13842**
	AP Sales				
	-Metered	2049	2392	2699	3041
	-Unmetered	2815	2956	3104	3259
	Sub Total AP Sales	**4864**	**5348**	**5803**	**6300**
	Grand Total	**14628**	**16203**	**17915**	**20142**

Table 2.2 : Energy Sales Projections (in MUs) for DHBVNL

	Particulars	**FY 2013-14 (Estimate)**	**FY 2014-15 (Projections)**	**FY 2015-16 (Projections)**	**FY 2016-17 (Projections)**
1	Domestic	3934	4282	4721	5804
2	Non Domestic	2319	2628	2980	3381
3	LT Industry	921	1036	1142	1258
4	MITC	0	0	0	0
5	Lift Irrigation	155	164	174	185
6	Public Water Works	371	402	435	471
7	Bulk Supply	9	28	35	36
8	Street Light	48	55	62	70
9	HT Industrial	4546	5039	5587	6193
10	Railway Traction	166	172	178	184
11	**Sub Total Metered Sales**	**12469**	**13806**	**15313**	**17582**
12	AP Sales				
	-Metered	2378	2459	2655	2861
	-Unmetered	1558	1636	1718	1804
15	**Sub Total AP Sales**	**3936**	**4095**	**4373**	**4665**
16	**Grand Total**	**16405**	**17901**	**19686**	**22247**

The total energy sales of the two distribution licensees based on their projections work out as in the Table 2.3 given below:-

Table 2.3: Total energy sales (MUs) by UHBVNL and DHBVNL

Particulars	**FY 2013-14 (Estimate)**	**FY 2014-15 (Projections)**	**FY 2015-16 (Projections)**	**FY 2016-17 (Projections)**
Metered Sales (other than AP)	22233	24661	27425	31424
AP Sales	8800	9443	10176	10965
Total Energy Sales	**31033**	**34104**	**37601**	**42389**

2.1.2 Distribution Losses & Transmission Losses:

The distribution loss trajectory for the control period has been projected by UHBVNL and DHBVNL as given in the Table 2.4 below:

Table 2.4: Distribution Loss Trajectory for Control Period

Description	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Distribution Losses as projected by UHBVNL	27.54%	25.0%	22.98%	20.88%
Distribution Losses as projected by DHBVNL	20.30%	19.01%	17.70%	16.70%

For the purpose of working energy requirements, the intrastate and interstate transmission losses have been taken as 2.5% and 3.82% respectively for the entire control period.

2.1.3 Energy Availability (Power purchase volume):

Energy availability i.e. power purchase volume has been projected for the whole state and then apportioned into requirements of UHBVNL and DHBVNL for computation of individual power purchase cost borne by each utility.

i) Availability from State Generation (HPGCL)

a) The total generation capacity of HPGCL at present has been indicated as 3230.5 MW of which major capacity is coal based thermal power (3167.80 MW) and rest is hydro (62.7 MW). Capacity addition of 6.5 MW from solar projects in 2015-16 and 660 MW from 3rd unit of DCR TPP Yamunanagar in 2016-17 has been assumed.

b) PLF for all thermal station has been taken as 70% in order to account for factors such as routine shut downs, loss of generation due to non-availability of coal, backing down etc. For hydro, PLF of 50% has been considered. Aux. consumption has been taken as 8.5% for thermal and 1% hydro power stations.

c) Availability from HPGCL for the control period has been projected as given in Table 2.5 below:

Table 2.5: Projected HPGCL generation (MU)

Station (%)	FY14	FY15	FY16	FY17
PTPS Units 1 – 4	2513	2513	2513	2513
PTPS Units 5 - 8	5162	5162	5162	5162
DCR TPP Yamunanagar	3366	3366	3366	7070
RGTPP Hisar	6733	6733	6733	6733
WYC & Kakroi	271	271	271	271
Total	**18044**	**18044**	**18044**	**21749**

ii) Availability from other stations

a) Major external sources from which power is procured by HPPC for the two Discoms are NTPC, THDC, NPCIL, SJVNL, BBMB, Adani Power and CLP Jhajjar. Besides HPPC have short term power arrangements with PTC, NVVNL, Tata Power etc.

b) Allocation of firm power from Central Sector Generating Stations (CSGS) has been considered as per notification no. NRPC/SE(O)/Allocation /2011-12 dated 20.05.2011 of NRPC and its subsequent amendments.

c) For 2013-14, availability has been projected based on actual power received from each station during first five months i.e. April to August. The ratio of power received from each station in the first five months of FY 2012-13 to the power received from that station in the entire FY 2012-13 has been used to extrapolate and project power estimated to be received from each station in the remaining seven months.

d) For FY 2014-15 to FY 2016-17, the power availability has been projected considering Haryana's firm share from these stations and operational parameters as under:-

PLF		AUX. ENERGY CONSUMPTION
THERMAL	70%	9% FOR COAL BASED
GAS BASED	60%	3% FOR GAS BASED
NUCLEAR	65%	1% FOR HYDRO
HYDRO	50%	
BIO MASS	85%	

The capacity factor for the solar power plants has been taken as 19%.

iii) Total availability / power purchase from all sources for both UHBVNL & DHBVNL combined has been projected as under:

FY 2012-13 (Actual)	40113.55 MUs
FY 2013-14 (Rev. estimate)	51778.60 MUs
FY 2014-15 (Projections)	55723.22 MUs
FY 2015-16 (Projections)	57135.25 MUs
FY 2016-17 (Projections)	64568.90 MUs

2.1.4 Energy Balance:

Energy balance i.e. energy requirement viz-a- viz energy availability for UHBVNL and DHBVNL as a whole have been projected as in the Table 2.6 given below:

Table 2.6: Energy Balance for Haryana (UHBVNL+DHBVNL)

Particulars	Units	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Energy Requirement		(Estimate)	(Projections)	(Projections)	(Projections)
Estimated sales (UH)		**14,628**	**16,203**	**17,915**	**20,142**
Distribution Losses (UH)	%	27.54%	25.00%	22.98%	20.88%
Energy Requirement at Discom's Periphery (UH)	MUs	20,188	21,605	23,259	25,458
Estimated sales (DH)		**16,405**	**17,901**	**19,686**	**22,247**
Distribution Losses (DH)	%	20.30%	19.01%	17.70%	16.70%
Energy Requirement at Discom's Periphery (DH)	MUs	20,583	22,103	23,920	26,707
Energy Requirement at Discoms' **Periphery (UH+DH)**	**MUs**	**40,771**	**43,708**	**47,179**	**52,165**
Intra-state transmission losses (DH)	%	2.50%	2.50%	2.50%	2.50%
Total Energy requirement (UH + DH) at State Periphery		**41,817**	**44,828**	**48,388**	**53,503**
Energy Availability					
Total Power Available(ex-bus) as per PPAs	MUs	51,779	55,723	57,135	64,569
Purchase outside the State	MUs	24,018	27,963	29,360	33,090
Inter-state transmission losses	%	3.82%	3.82%	3.82%	3.82%
	MUs	917	1,068	1,121	1,264
Outside Purchase after inter-state losses	MUs	23101	26895	28239	31826
Add Purchase within the State	MUs	27,760	27,760	27,775	31,479
Net energy available for use in Haryana (at State Periphery)	**MUs**	**50,861**	**54,655**	**56,014**	**63,305**
Intra-state transmission losses	%	2.50%	2.50%	2.50%	2.50%
	MUs	1,272	1,366	1,400	1,583
Energy available for sale to distribution licensee at Discos' Periphery	MUs	**49,590**	**53,289**	**54,614**	**61,722**

Surplus power of both the utilities combined ***(Energy available for sale - Energy Requirement @ Distribution Periphery)***	**MUs**	**8,818**	**9,581**	**7,435**	**9,557**

2.1.5 Interstate energy sales:

In view of surplus power available during the control period, UHBVNL and DHBVNL have projected interstate sales during the control period as in Table 2.7 given below:

Table 2.7: Interstate energy sales

Financial year	UHBVNL	DHBVNL	Total
FY 2013-14	3615 MUs	5203 MUs	8818 MUs
FY 2014-15	3974 MUs	5608 MUs	9582 MUs
FY 2015-16	2956 MUs	4480 MUs	7436 MUs
FY 2016-17	4169 MUs	5388 MUs	9557 MUs

2.1.6 Power purchase cost:

i) FY 2013-14: Average rate of power from each station for the current year i.e. from April to August, 2013 has been considered as the rate of power for that station for FY 2013-14 in order to arrive at the estimated power purchase cost for FY2013-14 .

ii) FY 2014-15 to FY 2016-17

a) For HPGCL, av. rate of Rs.4.29 per unit (based on five months data) for FY 2013-14 has been considered for FY 2014-15 also and an escalation of 2.5 % per year assumed for FY 2015-16 and FY 2016-17.

b) For other stations an escalation of 2.5% per year over av. rate taken for FY 2013-14 has been considered for FY 2014-15 to FY 2016-17. For BBMB, escalation of 4% considered over FY 2013-14’s average rate.

c) For UMPs, rates have been considered as per tariff calculated by Developer for each year.

d) For new thermal and hydro stations, the rate in the first year of commissioning considered as Rs. 4.00 per unit and 4.25 per unit respectively and thereafter annual escalation of 2.5% considered.

e) For transmission charges, both intrastate as well as interstate, escalation of 5% over FY 2013-14's rates considered.

f) No short term power purchase projected for the control period. For FY 2013-14, short term purchase pegged at quantum already purchased upto August, 2013.

g) UHBVNL /DHBVNL have assumed that entire surplus power will be sold as interstate sales. During low demand period, UHBVNL / DHBVNL shall resort to boxing up of thermal units to reduce losses by just paying fixed charges and turning out the loss incurred in interstate sale of power.

Summary of total power purchase volume as well as cost inclusive of transmission, SLDC & NLDC, POSCO charges for FY 2012-13 (actual) and FY 2013-14 (estimate) and for the control period for UHBVNL and DHBVNL combined is projected as given in the Table 2.8 and 2.9 respectively.

Table 2.8: Power Purchase Summary: Haryana (DH + UH) for FY 13 & FY 14

	FY 2012-13			FY 2013-14		
Power Purchase Source	**Power Purchase**	**Rate**	**Total Cost**	**Power Purchase**	**Rate**	**Total Cost**
	MUs	**Rs./kWh**	**Rs. Crs**	**MUs**	**Rs./kWh**	**Rs. Crs**
HPGCL	13,813	3.95	5,450	18,044	4.29	7,743
BBMB	2,884	0.33	95	3,005	0.23	68
Aravali	2,199	5.83	1,282	3,239	5.47	1,773
MGTPP (CLP Jhajjar)	2,634	3.19	841	3,333	4.04	1,347
Renewables	71	4.28	30	72	4.24	31
CPS & Remaining Sources	18,512	3.19	5,897	24,085	3.24	7,815
Sub Total	**40,114**	**3.39**	**13,595**	**51,779**	**3.63**	**18,777**
Transmission & Other charges	-		2,529	-		2,200
Open Access			*130*			*130*
Refund OA			*(117)*			*(117)*
NRLDC			*12*			*13*
PGCIL			*460*			*702*
POSOCO			*3*			*3*
HVPN			*737*			*969*
Prior Period			*464*			-
HPGCL Backing Down			*608*			-

Prior Period Income: DH			*(86)*			
HPGCL (APTEL Order)			*318*			*500*
Total	**40,114**	**4.02**	**16,124**	**51,779**	**4.05**	**20,976**

Table 2.9: Power Purchase Summary: Haryana (DH + UH) for the Control Period

	FY 2014-15			FY 2015-16			FY 2016-17		
Power Purchase Source	**Power Purchase**	**Rate**	**Total Cost**	**Power Purchase**	**Rate**	**Total Cost**	**Power Purchase**	**Rate**	**Total Cost**
	MUs	**Rs./kWh**	**Rs. Crs**	**MUs**	**Rs./kWh**	**Rs. Crs**	**MUs**	**Rs./kWh**	**Rs. Crs**
HPGCL	18,044	4.35	7,847	18,055	4.46	8,048	21,758	4.57	9,941
BBMB	3,005	0.24	71	3,005	0.25	74	3,220	0.26	82
Aravali	3,239	5.54	1,794	3,239	5.34	1,730	3,239	5.41	1,753
MGTPP (CLP Jhajjar)	3,333	4.14	1,381	3,333	4.25	1,415	3,333	4.35	1,450
Renewables	72	4.35	31	72	4.47	32	72	4.58	33
CPS & Remaining Sources	28,030	3.37	9,437	29,431	3.42	10,067	32,947	3.50	11,540
Sub Total	**55,723**	**3.69**	**20,561**	**57,135**	**3.74**	**21,366**	**64,569**	**3.84**	**24,799**
Transmission & Other charges	-		2,004	-		1,463	-		1,626
Open Access			*130*			*130*			*130*
Refund OA			*(117)*			*(117)*			*(117)*
NRLDC			*14*			*14*			*15*
PGCIL			*767*			*806*			*936*
POSOCO			*3*			*3*			*3*
HVPN			*1,207*			*627*			*658*
Prior Period			-			-			-
HPGCL Backing Down			-			-			-
HPGCL Surcharge/Impact of APTEL			-			-			-
Total	**55,723**	**4.05**	**22,565**	**57,135**	**4.00**	**22,829**	**64,569**	**4.09**	**26,425**

2.1.7 Capital Expenditure Plan (Capex Plan):

Year-wise capital expenditure proposed by Discoms in their Capex Plans is as in the Table 2.10 given below:-

Table 2.10: Year- wise Capex for the control period

Year	Capex proposed by UHBVNL (Rs Cr.)	Capex proposed by DHBVNL (Rs Cr.)
FY 2014-15	1539.95	1543.18
FY 2015-16	1894.15	1130.83
FY 2016-17	1355.25	898.76

Total for the control period	**4789.34**	**3572.77**

It has been submitted that the proposed Capex during the control period shall be funded through debts from various Banks, Financial Institutions and through equity from the State Govt.and part of expenditure shall be financed from consumer contributions. Details of funding as given by UHBVNL and DHBVNL in the ARR Petitions is reproduced in Table 2.11 and Table 2.12 given below :-

Table 2.11: Funding of Capital Investment (UHBVNL)

S.No.	Funding Summary	FY 2014-15	FY 2015-16	FY 2016-17	Total	Proportion in Total Capex
1	Consumer Contribution	25.00	25.00	25.00	75.00	**2%**
2	Equity	302.99	373.83	266.05	942.87	**20%**
3	Debt	1,211.96	1,495.32	1,064.20	3,771.48	**79%**
4	**Total**	**1,539.95**	**1,894.15**	**1,355.25**	**4,789.34**	**100%**

Table 2.12: Funding of Capital Investment (DHBVNL)

Particulars	Control Period		
	FY 2014-15	FY 2015-16	FY 2016-17
Equity	382.79	222.17	175.75
Consumer Contribution	20.00	20.00	20.00
Grants for Capex	10		
Loans from banks/FI etc	1,130.39	888.67	703.01
Total Funding	1,543.18	1,130.83	898.76

2.1.8 True up for FY 2012-13:

Both UHBVNL and DHBVNL have submitted that they have not requested for true up of power purchase cost as the same is trued up by the commission in the form of FSA. Further the Discoms have also not requested for true up of the interest and finance charges as the same ,as stated, shall be taken care of by FRP. Summary of True up as given in their respective Petition is reproduced in Table 2.13 and Table 2.14 given below:-

Table 2.13: True up for FY 2012-13 (Rs. Crs) UHBVNL

Particulars	FY 2012-13		
	Approved	Actual	True up
Basic Salary	223.22	252.28	29.05
Dearness Allowance	160.72	146.71	-14.01
Terminal Benefits	100.92	314.17	213.25
Other Allowances	48.85	61.98	13.13
Total	**533.72**	**775.13**	241.42
Less: Employee cost capitalized	-10.90	-11.01	-0.10
Add: Arrears			0.00
Net Employee Cost	**522.81**	**764.13**	**241.31**
Other Expenses			
A&G Expense	68.9	64.01	-4.89
R&M Expense	92.8	66.65	-26.15
Depreciation	163	144.67	-18.33
Sub Total	**324.70**	**275.34**	**-49.36**
Total	**847.51**	**1039.47**	**191.95**

Table 2.14: True up for FY 2012-13(Rs. Crs), DHBVNL

S.No.	Particulars	FY 2012-13		
		Approved	Actual	True up
1	Basic Salary	213	184	(28)
2	Dearness Allowance	153	126	(27)
3	Terminal Benefits	142	132	(10)
4	Other Allowances	56	70	14
5	Expenditure on Contract Employees	60	79	
6	**Total**	**624**	**592**	**(32)**
7	Less: Employee cost capitalized	5	5	(0)
8	Add: Arrears			
9	**Net Employee Cost**	**619**	**587**	**(32)**
10	**Other Expenses**			-
11	A&G Expense	44	53	9
12	R&M Expense	59	46	(13)
13	Depreciation	131	100	(31)
14	**Sub Total**	**233**	**199**	**(35)**
	Total	**852**	**785**	**(67)**

2.1.9 MYT ARR:

a) MYT ARR of UHBVNL

Summary of ARR for the control period FY 2014-15 to FY 2016-17 as given by UHBVNL in their MYT ARR Petition is as given in the Table 2.15 below:-

Table 2.15: Summary of ARR of UHBVNL for the control period FY15 to FY 17

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
	Estimates	**Projections**	**Projections**	**Projections**
Power Purchase Expenses	**10,121.20**	**10,737.88**	**11,030.17**	**12,784.16**
Operations and Maintenance Expenses	**964.15**	**1,045.00**	**1,136.74**	**1,238.38**
Employee Expense	491.38	536.62	586.03	639.98
A&G Expense	70.79	77.13	84.05	91.61
R&M Expense	87.81	117.07	152.49	192.62
Terminal Liability	314.17	314.17	314.17	314.17
Depreciation	**249.70**	**303.08**	**357.00**	**427.88**
Interest Charges	2,003.80	2,115.06	2,421.76	2,527.43
Interest on Security Deposit	57.82	66.03	74.55	83.37
Total Interest and Finance Charges	**2,061.62**	**2,181.09**	**2,496.31**	**2,610.80**
Less: Interest & other expenses capitalized	49.90	127.02	239.71	421.74
Provisions for Bad Debts	0.00	0.00	0.00	0.00
Other Debits	2.47	2.75	3.01	3.32
Return on Equity Capital	223.64	262.86	303.70	356.62
Total Expenditure	**13,572.87**	**14,405.64**	**15,087.22**	**16,999.41**
Income/Reciepts	**4942.11**	**5301.37**	**5193.38**	**5872.18**
Non Tariff Income	143.13	150.91	161.45	174.43
Revenue subsidy from Govt. (excluding F	3622.76	3875.60	4084.20	4326.36
Revenue from SOP - Interstate	1,176.21	1,274.86	947.73	1,371.39
ARR	**8,630.76**	**9,104.27**	**9,893.84**	**11,127.22**
Revenue from SOP - Intrastate	6,129.99	6,858.01	8,719.71	10,783.98
Gap	**2,500.78**	**2,246.26**	**1,174.12**	**343.24**
True-up of Expenses for FY 2012-13		**191.95**		
Cumulative Gap till FY 2014-15		**4,938.99**		

A revenue gap of Rs. 2246. 26 cr. has been projected for FY 2014-15. After including Rs. 191.95 cr. towards true up of expenses for FY 2012-13 and revenue gap of Rs. 2500. 78 cr. for the previous year i.e. FY 2013-14, **the cumulative revenue gap for FY 2014-15 has been projected at Rs. 4938.99 cr.**

b) MYT ARR of DHBVNL:

Summary of ARR for the control period FY 2014-15 to FY 2016-17 as given by DHBVNL in their MYT ARR Petitions is as given in the Table 2.16 below:-

Table 2.16: Summary of ARR of DHBVNL for the control period FY15 to FY 17

S.No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
		Estimates	Projections	Projections	Projections
1	Power Purchase Expenses	10,490.26	11,428.01	11,381.10	13,154.08
1.1	Interstate Transmission Charges	364.83	399.00	419.00	487.00
2	Operations and Maintenance Expenses	770.40	855.37	946.85	1,044.81
2.1	Employee Expense	496.44	542.27	592.32	646.98
2.2	A&G Expense	57.46	62.75	68.52	74.83
2.3	R&M Expense	66.50	100.35	136.01	173.01
2.4	Terminal Liability	150.00	150.00	150.00	150.00
3	Depreciation	198.64	279.76	359.69	433.14
4	Interest on Security Deposit	78.58	89.76	102.06	115.96
5	Interest & Finance Charges	1,008.67	1,072.37	1,126.82	1,047.80
6	Provisions for Bad Debts	-	-	-	-
7	Other Debits	10.36	10.55	10.74	10.94
9	Other (Misc) - Net prior period expenses	(456.46)	(22.21)	-	-
10	Return on Equity Capital	215.74	246.21	274.29	295.60
A	**Total Expenditure**	**12,681.02**	**14,358.82**	**14,620.55**	**16,589.34**
B	**Income/Receipts**	**3,033.37**	**3,280.54**	**2,962.14**	**3,392.67**
11	Non Tariff Income	123.10	133.93	149.83	170.01
12	Revenue subsidy from Govt. (excluding FSA subsidy	1,230.34	1,313.63	1,384.34	1,466.42
13	Revenue from SOP - Interstate	1,679.93	1,832.98	1,427.98	1,756.24
C	**Aggregate Revenue Requirement = (A - B)**	**9,647.66**	**11,078.28**	**11,658.41**	**13,196.67**
D	Revenue from SOP - Intrastate	8,752.08	9,460.94	11,898.62	14,898.48
E	**Gap (C - D)**	**895.57**	**1,617.34**	**(240.21)**	**(1,701.81)**
	True up expenses for FY 2012-13		**(66.91)**		
	Cumulative Gap till FY 2014-15		**2,446.00**		

A revenue gap of Rs. 1617.34 cr. has been projected for FY 2014-15. After including Rs. 66.91 cr. towards true up of expenses for FY 2012-13 and revenue gap of Rs. 895.57 cr. for the previous year i.e. FY 2013-14, the cumulative revenue gap for FY 2014-15 has been projected at Rs. 2446.00 cr.

2.1.10 Recovery of Revenue gap

i) UHBVNL has submitted that:-

a) The total revenue gap after True-up for FY 2012-13 comes at Rs. 191.95 Crs; for FY 2013-14 at Rs. 2500 Crs and for FY 2014-15 at Rs. 2246 Crs respectively; The cumulative revenue gap from FY 2012-13 to FY 2014-15 is estimated to be Rs 4938 Crs.

b) As per FRP Scheme, the accumulated net losses estimated for UHBVN for the period FY 2012-13 to FY 2014-15 period were Rs 5638 Cr, however after considering audited accounts for FY 2012-13 the estimated cumulative net loss arrives at Rs 5887 Cr [2296 Cr (2012-13) and 1646 Cr (2013-14) & Rs 1943 Cr (2014-15)].

ii) DHBVNL has submitted that:-

a) The actual expenses incurred during FY 2012-13 are well within the approved levels of the Hon'ble Commission. The Gap for the years FY 2013-14 and FY 2014-15 are Rs. Rs. 895.57 Crores and Rs. 1617.34 Crores respectively. Hence, the Cumulative gap till FY 2014-15 works out to be Rs. 2446 Crores.
b) As per the FRP scheme, the accumulated net losses estimated for DHBVN for the period FY 2012-13 to FY 2014-15 is around Rs. 3685. After considering audited accounts for FY 2012-13; the cumulative loss for DHBVN works out to be Rs. 3362 Crores.

iii) Besides both UHBVNL and DHBVNL have made similar submissions for recovery of revenue gap as under:-

a) Under the FRP scheme the banks will fund the operational deficit of the Discoms to the extent of 100% in FY 2012-13, 75% in FY 2013-14 and 50% in FY 2014-15. As such during FY 2014-2015 the banks have committed to fund 50% of the deficit. Further the Discom would also achieve efficiency gains and projected reduction in ACS-ARR gap through various performance improvement measures. The Discoms expects to fund their respective revenue gap in FY 2014-15 through the available funding under FRP and continuation of certain FSA/RAs (as detailed below) and as such does not propose any tariff increase in FY 2014-15.
b) Certain FSA and/or Regulatory Asset liquidation is proposed to be continued during the control period from FY 2014-15 to FY 2016-17 and beyond in line with Financial Restructuring Plan which has already received in-principle approval of the Hon'ble Commission
c) Further, in view of the fact that no funding is available for FY 2015-16 and FY 2016-17 and also given that repayment of loans are scheduled to begin in FY 2015-16, Discoms may require appropriate tariff increase in FY 2015-16 & FY 2016-17 in addition to continuing the above mentioned FSA/RA so as to meet its cash requirement essentially due to the repayment of the restructure and fresh loans under the FRP.

2.1.11 Prayer

UHBVNL and DHBVNL have prayed that the Commission may:-

(a) Condone the delay in filing of the MYT Petition, Business Plan & Capital Investment Plan and requests Hon'ble Commission to accept the petition for processing;

(b) Examine the proposal submitted by the Nigam for a favorable dispensation as detailed in the above petition;

(c) Pass suitable order(s) with respect to the proposed annual revenue gap for FY 2014-15; Pass suitable order(s) to cover past unrecovered gap as per true-up of 2012-13 and projected revenue gap for FY 2013-14 thereby leading to recovery of a cumulative (FY 2012-13 to FY 2014-15) revenue gap of Rs. 4938.99 Crs in case of UHBVNL and Rs.2446.00 Crs in case of DHBVNL as per the proposal for meeting the deficit as given in para 2.3.9 above.

(d) Approve reasonable return on equity as proposed by the Nigam;

(e) True up the expenses incurred in FY 2012-13 in line with the annual accounts of the financial year;

(f) True up the subsidy amount for FY 2011-12 and FY 2012-13.

(g) Favorably consider the proposals for meeting the gap in the MYT filing;

(h) Condone any inadvertent omission, errors, shortcomings and permit UHBVNL/DHBVNL to add/change/modify/alter this filing and make further submissions as may be required at a future date; and

(i) Pass such further order(s) as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

Public Proceedings

In accordance with the provisions of section 64 (2) of the Electricity Act, 2003, UHBVNL & DHBVNL published their MYT ARR/Tariff petitions in the abridged form in order to ensure public participation. The Public Notice was issued by UHBVNL in the Indian Express (English) & Amar Ujala (Hindi) on 25.12.2013 and by DHBVNL in The Tribune (English) on 07.01.2014 and in Dainik Bhaskar (Hindi) on 08.01.2014 inviting objections / suggestions / comments from the stakeholders. The ARR petitions were also posted by UHBVNL & DHBVNL on their respective websites i.e. www.uhbvn.com and www.dhbvn.com.

After receipt of the ARR petitions, the Commission also issued public notice in the Hindustan Times (English) and Dainik Jagran (Hindi) inviting comments and objections from the stakeholders as per the following schedule. This Public Notice was also hosted on the website of the Commission.

Last date of filing objections	Last date of filing reply to the objections	Last date of filing rejoinder to the reply
15.01.2014	23.01.2014	30.01.2014

Public hearings as per the aforesaid notice was schedule to be held on 03.02.2014 at 11:30 a.m. in respect of MYT ARR/Tariff petitions of UHBVNL and FIA and on 05.02.2014 at 11:30 p.m. in respect of MYT ARR/ Tariff petitions of DHBVNL and FIA in the court room of the Commission. The same was, however, postponed. Consequently, a fresh Public Notice was issued by the Commission in the Indian Express (English) and in the Dainik Jagran (Hindi) on 08.03.2014 for holding the Public hearing in respect of MYT ARR/Tariff petitions of UHBVNL and FIA on 19.03.2014 at 11.00 a.m. and in respect of MYT ARR/Tariff petitions of DHBVNL and FIA on 20.03.2014 at 11.00 a.m. in court room of the Commission.

Public hearings were held as per the schedule i.e. on 19TH March, 2014 in respect of UHBVNL and FIA and on 20th March, 2014 in respect of DHBVNL and FIA. However the MYT ARR/Tariff Petition of DHBVNL could only be heard partly and was adjourned to 26.03.2014. The hearing on the MYT ARR/Tariff Petition of DHBVNL was accordingly again held on 26.03 2014 at 11.30 a.m. Some of the objectors who had submitted written objections did not attend the hearing. However, some other persons representing different consumer categories, who had not filed written objections, were also present in the hearing. The distribution licensees i.e. UHBVNL and DHBVNL made detailed presentations of their respective ARR proposals in the hearings wherein they highlighted their various achievements and initiatives to improve efficiencies besides dwelling on the projections/proposals made in their respective ARR petitions. UHBVNL in their presentation also dwelt on highlights of FRP Scheme.

Objections from Public and response of Distribution Licensees.

In response to the public notice issued by the Commission, objections/ comments were filed by the stakeholders.

The stakeholders who filed objections on the MYT filings of the UHBVNL and DHBVNL for distribution and retail supply business for the Control Period FY 2014-15 to FY 2016-17 are listed below:-

i) Shri G. C. Narang, Chairman, Faridabad Industries Limited, FIA House, Bata Chowk, Faridabad.

ii) Shri Mridul Rastogi, Energy Controller, Indus Tower Ltd, Building No. 10, Tower B, 9th Floor, DLF Cyber City, Gurgaon.
iii) Sh. V.K. Yadav, Chief Electrical Distribution Engineers, Northern Railway, Baroda House, New Delhi.
iv) Delhi Metro Rail Corporation Limited, Metro Bhawan, Fire Brigade Lane, New Delhi.
v) Sh. Ram Kumar Jolly, Ms. Babli, Sh. Surinder Kumar, Raghuvendra Singh Jolly, Residents of Naraingarh, Yamuna Nagar.

A brief Summary of the objections and the replies to the objections as submitted by UHBVNL and DHBVNL is given below:-

2.1.12 Objections received from Railways:-

a) Cost of Supply

Objection

The category wise cost of supply has not been given in the Executive Summary of ARR. Further, the cost of supply for Railway Traction is one of the lowest but cross subsidy is very high. Railways submitted that Railway traction tariff should be reduced suitably so as to reduce cross subsidy as per National Tariff Policy.

Reply of distribution licensee

The tariff applicable to Railways presently is lower than the Average Cost of Supply and also for the MYT Control Period FY 2014-15 to FY 2016-17. Nigam, in its petition, has not proposed any change in tariff structure. Further, it is the prerogative of Commission to determine the tariff for the railways.

b) Distribution Losses

Objection

The distribution losses of other Discoms are low as compared to DHBVNL. AT&C losses projected for FY 2014, 2015, 2016 & 2017 are very high. As per Abrahim Committee Report for release of APDRP funds, there are about 169 towns in India with AT&C loss level less than 15%. Therefore, DHBVNL should make extra efforts to reduces the distribution losses and AT & C losses.

Reply of distribution licensee

UHBVNL has achieved significant loss reduction in past few years through bifurcation and trifurcation of Feeders Program. However, after completion of the work of segregation of AP feeders, sales to the Agriculture category have been revised from FY 2010-11 onwards (using data recorded on segregated AP feeders). This resulted in the distribution losses for FY 2010-11 getting restated to 33.30% but by the end of FY 2011-12, the distribution losses reduced to 31.20%. The historical trend of distribution loss levels witnessed by the Nigam is as under:

Parameters	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Distribution Losses (%)	30.65	31.04	28.66	28.56	27.02	25.92	33.30	31.2	31.26

The distribution loss reduction targets for the Control Period (FY 2014-15 to FY 2016-17) have been set based on the mandatory conditions as per the Central FRP Scheme for receiving matching grant from the Central Government on account of accelerated AT&C loss reduction. The main thrust for distribution and AT&C loss reduction is to continue to pursue the loss reduction programs initiated in earlier years and also increasingly use improved technology to target erring consumers and reduce the losses further during the projection period. The investments being made under R-APDRP schemes are also expected to help in the reduction of distribution loss, especially in urban pockets. The distribution and AT&C loss reduction targets envisaged for UHBVN for the Control Period (FY 2014-15 to FY 2016-17) in the FRP and for the purpose of MYT filing has been summarized below:

Parameter	FY 2013-14	FY 2014 – 15	FY 2015 – 16	FY 2016 – 17
Distribution Losses	27.54%	25%	23.0%	20.9%
AT & C Losses	31.53%	28.38%	25.67%	23.26%

The Nigam has constituted theft detection teams to reduce commercial leakages through theft/pilferage. The outstanding arrears from connected/disconnected consumers are also being recovered by launching arrears recovery drives/schemes and by assigning specific arrears recovery targets to the sub-divisions. From the above submissions it is clear that the Nigam has been making the best possible efforts to reduce the losses and increase the quality of supply and system reliability.

c) Traction Tariff

Objection

The current effective rate, considering all the charges is about Rs. 6.38 per unit to Railways. The energy charges should not be at such high rates & should be linked to cost of supply for Railway Traction. Northern Railway has been making timely payment, drawing uninterrupted uniform supply day/night, contributing negligible transmission & distribution loss etc & is a public utility functioning in the interest of the Nation. It is requested that traction tariff be reduced suitably so that economical mode of transport could be provided to the general public.

Reply of distribution licensee

The applicable tariff for railway traction is below the prescribed limit of ± 20% of the average cost of supply. Therefore, given the current tariff and cost-of-supply structure, to reduce the tariff is not justifiable. Moreover, Nigam also submits that in case of shortage of power supply, railway traction is being given priority over the other consumers considering the essentiality and economical need of railway traction.

d) Demand Charges

Objection

The demand charges @ Rs. 140/- per kVA are being levied for railway traction. It should be fixed at a lower level as Northern Railway avails supply at 66 kV. Railway erects and maintains the infrastructure created to supply at 25 kV to traction network. Railways also provide capacitor banks to improve power factor. All such investments add additional heavy cost per kWh to Railways besides tariff, whereas utility is not required to invest any extra amount on infrastructure for giving supply to Railway.

Reply of distribution licensee

Considering the techno-economical reasons that higher load should be fed by high voltage level which ensures maintaining balance in the system topology, reliable supply of power and lower overall system loss levels, the supply to the railway traction is made at 132/220 kV. It is obligatory for the high voltage consumer to take supply at 132/220 kV. Therefore, claim of Railways for exemption from the demand charges on this ground is not justified. The Nigam incurs demand related fixed cost for maintaining an electrical system to meet each customer's incidental demand and that in fairness to all customers this cost needs to be met by the customers that demand this capacity. The demand charges represents the costs associated with the total capacity that the customer envisages and his actual contribution to the systems peak demand. The Nigam is not charging any associated cost in respect of the capital investment made by the railway traction.

e) **Penalty on over drawl:**

Objection

The electric traction load of railway is almost constant. The traction load exceeds the limit under the following conditions:-

i) Sometimes, load fluctuates owing to various factors like traction supply interruptions by Utility, other power supplying authority, public agitations, accidents etc. leading to bunching of trains in a particular zone, which causes maximum demand to exceed for a short spell.
ii) In case of failure of any of TSS, which happens due to non – availability of supply to the concerned TSS, to ensure uninterrupted movement of trains, the supply is extended from adjacent TSS. Under this condition, the maximum demand sometimes exceeds the contract demand and huge penalty has to be paid for no fault. Railway is also not authorized to put penalty on Discoms for non availability of supply.

In both the cases, the limiting maximum demand is beyond the control of Railways. Therefore, Railways may be completely exempted from payment of load violation charges as a special case.

Reply of distribution licensee:

The penalty is being imposed on the over-drawl of power to manage the load on the distribution and transmission system. When the over-drawl of power takes places, there is a load strain on the transmission and distribution systems and the Nigam has to manage the load of the system which results in extra cost to the Nigam. Also, such over drawls by the consumer result in increased wear and tear on the system translating into higher non-routine/un-planned R&M expenses incurred by the Nigam. In addition, over-drawl can damage the transmission equipment of the licensee. In the event of overdrawls, Nigam has to bear additional expenses over any deviation from the schedule of power drawls that are levied by the grid operators in order to maintain system stability. Therefore the penalty imposed on such over drawls by the Nigam is justified.

f) Incentive from Timely Payment.

Objection

Railways have never defaulted in payment of energy bill. Therefore, some incentive for timely payment be considered.

Reply of distribution licensee

There is no policy of providing incentive/rebate for timely payments as it increases the financial cost burden to the Nigam and the revenue assessment from the consumer will go down. Timely payment of bills by the Railways, does not entitle them to claim incentive for the payments. The Nigam is conventionally dependant on these funds for further payments to the stakeholders in the entire value chain. Hence timely payments received from the consumers would strengthen the existing dismal financial health of the Discoms and would further aid for avoiding working capital borrowings by the Discoms for regular operations.

g) Metering for Railways

Objection

The meter for railway traction should be provided at railway traction substation instead of Grid sub Station to minimize line losses. PSPCL has already shifted the energy meters for railway traction from GSS to TSS.

Reply of distribution licensee

The Northern Railways avails supply at 132/220 kV at which the Nigam's transmission/ distribution system hands over the responsibility to the Railways. Hence, the current metering arrangement where the metering is done at the Nigam's sub-station is pragmatic and in line with the commercial principles. Also, since the downstream network is maintained by the Railways, the losses on this network should also be to their account.

h) **Payment of ACD/ Consumption Secutiy Deposit**

Objection

Railway may be exempted from payment of ACD/Security Deposit as done by Rajasthan or else Railways may be allowed for payment of ACD/Consumption Security deposit in the shape of Letter of Guarantee from RBI instead of cash. Railway is exempted from payment of ACD/Security deposit in Rajasthan. In Maharashtra, payment of ACD/ consumption security is through Bank guarantee from RBI instead of cash deposit. In UP, ACD/consumption security above Rs. 50 lakhs is through Bank guarantee. In West Bengal, there is no provision of ACD/Security deposit.

Reply of distribution licensee

Railways had submitted a letter for exemption from Advance Consumption Deposit (ACD) and had requested the Commission for consideration. The Commission vide its memo no. 6073/HERC/Tariff/82 dated 06.12.2012 had intimated that the request made by the Railways was not feasible because as per the prevailing instructions, Advance Consumption Deposit (ACD) is to be deposited by the consumer in cash only and there is no provision such as Bank Guarantee as a medium to pay ACD in the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005. Hence, Northern Railways should abide by the Regulations and the ACD should continue to be deposited in cash or through demand draft.

i) **Disparity between Traction tariff for Railway & DMRC**

Objection

In the tariff order for FY 2013-14, tariff for DMRC has been fixed much lower compared to railway traction, while both Railways & DMRC are operating in the railway transport sector. DMRC is catering to commuter services in NCR region only, whereas Railways provides essential commuter services much beyond Delhi, meeting the aspirations of larger population of Haryana State commuting to Delhi at a very low fare. Fixing traction tariff higher than DMRC on the ground that DMRC provides state of art & preferred mode of transport for the public is not justifiable. The disparity between tariff for railway traction & DMRC should be removed and traction tariff should be at par with tariff for DMRC.

Reply of distribution licensee

Determination of tariff is under the purview of the Commission and thus Nigam is charging the tariff as determined by the Commission vide its order dated 30.03.2013. The Nigam requests the Commission to pass a judgment considering Nigam's dismal financial health in this regard; wherein as such the Nigam would not be able to bear any further revenue losses on account of reduction in electricity tariffs.

j) Revenue Gap

Objection

DHBVNL has projected total cumulative revenue gap of Rs. 2446 crore for FY 2013-14 and no tariff schedule has been proposed by DHBVNL to bridge this gap. Discom has stated that it expects to fund its gap in FY 2014-15 through available funding under FRP and continuation of certain FSA/ RAs as proposed under FRP plan. Therefore there should be no tariff hike.

Reply of distribution licensee

The finalisation of the electricity tariffs for various consumer categories is a prerogative of the Commission. The Nigam expects to fund its gap in FY 2014-15 through the available funding under FRP and continuation of certain FSA/RAs as proposed under FRP Plan and as such does not propose any tariff increase in FY **2014-15.**

2.1.13 Objections received from DMRC:-

DMRC has been treated as a separate category so far, however, in this petition filed by DHBVN, DMRC does not appear as a separate category. DMRC requests to be treated as separate category as has been done in earlier orders.

In November 2006 before opening of the section in 2010 that DMRC signed an agreement with Govt. of Haryana for the electricity supply. The relevant para for the water supply and electricity tariff reads as under.

"Government of Haryana shall provide water at no profit/ no loss basis to Delhi Metro Rail Corporation Limited. Government of Haryana shall also arrange to provide electricity on cost price from Transco, under open access system. Delhi Metro Corporation limited shall pay wheeling charges as decided by Haryana State Electricity Regulatory Authority as applicable from time to time."

Thus DMRC had submitted that the tariff for metro is to be fixed in accordance with the above agreement. As per the executive summary submitted by DHBVNL for the Annual Revenue Requirement of FY 2014-15, the purchase cost of DHBVNL is Rs. 4.27 / kWh. Therefore, DMRC is already paying at higher rate to DHBVN vis-à-vis purchase cost of DHBVN, which is against the agreed Principle in fixing DMRC Tariff.

Reply of distribution licensee:

The revenue from sale of power to consumers within Haryana is projected on the basis of sales, connected load / contract demand for various categories. However, for the ease of projections, Metro Category has been considered along with Railways. This has been done only for ease of calculations and does not in any way state that DMRC is categorized under Railway category.

Tariff determination is under the purview of the Commission. The tariff for DMRC has been fixed by the Commission vide tariff order for FY 2013-14 dated 30th March 2013 and the same is levied on to DMRC. Further, the Commission in tariff order for FY 2013-14 avers that as per National Tariff Policy; the tariff has to be reckoned with the average CoS of the Discoms. Hence, the tariffs fixed for various categories by the Commission are in line with National Tariff Policy.

The tariff levied onto DMRC is as per the Commission's tariff order for FY 2013-14 dated 30th March 2014. Further, refund of excess amount arises only if the licensee has billed the consumers an amount which is in excess of the tariff fixed by the Commission. Section 62 (6) of the Electricity Act 2003 also provides for refund only when excess amount is charged which exceeds the tariff fixed by the Commission.

2.1.14 Objections received from Sh. Ram Kumar Jolly, Ms. Babli, Sh. Surinder Kumar, Raghuvendra Singh Jolly, Residents of Naraingarh, Yamuna Nagar:-

The NDS consumers of the villages are not getting regular electric supply during the day time. Therefore, the electic consumption is less and the NDS consumers are getting the electicity bills on MMC. Since the MMC is higher, the consumers are unable to pay the electricity bills. The NDS consumers of the villages have requested for reduction in MMC.

Reply of distribution licensee:

2.1.15 Objections received from Sh. Virendra Dixit, DGM, BHEL

The latest tariff structure issued by HERC has created an anomaly wherein only for Bulk Supply Consumers the Fixed charges are on connected load basis whereas for all other categories of load at 11 kV i.e. same level of voltage supply, the same is on Contract Demand or recorded maximum demand basis.

In the latest tariff structure of SERCs of Himachal Pradesh, Delhi, Rajasthan, the parity on this ground has been maintained.

Reply of distribution licensee:

2.1.16 Objections received from Indus Tower Ltd.

a) Reduction in applicable tariff and rationalization of tariff fror telcom towers in the state.

Objections:

Based on the energy availability for the various sources, both DHBVNL and UHBVNL have predicted that there will be a surplus availability of power from FY 2014-15 to FY 2016-17, mainly due to the commissioning of the power plants in the future. The increase in generating capacity is not reflected in the increase in the revenue from the sale of the power. Despite the revenue from sale from power increasing by over 50% in 2013-14, the expected increase in revenue from sale in power is merely 11%, despite installation of new generating capacities in the state. The revenue from sale of power from DHBVN is only projected to increase by 9% from FY 14 to FY15. Despite the addition of new generating capacities, inter-state sales are projected to increase by only 9%.

Calculations of power procurement costs and predicted sales by the distribution utilities should be looked into and appropriate action in this regard be taken.

According to the ARR petition by UHBVN and the DHBVN for FY2014-15, the cost of supply is calculated on the basis of average cost of supply, in the absence of relevant data for working out consumer category-wise cost of supply. The average cost of supply of Rs. 3.55 per unit is considered by the UHBVN and R.s 4.29 by the DHBVN for FY 2-14-15. There should be calculation of category wise cost of supply and then it should be compared with the category wise tariff to arrive at the correct representation.

Cost–to-serve should not be the guiding principle for tariff determination and the Discoms should be directed to carry out cost of supply study for calculation of category wise cost of supply. The consumption / load profile of a telecom tower is unique given the high load factor and nearly flat load profile of such connections. Telecom towers form a part of base load for the utility and do not contribute to the peak demand for the state and hence avoid any additional burden of short term power purchase for the utility. The cost of supply for this type of connections is less than the average cost of supply and according the applicable tariff should be made more sensitive for such specific type of consumers

Reply of distribution licensee:

The tariff charged across all the categories is in accordance with the mandate of National tariff Policy and all the categories are charged within ± 20% of the average cost of supply.

b) Introduction of a new sub-category for Telcom Towers within Commercial category.

Objection

States such as Madhya Pradesh, Jharkhand, Uttarakhand, and Kerala have introduced sub-categories targeting consumers based on type of activity within non-domestic/ commercial category whereas Discoms in state of Haryana currently bill all commercial consumers under the same category.

Creation of a special sub-category under the commercial category should be considered for all telecom towers due to the reasons discussed below:

(i) Coverage of telecom tower operators under Universal Service Obligation-

Telecom tower operators are covered by a Universal Service obligation as defined in the amended Indian Telecom Act, 1885 under which all major telecom players have the obligation to provide access to basic telegraph services to people in rural and remote areas at affordable and reasonable price.

(ii) Essential nature of business:

Essential services like Telecom Towers are required to provide an uninterrupted service and hence form the backbone for many other essential services like medical emergencies, law and order response, weather emergencies etc. These essential services depend on efficient functioning of telecom and in turn telecom services depend on efficient supply of electricity at tower sites.

(iii) Favorable Load / Consumption Profile:

The consumption/ load profile of telecom tower is unique amongst general commercial consumers given the high load factor and nearly flat load profile of such connections. Telecom towers do not contribute significantly to the peak hour consumption of the Discoms and are a part of the base load of the Discoms. Such a load profile doesn't put pressure on the Discoms to buy additional power during peak hours at higher prices thereby leading to lower 'cost to serve' for such consumers.

(iv) Additional investment made to make up for deficiency in electric supply

Power consumed by load of the telecom towers is fairly constant and predictable and need continuous eclectic supply for 24 hour period. Since the current supply is not reliable and is deficient, the petitioner is forced to use DG sets with battery back up on all BTS towers. This usage of costly power generated by DG sets forces companies such as Indus Towers Limited to incur additional capital expenditure and operational costs for maintaining reliability of supply. This pushes the net electricity charges of the telecom companies.

(v) Contribution to overall productivity generation owing to the nature of business:

Worldwide the telecom sector has been recognized as large productivity generator and multiple studies have shown its spread has contributed to rise of economic activity and incomes of societies. A rapid increase in telecommunication has fostered many changes from provision of information of prices to local fisherman to setting up of ITES businesses. With current low telecom penetration there is further ground in the state to reap benefits of its expansion.

Reply of distribution licensee

The categorization of consumer categories is under the purview of the Commission. However, Indus tower is a commercial establishment with profit motive.

c) Implementation of Consolidate Billing & Roll out of AMR meters.

Objection

The Commission is requested to consider the proposal of compulsory installation of AMR meters and roll out of consolidated billing for large consumers with multiple connections. For consumers such as Indus Tower which operates over 2200 telecom towers in the state of Haryana, each of which is billed separately such a measure would drive the efficiency of the Discoms by way of savings in billing cost while also ensuring accuracy. Moreover, installing AMR meters will eliminate the direct cost of manual meter reading and in addition provide value addition by data analysis. The AMR system provides the utility with much more functionality than simply reducing meter reading cost. The objective of AMR technology is not only to reduce the losses but to bring up a system where energy is accountable and the network can be managed without human intervention. Smart meters can become a win-win situation for the utility as well as consumer.

Reply of distribution licensee

Provision has been made by Discomswherein the billing information of all the consumers is available online. The consumers can add his multiple bills and make single payments against all the bills. Individual receipts and posting in the consumer amount will be taken care by online system. This system of online billing has commenced from 7th Jan 2014.

2.1.17 Objections received from Faridabad Industries Limited.

a) Delay in filing Capital Investment Plan, Business Plan & MYT Petition for Control Period

Objection:

The Discoms are delaying the statutory filing due to political reasons as the general elections as well as the state assembly elections would coincide with the FY 2014-15 tariff period. The very essence of the Electricity Act, 2003 (36 of 2003) is to distance Government from the process of tariff fixation and hence a statutory independent body i.e. State Electricity Regulatory Commissions were constituted. Hence, the action of the Discoms erodes the very genesis of the existence of the Commission.

Reply of distribution licensee:

The main thrust of the capital investment plan for the sector is to improve efficiency and meet the growing demand from the existing consumers; meet the requirement of strengthening of the system and to meet the Standards of Performance (SOP) laid down by the Commission. Hence, in order to ensure that the consumers are benefitted by the various schemes adopted by the Discoms, a meticulous planning and analysis is needed which does require substantial amount of time.

Further, it is pertinent to note that the Capital Investment Plan/Capex Plan forms a very significant part while preparing Business Plan and for MYT Petition. The figures of Capital investment plan form the input for various parameters (Depreciation, ROE, and Interest Expenses etc) of MYT Petition for the control period. Therefore, unless the Capital Investment Plan is finalized, submitting the Business Plan and the MYT Petition does not give out the true essence of the entire Business Operation of the utility. However, at every instance of occurrence of delay, the Discom has been communicating the same to the Commission and had maintained efforts to comply with the same.

There is no deliberate attempt by the Discoms to delay the filing and Discoms have always held the Commission in a high esteem and has always made efforts to comply with any directives given by the Commission.

Various correspondences highlighting the reasons for delay have been submitted to the Commission and it has also been prayed to the Commission to condone the delay in filing of Capital Investment Plan, MYT petition and Business Plan.

b) True up of Revenue:

Objection

The tariff hike of about 18% allowed by the Commission constituted largely of amortisation of past regulatory assets and FSA for the period FY 2011-12. Given the much higher sales, as the Discoms are claiming that they have surplus power, than assumed by the the Commission, the Discoms have collected more revenue than envisaged by the Commission while passing the order dated 31.03.2013. Hence there is a need to true – up the revenue recovery figures, thereby adjusting the surplus so generated by reducing the consumer category wise distribution and retail supply tariff. Additionally, the Commission had allowed about 750 MW to be purchased from Aravali Power and about 447 MW from PTPS (Unit 1 to 4) wherein the average cost of generation is in excess of Rs. 5 / kWh. Given the surplus power availability including much less expensive power available in the Grid at UI of less than Rs. 1 / kWh, the Discoms did not schedule power from these sources as allowed by the Commission. Hence the savings in the form of lower power purchase cost incurred by the Discoms in FY 2013-14 needs to be passed on to the consumers while truing up the ARR or by giving credit to the consumers by way of negative FSA.

Reply of distribution licensee:

Following the MYT Regulations 2012, it is required to true up the Aggregate Revenue Requirement, Revenue Receipts / income. The True up of the requisite parameters along with the revenue for FY 2012-13 based on the audited accounts would be carried out by the Commission while finalizing ARR Tarif for FY 2014-15.

c) Loss Reduction:

Objection

The Commission has prescribed the Distribution and AT & C loss trajectory and held that the same shall not be re-stated. Hence, the reduction in the losses as per the trajectory shall not only result in revenue saving but also provide additional availability of power with the Discoms, which can be supplied to the paying consumers. This would also reduce the level of corruption in the Power Utilities which probably accounts for 30 to 40% of the cost of supply of the Discoms. All these are expected to lower the ARR of the Discoms for FY 2014-15 and hence the tariff charged from the electricity consumers of Haryana.

Reply of distribution licensee:

UHBVN has achieved significant loss reduction in past few years through bifurcation/ trifurcation of Feeders Program as shown in the table below:

Year	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Distribution Losses (%)	31.04%	28.66%	28.56%	27.02%	25.92%	33.30%	31.20%	31.26%

However, due to the revision of sales to Agriculture category in FY 2011-12 (using data recorded on segregated AP feeders), the distribution losses had gone up to 31.20%.

The distribution loss reduction targets for Control Period (FY 2014-15 to FY 2016-17) have been set based on the mandatory conditions as per the Central FRP Scheme for receiving matching grant from the Central Government on account of accelerated AT&C loss reduction. The distribution and AT&C loss reduction target envisaged for UHBVN for Control Period (FY 2014-15 to FY 2016-17) in the FRP and for the purpose of MYT filing, has been summarized below:

Parameter	FY 2013-14	FY 2014 – 15	FY 2015 – 16	FY 2016 – 17
Distribution Losses	27.54%	25%	23.0%	20.9%
AT & C Losses	31.53%	28.38%	25.67%	23.26%

The Nigam has constituted theft detection teams to reduce commercial leakages through theft/pilferage. The outstanding arrears from connected/disconnected consumers are also being recovered by launching arrears recovery drives/schemes and by assigning specific arrear recovery targets to the sub-divisions.

d) Peak Load Exemption Charges (PLEC):

Objection

The HT Industrial consumers of Haryana are subjected to heavy Peak Load Exemption Charges (PLEC) while as per the claims of the Discoms themselves, that they are having round the clock about 500 MW of surplus power and by selling the same through power exchange / bi-lateral market, they are incurring financial losses in excess of Rs. 400 Crore. Given the contradictory and conflicting scenario and the fact that the peak load hours determined by the Discoms, in the absence of an accurate consumer load curve, is also vague, it is requested to dispense with the

PLEC or keep the same in abeyance, till the time the Discoms in Haryana are operating in a power surplus scenario.

Reply of distribution licensee:

The Commission has issued an amendment on Open Access Regulations on 3rd December 2013. Regulation 2.3 of the Open Access provides for Levy of peak load exemption charges (PLEC) on energy drawn through open access during peak load hours (PLHs). In the said amendment of the Regulations, the Commission has observed that reasons for imposition of peak load restrictions are primarily non availability of sufficient power during peak load hours as well as system constraints because if unhindered drawl is resorted to by consumers during PLHs, the stability of the entire grid may be in jeopardy and it may lead to collapse of the system. Accordingly, PLEC is levied keeping in view these two factors i.e. to compensate the licensee for scheduling costlier power during PLHs and secondly to contain the demand within available peak capacity. The Commission in the interest of the various stakeholders decided to levy PLEC on energy drawn through open access during PLHs as under:

i) PLEC not to be levied on energy drawn up to 20% of CD.
ii) 50% PLEC on energy drawn beyond 20% CD and up to 50% CD.
iii) 100% PLEC for energy drawn beyond 50% CD.

e) Cross Subsidy Surcharge:

Objection

As per the trajectory laid down by the Commission for reduction of Cross – Subsidy surcharge, it is requested to further reduce the Cross – Subsidy surcharge to align the same with the National Tariff Policy.

Reply of distribution licensee

The Commission has already considered reduced cross subsidy surcharge in line with the National Tariff Policy vide Tariff Order dated 30th March 2013.

Thus the Commission has already considered the Cross subsidy surcharge for Railways as 38 paise per unit which is 40% of the generated cross subsidy of 95 paise per unit for the same category. Thus, the objection of further reducing the cross subsidy surcharge beyond the genuine approach followed by the Hon'ble Commission should not be accepted.

f) HT Industry tariff:

Objection

The Commission should align the HT Industry tariff with the cost of supply. Hence they ought not to be called upon to cross-subsidise any other consumer category. As a matter of principle and natural justice, if any other consumer category is to be charged a lower tariff than their cost of supply, the same should come as subsidy from the State Government as done in the case of AP tube-well supply.

Reply of distribution licensee:

When a consumer receives supply from a distribution licensee, it makes payment according to a tariff which has an element of cross subsidy. The second proviso to sub-section (2) of Section 42 of Electricity Act 2003 makes it evident that cross subsidy surcharge is intended to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee. Further, the Nigam feels that the extent of including the subsidy element and the fixation of the tariff of individual consumer categories is a prerogative of the Commission and thus the Nigam would request the Commission to consider the submissions accordingly.

g) FRP benefits to consumers:

Objection

The Government of Haryana has approved Financial Re-Structuring Plan for the Discoms, wherein about Rs. 8000 Crore of short term liabilities of the Discoms have been taken over by the State Government. This would reduce the debt servicing liability of the Discoms and reduce the overall ARR. The benefit of FRP ought to be passed on to the consumers in the shape of reduced distribution and retail supply tariff.

Reply of distribution licensee:

As per FRP scheme, 50% of the short-term outstanding liabilities as on 31st March 2012 would be taken over by the State Government. In lieu of this, the State Government has committed around Rs.7381 Crores against which bonds have been issued in Dec 2013. While projecting ARR for FY 2014-15 Discoms have already taken this into the consideration.

h) Cost of Supply:

Objection

During the past few years, the Utilities have not been furnishing the proposed tariff and category wise cost of supply in the ARRs thereby leaving it to the Commission for a suo moto decision which denies the stake holder an opportunity to raise objections.

Reply of distribution licensee:

It has been submitted that Discoms are currently carrying out Cost of Supply study significant progress has been achieved in collection of data pertaining to Consumer indexing. The study will be completed in due course of time.

i) Payment of Underdrawl Charges and compliance of directives

Objection

The Utilities tend to delay or fail to comply with the directions of the Hon'ble Commission from time to time. A recent example is the inordinate delay in compliance of the directive of payment of underdrawl charges to Open Access consumers.

Reply of distribution licensee:

As per the Commission order dated 20th November 2013, the Nigam is to refund the underdrawl charges. The Discom is currently evaluating the process & amount of underdrawl charges which is to be refunded to the Open Access Consumers.

State Advisory Committee (SAC) :

The meeting of the State Advisory Committee (SAC) was held on the MYT ARR/Tariff Petitions of all the utilities in accordance with the provisions of the Act. The meeting of the SAC was initially scheduled to be held on 3rd March, 2014 in the office chamber of Chairman, HERC at Panchkula. However the meeting was postponed and was subsequently fixed to be held on 24th April, 2014 at HUDA Gymkhana Club, Sector 29, Gurgaon. Due to certain unavoidable circumstances, the meeting again had to be postponed and was finally scheduled to be held on 8th May, 2014 in the office chamber of Chairman, HERC at Panchkula. The agenda along with executive summaries of the ARR petitions of the distribution licensees was also sent to the Members.

The meeting of the SAC was held as scheduled on 08.05.2014 in the office Chamber of the Chairman, HERC at Panchkula. At the start of the meeting Chairman apprised the Members that in respect of subsidized tariff for Domestic consumers with bi- monthly consumption up to 1000 units which the state Govt. had announced in January, 2014, the State Govt. has conveyed its commitment to pay the subsidy for the period January to March, 2014 but has not given any commitment for FY 2014-15. The Commission had written to the Govt. to intimate whether it would like to continue the subsidized tariff for DS consumers and pay the requisite subsidy but no commitment has come from the State Govt. Instead the State Govt. wants subsidized tariff to continue and the Commission to adjust the DS subsidy in the tariff of other categories of consumers. As per the Electricity Act, 2003, the State Govt. can give relief in tariff to any category of consumers but then the State Govt. should pay the corresponding subsidy. At the same time for continuation of subsidized tariff as notified by the Discoms w.e.f 1.1.2014 for DS category, the Commission cannot force the Govt. to pay subsidy. The Chairman stated that the Commission has two options i.e. either to continue the subsidized tariff of DS category and spread the difference over other categories or to develop its own tariff structure for DS category. The Commission, he said, would like to have the views of the Members in this regard. Members were informed that the financial implication of continuing the subsidized tariff for DS category would be around Rs. 300 cr. Mr. G.C. Narang, representing, Faridabad Industries Association, said that other categories should not be called upon to bear this additional subsidy as the cross- subsidy element in subsidizing categories especially industrial category is already quite high. Representative of UHBVNL stated that they have no objection to the slab system for DS category as per subsidized tariff provided Discoms are kept revenue neutral. Some Members raised the issue of open access. It was informed that there are large numbers of open access applicants who have neither been refused NOC nor the NOC has been issued. The Utilities are simply sitting on their applications and are not taking any action. The Chairman stated that the Commission has already taken suo motu notice of the matter and has written a letter to HVPNL/Discoms/SLDC to intimate the names of the officers who have violated Open Access Regulations of the Commission. The Commission, he said, would take action against whosoever has violated the Regulations of the Commission. Mr. J. S. Batra Director/Projects, HVPNL tried to justify denial of Open Access to the applicants because of the transmission constraints. The Chairman stated that the Commission has been given the mandate to facilitate and promote open access; the Commission shall slowly lower the eligibility level for open access and the officers obstructing open access on frivolous grounds would be severely dealt with. Discoms, he said, should not strangulate the Industry due to narrow Commercial considerations as the industry is a major contributor to the State GDP and is the primary source of money for the Govt. for development works.

The issues relating to complaints of wrong billing, replacement of defective meters by Discoms, Electricity Supply Code were also discussed. Regarding complaints of wrong billing, the Chairman said that these fall within the preview of CGRF. The complaints for wrong billing which some of the consumers are forwarding to the Commission should be taken up with the CGRF. On the issue of replacement of defective meters, the Chairman said that the Commission has given the timelines for 100 % replacement of defective meters and expects that Discoms are following the same. The Chairman further stated that Electricity Supply Code is a very exhaustive document which covers almost everything concerning electricity supply by Discoms to consumers. However the Members are welcome to point out if there are any deficiencies so that the same could be addressed by the Commission. Some Members raised the issue of reduction in contract demand. It was stated that it takes a lot of time even when one seeks reduction in contract demand whereas the same should be allowed promptly. The Chairman said that the Discoms has to ascertain at their end that the reasons behind consumer’s request for reduction in contract demand are valid and that there is nothing malafide. The Director/ Projects DHBVNL, Sh. P.C. Gupta, said that there is provision of deemed reduction in contract demand on application by of a consumers and the same is affected by the Discoms by next date of billing. Member/HERC, Shri Jageet Singh, also raised the issue of ‘Tatkal Scheme’ for release of new connections and payment of electricity bills through designated banks. He further said that the Discoms/ HVPNL must put the distribution /transmission loss as well as commercial loss figures on their websites and update the same regularly. Ms. Amneet P Kumar, Director/HREDA raised the issue of non-compliance of Renewable Purchase Obligation (RPO) by the Discoms. She said, for the last three years, the Discoms are not complying with the RPOs prescribed by the Commission and it is dampening this sector. Chairman intervened to say that captive generation also has RPO and it need to be checked whether they are complying or not. He further added that Discoms are able to meet non-solar RPO but are not complying solar RPO. The Commission, he said, may consider making specific provision in the ARR of the Discoms exclusively for purchase of solar power/RECs to enable them to meet solar RPO.

Member/HERC, Sh. M.S. Puri, raised the issue of fuel audit and poor quality of coal, in terms of GCV and ash content, being received by HPGCL which substantially add to the fuel cost. The M.D. HPGCL, Sh. MKV Rama Rao, informed that they have initiated the process for engaging CPRI Bangalore for fuel audit and further have raised the issue of poor quality of coal at the highest level.

Chairman also requested the Members to give their suggestions as to how the surplus power available with the Discoms, which at present is being surrendered by Discoms as UI at extremely low rates, can be utilized by the industry if it is offered at a lower tariff. He asked the Members to ponder over this issue and send their suggestions to the Commission.

The Commission has duly considered the views of the Members of SAC while finalizing the present ARR (under MYT framework) & Tariff Order.

3 ANALYSIS OF ARR FILINGS AND COMMISSION'S ORDER

The Commission, while passing this order for determination of ARRs of the UHBVNL and DHBVNL for the control period FY 2014-15 to FY 2016-17, has taken into account their respective MYT Petitions, additional information/data provided by them, objections / suggestions of the stakeholders, replies of distribution licensees thereto, views expressed by the objectors during the public hearings and the valuable suggestions of the Members of State Advisory Committee.

Commission's Estimate of Energy Sales

3.1.1 AP Consumption

The two Discoms had segregated their AP feeders in the year 2009-10. Accordingly w.e.f. FY 2010-11 the Commission has been estimating their annual AP consumption on the basis of actual consumption recorded on segregated AP feeders during the previous year after adjusting for a loss factor of 16% and taking into account the estimated load growth. All though UHBVNL has implemented HVDS scheme on segregated AP feeders in four Districts, even then their line losses are of the order of 16% or more as evident from the figures of energy sent on segregated AP feeders and that actually billed.

The Discoms, in their MYT petition for FY 2014-15 to FY 2016-17, have stated that although Jind circle is now under DHBVNL area of operation, but present MYT Petition & Business Plan documents have been filed by considering Jind circle under UHBVNL area of operation. The Commission as such has estimated the AP consumption of the two companies for FY 2014-15 to FY 2016-17 by considering Jind circle under UHBVNL area of operation. However, for the purpose of proper accounting of AP sales between the two companies, the AP consumption of Jind circle has also been estimated separately.

3.1.2 UHBVNL:

UHBVNL in their MYT petition for FY 2014-15 to FY 2016-17 has projected AP consumption.

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Estimated AP consumption (MUs)	4864	5348	5803	6300

Historical data of AP consumption of UHBNL is as under:

Sr. No.	**Description**	**Actual AP sales for the period 2010-11 (MU)**	**Actual AP sales for the period 2011-12 (MU)**	**Actual AP sales for the period 2012-13 (MU)**	**Actual AP sales for the period 2011-12 (upto Sep. 2011) (MU)**	**Actual AP sales for the period 2012-13 (upto Sep. 2012) (MU)**	**Actual AP sales for the period 2013-14 (upto Sep. 2013) (MU)**
1	AP Units as recorded on Segregated AP feeders.	4016.30	4615.85	4831.01	2631.87	2988.20	2800.59
2	Losses @16% on (1) above.	643.00	738.54	772.96	421.10	478.11	448.09
3	Net AP consumption (1-2).	3373.30	3877.31	4058.05	2210.77	2510.09	2352.50
4	AP units on other feeders.	232.60	151.96	100.26	77.96	48.45	55.21
5	Consumption of other category consumers on Segregated AP feeders.	NIL	NIL	118.26	NIL	57.10	65.25
6	**Total AP consumption (3+4-5).**	**3606**	**4029.27**	**4040.05**	**2288.73**	**2501.44**	**2342.46**
7	Percentage increase in AP sales over previous year		11.74%	0.27%	-	9.29%	(-) 6.36%
8	**AP consumption approved by HERC**	**3599**	**3850**	**4127**			
9	**Sales as per Ledger**	**3318.40**	**3898.60**	**4197.69**	**2209.18**	**2595.58**	**2365.27**

Further, the statistical data of UHBVNL with regard to annual increase in the number of connections and connected load of AP consumers is as under:

Sr. No.	Particulars	2010-11	2011-12	2012-13
A	B	C	D	E
1	No. of AP Connections ending the year.	303907	312977	321903
2	Increase in AP connections over previous year.		9070	8926
3	**% increase in AP connections over previous year.**		**2.98%**	**2.85%**
4	AP Connected Load (kW) ending the year.	2977714	3073453	3243122
5	Increase in AP connected load (kW) over previous year.		95739	169669
6	**% increase in AP connected load over previous year.**		**3.22%**	**5.52%**

The data of AP sales supplied by UHBVNL for FY 2010-11, FY 2011-12 & FY 2012-13 indicates that AP sale of FY 2011-12 increased by 11.74% over AP sale of FY 2010-11. However, the AP sale of FY 2012-13 increased by only 0.27% over AP sale of 2011-12. To say the AP sale during 2012-13 is almost the same as as in the tariff order of FY 2011-12. For FY 2012-13, the Commission had approved AP sales as 4127 million units against which the AP units actually calculated now work out to 4040 million units.

Taking into account the above historical data/information provided by UHBVNL, the AP consumption for FY 2013-14 and for the control period FY 2014-15 to FY 2016-17 of UHBVNL is estimated as below:-

i) Actual AP consumption for FY 2012-13, after considering a loss factor of 16% = 4040 million units .

ii) Estimated AP consumption for FY 2013-14

The AP consumption of the licensee during the period April, 2013 to September, 2013 is 2342.46 million units against 2501.44 million units during the same period of the previous year i.e. less by 6.36%, as indicated in the table above.

As such the estimated AP consumption of the licensee for FY 2013-14 is taken same as calculated for FY 2012-13 i.e. 4040 million units.

i) Estimated AP consumption for the control period FY 2014-15 to FY 2016-17.

   The statistical data of the licensee given above indicates that on an average there is about 3% increase in AP connections every year and that the increase in connected load every year is in the range of 3% to 5.5%. As such considering a load growth of 5% every year, the AP consumption is estimated as under:-

   a) Estimated AP consumption for FY 2014-15 (4040 x 1.05) = 4242 MUs

   b) Estimated AP consumption for FY 2015-16 (4242 x 1.05) = 4454 MUs

   c) Estimated AP consumption for FY 2016-17 (4454 x 1.05) = 4677 MUs

3.1.3 DHBVNL

DHBVNL in their MYT petition for FY 2014-15 to FY 2016-17 has projected the AP consumption as under:

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
AP consumption (MUs)	3936	4095	4373	4665

Historical data of AP consumption of DHBVNL is as under:

Sr. No.	Description	Actual AP sales for the period 2010-11 (MU)	Actual AP sales for the period 2011-12 (MU)	Actual AP sales for the period 2012-13 (MU)	Actual AP sales for the period 2011-12 (upto Sep. 2011) (MU)	Actual AP sales for the period 2012-13 (upto Sep. 2012) (MU)	Actual AP sales for the period 2013-14 (upto Sep. 2013) (MU)
1	AP Units as recorded on Segregated AP feeders.	3424.98	4074.69	4205.67	1757.32	1983.16	2342.75
2	Losses @16% on (1) above.	548.00	651.95	672.91	281.17	317.30	374.84
3	Net AP consumption (1-2).	2876.98	3422.74	3532.76	1476.15	1665.86	1967.91
4	AP units on other feeders.	120.67	110.75	108.11	50.14	55.18	50.49
5	Consumption of other category consumers on Segregated AP feeders.	113.84	186.83	145.30	85.79	74.10	74.28
6	**Total AP consumption (3+4-5).**	**2883.81**	**3346.65**	**3495.57**	**1440.51**	**1646.94**	**1944.13**
7	**Percentage increase in AP sales over previous year**	**-**	**16.05%**	**4.45%**	**-**	**14.33%**	**18.04%**
8	**AP consumption approved by HERC**	**2797.00**	**2937.00**	**3393.00**			

The statistical data of DHBVNL with regard to annual increase in the number of connections and connected load of AP consumers is as under:-

Sr. No.	Particulars	2010-11	2011-12	2012-13
A	B	C	D	E
1	No. of AP Connections ending the year.	216484.00	227429.00	239478.00
2	Increase in AP connections over previous year.		10945.00	12049.00
3	**% increase in AP connections over previous year.**		**5.06%**	**5.30%**
4	AP Connected Load (kW) ending the year.	1994785.00	2184411.00	2314698.00
5	Increase in AP connected load (kW) over previous year.		189626.00	130287.00
6	**% increase in AP connected load over previous year.**		**9.51%**	**5.96%**

It is observed from the data of AP sales supplied by DHBVNL for FY 2010-11, FY 2011-12 & FY 2012-13 that AP sale of FY 2011-12 increased by 16.05% over AP sale of FY 2010-11. However, the AP sale of FY 2012-13 increased by only 4.45% over AP sale of 2011-12.

In view of the above historical data/information supplied by the licensee, AP consumption for FY 2013-14 and for the control period FY 2014-15 to FY 2016-17 for DHBVNL is estimated as under:-

i) Actual AP consumption for FY 2012-13, after considering a loss factor of 16%, works out to 3495.57 million units (rounded of to 3496 million units).

Estimated AP consumption for FY 2013-14 for DHBVNL:

The data of AP sales supplied by DHBVNL indicates that AP sale during FY 2012-13 increased by 4.45% over AP sale of 2011-12. The connected load ending March 2013 was more by 5.96% over connected load ending March 2012.

In view of the above, the estimated AP consumption of the licensee for FY 2013-14 is calculated by taking 5% growth over the actual AP consumption for FY 2012-13 i.e. 3671 million units (3496 x 1.05).

Estimated AP consumption for DHBVNL is as under:

The statistical data of AP consumers provided by the licensee given above indicates that on an average there is 5% increase in AP connections every year and that the increase in connected load every year is in the range of 6% or more. As such considering a load growth of 5% every year the AP consumption is estimated as under:-

a) AP consumption for FY 2014-15 (3671 x 1.05) = 3855 MUs
b) AP consumption for FY 2015-16 (3855 x 1.05) = 4048 MUs
c) AP consumption for FY 2016-17 (4048 x 1.05) = 4250 MUs

3.1.4 Estimation of AP consumption of Jind circle.

Jind circle stands transferred from UHBVNL area of control to DHBVNL w.e.f 3rd July, 2013. However, as stated above, the two licensees in their MYT petition for FY 2014-15 to FY 2016-17 have considered Jind circle under UHBVNL, while projecting their AP sales for the control period.

The Commission has however, estimates the AP consumption of Jind circle separately for FY 2013-14 and for the control period as under. This estimated consumption of Jind circle can be subtracted from estimated consumption of UHBVNL and added into estimated consumption of DHBVNL, if changeover of Jind circle is considered.

The historical data of AP consumption of Jind circle is given in the table below:-

Historical data of AP consumption of Jind circle

Sr. No.	Description	Actual AP sales for the period FY 2010-11 (MU)	Actual AP sales for the period FY 2011-12 (MU)	Actual AP sales for the period FY 2012-13 (MU)	Actual AP sales for the period FY 2011-12 (upto Sep. 2011) (MU)	Actual AP sales for the period FY 2012-13 (upto Sep. 2012) (MU)	Actual AP sales for the period FY 2013-14 (upto Sep. 2013) (MU)
1	AP Units as recorded on Segregated AP feeders.	437.66	529.22	612.48	286.94	354.46	348.48
2	Losses @16% on (1) above.	70.03	84.67	98.00	45.91	56.71	55.76
3	Net AP consumption (1-2).	367.63	444.55	514.48	241.03	297.75	292.72
4	AP units on other feeders.	11.37	11.85	2.42	7.83	1.97	0.17
5	Consumption of other category consumers on Segregated AP feeders.	13.54	14.11	2.88	9.32	2.35	0.20
6	**Total AP consumption (3+4-5).**	**365.46**	**442.29**	**514.02**	**239.54**	**297.37**	**292.69**
7	Percentage increase in AP sales over previous year	**-**	**21.02%**	**16.22%**	**-**	**24.14%**	**(-) 1.57%**

The statistical data of Jind circle with regard to annual increase in the number of connections and connected load of AP consumers is as follows.

Sr. No.	Particulars	FY 2010-11	FY 2011-12	FY 2012-13
1	No. of AP Connections ending the year.	35122	37181	35221
2	Increase in AP connections over previous year.		2059	(-)1960
3	**% increase in AP connections over previous year.**		**5.86%**	**(-) 5.27%**
4	AP Connected Load (kW) ending the year.	304233	327263	329357
5	Increase in AP connected load (kW) over previous year.		23030	2094
6	**% increase in AP connected load over previous year.**		**7.57%**	**0.64%**

From the above data it is observed that the actual AP sale of Jind circle for FY 2012-13 is 514 million units. The AP consumption during the period April, 2013 to September, 2013 is 292.69 million units against 297.37 million units during the same period of the previous year i.e. less by 1.57%. The connected load ending September, 2013 has also decreased by 1.91% over the connected load ending September, 2012 (340211 kW – 346827 kW).

Based on the above historical data/information supplied by the two licensees, the AP consumption of Jind circle for FY 2013-14 and for the control period FY 2014-15 to FY 2016-17 is estimated as under:-

i) Actual AP consumption for FY 2012-13, after considering a loss factor of 16%

= 514 million units.

Estimated AP consumption for FY 2013-14 (Jind)

Since the AP consumption during the period April, 2013 to September, 2013 has instead decreased by about 1.57% over the AP consumption for the same period of previous year and also the connected load ending September 2013 has decreased by 1.91% over the connected load ending September 2012, the estimated AP consumption for FY 2013-14 is taken same as calculated for FY 2012-13 i.e. 514 million units.

Estimated AP consumption for the control period i.e. FY 2014-15 to FY 2016-17.

The statistical data of Jind circle given above indicates that there is yearly increase in connected load from 0.64% to 7.57%. However, considering a load growth of 5% every year, as has been done in estimating the AP consumption of the two companies above, the AP consumption is estimated as below:-

a) AP consumption for FY 2014-15 (514 x 1.05) = 540 MUs

b) AP consumption for FY 2015-16 (540 x 1.05) = 567 MUs

c) AP consumption for FY 2016-17 (567 x 1.05) = 595 MUs

Accordingly the Commission approves AP sales for the two Distribution licensees as under:

AP consumption (MUs)	**FY 2013-14**		**FY 2014-15**	**FY 2015-16**	**FY 2016-17**
	As provided in ARR order for FY 2013-14	**As estimated now**			
In respect of UHBVNL including Jind circle	4397	4040	4242	4454	4677
In respect of DHBVNL excluding Jind circle	3712	3671	3855	4048	4250
Total AP consumption	**8109**	**7711**	**8097**	**8502**	**8927**
In respect of Jind circle only	-	514	540	567	595

3.1.5 Metered Sales (Other than AP)

In order to project the respective consumer category wise energy sales of UHBVNL & DHBVNL for FY 2014-15 to FY 2016-17 the Commission, in line with the methodology adopted in its previous orders, has relied on CAGR of previous years data provided by the them for connected load, number of consumers, sales and the resulting consumer category wise load factor. Thus after applying the projected load factor to the projected consumer category wise connected load, the consumer category wise sales for FY 2014-15 have been arrived at. However, the Commission observes that there exists substantial unmet demand in Haryana due to large number of pending new connections as well as substantial augmentation of generation capacity available to Haryana. Hence, the CAGR of past time series data of sales and connected load may not truly reflect the consumer category wise sales in FY 2014-15 to FY 2016-17. Consequently, except for consumer categories such as Agriculture, Railways (Traction), DMRC, Lift Irrigation etc. the Commission, in line with the enhanced power availability in Haryana has assumed additional 12% sales and 20% in the case of HT Industry over and above energy sales arrived at on the basis of consumer category wise CAGR of the past data submitted by the Discoms. The Commission thus approves energy sales for FY 2014-15 to FY 2016-17 as under:-

Table 3.1 - Approved Sales FY 2014-15 to FY 2016-17 (Million Units)

Consumer Categories	UHBVNL			DHBVNL		
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2014-15	FY 2015-16	FY 2016-17
Domestic	4421	4867.5	5574.80	4606	4781.70	5045.7
Non Domestic	1309	1428.90	1589.50	2439	2743.21	2559.24
HT Industry	3916	4275.14	4762.48	5916	6441	7014
LT industry	935	1060.4	1225.40	837	859.1	898.7
Agriculture metered	1716	1802	1892	2286	2401	2521
Agriculture Unmetered	2526	2652	2785	1568	1647	1729
MITC	6	6.71	7.76	0	0	0
Lift irrigation	26	29.11	32.16	163	169	175
Railway traction	144	146	149	174	176.49	179.51
Bulk supply	394	406.82	428.88	643	611	649
Street Light	49	52.49	56.76	57	60.48	64.50
PWW	586	614.9	658.90	450	453.2	465.3
DMRC	0	0	0	22	22.3	22.97
Total	16027	17342	19163	19162	20365	21324

The Commission observes that given the power availability scenario there may not be any need to purchase short term expensive power or drawl under UI mechanism in a low grid frequency situation. However, in case such purchase is necessitated to manage day to day operations the purchase rate should not exceed the average revenue realization per unit of the two Discoms respectively. The Commission would like to add that for all the subsidized / cross – subsidized consumer categories the sales as approved above shall be construed as the ceiling sales volume. Further while merit order stacking for backing down of any power station approved by the Commission including HPGCL Power Stations, the Discoms must keep in view the landed cost of power which shall also include inter – state transmission losses, open access charges as well as the fixed cost payable to the power stations that may be backed down. **It is reiterated that for managing day to day load the Discoms may purchase power from any available source including drawl under UI mechanism, however, the per unit cost of such power shall not exceed the average per unit cost of power approved by the Commission.**

Power Purchase

3.1.6 Projections by UHBVNL / DHBVNL

The Haryana Government in exercise of powers conferred by Section 131 of the Electricity Act, 2003 transferred the rights relating to procurement of electricity /UI drawls/dispatches or trading of electricity from HVPNL/HPGCL to UHBVNL and DHBVNL (the two state owned distribution licensees in Haryana) w.e.f.1/04/2008 with the functional arrangements becoming operational w.e.f.15/04/2008. Consequently, Haryana Power Purchase Centre (HPPC) was set up to manage the bulk power purchase (both intrastate and interstate) and bulk supply functions for two distribution licensees. HPPC procures power from the Central Generating Stations from where power has been allocated to Haryana and from time to time additional allocations are made from the central un – allocated quota in the CPSUs and other external sources i.e. NTPC, NHPC, NPC, short term/bilateral arrangements, shared projects such as BBMB as well as power made available by HPGCL from the state generating stations.

The total power availability during each year of the control period from all external and internal sources i.e. NTPC, NHPC, NPCIL, SJVNL HPGCL, BBMB stations, IPPs, Co-generation, renewable energy generation etc. in order to meet the consumer category wise sale of power by the Discoms, has been projected as under:

3.1.7 Commission's Estimate of power purchase

As per the submissions of the distribution companies and the fact that they have projected surplus energy to be available for inter – state sale, the Commission believes that there may not be any need to rely on expensive short term sources or drawl under UI mechanism in a low grid frequency condition. Consequently, the Commission reiterates that the Discoms / trading company should explore the possibilities of actively participating in bids for procurement of power floated by energy deficit states / distribution companies outside the state as well as explore the possibilities of supplying additional power to the HT Consumers during the hours when the Discoms are resorting to under drawl / backing down at a rate which could be possibly lower than the approved tariff and charges. The tariff in such cases could be based on grid frequency based meters. Further, while merit order stacking the Discoms should take into account Fixed Cost of backing down / under – drawl, which they anyway have to pay to the generators in addition to the fuel / variable charges. This, the Commission believes, would go a long way in reducing the average cost of power available for sale to the electricity consumers of Haryana. Otherwise the Discoms may get stranded with surplus capacity and in the absence of matching demand end up paying the fixed charges even if power stations are backed down on merit order or inject power in the grid and get meagre return as UI under high grid frequency and are unable to sell through the power exchange.

The Commission, in the past, has been relying on the Generation targets from the CPSUs targets finalised by the Central Electricity Authority (CEA) in consultation with the generators. The generation targets are arrived at by the CEA based on discussions with the respective states, the generation programme given by Generators, the performance of the generating stations, planned maintenance requirement and average forced outages during the last few years as well as anticipated coal supply scenario in case of the thermal power stations. As the generation targets for FY 2013-14 and FY 2014-15 have not been, so far, finalized by the CEA, the Commission, in order to estimate the power availability in Haryana has considered the following:-

(a) CEA's generation target for FY 2012-13 for thermal power stations and FY 2013-14 for hydro and nuclear power stations for which data was available.

(b) Past trend of actual generation achieved vis –a – vis CEA's generation targets.

(d) HPGCL's generation targets as approved by the Commission for FY 2014-15, FY 2015-16 and FY 2016-17.

(e) Expected generation targets from new generating stations as proposed by the Discoms.

(d) The Commission, limited for the purpose of arriving at power availability, has not taken into account a few sources like Karcham Wangtoo, Lanco Babandh and a few others as the power flow from such sources are uncertain. However, this should not be construed for any other power including approval / disapproval of such sources of power by the Commission.

The volume of power purchase from each source approved by the Commission for FY 2014-15 to FY 2016-17 is discussed in the subsequent paragraphs. As the Power Purchase

Agreements have been allocated in 1:1 ratio to UHBVNL & DHBVNL and HPPC procures power on behalf of both the Distribution licensees, the projections are for Haryana as a whole.

3.1.8 Availability of power from HPGCL

The Commission has considered power availability at the bus bar from HPGCL sources as per its order dated 29.05.2014 in Case No. HERC/PRO-39 of 2013 in the matter of HPGCL's Petition on determination of HPGCL's Generation Tariffs for FY 2014 15 to FY 2016-17 under the MYT framework. The underlying assumptions are not being reproduced here as the same has been discussed at length in the said order. The power availability (ex – bus energy) from HPGCL sources is presented in the table that follows.

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
HPGCL	20233.15	20149.46	20149.46

3.1.9 Availability from NTPC Faridabad CCGT (FGPP)

The 432 MW Faridabad gas based power station of NTPC is a dedicated station for Haryana. As per Discoms submissions 1698.20 MUs was available to Haryana in FY 2013-14. For FY 2014-15 to FY 2016-17 the Discoms have projected 2720.4 MU from FGPP for each year of the MYT control period. The CEA's generation target available for FY 2012-13 for FGPP is 2555 MU. Thus the Commission, for the purpose of projecting availability, has retained the generation target as per CEA's projections further reduced by 3% auxiliary consumption. Hence the approved power from this source is 2478 MUs. **Given the surplus power availability projected in Haryana, the Commission directs the Discoms not to schedule power from FGPP on liquid fuel.** The Commission's approved volume from FGPP is as per the table below.

Power purchase volume from FGPP (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
Faridabad CCGT	2478	2478	**2478**

3.1.10 Availability of power from shared projects of BBMB

The Discoms have share (to the extent of shares owned by HVPNL in the shared projects) in capacity entitlement to the extent of 33.02% in Bhakra, 32.02% in Dehar, 16.67% in Pong (all BBMB stations).

The Commission observes that as per Discoms submissions 2850 MUs were available from BBMB power stations in FY 2012-13 and 2884.8 MUs in FY 2013-14. The Discoms projected availability from this source in the MYT control period is the same i.e. 2884.40 MUs. For the purpose of projecting availability of power from BBMB sources, the Commission has retained CEA's generation targets for FY 2013-14 as generation from this hydro sources may not be much different from the previous year.

Thus the Commission approves the volume of power purchase equivalent to the share entitlement of Haryana in BBMB projects as per generation target(s) approved by CEA for FY 2011-12 after reducing the same by 0.5% on account of auxiliary consumption as given in table below:

Power Purchase Volume from BBMB (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
BBMB	2884.8	2884.8	2884.8

3.1.11 Availability of power from NTPC

The Commission has based its approval on the CEA's generation targets available for FY 2012-13 after adjusting the same for auxiliary energy consumption and actual availability in FY 2013-14 from NTPC power stations in which Haryana has share.

The details of power availability approved by the Commission in FY 2014-15 to FY 2016-17 are presented in the table that follows.

Power Purchase Volume from NTPC (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
Singrauli STPS	1451	1451	1451
Rihand I	510	510	510
Rihand II & III	549	549	549
Unchahar I	68	68	68
Unchahar II	141	141	141
Unchahar III	128	128	128
Anta Gas	149	149	149

Auraiya Gas	223	223	223
Dadri Gas	235	235	235
Farakka STPS	59.46	59.46	59.46
Kahelgaon I	152	152	152
Kahelgaon II	370	370	370
NCTPS (Dadri II)	0	0	0
Total	**4035.46**	**4035.46**	**4035.46**

3.1.12 Availability of power from NHPC

The Commission's approval of availability from NHPC Power Stations during the control period is largely based on the CEA's generation targets for FY 2013-14 adjusted for auxiliary consumption, home state's share and actual availability reported in the previous year. The Commission's approval of volume of power purchase volume from NHPC generating stations is presented in the table that follows:

Power purchase volume from NHPC (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
Bairasiul	125	125	125
Salal I	248	248	248
Tanakpur	13	13	13
Chamera I	195	195	195
Chamera II	61	61	61
Uri I & II	123	150	150
Dulhasti	115	115	115
Dhauliganga	86	86	118
Sewa II	36	36	36
Total	**1002**	**1029**	**1061**

3.1.13 Availability from NPCIL sources

The Commission's approval of power purchase volume from Nuclear Power Corporation i.e. NAPP and RAPP sources is also based on Haryana's share in the CEA's target generation for FY 2013-14, net of auxiliary consumption adjusted for actual availability in the previous year. The Commission's approval of power purchase volume from NPCIL is presented in the table that follows.

Power Purchase Volume from NPCIL (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
NAPP	135.96	135.96	135.96
RAPP (3-4)	463	463	608.58
Total	**598.96**	**598.96**	**744.54**

3.1.14 Power Purchase through Short Term/bilateral/UI mechanism

The Discoms, in their MYT petition, have not proposed any drawl of power under short - term / bilateral & UI mechanism. Consequently, the Commission, while estimating volume of power purchase, has not considered any power from short – term arrangements including drawl under UI mechanism.

3.1.15 Power Purchase from Other Sources

a) Power Procurement from a few other sources including new power plants proposed by the Discoms include Mundra UMPP, Pragati Gas, APCL, DVC – Raghunathpur, Rihand III, Sasan UMPP, Mundra (Adani), DVC – Mejia –B, Koteshwar, Chamera III, Koldam, Teesta III, Uri – II, Parbati III, MGSTPS (CLSP), Koderma etc.The Commission allows availability from these sources based on CEA's generation targets for FY 2012-13 where ever available adjusted for actual availability from these sources in the recent past as reported by the distribution licensee. In case neither CEA's generation target or past generation data is available, the Commission has adopted power purchase volume as proposed by the Discoms in their present petition.

Power Purchase from Other Sources (MUs)

Particulars	HERC Approval for FY 2014-15	HERC Approval for FY 2015-16	HERC Approval for FY 2016-17
Mundra UMPP	1773.9	1773.9	1773.9
Sasan UMPP	1110.94	1817.90	2390.20
Pragati Gas Bawana	671	671	671
Aravali Power	3109.74	3109.74	3109.74
DVC – Raghunathpur	539	539	539
Mundra Adani	7670.16	7670.16	7670.16
DVC – Mejia B	538.64	538.64	538.64
THDC Koteshwar HEP 1&2	129	129	129
Koldam HEP	0	179	179
Teesta III	0	0	832.56
Parbati III	141.54	141.54	141.54
MGSTPS (CLP) Jhajjar	3199.5	3199.5	3199.5
Koderma DVC	538.64	538.64	538.64
SJVNL	312	312	355
THDC Tehri	219	219	219
Rampur HEP	32.96	32.96	32.96
Uri II	27.06	27.06	27.06
Barh I	185.82	185.82	185.82
Total	20198.90	21084.86	22532.72

b) Availability of Power from Independent Power Producers/PTC

In addition to the power available from Central Sector, State Sector and Shared Utilities, the Discoms have projected availability of power from PTC Tala, PTC J&K, and Lanco Amarkantak etc. The Commission allows volume of power purchase from such sources as proposed by the Discoms. The details are as follows:

Availability of Power from PTC

	HERC Approval for FY 2014-15 (MU)	HERC Approval for FY 2015-16 (MU)	HERC Approval for FY 2016-17 (MU)
PTC - Tala	62.42	62.42	62.42
PTC J&K	208.12	208.12	208.12
PTC–Lanco Amarkantak	525.17	525.17	525.17
Total	**795.71**	**795.71**	**795.71**

c) Availability of Power from Renewable Energy Sources

The Commission is committed to encourage cogeneration and non-conventional fuel based generation including solar generation projects under JNNSM scheme in the State and accordingly allows power purchase volume, as proposed by Discoms, from renewable sources for which PPAs have been approved by the Commission.

The approved power purchase volume from renewable energy sources is presented in the table that follows:

Approved Power Purchase Volume from Renewable Energy Sources

	HERC Approval for FY 2014-15 (MU)	HERC Approval for FY 2015-16 (MU)	HERC Approval for FY 2016-17 (MU)
P&R Gogripur	11.42	11.42	11.42
Bhoruka Power	34.84	34.84	34.84
Puri Oil Mills	17.30	17.30	17.30
Biomass & Cogen Projects	90.42	90.42	90.42
Solar Power Projects	1.24	1.24	1.24
Total	155.22	155.22	155.22

3.1.16 Total Approved Power Purchase Volume:

Based on the source wise approvals of the quantum of power, limited for the purpose of estimating power availability in Haryana, as presented above, the Commission

determines power availability both from inter – state and intra – state generators of 52381 MU in FY 2014-15, 53545 MUs in FY 2015-16 and 55171 MUs in FY 2016-17.

Power Purchase Cost

The cost of purchase of power is mostly a known parameter. The amount payable by the Discoms are based on power purchase agreements with various generators that clearly establish the price determination procedure. In case of central power sector units (CPSU's) or other generators supplying power to more than one state, the tariffs as approved by the Central Electricity Regulatory Commission (CERC) are applicable. Most of the elements constituting the total cost of generation i.e. capacity charges, base energy related charges, adjustment of base energy charges for cost of fuel and other factors, taxes, duties, incentive payments etc. are well defined and can be estimated with a reasonable degree of accuracy.

The Power Purchase cost has been estimated by the distribution licensees largely based on the relevant tariff orders, recent bills, existing arrangement and an assumed escalation factor for each source of power.

The Commission has notified on 5.12.2012 the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012. The relevant provision of the said regulations on power purchase cost is reproduced below.

59.1 *The cost of power purchased by the distribution licensees from generating stations of HPGCL shall be worked out based on the tariff determined by the Commission. The cost of power purchase from central generating stations shall be worked out based on the tariff determined by the CERC. Similarly the cost of power purchased from nuclear power stations of Nuclear Power Corporation of India Ltd. (NPCIL) shall be worked out on the basis of tariff notified by the Departmental of Atomic Energy under the Atomic Energy Act, 1961. In case of bilateral transactions, the rates as per PPAs approved by the Commission shall be considered. The cost of power purchase from other generating companies / sources shall be worked out based on invoices raised by the generators during the previous year. In absence of above, rates based on bills of energy purchased during the previous 3 months shall be considered by the Commission.*

59.2 *The cost of power purchase from non-conventional energy sources shall be based on the tariff determined by the Commission as per renewable energy regulations notified by the Commission and as amended from time to time or as per the PPAs approved by the Commission.*

59.3 *Subject to provisions of clause 59.3, any variation in cost of power purchase at the allowed transmission loss level, for reasons beyond the control of the distribution licensee, shall be allowed to be recovered by the distribution licensee by way of FSA, as per the formula approved by the Commission and as amended from time to time. The procurement price to be adopted for working out variation in the cost of power* *beyond approved power purchase volume shall be the generation tariff approved by the Commission, the rate discovered through competitive bidding and adopted by the Commission or the short-term rates approved by the Commission.*

59.4 *Any loss on account of increase in power purchase cost, not covered above, shall be borne by the distribution licensee.*

59.5 *The Renewable Purchase Obligation (RPO) of the distribution licensee shall be as per the renewable energy regulations notified by the Commission as amended from time to time.*

The Commission has largely based the estimation of power purchase cost for CPSU's on the basis of actual average rate reported by the Discoms for FY 2013-14. In the case of Adani Power the same is based on the relevant years tariff as per the PPA while in the case of HPGCL power the same has been considered as per the tariff determined by the Commission for FY 2014-15 to FY 2016-17. Further, in order to prevent any bunching up of Fuel Price Adjustments (except HPGCL and Adani Power) the per kWh rate considered for arriving at the power purchase cost has been escalated by 3% per annum for arriving at the power purchase rate for FY 2015-16 and FY 2016-17.

3.1.17 Tariff for power from CPSUs (NTPC, NHPC & NPC)

The tariffs for power purchase from central sources have been considered at the average rate of power purchase in FY 2013-14.

3.1.18 Price for HPGCL power

The Commission under sub - section 1(a) of section 86 and sub section 1(a) of section 62 of the Electricity Act 2003 has determined HPGCL's generation tariffs for FY 2014-15 to FY 2016-17a vide its order dated 29.05.2014 (Case No HERC/PRO – 39 of 2013). The approved station wise rates in the above-mentioned order of the Commission have been considered for determining the cost of power from HPGCL stations.

3.1.19 Price of Shared utility power

HVPNL, as per the transfer scheme notified by the Government of Haryana, has ownership interest to the extent of equity shares in IPGCL and BBMB projects and the corresponding share in capacities have been allocated to HPPC. HVPNL has to bear its share of net O&M cost in respect of BBMB projects, i.e. net of O&M charges less credit for HVPNL share of revenue for sale of power to common pool consumers. However, in line with the Hon'ble Appellate Tribunal's order on cost of BBMB power, the Commission allows tariff for power from BBMB as per the average actual rate of FY 2013-14 and further escalated the same for the subsequent years @ 3% per annum, which, besides O&M expenses, also includes depreciation and interest on Haryana's share of the Capital Expenditure.

3.1.20 Price of Power Purchased from Other Sources

The Commission has relied upon the average power purchase rate as per the FY 2013-14 invoices raised by the generators in case of SJVNL, Farakka, Tala HEP, Dhulhasti, Dhauliganga, Tehri, Kahalgaon I and Kahalgaon II in lieu of Tala.

The Commission has separately allowed wheeling, Open Access and other charges amounting to Rs. 8050 Millions as per the reported actual cost on this account for FY 2013-14, subject to true up as these are legitimate cost.

3.1.21 Price of Short term Power purchase/bilateral arrangements

The Commission has not considered any short term purchases or drawl under UI mechanism and hence for estimating power purchase cost the same has not been considered.

3.1.22 Unitary Charge

In its order on the ARR for transmission licensee, the Commission has allowed HVPNL to recover the unitary charge arising out of transmission project commissioned through Public Private Partnership (PPP) between HVPNL and M/s Jhajjar KT Transco Private Limited by raising a separate bill on the beneficiaries in ratio of their usage from the date of commissioning of the line for which a separate transmission license has been granted by the Commission. The TSA including monthly unitary charge already stands approved by the Commission and the same shall be recovered on actual basis in accordance with the provisions of the Transmission Service Agreement. The Commission allows the monthly unitary charges as proposed by the licensee at Rs. 4.86 crores per month or Rs. 58.32 crores per annum. Further, the Commission has not considered any availability based incentive and the same shall be governed by the TSA approved by the Commission.

3.1.23 Details of volume, rate & cost of power purchase from various sources

The details of approved rates (Rs/kWh) and cost (Rs. Millions) for purchase of power along with approved volume (Million units), from various sources for FY 2014-15, FY 2015-16 & FY 2016-17 are presented in Table that follows.

Approved Volume, Rate & Cost of Power Purchase for FY 2014-15,FY 2015-16 & FY 2016-17

Source	FY 14-15	FY 15-16	FY 16-17	FY 14 - 15	Cost Rs. Million	FY 15-16	Cost Rs. Million	FY 16 - 17	Cost Rs. Million
	MU	MU	MU	Rs/kWh	FY 2014-15	Rs/kWh	FY 2015-16	Rs/kWh	FY 2016-17
NTPC									
Singrauli STPS	1451	1451	1451	1.65	2394	1.70	2465	1.75	2539.33
Rihand I	510	510	510	2.04	1041	2.10	1072	2.16	1104.21
Rihand II & III	549	549	549	2.07	1137	2.13	1171	2.20	1206.63
Unchhahar I	68	68	68	3.47	236	3.57	243	3.68	250.70
Unchhahar II	141	141	141	3.68	517	3.79	533	3.90	548.56
Unchhahar III	128	128	128	3.96	506	4.08	521	4.20	536.80
Anta CCGT	149	149	149	4.63	689	4.77	709	4.91	730.70
Auraiya CCGT	223	223	223	5.43	1211	5.59	1248	5.76	1285.10
Dadri CCGT	235	235	235	4.83	1133	4.97	1167	5.12	1202.10
Faridabad CCGT	2478	2478	2478	5.23	12962	5.39	13351	5.55	13751.14
NHPC									
Salal I	248	248	248	0.93	231	0.96	238	0.99	244.69
Bairasiul	125	125	125	1.62	203	1.67	209	1.72	214.83
Tanakpur	13	13	13	2.38	30	2.45	31	2.52	31.69
Chamera I	195	195	195	1.48	289	1.52	297	1.57	306.18
Chamera II	61	61	61	2.53	154	2.61	159	2.68	163.73
Dhauliganga	86.04	86.07	118.07	2.65	228	2.73	235	2.81	331.93
Dulhasti	115	115	115	5.25	602	5.41	620	5.57	638.38
Uri (inc Uri III FY 16 & FY 17	123	150	150	1.69	207	1.74	261	1.79	269.05
Sewa II	36	36	36	4.45	162	4.58	167	4.72	171.94
SJVNL (Nathpa Jhakri)									
SJVNL	312	312	355	2.39	745	2.46	768	2.54	900.50
Tehri (THDC)	219	219	219	4.58	1003	4.72	1033	4.86	1064.10
Koteshwar HEP 1&2	129	129	129	4.35	561	4.48	578	4.61	595.32
Kahalgaon I	152	152	152	3.19	485	3.29	499	3.38	514.41
Kahalgaon II	370	370	370	3.44	1273	3.54	1311	3.65	1350.31
NPC									
NAPP	135.96	135.96	135.96	2.48	337	2.55	347	2.63	357.72
RAPP (3-4)	463.02	463.07	608.58	3.06	1417	3.15	1460	3.25	1975.68
HPGCL	**20233.15**	**20149.46**	**20149.46**	3.9787	80502	4.0738	82085	4.1489	83598.96
Shared Project									0.00
BBMB	2884.8	2884.8	2884.8	0.35	1010	0.36	1040	0.37	1071.17
Othres									0.00
Farakka STPS	59.46	59.46	59.46	3.45	205	3.55	211	3.66	217.63
PTC Tala	62.42	62.42	62.42	2.02	126	2.08	130	2.14	133.77
PTC J&K	208.12	208.12	208.12	3.74	778	3.85	802	3.97	825.77

PTC Lanco Amarkantak	525.17	525.17	525.17	3.6	1891	3.71	1947	3.82	2005.75
P&R Gogripur	11.42	11.42	11.42	3.9	45	4.02	46	4.14	47.25
Bhoruka	34.84	34.84	34.84	3.18	111	3.28	114	3.37	117.54
Puri Oil Mill	17.3	17.3	17.3	3.95	68	4.07	70	4.19	72.50
Biomass Projects & Cogen	90.42	90.42	90.42	2.77	250	2.85	258	2.94	265.72
Solar Projects	1.24	1.24	1.24	5.67	7	5.84	7	6.02	7.46
Aravali	3109.74	3109.74	3109.74	5.37	16699	5.53	17200	5.70	17716.29
Mundra UMPP	1773.9	2046.82	2046.82	2.51	4452	2.59	5292	2.66	5450.39
Sasan UMPP	1110.94	1817.9	2390.2	1.2	1333	1.24	2247	1.27	3042.92
Pragati Gas Bawana	671.0	671.0	671.0	6.09	4087	6.27	4209	6.46	4335.38
DVC Raghunthpur	539	539	539	4.51	2429	4.65	2502	4.78	2577.21
Rihand III	0.0	0.0	0.0	0	0	0.00	0	0.00	0.00
Rampur HEP	32.96	32.96	32.96	4.47	147	4.60	152	4.74	156.30
Adani Power	7670.16	7670.16	7670.16	3.244	24882	3.23	24759	3.209	24613.54
DVC Mejia-B	538.64	538.64	538.64	4.2	2262	4.33	2330	4.46	2400.06
Chamera III	0.00	0.00	0.00	3.69	0	0.00	0	0.00	0.00
Koldam HEP	0.00	179.00	179.00	4.47	0	4.60	824	4.74	848.86
Teesta III	0	0	832.56	4.47	0	4.60	0	4.74	3948.19
Sabansari	0	0	0	0	0	0.00	0	0.00	0.00
Parbati III	141.54	141.54	141.54	4.47	633	4.60	652	4.74	671.21
Parbati II	0	0	0	0	0	0.00	0	0.00	0.00
MG STPS CLP Jhajjar	3199.5	3199.5	3199.5	3.17	10142	3.27	10447	3.36	10760.09
Koderma DVC	538.64	538.64	538.64	4.2	2262	4.33	2330	4.46	2400.06
Barh II	185.82	247.78	247.78	4.2	780	4.33	1072	4.46	1104.05
Uri II	27.06	27.06	27.06	4.47	121	4.60	125	4.74	128.32
Wheeling & Other Charges					8050		8050		8050.00
TOTAL	**52381**	**53545**	**55171**	**3.69**	**193026**	**3.73**	**199594**	**3.79**	**208852.10**

In accordance with the source wise volume and cost of power approved by the Commission as indicated in the table above, the total volume of power available in FY 2014-15, FY 2015-16 and FY 2016-17 is approved at 52381 MUs at a cost of Rs. 193026 Millions for FY 2014-15; 53545 MUs at a cost of Rs. 199594 for FY 2015-16 and 55171 MUs at a cost of Rs. 208852 Millions for FY 2016-17. The average rate of power purchase allowed by the Commission in FY 2014-15 works out to Rs. 3.69 / kWh, Rs. 3.73 / kWh for FY 2015-16 and Rs. 3.79 / for FY 2016-17.

Transmission Losses

For the purpose of calculating the available energy for sale by the Distribution licensees for FY 2014-15, FY 2015-16 and FY 2016-17, the Commission has relied on the latest available figures for inter-state transmission losses. For the intrastate transmission losses, the Commission has retained its benchmark loss level of 2.50 % as determined for FY 2013-14 for FY 2014-15 and has pegged the loss level at 2.48% for FY 2015-16 and 2.46% in FY 2016-17 a per its order on the transmission tariff dated 29.05.2014. Resultantly, the net energy available for sale by the Discoms is as under.

Table 3.2: Commission approved Energy available for Sale to the Distribution Licensees (FY 2014-15 to FY 2016-17)

Sr. No	Particulars	Units	FY 2014-15	FY 2015-16	FY 2016-17
1	Gross energy procured from outside the state sources	MUs	15,895	17,144	18,769
2	Inter-state transmission losses	%	3.82%	3.82%	3.82%
3	Inter-state transmission losses	MUs	607	655	717
4	Net energy available from outside the state	MUs	15,288	16,489	18,052
5	Add energy generated within the state	MUs	36,485	36,401	36,401
6	Net energy available for use in Haryana	MUs	51,773	52,890	54,454
7	Intra-state transmission losses	%	2.50%	2.48%	2.46%
8	Intra-state transmission losses	MUs	1,294	1,312	1,339
9	**Energy available for sale to distribution licensee**	**MUs**	**50,479**	**51,578**	**53,114**
10	Power purchase cost	Rs Cr	19,303	19,959	20,885
11	Unitary Charges	Rs. Cr	58	58	58
12	Total Cost	Rs. Cr	19,361	20,017	20,943
14	Power purchase per unit (bulk rate)	Rs/kWh	3.84	3.88	3.94

Intra-State Transmission Charges & SLDC Charges

The Commission, vide its order on Transmission Tariff and SLDC charges dated 29.05.2014, has approved Transmission tariff and SLDC charges for FY 2014-15 including the transmission and SLDC charges recoverable from TPTCL. The details including monthly recovery of the transmission and SLDC charges from various beneficiates including the Discoms are given in the ibid order. A summary of the transmission and SLDC charges for the control period recoverable from the Discoms is as under:

Table 3.3: Transmission and SLDC charges (Rs. Millions)

	FY 2014-15	FY 2015-16	FY 2016-17
Transmission charges			
UHBVNL	4879.11	5227.97	5734.36
DHBVNL	5149.17	5517.34	6051.76
SLDC charges			
UHBVNL	32.061	46.772	48.764
DHBVNL	34.139	49.803	51.924

Interstate sale

The distribution licensees have proposed a sale of 9582 MU for FY 2014-15, 7436 MU for FY 2015-16 and 9557 MU for FY 2016-17 at an average rate of 80% of the average power purchase cost including transmission charges. The difference between availability of power and projected sales as estimated by the Commission is 5452 MUs for FY 2014-15. Sale of 5452 MUs at bulk supply rate outside the State as estimated by the Commission is expected to generate Rs. 2091.48 crores @ Rs. 3.84 per unit which is reduced from the gross power purchase cost. The balance power purchase cost is then allocated between the two distribution licensees in the proportion of their requirement after considering the distribution losses allowed to them for each year of the control period.

The Commission is of the considered view that excess availability of power is due to mismatch between the availability of power and the ability of the licensees to supply the same to the consumers in an efficient manner in the state. The interstate sale of power should be managed in such a manner so that the consumers of the state are not made to suffer loss due to this inability of the licensee. In case the power procurement planning is done in an efficient manner, the licensees should even be able to subsidise the consumers of Haryana by selling the excess power to consumers outside the state at remunerative rates.

It has been observed that there is large number of applications for new connections or extension of load is lying pending for release of their connections. These connections if released properly within the time frame as prescribed in the Electricity Supply Code, would not only utilize the available generation capacity with the Discoms which otherwise remains surplus but would also generate revenue.

The Commission is aware that in quite a few cases extension of distribution system, augmentation of the existing substations or the construction of new sub- station of distribution and transmission licensees may be required. However, given the fact that at times under drawls of power by the Discoms results in a revenue loss of about Rs. 1.5 Crore per day, there is a need to given special attention on this aspect by the licensees and such infrastructure be developed on top priority so that the pending connections are released within the time limits as prescribed in the Supply Code. Further, both transmission and the distribution licensee are required to work in close coordination to develop and maintain the distribution and the transmission system to cater to the demand of electricity of the consumers in the State.

The Discoms are directed to submit a monthly report in respect of category wise pending applications and the load as on 31st March, 2014, applications and the load received during the month and the pending applications and the load to be released at the end of the month.

At the end of the each month, the status of works of extension/augmentation the distribution system and the creation of bays at HVPN sub-stations & the augmentation work being carried out by HVPN for release of load of the consumers be also provided for the information of the Commission. Additionally, the Discoms are advised to create & fill a dedicated post of Chief Engineer who would have exclusive mandate to manage and optimise day to day and hourly trading function and instruct the SLDC accordingly.

Table 3.4: Interstate sale and bulk power purchase cost approved by the Commission (Rs. crores)

Sr. No	Particulars	Units	FY 2014-15	FY 2015-16	FY 2016-17
1	Total power purchase cost	Rs. Cr	19,361	20,017	20,943
2	Bulk Power purchase rate	Rs./kWh	3.84	3.88	3.94
3	Inter state sale of power (units)	MU	5452	4319	3296
4	Revenue from interstate sale of power at bulk supply rate (2*3)	Rs. Cr	2091	1677	1299
5	Cost of power net of interstate sale (1-4)	Rs. Cr	17271	18341	19645

Power purchase cost for Distribution licensees

The revenue from interstate sale of power, as calculated above, is reduced from the total cost of power allowed by the Commission to arrive at net cost of power to be incurred by the two distribution licensees for each year of the control period. The cost of power allocation is based on the distribution losses approved for each distribution licensees. The calculation of power purchase cost is as given below:-

Table 3.5: - Power purchase cost for Distribution licensees (Rs. crores)

FY 2014-15		UHBVNL	DHBVNL	Total
Units sold by discoms	MU	16027	19162	35189
Distribution loss	%	25.00%	19.01%	21.85%
Distribution loss	MU	5341	4497	9838
Bulk units purchased	MU	21369	23659	45027
Net power purchase cost for DISCOMS as per table 3.4				17271

Rate per unit				3.836
Cost		8197.10	9075.34	17272.44

FY 2015-16		UHBVNL	DHBVNL	Total
Units sold by discoms	MU	17342	20365	37707
Distribution loss	%	22.98%	17.70%	20.21%
Distribution loss	MU	5173	4379	9552
Bulk units purchased	MU	22515	24744	47259
Net power purchase cost for Discoms as per table 3.4				18341.08
Rate per unit				3.881
Cost		8738.16	9603.08	18341.24

FY 2016-17		UHBVNL	DHBVNL	Total
Units sold by discoms	MU	19163	21324	19163
Distribution loss	%	20.88%	16.70%	20.88%
Distribution loss	MU	5056	4274	5056
Bulk units purchased	MU	24219	25598	24219
Net power purchase cost for DISCOMS as per table 3.4				19645
Rate per unit				3.943
Cost		9549.62	10093.31	19642.93

Renewable Purchase Obligation (RPO)

Section 86 (1) (e) of the Electricity Act, 2003 mandates the Commission to promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, a percentage of the total consumption of electricity in the area of distribution licensee, for mandatory purchase of electricity from such sources. In accordance with the Regulation 64 of HERC (Terms and Conditions for determination of Tariff for Renewable Energy Sources, Renewable Purchase Obligation and Renewable energy Certificate) Regulations, 2010 the RPO for FYs 2011-12, 2012-13 and 2013-14 as approved by the Commission are as under:

Renewable Purchase Obligation for 2011-12, 2012-13 and 2013-14

Financial year	Energy Consumption (MU)	%age of overall RPO	Renewable energy (other than solar) required to be purchased as per overall RPO (MU)	%age of solar RPO (as a %age of overall RPO)	Energy required to be purchased as per solar RPO (MU)	Total renewable energy required to be purchased (MU)
2011-12	36075	1.50 %	541	0.31%	1.69	543
2012-13	40000	2.00 %	800	0.05%*	20	820
2013-14	41086	3.00 %	1191.49	0.10%*	41.09	1232.58

** Solar power purchase obligation is 0.05% & 0.1% of total energy consumption for the financial years 2012-13 & 2013&14 respectively.*

As per data provided by the State Nodal Agency for FY 2011-12, FY 2012-13 and FY 2013-14 (up to Dec. 2013), the shortfall in meeting the RPO for the aforesaid years has been worked out as under:

Shortfall in meeting RPO (MUs)

Type of RE source	FY 2011-12	FY 2012-13	FY 2013-14 (up to Dec. 2013)
Solar	0	7.14	25.69
Non-Solar	143.00	319.89	695.14
Total	143.00	327.03	720.83

The Commission observes that the Discoms have failed to achieve the RPO target set by the Commission. The Discoms have also not purchased any Renewable Energy Certificates (REC) to fulfil their RPO.

The Commission vide its order dated 20.11.2013 in case no. HERC/RA-04 of 2012, HERC/RA-08 of 2012, HERC/RA-11 of 2013 & HERC/PRO-30 of 2013 allowed the Discoms to carry forward the shortfall, on actual basis, the RPO compliance for FY 2011-12, FY 2012-13 and FY 2013-14 to the next financial year i.e. FY 2014-15 in addition to the RPO for FY 2014-15. **The Discoms are directed to submit an action plan as per the Regulation in vogue to meet their RPO shortfall for the previous years and the current year. The**

action plan shall be submitted by the Discoms within a month from the date of this order.

In accordance with the provisions of the draft amended regulations the RPO for the FY 2014-15 is 3.25% of the total energy consumption. The approved RPO for FY 2014-15 is as under:

Renewable Purchase Obligation for FY 2014-15

Energy Consumption for 2014-15 (MU)	%age of Non solar RPO of energy Consumption	Non solar RPO (MU)	Solar RPO as %age of energy sales	Solar RPO (MU)	Total renewable energy required to be purchased (MU)
45028	3.00%	1350.84	0.25%	112.57	1463.41

The volume of energy to be purchased from renewable energy sources as per above table is the total RPO of the distribution licensee for the financial year 2014-15. Therefore, the volume of renewable energy purchase as approved by the Commission as above shall be adjusted against the total RPO of the distribution licensees. Further, RPO of 1143.61 MUs shall be part of total power purchase volume approved by the Commission for FY 2014-15 and set off against the costliest power in the merit order.

The Commission directs the Discoms to purchase renewable energy as per RPO targets set for FY 2014-15 and the shortfall carried forward, on actual basis, for previous years. In case they can purchase the same at a tariff lower than determined by this Commission they may do so, otherwise they must purchase all such power offered to them by the renewable energy power producers at the tariff determined by this Commission.

The shortfall in meeting the RPO for the FYs 2011-12, 2012-13 and 2013-14 as per details given above shall also be met in the FY 2014-15 in addition to the RPO of FY 2014-15. The Commission has taken a serious note of non-compliance of RPO targets including non purchase of REC to meet RPO. In case no action is taken by the Discoms, the officer concerned shall be held liable for non-compliance and proceeded against u/s Section 142 of the Act.

The Commission reiterates that the State Nodal Agency i.e. HAREDA shall submit, by 15th of 1st month of each quarter, requisite quarterly status of RPO met by the obligated entities for the last quarter, separately for overall RPO and solar RPO, in accordance with the provisions of regulations 66 (3) of the HERC renewable energy regulations in the following format.

HERC Renewable Energy Regulation Format

1.	Name of the obligated entity		
2.	Total Energy Consumption		
3.	Units required to meet total RPO (3.25% of total energy consumption)		
4.	Units required to meet Solar RPO (0.25% of total energy consumption)		
5.	Units required to meet Non-Solar RPO (Total RPO – Solar RPO)		
6.	Actual Energy purchased from Solar Power Plant		
7.	Actual Energy purchased from Non-Solar Power Plant		
8.	Shortfall in Solar RPO		
9.	Shortfall in Non-Solar RPO		

Note: Details of Solar RPO and Other RPO and compliance to be reported separately.

The State Agency may suggest appropriate action to the Commission for compliance of the renewable purchase obligation by the obligated entities.

The distribution licensees are directed to provide requisite information to the State Agency on monthly basis by 10th of every month for the previous month to enable the State Agency to submit quarterly status to the Commission.

Operation and Maintenance expenditure:

The operation and maintenance expenditure of the UHBVNL and DHBVNL comprises of Employees Cost, Repair & Maintenance expenses' and 'Administration & General expenses. These expenses are analyzed under this sub-head. The O&M expenses, as per the MYT regulations, 2012 are considered as controllable costs with the exception of terminal benefit costs which are considered as uncontrollable. The MYT Regulations have clearly set out the methodology to calculate the O&M expenses for the Distribution and Retail supply business for the control period, the same is reproduced below:

The actual audited O & M expenses for the financial year preceding the base year, subject to prudence check, shall be escalated at the escalation factor of 4% to arrive at the O & M expenses for the base year of the control period. The O&M expenses for the n^{th} year of the control period shall be approved based on the formula given below.

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n)^* (1-X_n) + \text{Terminal Liabilities}$$

Where,

- *$R\&M_n$ – Repair and Maintenance Costs of the Distribution Licensee(s) for the n^{th} year;*
- *EMP_n – Employee Costs of the Distribution Licensee(s) for the nth year excluding terminal liabilities;*
- *$A\&G_n$ – Administrative and General Costs of the Distribution Licensee(s) for the nth year;*

The above components shall be computed in the following manner.

(a) $R\&M_n = K * GFA * INDX_n / INDX_{n-1}$

Where,

- ***'K'** is a constant (expressed in %) governing the relationship between O&M costs and Gross Fixed Assets (GFA) for the n^{th} year. The value of K will be 1.65% for DHBVN and UHBVN respectively for the entire control period;*
- ***'GFA'** is the average value of the gross fixed asset of the n^{th} year.*
- ***'$INDX_n$'** means the inflation factor for the n^{th} year as defined herein after.*

(b) EMP_n (excluding terminal liabilities) + $A\&G_n$ = $(EMP_{n-1} + A\&G_{n1})*(INDX_n/ INDX_{n-1})$

Where,

- *INDXn – Inflation Factor to be used for indexing the Employee Cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year and shall be calculated as under:*
- ***$INDX_n = 0.55*CPI_n +0.45*WPI_n$.***

***Note 1:** For the purpose of estimation, the same $INDX_n$ value shall be used for all years of the control period. However, the Commission shall consider the actual values of the $INDX_n$ at the end of each year during the annual performance review exercise and true-up the employee cost and A&G expenses on account of this variation.*

***Note 2:** Any variation in employee cost and A&G cost on account of reasons beyond variation in $INDX_n$ shall be subject to the incentive and penalty framework specified in regulation 12.*

***Note 3:** As and when any material price index specific to power sector or a more relevant Index becomes available, the same shall replace the Index used for working out R&M cost.*

***Note 4**: Terminal liabilities shall be approved as per actual expenditure incurred by the distribution licensee or established through actuarial valuation for the ensuing year.*

***Note 5**: O&M expenses made on account of extraordinary situations (if any) shall be submitted to Commission for its approval. Such expenses shall be filed separately and will not be subjected to incentive and penalty framework. The approved amount by the Commission shall be trued up in the annual performance review.*

***Note 6:** Changes in the pay scales of employees necessitated on account of pay revision by Pay Commission or by the State Government orders shall be considered by the Commission for true-up during the annual performance review.*

(c) X_n is an efficiency factor for n^{th} year

The Value of X_n will be determined by the Commission in the MYT order for the control period.

The details of O&M expenses as proposed by UHBVNL and DHBVNL for FY 2014-15 to FY 2016-17 vis-à-vis those approved by the Commission for FY 2013-14 and the actual expenditure in FY 2012-13 as per their audited accounts under each of these accounting heads is presented in Tables 3.6 and 3.7:

Table 3.6: - UHBVNL Proposal for O&M expenses (Rs. crores)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
	Audited	HERC Approval	UHBVNL Projections		
Employee Expense	449.96	448.11	536.62	586.03	639.98
A&G Expense	64.01	57.60	77.13	84.05	91.61
R&M Expense	66.65	98.22	117.07	152.49	192.62
Terminal Liability	314.17	100.35	314.17	314.17	314.17
Total	**894.79**	**704.28**	**1,045.00**	**1,136.74**	**1,238.38**

Table 3.7: - DHBVNL Proposal for O&M expenses (Rs crores)

Particulars	2012-13	2013-14	FY 2014-15	FY 2015-16	FY 2016-17
	Audited	HERC Approval	Projections		
Employee Expense	436.19	418.48	542.27	592.32	646.98
A&G Expense	52.61	52.84	62.75	68.52	74.83
R&M Expense	45.63	85.79	100.35	136.01	173.01
Terminal Liability	150.46	158.44	150.00	150.00	150.00
Total	**684.89**	**715.55**	**855.37**	**946.85**	**1044.81**

UHBVNL and DHBVNL in their ARRs under consideration have projected their respective expenditures on the basis of audited accounts for FY 2011-13 in line with the MYT regulations. This being their latest available audited accounts, the Commission has also considered the same with appropriate adjustments for approving various expenses comprising the aggregate revenue requirements for the control period from FY 2014-15 to FY 2016-17 for the distribution and retail supply business.

3.1.24 Employees' cost

The 'Employees cost' includes the cost incurred by the distribution licensees on their employees who are presently working as well as for their retired employees. The cost of working employees includes salary, dearness allowance and other allowances such as HRA, LTC, medical reimbursement etc. However, in the case of retired employees and those who would retire during the year, the distribution licensees have to discharge financial liabilities towards pension, gratuity, leave encashment benefit etc. as such the same has been taken into account while estimating employees cost for the control period. In accordance with the MYT regulations, the employee cost excluding terminal benefit costs for FY 2012-13 is increased by 4% and then indexed to arrive at the employee cost for each year of the control period.

Commission would like to reiterate the direction given in FY 2013-14 that **The DISCOMS are directed not to make any new recruitment including any recruitment against sanctioned posts unless specifically approved by the Commission. The licensees are further directed to outsource as many services as could be done without compromising on the quality of service. However, senior technical services may not be outsourced. The Commission is of the opinion that it is important to bring down the employee cost and improve efficiency in the working of the organisation. The distribution licensees should endeavour to outsource additional services and link the rewards to efficiency parameters so that both the targets are met and try to implement franchise model in distribution management.**

C. Terminal benefits

In its ARR under consideration UHBVNL has proposed Rs. 314 crores as contribution towards pension trust on account of terminal benefits, including contribution for employees covered under the new pension scheme, for each year of the control period. DHBVNL has proposed Rs. 150 crores on this account and the same amounts are approved by the Commission.

The computational details of employees cost for the control period as approved by the Commission is presented in the table 3.8.

Table 3.8: - Employees' cost approved for FY 2014-15 (Rs. crores)

Employee Cost Components	Proposal of distribution licensees		HERC Approval	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
Employee cost excluding terminal benefits as per audited accounts for FY 2012-13			449.96	436.19
4 % escalation to arrive at estimated cost for the base year (FY 2013-14)			467.95	453.64
Indexation factor			9.21%	9.21%
Employee cost (excluding terminal benefits) for FY 2014-15	536.62	542.27	511.03	495.39
Employee cost (excluding terminal benefits) for FY 2015-16	586.03	592.32	558.06	540.99
Employee cost (excluding terminal benefits) for FY 2016-17	639.98	646.98	609.43	590.78
Terminal benefits for FY 2014-15	314.17	150	314.17	150
Terminal benefits for FY 2015-16	314.17	150	314.17	150
Terminal benefits for FY 2016-17	314.17	150	314.17	150

The Commission reiterates that distribution licensees should not divert / appropriate the provident fund subscription received from their employees for any other purposes.

3.1.25 Repair and Maintenance expenses

The estimation of R&M expenses is to be made in accordance with the MYT regulation which states that:

(a) $R\&M_n = K*GFA*(INDX_n/ INDX_{n-1})$

Where,

- ***'K'*** *is a constant (expressed in %) governing the relationship between O&M costs and Gross Fixed Assets (GFA) for the* n^{th} *year. The value of K will be 1.65% for DHBVN and UHBVN respectively for the entire control period;*
- ***'GFA'*** *is the average value of the gross fixed asset of the* n^{th} *year.*
- ***'$INDX_n$'*** *means the inflation factor for the* n^{th} *year as defined herein after.*

The R&M expenses proposed by the licensees and that approved by the Commission based on the approved capital investment plan for the control period is given below in table that follows:

Table 3.9: -Repair & Maintenance Expenses approved for the control period (Rs. crores)

Particulars	Proposal of distribution licensees		HERC Approval	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
FY 2014-15	117.07	100.35	115.53	106.73
FY 2015-16	152.49	136.01	126.34	131.85
FY 2016-17	192.62	173.01	134.00	152.99

3.1.26 Administrative and General Expenses

The estimation of A&G expenses is to be made in accordance with the MYT regulation which states that :-

> *The actual audited O & M expenses for the financial year preceding the base year, subject to prudence check, shall be escalated at the escalation factor of 4% to arrive at the O & M expenses for the base year of the control period. The O&M expenses for the n^{th} year of the control period shall be approved based on the formula given below.*
>
> $$O\&M_n = (R\&M_n + EMP_n + A\&G_n) * (1-X_n) + \text{Terminal Liabilities}$$
>
> *Where,*
>
> - *$R\&M_n$ – Repair and Maintenance Costs of the Distribution Licensee(s) for the n^{th} year;*
> - *EMP_n – Employee Costs of the Distribution Licensee(s) for the nth year excluding terminal liabilities;*
> - *$A\&G_n$ – Administrative and General Costs of the Distribution Licensee(s) for the nth year;*

After escalating the A&G expenses by 4% and by applying the indextion factor proposed by the licensees, the A&G expenses approved by the Commission are as given below:

Table 3.10: - Approved A&G Expenses for FY 2014-17 (Rs. crores)

	Proposal of distribution licensees		HERC Approval	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
A&G expenses for FY 2014-15	64.01	62.75	72.70	59.75
A&G expenses for FY 2015-16	77.13	68.52	79.39	65.25
A&G expenses for FY 2016-17	84.05	74.83	86.70	71.26

Regulation 57.3 (c) of HERC MYT Regulations, 2012 provides that value of X_n , the efficiency factor in the formula for determination of O & M expenses of the distribution licensees for the n^{th} year of the control period, will be determined by the Commission in the MYT order for the control period. The Commission has determined the O & M expenses of UHBVNL and DHBVNL without considering the impact of efficiency factor as requested by the Discoms i.e. the value of X_n has been taken as nil. The Commission would, however, consider to determine the value of X_n for the FY 2015-16 and FY 2016-17 based on actual O & M expenses for the year FY 2012-13 & FY 2013-14 and other relevant factors.

3.1.27 Interest cost on Long Term Loans:

Interest on long term loans is based on the capital investment plan by the licensees. The Commission has reviewed the execution of approved capital works for FY 2014-15 and their funding requirement. The borrowings to fund the approved capital investment plan for the control period and the proposed repayments form the basis for approved interest cost for the licensees. The interest is calculated on average borrowings for the year @ 12.5% p.a. IDC bases on the approved capitalisation ratio is reduced from the total interest cost to arrive at the interest on long term loans to be allowed to the licensee in the ARR. The calculation of interest on long term loans is as given in table that follows:

Interest on long term loans UHBVNL (Rs. Crores)

	Opening Balance	Amount received during the year	Repayment during the year	Closing Balance	Interest	IDC	Net interest on term loans
FY 2014-15	1,651.73	721.15	264.83	2,108.05	234.99	50.78	184.20
FY 2015-16	2,108.05	663.49	359.54	2,412.00	282.50	68.51	213.99
FY 2016-17	2,412.00	305.60	473.42	2,244.17	291.01	43.98	247.03

Interest on long term loans DHBVNL (Rs. Crores)

	Opening Balance	Amount received during the year	Repayment during the year	Closing Balance	Interest	IDC	Net interest on term loans
FY 2014-15	1698.18	641.57	133.14	2206.62	244.05	58.85	185.20
FY 2015-16	2206.62	587.10	119.82	2673.90	305.03	60.75	244.28
FY 2016-17	2673.90	372.96	107.84	2939.02	350.81	45.33	305.48

3.1.28 Interest on Working Capital

The Commission has allowed interest on borrowings for working capital in accordance with the MYT regulations which, for the distribution and retail supply business are to be determined as given below:

I. Wheeling of electricity:

a) Normative O&M expenses for wheeling business for 1 (one) month;
b) Maintenance spares for 1 (one) month based on annual requirement considered at 1% of GFA (wire business) at the end of the previous year;
c) Receivables equivalent to 2(two) months of wheeling charges.

II. Retail supply of electricity:

a) Normative O&M expenses for retail supply business for 1 (one) month;
b) Maintenance spares for 1 (one) month based on annual requirement considered at 1% of the GFA at the end of the previous year;
c) Receivables equivalent to 2 (two) months of billing less consumers' security / advance consumption deposit.

*d) Uncollected revenue to be calculated as: Revenue billed for the relevant year * (1 – Normative Collection efficiency)*

The working capital requirement and interest cost thereon @ 12% p.a. for the two distribution licensees is as given below:

	FY 2014-15	FY 2015-16	FY 2016-17
UHBVNL			
Working capital as per regulation 22	1493.70	1446.92	1540.99
Interest rate	12%	12%	12%
Interest cost	179.24	173.63	184.92
DHBVNL			
Working capital as per regulation 22	1142.37	1219.96	1227.70
Interest rate	12%	12%	12%
Interest cost	137.08	146.40	147.32

3.1.29 Interest on Consumers Security Deposits.

The Commission has considered the estimates by UHBVNL and DHBVNL of interest on consumer security deposits and finds this estimate to be reasonable and approves the same. **The interest on consumer security deposit is allowed subject to compliance by the licensees of The Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005.**

3.1.30 Guarantee fee

UHBVNL has estimated that it will incur additional expenditure on account of raising finance and bank charges @2% on new loans raised for working capital and for FRP. The loans to be raised as per the licensee include the revenue gap for FY 2013-14. The Commission observes that the Commission has not approved any revenue gap for FY 2013-14 and therefore no loss funding is to be allowed on this account. In case any revenue gap is allowed by the Commission against which the licensee is allowed to raise additional borrowings, the guarantee fee shall be allowed on actual cost basis.

The computational details are presented in the following table.

Table 3.11: - Approved Interest Expenses for FY 2014-17 (Rs. crores)

Interest on Loans	FY 2014-15		FY 2015-16		FY 2016-17	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL	UHBVNL	DHBVNL
Gross Interest on Capital Expenditure Loans	234.99	244.05	282.50	305.03	291.01	350.81
Less: Interest Capitalised	50.78	58.85	68.51	60.75	43.98	45.33
Net Interest on Capital Expenditure Loans	184.20	185.20	213.99	244.28	247.03	305.48
Interest on Working Capital Loans	179.24	137.08	173.63	146.40	184.92	147.32
Interest on FRP borrowings	503.23	218.70	503.23	218.70	503.23	218.70
Interest on consumers' security deposits	66.03	89.76	74.55	102.06	83.37	115.96
Total	932.71	630.75	965.40	711.43	1018.55	787.46

Depreciation

Depreciation expenses have been calculated taking into consideration the opening balance of assets at the beginning of the year and the projected capitalization. The depreciation rates used are as per the HERC (MYT Regulations) 2012. Accordingly, the depreciation rates considered by the licensees are shown in the table below:

Table 3.12: - Depreciation rates considered during Control Period

Asset Particulars	%
Land & Land Rights	--
Buildings & Civil Structure	3.34%
Plant & Machinery	5.28%
Vehicles	18.00%
Furniture & Fixture	6.33%

The depreciation charged during the year is to be reduced by the depreciation on fixed asset created out of the consumer contribution and capital grant. The proposed and allowed depreciation for the Control Period is shown in the table below:

Table 3.13: Depreciation Expense during Control Period for UHBVNL

	UHBVNL proposal			**HERC approval**		
Particulars	**FY 15**	**FY 16**	**FY 17**	**FY 15**	**FY 16**	**FY 17**
Opening GFA	6,640.39	7,821.94	9,374.95	6,130.87	6,692.67	7,330.61
Add: Trfd from CWIP	1,483.49	1,914.91	1,756.63	863.74	999.84	625.66
Less: Retirement/ Disposal of assets	301.94	361.89	413.73	301.94	361.89	413.73
Closing GFA	**7,821.94**	**9,374.95**	**10,717.85**	**6,692.67**	**7,330.61**	**7,542.55**
Consumer contrinbution				**709.73**	**734.73**	**759.73**
Depreciation for the FY	344.44	405.72	486.28	318.01	347.15	380.24
Less Dep -Consumer Contribution	41.36	48.72	58.39	37.47	38.79	40.11
Net Dep for FY	**303.08**	**357.00**	**427.88**	**280.53**	**308.35**	**340.12**
Average depreciation rate	5.19%	5.19%	5.19%	5.19%	5.19%	5.19%
Depreciation rate of consumer contribution	5.83%	6.63%	7.69%	5.28%	5.28%	5.28%

Table 3.14: Depreciation Expense during Control Period for DHBVNL

Particulars	**FY 15**	**FY 16**	**FY 17**	**FY 15**	**FY 16**	**FY 17**
Gross Fixed Assets (GFA)	**DHBVNL Proposal**			**HERC Approval**		
Opening GFA	5,962.71	7,490.56	8,894.71	5,962.71	7,490.56	8,894.71
Add: Trfd from CWIP	1,550.70	1,431.29	1,343.27	901.94	894.92	653.15
Less: Retirement/ Disposal of Assets	22.85	27.14	31.14	22.85	27.14	31.14

Closing GFA	7,490.56	8,894.71	10,206.84	6,841.79	8,358.34	9,516.72
Assets funded thru consumer contribution/ grants				1,290.96	1,310.96	1,330.96
Depreciation amount	309.76	389.69	463.14	310.06	389.51	462.53
Less depreciation on assets funded through consumer contribution	30.00	30.00	30.00	68.16	69.22	70.27
Net depreciation for the year	**279.76**	**359.69**	**433.14**	**241.90**	**320.29**	**392.25**
Depreciation Rate	5.18%	5.19%	5.20%	5.20%	5.20%	5.20%
Depreciation rate of consumer contribution				5.28%	5.28%	5.28%

Other Debits

UHBVNL has proposed to adjust Rs. 2.75 crores, Rs. 3.01 crores and Rs. 3.32 crores as other debits based on previous years actual. Other debits basically include cost of trading activities, provision for doubtful debts, miscellaneous losses and write-off etc.

The Commission is of the view that such costs, if any, shall form part of true up expenses as and when actually incurred.

Special Appropriation

3.1.31 Truing up of expenses for FY 2012-13:

UHBVNL has proposed to recover Rs. 191 crores and DHBVNL proposes to reduce Rs. 67 crore on account of true up of various expenses incurred in FY 2012-13 based on the audited accounts. The Commission has examined each head of expenditure as per the audited accounts that has been in variance with the amount allowed in the ARR and finding the proposal of the licensees satisfactory, allows the same. The expenses claimed by the licensees and amounts allowed by the Commission are as given below:-

Table 3.15: - UHBVNL Approved vs Actual Expenses for FY 2012-13

(Rs. crores)

Particulars	FY 2012-13		
	Approved	**Actual**	**True up**
Basic Salary	223.22	252.28	29.05
Dearness Allowance	160.72	146.71	-14.01
Terminal Benefits	100.92	314.17	213.25
Other Allowances	48.85	61.98	13.13
Total	**533.72**	**775.13**	241.42
Less: Employee cost capitalized	-10.90	-11.01	-0.10
Add: Arrears			0.00
Net Employee Cost	**522.81**	**764.13**	**241.31**

Other Expenses			
A&G Expense	68.9	64.01	-4.89
R&M Expense	92.8	66.65	-26.15
Depreciation	163	144.67	-18.33
Sub Total	**324.70**	**275.34**	**-49.36**
Total	**847.51**	**1039.47**	**191.95**

Table 3.16: - DHBVNL Approved vs Actual Expenses for FY 2012-13

(Rs. crores)

Particulars	**FY 2012-13**		
	Approved	**Actual**	**True up**
Basic Salary	213	84	(28)
Dearness Allowance	153	126	(27)
Terminal Benefits	142	132	(10)
Other Allowances	56	70	14
Expenditure on Contract Employees	60	79	
Total	**624**	**592**	**(32)**
Less: Employee cost capitalized	5	5	(0)
Net Employee Cost	**619**	**587**	**(32)**
A&G Expense	44	53	9
R&M Expense	59	46	(13)
Depreciation	131	100	(31)
Sub Total	**233**	**199**	**(34)**
Total	**852**	**786**	**(66)**

Return on Equity (ROE):

The Commission is conscious of the fact that the MYT Regulations, 2012 provides for upto 14% return inclusive of MAT/ taxes, if any, on the equity capital deployed in the distribution and retail supply business. However, the Commission finds that the accumulated losses of the two distribution licensees i.e. UHBVNL and DHBVNL have completely eroded their net worth including equity capital deployed in the business. The Commission, on several occasions, has emphasized the need for recapitalization of the state owned distribution companies and infusion of fresh equity by the State Government over and above the equity component of the annual incremental capital expenditure to be undertaken by the distribution companies to modernize and augment the distribution system to meet the increasing load and consumer base of the power utilities as well as their obligations to meet the standard of performance specified by the Commission in order to better serve the electricity consumers in Haryana. However, the Discoms have attempted to make good the accumulated losses through FRP which provides for takeover of 50% of the short – term liabilities by the State Govt. while servicing of the balance amount is to be done by the Discoms.

The return on equity either comes from the profit earned from the business in the form of dividend or from the accumulated reserves and surplus. In the present case there is neither any profit nor reserves and surplus. Thus ROE is neither available to the Discoms for ploughing back in the business thereby reducing capital expenditure related borrowings and interest cost thereto which is passed on to the electricity consumers of Haryana nor the same is available for appropriation as dividend payable to the equity holder i.e. in this case the State Government. Thus in effect any ROE that could have been allowed would be diverted to funding of losses.

In view of the above discussions, and the fact that there are large number of new connections pending release which would have taken care of about 300 MW of power i.e. the surplus which is being surrendered at a rate even lower than the average cost of power purchase by the Discoms leading to avoidable revenue loss. Further, the Discoms have been allowed the interest cost of Rs. 1000 Crore bonds issued by HVPNL on their behalf to fund the payables to HVPNL and HPGCL as well as the interest cost of the short term liabilities under FRP which the consumers have already paid for. Additionally, the Commission has also taken note of that the Discoms failed to achieve the distribution loss reduction trajectory set by the Commission and on the contrary re-stated the loss – levels on one plea or the other including sales, so far, attributed to discovery of 'ghost consumers' i.e. consumers who exists only on the books of the Discoms. In these circumstances, the Commission does not consider it appropriate to allow any return on equity in the FY 2014-15, to the distribution licensees and reiterates that the distribution / AT&C loss trajectory as per the FRP which has in principle approval of the Commission shall not be re-visited.

Total Expenditure

On the basis of the item wise analysis and the views of the Commission presented in the preceding paragraphs the total expenditure approved by the Commission with respect to the Distribution and Retail Supply Business of UHBVNL in FY 2014-15 is Rs. 10955.94 million as against Rs. 130098.80 million proposed by the Licensee. While in the case of DHBVNL the same is estimated at Rs. 92288.23 million as against Rs. 129319 million proposed by them. Item wise details are presented in the following table.

Table 3.17: - Approved Expenditure for UHBVNL for the control period FY 2014-15 to FY 2016-17 (Rs. Crores)

	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2014-15	FY 2015-16	FY 2016-17
		UHBVNL Projections			HERC Order		
A	**Total Power purchase cost**	**10,737.88**	**11,030.17**	**12,784.16**	**8688.22**	**9265.63**	**10127.93**
A1	Power Purchase Expenses	**10207.16**	**10683.52**	**12420.78**	**8197.10**	**8738.16**	**9549.62**
A2	Intrastate transmission charges	509.96	325.46	341.73	487.91	522.80	573.44
A3	SLDC charges	20.76	21.19	21.65	3.21	4.68	4.88
B	**Operations and Maintenance Expenses**	**1,045.00**	**1,136.74**	**1,238.38**	**1,013.43**	**1,077.97**	**1,144.30**
B1	Employee Expense	536.62	586.03	639.98	511.03	558.06	609.43
B2	A&G Expense	77.13	84.05	91.61	72.70	79.39	86.70
B3	R&M Expense	117.07	152.49	192.62	115.53	126.34	134.00
B4	Terminal Liability	314.17	314.17	314.17	314.17	314.17	314.17
C	Depreciation	303.08	357.00	427.88	280.53	308.35	340.12
D	Total Interest and Finance Charges (net of capitalization)	**2054.07**	**2256.60**	**2189.06**	**932.70**	**965.40**	**1018.55**
E	Provisions for Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00
F	Other Debits	2.75	3.01	3.32			
G	Prior period dibits/ credits				191.95	0.00	0.00
H	Return on Equity Capital	262.86	303.70	356.62	0	0	0
I	**Total Expenditure**	**14,405.64**	**15,087.22**	**16,999.41**	**11106.84**	**11617.36**	**12630.90**
J	**Non Tariff Income**	150.91	161.45	174.43	150.91	161.45	174.43
K	**Annual revenue requirement**	**14274.73**	**14925.77**	**16824.98**	**10955.94**	**11455.90**	**12456.47**

Table 3.18: - Approved Expenditure for DHBVNL for the control period FY 2014-15 to FY 2016-17 (Rs. Crores)

	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2014-15	FY 2015-16	FY 2016-17
		DHBVNL Projections			HERC Approval		
A	**Total Power purchase cost**	**11827.01**	**11800.10**	**13641.08**	**9593.67**	**10159.79**	**10703.68**
A1	Power Purchase Expenses	11,428.01	11,381.10	13,154.08	9075.34	9603.08	10093.31
A2	Intrastate transmission charges	399.00	419.00	487.00	514.92	551.73	605.18

A3	SLDC charges	-	-	-	3.41	4.98	5.19
B	**Operations and Maintenance Expenses**	**855.37**	**946.85**	**1,044.81**	**811.87**	**888.09**	**965.03**
B1	Employee Expense	542.27	592.32	646.98	495.39	540.99	590.78
B2	A&G Expense	62.75	68.52	74.83	59.75	**65.25**	71.26
B3	R&M Expense	100.35	136.01	173.01	106.73	131.85	152.99
B4	Terminal Liability	150.00	150.00	150.00	150.00	150.00	150.00
C	Depreciation	279.76	359.69	433.14	241.90	320.29	392.25
D	Total Interest and Finance Charges (net of capitalization)	1162.13	1228.88	1163.76	630.74	711.44	787.46
E	True up for FY 2012-13	-	-	-	(66.41)	-	-
F	Other Debits	10.55	10.74	10.94	-	-	-
G	Other (Misc) - Net prior period expenses	(22.21)	-	-	-	-	-
H	**Total Expenditure (A)**	**14,112.60**	**14,346.26**	**16,293.74**	**11211.77**	**12631.34**	**13453.59**
I	Return on Equity Capital	246.21	274.29	295.60	-	-	-
	Income/Receipts (B)						
J	Non Tariff Income	133.93	149.83	170.01	133.93	149.83	170.01
K	Aggregate Revenue Requirement = (A - B)	**14224.88**	**14470.72**	**16419.33**	**11077.84**	**12481.51**	**13283.58**

Capital Expenditure

Regulation 9.1 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations 2012, specifies that the generating company and the licensees, in respect of their respective businesses, shall file for approval of the Commission a capital investment plan for a period covering at least the entire control period. The capital investment plan shall be filed by 1st June of the year preceding the first year of the control period by the distribution licensee. This means that both the distribution licensees i.e UHBVNL and DHBVNL should have submitted their capital investment plans by

1st June of the year 2013, for the control period FY 2014-15 to FY 2016-17. However, both the licensees submitted their capital investment plans on 20th December 2013, alongwith filing of their MYT petition i.e late by 6 months and 20 days and without giving any explanations for the delay.

The distribution licensee UHBVNL has submitted a Capital Investment Plan of ` 4789.34 Crores for the control period FY 2014-15 to FY 2016-17 and the distribution licensee DHBVNL has submitted a Capital Investment Plan of ` 3572.77 Crores for the control period FY 2014-15 to FY 2016-17.

The ibid Regulation 9.1 further specifies that the capital investment plan shall be project/scheme wise and for each scheme/project shall include:

(a) Purpose of investment
(b) Capital Structure
(c) Capitalization Schedule
(d) Financing Plan including identified sources of investment
(e) Details of physical parameters/targets
(f) Cost-benefit analysis and payback period
(g) Envisaged reduction in O&M cost/losses

However, an examination of their capital investment plans indicates that the details with regard to points (f) & (g) have not been supplied. Only some benefits of the proposed projects/schemes have been mentioned.

The Commission further observes that both the licensees have proposed exorbitant outlays which do not match with their spending capacities demonstrated in the past. The Commission as such has examined in detail the each project/scheme proposed by the licensees in their capital investment plans for the control period FY 2014-15 to FY 2016-17 and based upon the status of each project/scheme with regard to preparing of project report, approval of the same from competent authority, release of funds, invitation of bids, award of contract and completion schedule as well as their performance in execution of the capital investment plans during the previous years, allows the following capital expenditure for each year of the control period. The investment which does not appear to be realistic has been curtailed / deleted.

Table 3.19: - Capital Investment Plan of UHBVNL

Sr. No	Name of the work	Investment Approved (in Rs. Crores)		
		For FY 2014-15	For FY 2015-16	For FY 2016-17
1	Creation of new 33 kV sub-stations	95.45	38.06	53.02
2	Augmentation of existing 33 kV sub-stations	80.06	27.25	13.08
3	Erection of new 33 kV lines	24.00	8.49	13.01
4	Erection of new 11 kV lines	8.00	3.00	4.20
5	Augmentation of existing 33 kV lines	23.91	0.00	0.00
6	Bifurcation/Trifurcation of overloaded 11 kV feeders	20.00	20.00	20.00
7	Material required for release of non-AP connections, replacement of old assets and system improvement	150.00	150.00	150.00
8	Release of tube well connections	50.00	50.00	50.00
9	R-APDRP (Part-A)	44.48	0.00	0.00
10	R-APDRP (Part-B)	432.52	427.00	45.90
11	Maintenance free earthing using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	0.00	12.13	11.83
12	AMR on large NDS & LT consumers having Load about 10 kW.	0.00	87.07	0.00
13	Shifting of Meters in Pillar boxes	0.00	50.00	50.00
14	Pilot Project (Smart Grid in Panipat)	10.00	10.07	0.00
15	Revamping of existing Meter Testing labs at Kaithal, Yamunanagar, Karnal, Dhulkote & Rohtak.	0.00	10.71	0.00
16	Procurement of single phase meters for replacement of defective meters and release of new connections.	17.80	17.80	17.80
17	Procurement of three phase meters for replacement of defective meters and release of new connections.	9.70	9.70	9.70
18	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and 11 kV VCBs, 33 kV Control and Relay Panels etc	0.00	20.38	17.94
19	Construction of UHBVNL Office Building at Panchkula	35.00	30.00	5.00
20	Civil Works	10.00	10.00	10.00
21	Annual maintenance contract of Automatic Power Factor Correctors	10.00	0.80	0.80
22	Installation of LT Capacitors on LT side of distribution transformers	10.93	1.09	0.00
23	Installation of meters on 33 kV Incomers for energy auditing	6.00	0.00	0.00
	Total	**1037.85**	**983.55**	**472.28**
	Grand Total		**2493.68**	

Table 3.20: - Capital Investment Plan of DHBVNL

Sr. No	Name of the work	Investment Approved (in Rs. Crores)		
		FY 2014-15	FY 2015-16	FY 2016-17
1	**AT&C loss reduction plan**			
1.1	Procurement of single phase meters for replacement of defective meters and release of new connections.	17.80	17.80	17.80
1.2	Procurement of three phase meters for replacement of defective meters and release of new connections.	9.70	9.70	9.70
1.3	LT Connectivity of already executed HVDS works.	20.00	20.00	0.00
1.4	Power Factor Improvement (Providing automatic power factor correctors)	5.00	0.00	0.00
2	**Load Growth schemes**			
2.1	Creation of new 33 kV sub-stations	104.88	75.12	84.51
2.2	Augmentation of existing 33 kV sub-stations	61.69	24.19	33.10
2.3	Erection of new 33 kV lines	26.40	14.40	16.20
2.4	Erection of new 11 kV lines	8.80	4.80	5.20
2.5	Augmentation of existing 33 kV lines	2.35	1.68	1.85
2.6	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR)	11.27	18.00	18.00
2.7	Material required for release of Non-AP connections & replacement of old assets	150.00	150.00	150.00
2.8	Release of Tube well connection on turnkey basis	50.00	50.00	50.00
2.9	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and 11 kV VCBs, 33 kV Control and Relay Panels etc.	20.00	9.51	9.51
2.10	Release of BPL connections under RGGVY schemes	10.00	0.00	0.00
3	**R-APDRP schemes**			
3.1	Implementation of R-APDRP (Part-A)	40.00	15.00	0.00
3.2	Implementation of R-APDRP (Part-B)	205.00	250.00	95.00
4	**Relocation of energy meters of DS & NDS consumers outside their premises in Meter Pillar boxes.**	50.00	50.00	50.00
5	**Civil Works**	10.00	10.00	10.00
6	**System Strengthening Works under IBRD loan and IBRD equity**			
(a)	Under IBRD Loan	70.00	70.00	0.00
(b)	Under IBRD Equity	17.50	17.50	0.00
7	**Other works**			
7.1	Revamping of existing Meter Testing labs. at Dadri, Sirsa, Hisar, Faridabad & Gurgaon	0.00	13.59	0.00
7.2	Maintenance free earthling using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	6.50	6.50	6.50
7.3	Installation of meters on 33 kV Incomers at sub-stations for energy auditing.	5.00	0.00	0.00
7.4	Providing RF Meters.	12.50	12.50	0.00

7.5	AMR on large NDS & LT consumers having load about 10 kW (IBRD funded work).	45.00	27.00	4.00
	Total	**959.39**	**867.29**	**561.37**
	Grant Total	**2388.05**		

The licensees shall regulate their capital investment plans for the control period FY 2014-15 to FY 2016-17 as per Regulations 9.7 to 9.12 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations 2012.

Distribution System Performance

3.1.32 Quality and Reliability of supply

The Commission has reviewed the past performance of the Distribution System of the two licensees i.e. UHBVNL and DHBVNL, based upon the details made available upto September 2013 and has also examined the projected performance in their Multi Year Tariff filing for control period FY 2014-15 to FY 2016-17. The observations of the Commission in this regard are as below:-

3.1.33 Distribution Losses

a. Past Performance

The year-wise position of distribution losses as per the information provided by UHBVNL and DHBVNL is presented in the table below:

Table 3.21: -Year wise Distribution Losses (%)

Year	UHBVNL	DHBVNL
2001 - 2002	31.74	29.33
2002 - 2003	35.02	35.02
2003 - 2004	32.36	33.34
2004 - 2005	30.65	32.72
2005 - 2006	31.04	30.90
2006 - 2007	28.67	29.65
2007 - 2008	28.56	27.54
2008 - 2009	27.02	25.19
2009 - 2010	25.92	26.97
2010 - 2011	33.30	22.95
2011 - 2012	31.20	23.71
2012-2013	31.26	22.01

The Commission observes with serious concern that despite claims of the distribution licensees that they are making huge capital investments to reduce distribution losses, the position has not improved much from the inception of these companies. If we talk of UHBVNL, the losses in a span of eleven years i.e. from FY 2001- 02 to FY 2012-13, are almost at the same level. In case of DHBVNL, these have reduced only by 7.32% in a span of eleven years. This situation reflects adversely on the working of the licensees.

An examination of the data of 11 KV feeders under DHBVNL made available for the period April 2013 to September 2013, shows that out of total 3807 feeders, 938 (24.64%) feeders were having losses between 25% & 50% and 506 (13.29%) feeders were having losses above 50%.

Similar data of UHBVNL for the period April, 2013 to September, 2013 shows that out of total 3649 number 11 KV feeders, 509 (13.95%) feeders were having losses between 25% & 50% and 753 (20.64%) feeders were having losses above 50%.

During public hearing as well as in their written objections, consumers and other stakeholders expressed their concern about high T & D loss levels both in UHBVNL and DHBVNL. They pointed out that cost of service has increased due to unreasonably high distribution losses and it would be extremely difficult for the licensees to remain financially viable unless immediate effective steps are taken to control the same.

As stated above there are feeders, both urban and rural, on which the losses are consistently above 50%, but the licensees have not bothered to get energy audit of such feeders done and take suitable measures to curtail the same. The Commission views this lapse on the part of licensees very seriously. **The licensees are again directed to bring down the loss level of such feeders, which have losses above 50%, to a reasonable level by 31st March, 2015.**

b. Loss trajectory

In their Multi Year Tariff filing for control period FY 2014-15 to FY 2016-17, the two companies have submitted the following distribution loss trajectory for FY 2013-14 and the control period.

Table 3.22: Distribution Loss trajectory for the Distribution licensees

Particulars	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
DHBVNL	20.30%	19.01%	17.70%	16.70%
UHBVNL	27.50%	25.00%	23.00%	20.90%

The year wise distribution loss levels are the same as taken by them in their Financial Restructuring Plan (FRP) approved by the State Government. The Commission has already accorded it's in principle approval to this FRP vide Memo No. 3078/HERC/Tariff-2 FRP/2013 dated 12.11.2013. Accordingly the Commission approved the distribution loss trajectory as above.

Any overachievement and underachievement of above loss trajectory shall be subject to incentive and penalty framework specified under Regulation 12 of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012. The distribution licensees shall provide a statement to this effect in the mid-year performance review and true-up. The Commission shall also monitor the AT&C losses.

Both the licensees have not submitted the computation of supply voltage wise and consumer category wise distribution and AT&C losses, as required under Regulation 57.1 (f) of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

The Commission notes with serious concern that the collection efficiency reported by the Discoms of about 97% does not give the real picture because of the manner in which the same is computed. The Commission is of the view that collection efficiency from consumer categories such as AP, HT, LT, NDS, Railways / DMRC, Bulk Supply and Govt. Connections i.e. remaining connections under erstwhile MITC, Street Light, PWW and Lift Irrigation are near to hundred percent. Hence what remains is the collection efficiency from the DS consumers, which if properly computed would woefully fall short of the reported collection efficiency. **Hence the Discoms are directed to compute consumer category wise collection efficiency of the current revenue in each billing cycle excluding arrears and upload the same on the website and regularly update the same as per the latest data available.**

3.1.34 Distribution Transformers (DTs) failure rate

The HERC vide its Regulation **(Standards of Performance for Distribution Licensee) Regulations 2004,** has specified the failure rate of distribution transformers as maximum 5% for urban area DTs and maximum 10% for rural area DTs. The Commission retains the DT damage rate as already provided in the Standards of Performance Regulations for the purpose of incentive and penalty mechanism.

In case the maximum permissible failure rate of distribution transformers exceeds the limits specified above, the return on equity shall be reduced as mentioned under Regulation 65.1 (ii) of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

a) Past performance

The year-wise position of damage rate of distribution transformers, as per the information provided by UHBVNL and DHBVNL in the past is given in the table below:-

Table 3.23: - Distribution Transformers failure rate

Sr. No.	Year		DHBVNL		UHBVNL	
			Failure Rate including transformers damaged within warranty period (%)	**Failure Rate excluding transformers damaged within warranty period (%)**	**Failure Rate including transformers damaged within warranty period (%)**	**Failure Rate excluding transformers damaged within warranty period (%)**
1	2009-10	Urban	5.79	4.58	8.95	6.56
		Rural	12.52	9.36	15.84	10.78
		Overall	**11.74**	**8.81**	**15.06**	**10.30**
2	2010-11	Urban	7.21	6.09	13.38	9.14
		Rural	12.36	9.46	10.01	6.75
		Overall	**11.81**	**9.09**	**10.29**	**6.95**
3	2011-12	Urban	7.21	5.54	10.83	7.76
		Rural	9.98	7.31	10.01	6.38
		Overall	**9.71**	**7.14**	**10.08**	**6.49**
4	2012-13	Urban	6.66	5.17	10.83	7.76
		Rural	10.30	7.36	10.01	6.38
		Overall	**9.94**	**7.14**	**10.08**	**6.49**
5	2013-14 (upto Sept. 2013)	Urban	4.32	3.50	7.21	5.35
		Rural	4.62	3.36	6.03	4.29
		Overall	**4.59**	**3.37**	**6.13**	**4.37**

The DT damage rate is to be analyzed on the basis of total number of DTs damaged, irrespective of the fact whether the transformer damaged was within warranty period on not, as all these DTs were part of the system.

The data indicated in the table above shows that in respect of DHBVNL, the DT damage rate both in urban & rural areas is above the prescribed limits in the years 2009-10, 2010-11 & 2012-13. In the year 2011-12, the DT damage rate in urban area is 7.21% which is above the limit of 5%.

In respect of UHBVNL, the DT damage rate, both in urban & rural areas, is above the prescribed limits of 5% & 10% respectively in all the years from 2009-10 to 2012-13. In these years, the damage rate of DTs in urban areas is much above the limit of 5%.

The distribution licensees should examine the cause of damage of DTs in the areas where it is above the norms and endeavour to bring down the distribution transformer damage rate below the prescribed limits and also to exercise proper quality checks on new procurement to ensure least damage rate within the warranty period.

As per Regulation 65.1 (iii) of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations 2012, the distribution licensee shall maintain a proper record of failure of the distribution transformers and submit the same in the quarterly report to the Commission. But no such report has yet been submitted by any of the licensees.

3.1.35 Non replacement of defective energy meters by the distribution licensees

As per the Multi Year Tariff filing for control period 1st April, 2014 to 31st March, 2017 under Multi Year Tariff Framework, following number of consumer meters were lying defective in the areas of jurisdiction of the two distribution licensees, as on 31.10.2013.

Number of defective meters ending October, 2013

Single Phase Meters	267936
Three Phase Meters	59486
Total	**327422**

 # The company wise details of defective meters were not supplied.

However, the two companies, during the public hearing on their MYT tariff filing for the control period FY 2014-15 to FY 2016-17, intimated the following details with regard to defective energy meters.

Table 3.24: -Status of Defective meters

Meter category	Defective meters UHBVNL (ending December, 2013)	Defective meters DHBVNL (ending January, 2014)	Total defective meters
Single Phase Meters	81598	146265	227863
Three Phase Meters	2188	43358	45546
Total	**83786**	**189623**	**273409**

The supply of electricity through defective / dead stop meter for a long time, not only results in harassment to the consumer but is also a source of revenue loss for the licensees, on account of improper billing and improper measurement of power supplied. It also results in misuse and wastage of power.

The Commission had been observing the position with concern ever since a long time as per the data supplied by the distribution licensees in their annual ARRs, but the position had not shown any improvement. The Commission, therefore, as per powers conferred to it under sub Section (3) of Section 55 of the Electricity Act 2003, passed an order on 10th January, 2013, in the matter of non-replacement of defective energy meters by the distribution licensees.

As per latest hearing held in the matter on 13.12.2013 and order passed by the Commission on 30.12.2013, the licensees were to ensure that all the defective three phase meters would be replaced by 31st March, 2014. At the time of public hearing on their MYT tariff filing for the control period FY 2014-15 to FY 2016-17, the licensee UHBVNL confirmed that all three phase defective meters shall be replaced by March, 2014 and that all single phase defective meters shall be replaced by June, 2014. The licensee DHBVNL, however, informed that all three phase defective meters shall be replaced by May, 2014 and that all single phase defective meters shall be replaced by July, 2014.

Both the licensees are directed to ensure that all defective meters existing prior to 31st March, 2014 shall be replaced before 31st July, 2014. A monthly report with regard to replacement of defective meters shall be submitted to the Commission by 10th of every month starting from the month of June, 2014.

4 DISTRIBUTION AND RETAIL SUPPLY TARIFF DETERMINATION FOR FY 2013-14

Tariff Application filed by UHBVNL & DHBVNL (Discoms):

4.1.1 Recovery of Gap (UHBVNL):

The total revenue gap after True-up for FY 2012-13 comes at Rs. 191.95 Crs; for FY 2013-14 at Rs. 2500 Crs and for FY 2014-15 at Rs. 2246 Crs respectively; The cumulative revenue gap from FY 2012-13 to FY 2014-15 is estimated to be Rs 4938 Crs.

It was submitted by UHBVNL that as per FRP Scheme, the accumulated net losses estimated for UHBVN for the period FY 2012-13 to FY 2014-15 period were Rs 5638 Cr, however after considering audited accounts for FY 2012-13 the estimated cumulative net loss arrives at Rs 5887 Cr (2296 Cr (2012-13) and 1646 Cr (2013-14) & Rs 1943 Cr (2014-15). Under the FRP scheme the banks will fund the operational deficit of the Discoms to the extent of 100% in FY 2012-13, 75% in FY 2013-14 and 50% in FY 2014-15. Though in FY 2014-15 projections there is a projected deficit but since for the FY 2014-15 the banks have committed to fund 50% of the deficit, the Nigam expects to fund its gap in FY 2014-15 through the available funding under FRP and continuation of certain FSA/RAs as proposed under FRP Plan and as such does not propose any tariff increase in FY 2014-15.

Additionally it was submitted by UHBVNL that FSA and/or Regulatory Asset liquidation is proposed to be continued during the control period from FY 2014-15 to FY 2016-17 and beyond in line with Financial Restructuring Plan which has already received in-principle approval of the Commission. Further, in view of the fact that no funding is available for FY 2015-16 and FY 2016-17 and also given that repayment of loans are scheduled to begin in FY 2015-16, the Nigam may require appropriate tariff increase in FY 2015-16 & FY 2016-17 in addition to continuing the above mentioned FSA/RA so as to meet its cash requirement essentially due to the repayment of the restructure and fresh loans under the FRP.

In view of the above UHBVNL has prayed as under:

(a) Condone the delay in filing of the MYT Petition, Business Plan & Capital Investment Plan and requests Hon'ble Commission to accept the petition for processing;

(b) Examine the proposal submitted by the Nigam for a favourable dispensation as detailed in the above petition;

(c) Pass suitable order(s) with respect to the proposed annual revenue gap for FY 2014-15 amounting to Rs. 2246 Crs; Pass suitable order(s) to cover past unrecovered gap of Rs 191.95 as per true-up of 2012-13 and projected revenue gap of Rs.2500 Cr for FY 2013-14 thereby leading to recovery of a cumulative (FY 2012-13 to FY 2014-15) revenue gap of Rs. 4938.99 Crs. as per the proposal for meeting the deficit as given in Section 8.1 above.

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(d) Approve reasonable return on equity as proposed by the Nigam;

(e) True up the expenses incurred in FY 2012-13 in line with the annual accounts of the financial year;

(f) True up the subsidy amount for FY 2011-12 and FY 2012-13.

(g) Favorably consider the proposals for meeting the gap in this MYT filing;

(h) Condone any inadvertent omission, errors, shortcomings and permit UHBVNL to add/change/modify/alter this filing and make further submissions as may be required at a future date; and

(i) Pass such further order(s) as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

4.1.2 Recovery of Revenue gap (DHBVNL):

DHBVNL has submitted that the actual expenses incurred during FY 2012-13 are well within the approved levels of the Commission. The Gap for the years FY 2013-14 and FY 2014-15 are Rs. **Rs. 895.57 Crores** and **Rs. 1617.34 Crores** respectively. Hence, the Cumulative gap till FY 2014-15 works out to be **Rs. 2446 Crores.**

As per the FRP scheme, the accumulated net losses estimated for DHBVN for the period FY 2012-13 to FY 2014-15 is around Rs. 3685. After considering audited accounts for FY 2012-13; the cumulative loss for DHBVN works out to be Rs. 3362 Crores.

Under the FRP scheme the banks will fund the operational deficit of the Discoms to the extent of 100% in FY 2012-13, 75% in FY 2013-14 and 50% in FY 2014-15. As such during FY 2014-2015 the banks have committed to fund 50% of the deficit. Further the Discom would also achieve efficiency gains and projected reduction in ACS-ARR gap through various performance improvement measures. The Discom expects to fund its gap in FY 2014-15 through the available funding under FRP and continuation of certain FSA/RAs (as detailed below) and as such does not propose any tariff increase in FY 2014-15.

Certain FSA and/or Regulatory Asset liquidation is proposed to be continued during the control period from FY 2014-15 to FY 2016-17 and beyond in line with Financial Restructuring Plan which has already received in-principle approval of the Hon'ble Commission

Further, in view of the fact that no funding is available for FY 2015-16 and FY 2016-17 and also given that repayment of loans are scheduled to begin in FY 2015-16, Discom may require appropriate tariff increase in FY 2015-16 & FY 2016-17 in addition to continuing the above mentioned FSA/RA so as to meet its cash requirement essentially due to the repayment of the restructure and fresh loans under the FRP.

The Commission observes that the Discoms have not proposed / sought any increase in the Distribution and Retail Supply Tariff in FY 2014-15. Further, the Discoms have not provided consumer category wise Cost of Supply (CoS) study / voltage wise Cost of Service which could have formed the basis of re-alignment of distribution and retail supply tariff(s) in view of the projected revenue gap in FY 2014-15.

In the absence of the CoS study filed by the Discoms, the Commission, in line with the previous distribution and retail supply tariff order(s) has proceeded to determine consumer category wise CoS. The salient features of the CoS estimates of the Commission is as under:

In the case of Haryana, the basis of estimation of cost to serve is the non-time differentiated embedded costs based on the revenue requirement of the utilities. Resulting cost-based tariffs are calculated using costs that the licensee would incur in supplying electricity for FY 2014-15.

4.1.3 CoS Model:

The cost allocation process followed by the Commission consists of three major parts:

a) Functionalization of costs through assigning revenue requirement of the Discoms for FY 2014-15 estimated by the Commission to specified utility functions.

b) Classification of costs into demand related and energy related components, and

c) Fair allocation of functionalized and classified costs among customer classes based on principles of cost causation

Once functionalized, costs are classified into three major components as under:

a) Demand costs (or fixed costs)

These are capacity-related costs and refer to the costs of the power plants, transmission and distribution lines, substations, transformers and other outlays which are not influenced by the quantum of units sold by the utility. Under a two-part tariff, these costs are recovered through a fixed charge or a demand charge.

b) Energy costs (or variable costs)

These are costs which vary with the quantum of units sold. The bulk of the variable cost for an electric utility is fuel cost. These costs are recovered through an energy charge.

c) Customer costs

These are expenses of the utility which are associated with metering, billing, customer service and which vary directly with the number of customers. These are expressed as a cost per customer. However, for the purpose of the present CoS the same has been clubbed with Demand Costs.

4.1.4 Specific Allocators for Each Customer Class:

An integral step in a cost of service study is the allotment of responsibility of the costs identified among the different customer classes. The purpose of allocation is to suitably allocate costs among all customer classes such that the share of cost borne by each class approximates the costs imposed on the system by that particular class. In general, the cost causation principles used for choosing the allocator would depend on the functional category.

a) Allocation of Generation and Transmission Costs

The Generation and Transmission Costs have been allocated to all the consumers at the Bulk Supply Rate and Transmission tariff. This is so as the distribution and retail supply business is being run by UHBVN and DHBVN as separate companies and hence the Power Purchase Costs including transmission & SLDC charges of the two Distribution companies is given to them as the same for all consumer categories.

b) Allocation of Distribution Fixed Costs Using Connected Loads

Distribution facilities are primarily installed to meet the localized area loads and are designed to meet the maximum loads from the distribution feeders. Data on non-coincident demand for each category class are not available for the study. Thus, connected loads / contract demand for each customer class are used as proxy to determine the responsibility of each rate class to the total distribution fixed costs.

c) Allocation of Variable Costs on the Basis of Energy Weights

In summary, the set of allocators used to reflect the cost causation for each of the function is tabulated below:

Functionalization category	**Fixed costs**	**Variable Costs**
Distribution & Retail Supply	Connected load / Contract Demand includes consumer related cost	Loss adjusted kWh sales

The base data used to develop the connected load / contract demand allocators refer to projected load for FY 2014-15. The resulting percentages represent the respective share of each specific class to the total distribution fixed costs.

Loss Allocators:

In the absence of voltage wise assets and losses filed by the Discoms the Commission has allocated losses for each customer class depending on the voltage level of their connection i.e. HT or LT. Accordingly the system technical losses estimated by the Commission as well as commercial losses estimated by the Commission has been allocated to HT consumers and LT consumers.

4.1.4.1 Method to address the Projected Revenue Gap:

The consolidated revenue gap of UHBVN and DHBVN at the end of FY 2014-15 is presented below:

Table 4.1: -Revenue requirement for FY 2014-15 (Rs. Crores)

	Particulars	UHBVN	DHBVN	Total Discom
A	Expenditure			
1	Power purchase cost (incl. Transmission Charges)	8688.22	9593.67	18281.89
2	Operation & Maintenance Expenses	1013.43	811.87	1825.30
3	Depreciation	280.53	241.90	522.43
4	Net Interest & Finance Charges	932.71	630.75	1563.46
5	Other Debits	0	0	0
6	Net prior period Expenses	191.95	-66.41	125.54
7	Return on equity	0	0	0
	Total (A)	11106.84	11211.77	22318.61
B	Less:			
1	Non Tariff Income	150.91	133.93	284.84
C	Annual Revenue Requirement (A-B)	10955.94	11077.84	22033.78

4.2 Commission's Analysis & Order:

The Commission, at the outset, observes that the Discoms have again failed to submit an updated consumer category wise cost to serve study as well as any comprehensive tariff proposal. What they have sought is continuation of Fuel Surcharge Adjustments (FSA) relating to FY 2011-12 and amortization of balance regulatory assets allowed by the Commission in the past.

The Commission observes that in the previous year's ARR there was no gap in the revenue requirement. However, the Commission allowed increase in tariff so as to partly cover the FSA for FY 2011-12 and past Regulatory Assets. The balance on these accounts that remains to be addressed is Rs. 14678 Millions (FSA) and Rs. 13013 Millions (Regulatory Assets) i.e. Rs. 27691 Millions. Thus the Commission allows funding of the same through borrowings. **The Discoms are directed to submit the details of additional revenue collected including arrears, if any, in FY 2013-14 on account of tariff hike allowed by the Commission to recover the past FSA and Regulatory Assets.**

Thus considering the approved ARR of the Discoms for FY 2014-15 as discussed in the preceding Chapter the Commission has proceeded to determine and approve the distribution and retail supply tariff of the Discoms i.e. UHBVNL & DHBVNL for FY 2014-15 in the paragraphs that follow.

4.3 Statutory Provisions:

Section 61 of the Electricity Act 2003, provides that the Commission, is to be guided inter-alia, by the National Electricity Policy, the National Tariff Policy and the following factors, while, determining the tariff:

i) The distribution and supply of electricity are conducted on commercial principles;
ii) Encourage competition, efficiency, economical use of resources, good performance, and optimum investment;

iii) Safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner;

iii) That the tariff progressively reflects the cost of supply of electricity, and also reduces cross subsidies in the manner specified by the Commission;

iv) That efficiency in performance is to be rewarded ; and

v) That a multi-year tariff framework is adopted

vi) That the Commission is to be guided by the National Electricity Policy and Tariff Policy.
Section 62(5) of the Electricity Act 2003, empowers the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from the tariff and charges. Thus the Commission determines the Tariff in accordance with the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail

Supply under Multi Year Tariff Framework) Regulations, 2012 notified on 5.12.2012 and various orders / directions issued by this Commission from time to time.

4.4 Tariff determination approach:

As in the previous tariff orders, the Commission has considered the following relevant factors for the determination of retail supply tariff:

4.4.1 Tariff Philosophy:

Different categories of electricity consumers in Haryana have different ability to pay the cost of electricity. Thus the small and marginal consumers with limited paying capacity may not be able to pay the full cost of supply, whereas consumers with higher paying capacity would be able to pay the full cost of supply or beyond the full cost of supply i.e. such consumers would be able to cross subsidize the consumers who would be paying less than the cost of supply. Considering the socio-economic conditions in Haryana, the Commission is of the considered view that cross – subsidy as determined within the limits specified in the National Tariff Policy has to continue for some more time. Hence the Commission, for FY 2014-15, decides to continue with the approach of fixing tariff at less than average cost of supply to consumers who are not able to pay the full cost of supply and fixing tariff at more than the average cost of supply to consumers who are able to pay full cost of supply. In the case of AP Consumers including Fisheries and Horticulture, the Haryana Government has been traditionally paying the subsidy to the extent of the difference between the existing tariff and cost to serve for such consumers estimated by this Commission for the relevant financial year taking into consideration the AP sales as allowed by the Commission. Thus in accordance with section 65 of the Electricity Act 2003, Haryana Government shall pay subsidy at the Commission determined tariff.

4.4.2 Average Cost of Supply

The Commission, in all its previous distribution and retail supply orders has, so far, been determining the tariff on the basis of the average cost of supply. The HERC Tariff Regulations, 2012 require the licensees to provide the details of the embedded cost of supply of electricity voltage/ consumer category wise. In the absence of data on the embedded cost of supply for each category of consumers, the Commission decides to continue with the consumer category wise average cost of supply as estimated by the Commission as the basis for determining tariff for FY 2014-15 as well.

4.4.3 Reduction of cross subsidies:

The National Tariff Policy of the Central Government dated 6th January 2006, provides for progressively bringing down the cross - subsidy and specifies a target of plus or minus 20% of the average cost of supply. The Commission has re-visited the issue of Cross – Subsidy Surcharge and reduction thereto. The Commission observes that the difference between the cross – subsidy being paid by the non – open access consumers due to various reliefs granted by the Hon'ble APTEL in the appeal(s) preferred by the power utilities and the open access consumers have widened. While both needs to be brought down and the difference between the two narrowed so that the Discoms are adequately compensated for their power being offset by the power brought from outside under open access mechanism. Consequently, the Commission in order to maintain parity has now decided to maintain the Cross – subsidy surcharges payable by the Open Access consumers at par with the embedded consumers of the distribution licensee(s) in FY 2014-15.

4.4.4 Time of Day Tariff:

The Commission observes that the Discoms are presently having power surplus and despite the enhanced hours of supply to different consumer categories, they will continue to under – draw power from the Grid as well as backdown certain intra – state generator. Further, the Discoms are also selling power in the inter – state market at non – compensatory tariff. Thus the Commission believes that in order to cut losses on account of these and to facilitate demand time response, the Discoms must explore the possibility of selling power to the HT consumers and bill the same as per the Frequency Based Meters.

4.4.5 Charge on RE Subsidy

The Commission has considered the submissions of the Discoms on RE Subsidy and is of the view that the difference in cost to serve of AP consumers (including fisheries and horticulture) as estimated by the Commission for FY 2014-15 and the existing tariff (as per the relief granted w.e.f. 1.01.2014 and the allowed AP sales for FY 2014-15 is the RE Subsidy payable by the State Government. Further the RE Subsidy, amount as estimated by this Commission, should primarily be considered as first charge on the power purchased by the Discoms from various sources.

4.5 Revenue Gap at existing tariff:

The revenue gap for FY 2014-15 at the current tariffs is presented in the table below:

Table 4.2: - Revenue Gap at existing tariff for FY 2014-15 (Rs. Crores)

A	Revenue at Current Tariff	16063
B	Revenue from Regulatorey asset charge	1301
	(@ 37 paise per unit on 35189 Mus)	
C	Revenue from FSA charge	1091
	(@ 31 paise per unit on 35189 Mus)	
D	Total Revenue (A+B+C = D)	18455
E	RE Subsidy	5281
F	Total revenue including Subsidy (D+E=F)	23736
G	Revenue requirement for the year	22034
H	Surplus (F-E=H)	1702
	Less	
I	Revenue not generated from Regulatory asset	1301
j	Revenue not generated from FSA charge	1091
K	Reduction in surplus (I+J=K)	2392
L	Net revenue gap after reduction in revenue	-690
	(H-K=L)	
M	Additional revenue from increase in tariff	
	(Rs. 16953 crores - Rs.16063 crores)	890
N	**Net surplus (M-L=N)**	**200**

Approved borrowings under FRP

A	Short term borrowings as on 31.3.2012 as per approved FRP	7367
	Add	
B	FRP borrowings to be taken over by the State Government	7367
C	Regulatory asset brought forward	1301
D	Unrecovered FSA for FY 2011-12	1468
E	Total short term borrowings as on 31.3.2012 (A+B+C+D)	17502
F	Interest on above for FY 2012-13 @ 12.5%	2188
G	Total borrowings including interest as on 31.3.2013 (E+F)	19690
H	Interest on above after taking into account takeover of liabilities of Rs. 7367 crores by the State Government as on 22.11.2013 @ 12.25%	2186
I	Total borrowings as on 31.3.2014 (G+H)	21877

Note : The total loans net of Rs. 7367 Crore of borrowings under FRP to be taken over by the State Govtt. and after adding Rs. 1000 Crore worth of bonds issued by HVPNL on behalf of the Discoms as well as borrowings of Rs. 1865 Crore against un – paid Subsidy by the State Govtt., amounts to Rs. 17,375 Crore.

	Revenue Gap after taking FRP into account	
A	Revenue requirement for FY 2014-15	22034
B	Add liability for interest on borrowings under approved FRP	4374
C	Total revenue gap (A+B)	26408
D	Less revenue from revised tariff	16953
E	Less RE subsidy to be given by the state government	5281
f	Less net additional revenue from Additional Surcharge , Cross – subsidy surcharge and PLEC	270
g	**Revenue gap for FY 2014-15 (C-D-E - f)**	**3904**

Cost of financing of the liabilities under the financial restructuring plan

The Planning Commission had set up a committee headed by Sh. B K Chaturvedi to help restore the financial health of the power utilities of the country. The Committee was entrusted with the task to:

- Assess the cumulative losses of distribution utilities of seven major States, including Uttar Pradesh, Tamil Nadu, Haryana and Rajasthan;
- Suggest a strategy for capital restructuring of the Power Discoms (distribution companies) of these states, including commitment by other stakeholders like State governments; and
- Develop a roadmap and monitoring mechanism for implementing the above.

Further, the Ministry of Power (MoP) on 5th October 2012 notified the scheme for Financial Restructuring Plan (FRP) of State Distribution companies (Discoms) which has been formulated and approved by the Government of India to enable their turnaround and long term viability. The scheme contains measures to be taken by the State Discoms and State Government for achieving financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism (TFM) by Central Government.

The liabilities under the FRP scheme were assessed at Rs 14732 crores as on 31.3.2012 out of which 50% or Rs. 7366.6 crores were to be taken up by the State Government for which all interest and repayments were to be borne by the State Government.

In addition to the liabilities outstanding as on 31.3.2012, the utilities also had on their books the liability on account of regulatory assets and unaddressed FSA for FY 2011-12 amounting to Rs. 2769.2 crores. As the Commission had not allowed any funding of the FRP liabilities during FY 2012-13 and FY 2013-14, the licensee had to meet the interest payments of the FRP liabilities only through additional borrowings.

The financial position of the licensees can only improve if they conduct their business in a financially prudent manner. Apart from the supply position, the recovery position needs to be monitored closely. In this context it is important that the licensee implements the World Bank suggestion of having a separate division for the commercial/ treasury operations and it be handled by the persons who are well versed in financial matters and the technical wing is not burdened by this and can better look after the supply and intermediary loss reduction.

The distribution licensees shall use all recoveries on account of FSA and delayed payment surcharge for reducing FRP borrowings and interest cost thereto. It is imperative that the Discoms in no way should add to the short term borrowings except to meet with the revenue gap that is recognised by the Commission in this order. It may not be possible for the Discoms to discharge their financial liabilities on account of these borrowings in case the licensee continues business as usual hence It is high time the Discoms recognise the issues and make amends otherwise the leverage available under FRP may not sustain for long and the Discoms may again find themselves in a vicious circle of debt trap.

4.6 Domestic Supply Consumers (DS):

The revenue recovery from DS consumers through tariff is just about 69 % of the cost to serve of DS category and about 77% of the combined average cost to serve. Consequently, the revenue shortfall in the DS category in the case of both the Discoms at the current tariff is Rs. 19729 million. This gap gets further widened by about Rs. 2960 millions in case the DS slabs including tariff is considered in accordance with the Discoms notification w.e.f 01.01.2014. The Discoms have neither filed any cost to serve estimates nor have submitted any tariff proposal to bridge the revenue deficit at the current tariff for this category of consumers. The available cross –subsidy from a few other consumer categories amounting to Rs. 18608 million is also not sufficient to bridge the revenue gap in the DS, category. Thus no subsidy is available for the DS consumers from the State Government in FY 2014-15 and inadequacy of the available cross - subsidy the Commission is left with two options i.e. re-align the DS Tariff or garner some additional revenue from other consumer categories.

After careful and anxious consideration of the options available, the Commission is of the view that DS tariff has universal ramifications i.e. firstly it affects all the electricity consumers in the state and secondly this category comprises of income wise widely dispersed house holds' groups i.e. from life line / BPL households, marginal and middle class households to affluent households. Hence Commission has considered the running slab rate up to 800 units per month and for consumption of 801 unit per month the total energy shall be billed at a flat rate of Rs. 5.98/kWh against CoS of DS consumers of Rs. 7.03 / kWh for FY 2014-15, the balance shall be bridged by way of cross – subsidy generated from other consumer categories except AP.

The Commission, had closely examined the consumption pattern and ability to pay of the affluent DS consumers and is of the view that after a transition of more than a decade of introducing the regulatory regime in Haryana, the tariff for such consumers ought to reflect the cost to serve to the extent possible as estimated by this Commission and the same shall gradually reflect the cost to serve estimated for this category. Consequently, the Commission has introduced a new slab for DS consumers whose total monthly energy consumption is 801 units and above. For such entire energy consumption shall be billed at a flat rate as determined by this Commission in the present order. The considered slabs by the Commission are expected to minimise the marginal cost of energy to the consumers falling under different DS slabs.

In addition to the above kWh based tariff for DS consumers, the Commission is of the view that the DS consumers having a monthly consumption of 801 units and above would also have motive load thereby drawing reactive energy from the Grid which has adverse impact on the Discoms as well as the consumers. Thus the Commission would like to encourage such DS consumers to install capacitors and thereby locally compensate the vArs. The Commission expects that it would not only reduce kVAh of such consumers but also improve the voltage profile and in the process help the Grid as well. Consequently to begin with, as an option, the DS consumers falling under the third slab of 801 units and above consumption may opt for kVAh tariff as determined by the Commission in this order. Such consumers, at their cost, may install compatible meters after following the due process, for availing kVAh tariff. In such cases the tariff shall be Rs. 5.38 / kVAh.

The Commission had further reviewed the MMC applicable in the case of DS consumers whose consumption in a particular billing cycle / period is below the MMC threshold. The feedback received in this Commission in this regard is that a large percentage of DS consumers are being billed on MMC basis. The Commission has serious doubts about the accuracy / reliability of the energy consumption recorded / read by the meters installed at the premises of such consumers despite the fact that they may be having working meters who are perpetually billed on MMC basis. Thus to plug the revenue leakages on this account the Commission had revised the MMC of DS consumers in FY 2013-14.

The Commission, while considering DS tariff in FY 2014-15 has continued with the above dispensation as far as MMC is concerned.

The existing tariff and the tariff approved by the Commission for DS category for FY 2014-15 is given in Table 4.3 :-

Table 4.3: - Domestic Supply Tariff (DS)

Sr. No.	Tariff for 2013-14				Tariff for 2014-15			
	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
1	**Domestic Supply**				**Domestic Supply**			
	Category I: (Total consumption less than 100 units per month)				**Category I: (Total consumption of up to 800 units per month)**			
	0 - 40 units per month	298/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW	0 - 40 units per month	2.70/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
	41-100 units per month	475/kWh	Nil		41 - 250 units per month	4.50/kWh	Nil	
	Category II: (Total consumption more than 100 units/month and upto 800 units/month)							
	0 – 250 units per month	490/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW	251 – 500 units per month	5.25/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
	251 – 500 units per month	560/kWh	Nil		501 – 800 units per month	5.98/kWh	Nil	
	501 - 800 units per month	598/kWh	Nil					
	Category III: (Total consumption more than 800 units/month)				**Category II: (Total consumption more than 800 units/month)**			
	801 and above units per month (For total consumption of 801 units and	598/kWh Any consumer who at his own cost installs kVAh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW	801 and above units per month (For total consumption of 801 units and	5.98/kWh Any consumer who at his own cost installs kVAh meter	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW

	above/month, there shall be single tariff & no slab benefit shall be admissible)	meter may opt for kVAh tariff of 538/kVAh i.e. applicable tariff in kWh multiplied by 0.90 (standard power factor)			above/month, there shall be single tariff & no slab benefit shall be admissible)	may opt for kVAh tariff of 538/kVAh i.e. applicable tariff in kWh multiplied by 0.90 (standard power factor)		

4.7 Non Domestic Supply (NDS):

The Commission observes that this category comprises of business houses, cinemas, clubs, public/corporate offices, schools, hospitals, hotels etc. Hence in their case the points of incidence and impact of any rise in input cost including electricity is different i.e. their ability to pass on such costs to their beneficiaries / users of their services is fairly high. Consequently, the non – domestic category of consumers ought to be cross – subsidizing consumer’s category like DS where there could be some compulsion to cushion them, especially at the lower end, from an abrupt increase in tariff for some more time. However, the Commission observes that this category of consumers, at the current tariff, are paying just about 5% above the CoS . In view of the fact that cross – subsidy can be within a range of +/- 20% as per the National Tariff Policy, the Commission has attempted to garner additional revenue from this category of consumers while keeping in view the limits of Cross – Subsidy as per the NTP.

The Commission had introduced a separate category of tariff for the existing NDS consumers with load above 50 kW up to 70 kW who have not so far converted to HT supply. The Commission vide its order dated 24.10.2011 had given additional time for conversion to HT supply till the issue of instant order i.e. the tariff order for FY 2012-13. For FY 2013-14 the Commission decides to continue the new sub-category in the NDS supply tariff in FY 2014-15 as well.

The Commission has continued with the above dispensation and retains NDS tariff at three levels i.e. up to 5 KW, above 5 KW & up to 20 KW and above 20 KW & up to 50 KW. The Commission had keeping in view the revised tariff in the previous year had also accordingly revised the MMC for NDS consumers up to 20 KW and Fixed Charge in the case of other NDS consumers in FY 2013-14. The Commission retains the same, while energy charges have been revised except in the case of consumers up to 20 KW load in view of their comparatively limited capacity to pay and limited ability to pass – on any increase in tariff as cost through the services offered by the.

The existing tariff and the tariff approved by the Commission for NDS category for FY 2014-15 is given in the Table No. 4.4.

Table 4.4: - Non- Domestic Supply Tariff (NDS)

Tariff for 2013-14				Tariff for 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Non Domestic				**Non Domestic**			
Upto 5 kW (LT)	585/kWh	Nil	Rs. 200 upto 5 kW and Rs. 185 above 5 kW upto 20 kW	Upto 5 kW (LT)	585/kWh	Nil	Rs. 200 upto 5 kW and Rs. 185 above 5 kW upto 20 kW
Above 5 kW and Up to 20 kW (LT)	610/kWh	Nil		Above 5 kW and Up to 20 kW (LT)	610/kWh	Nil	
Above 20 kW upto 50 kW (LT)	600/kWh	150/kW	Nil	Above 20 kW upto 50 kW (LT)	650/kWh	150/kW	Nil
Existing consumers above 50 kW upto 70 kW (LT)	625/kWh	160/kW	Nil	Existing consumers above 50 kW upto 70 kW (LT)	675/kWh	160/kW	Nil
Consumers above 50 kW (HT)	585/kWh or 526/kVAh in case consumer opts for kVAh based billing	160/kW	Nil	Consumers above 50 kW (HT)	635/kWh or 571/kVAh in case consumer opts for kVAh based billing	160/kW	Nil

4.8 HT Industry (Load above 50 KW):

As per Commission’s estimates the CoS for HT Industry consumer category in FY 2014-15 is 526 Paisa / kWh as against the average CoS of the Discoms of 664 Paisa / kWh . Hence HT consumers at the current tariff are paying just 8% above the average CoS of supply of the Discoms as estimated by the Commission as against the NTP limits of 20%. This consumer category has been traditionally subsidizing consumer categories (other than AP whose entire revenue deficit is met by way of AP Subsidy from the State Government) who are paying tariff below their cost of supply. Given the revenue deficit it is not feasible to eliminate the cross – subsidy entirely as this would require a very high increase in the tariffs of the cross – subsidized consumer categories.

Keeping in view the above and the fact that as per NTP the tariff could be within a range of +/- 20% of the average cost of supply, the Commission has rationalized the tariff applicable for HT Industrial consumers as well as the Electric Arc Furnaces / Steel Rolling Mills by about 2%. The Commission expects that the realigned tariff would garner some additional revenue to balance a part of the overall revenue deficit of the Discoms in FY 2014-15. The details of existing HT Industrial tariff and the revised tariff w.e.f 1st April, 2014 is provided in the table that follows.

Table 4.5: - HT Industry (above 50 kW) Tariff

Tariff for 2013-14				Tariff for 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
HT Industry (above 50 kW)				**HT Industry (above 50 kW)**			
Supply at 11 kV	530/kVAh	150/kVA	Nil	Supply at 11 KV	580/kVAh	150/kVA	Nil
Supply at 33 kV	520/kVAh	150/kVA	Nil	Supply at 33 KV	570/kVAh	150/kVA	Nil
Supply at 66 kV or 132 kV	510/kVAh	150/kVA	Nil	Supply at 66 kV or 132 kV	560/kVAh	150/kVA	Nil
Supply at 220 kV	500/kVAh	150/kVA	Nil	Supply at 220 kV	550/kVAh	150/kVA	Nil
Supply at 400 kV	495/kVAh	150/kVA	Nil	Supply at 400 kV	545/kVAh	150/kVA	Nil
Arc furnaces/ Steel Rolling Mills	530+20 Paisa per kVAh if supply is at 11 kV	150/kVA	Nil	Arc furnaces/ Steel Rolling Mills	560+20 Paisa per kVAh if supply is at 11 kV	150/kVA	Nil

Peak Load Exemption Charges (PLEC)

As per existing provisions in the Schedule of Tariff for FY 2013-14, HT Industrial consumers, where metering is through Electronic Tri-Vector meter with the facility of recording consumption during the peak load hours, are eligible to draw power during peak load hours.

All the eligible HT industrial consumers as mentioned above can draw power upto 20% of their contract demand during peak load hours without any permission from the licensee. The eligible HT industrial consumers who intend to draw power beyond 20% of contract demand during peak load hours are required to exercise their option for availing special dispensation during peak load hours and get the same approved from the licensee. Such permission, however, is granted by the licensee on the basis of a laid down criteria and subject to technical feasibility on first come first served basis.

The admissible consumption of eligible HT industrial consumer during peak load hours is worked out as under:-

Permissible consumption in kVAh during peak load hours	20% contract demand/ allowed special dispensation in kVA x No. of peak load hours x 30

The consumption during peak load hours during the month upto the level of consumption as above is charged peak load-exemption charges (PLEC) of Rs. 1.90 /kVAh over and above the normal tariff. In case consumption of an HT industrial consumer during peak load hours exceeds the permissible consumption as above, then such extra consumption is charged @ 3.80/kVAh as peak load violation charges over and above the normal tariff.

The Commission has taken note of the fact that due to improved availability of power and some augmentation in the peaking capacity of Discoms/HVPNL, the Discoms have allowed all eligible HT industrial consumers to draw power upto their contract demand during peak load hours subject to levy of PLEC @ Rs. 1.90/kVAh for the past few months. The Commission observes that it may still not be possible for the Discoms to allow all HT industrial consumers to draw power during peak load hours without any peak load restrictions i.e. without levy of PLEC as in that case, it is expected, drawl of power during peak load hours by HT industrial consumers would further increase leading to problems of system over loading forcing the Discoms to resort to unscheduled power cuts which is most resented by the industry. The Commission further observes that, in case of all HT industrial consumers being allowed to draw power upto contract demand during peak load hours, the levy of PLEC on power drawn during peak load hours would effectively work as a commercial mechanism to contain the demand during peak load hours within the available peaking capacity of the Discoms / HVPNL as on account of power being costlier, the consumers will draw only that much power which is utmost necessary for their operations/processes and thus it would take care of system constraints.

In view of the position explained in para (b) above, Commission decides to revise the levy of peak load exemption charges as under.

i) HT Industrial consumers, where metering is through Electronic Tri-Vector Meter with the facility of recording consumption during the peak load hours, shall be eligible to avail power during peak load hours as provided below.

ii) **All eligible HT industrial consumers shall be entitled to draw power during peak load hours up to their contract demand (CD) without any approval from the distribution licensee subject to levy of PLEC @ Rs. 1.0 / kVAh up to 50% of the CD and Rs. 1.50 / kVAh above 50% of the CD, with approval if required by the Discoms, as against the existing @ Rs.1.90 / kVAh.** As all eligible HT industrial consumers have been allowed to draw power during peak load hours up to their contract demand, the levy of peak load violation charges @ Rs. 3.80/kVAh on the consumption beyond peak load exemption limit/special dispensation is accordingly withdrawn. However if a consumer exceeds his contract demand during peak load hours beyond 5%, he will be liable to pay the usual demand surcharge as provided in the schedule of tariff. The charge as per normal tariff, FSA and any other charges in vogue shall be chargeable for the consumption during peak load hours besides the peak load exemption charges as above.

iii) In the case of Open Access consumers the PLEC on power drawn through Open Access during peak load hours shall be levied as under:

	Energy slab	Chargeable PLEC
i	For the energy drawn equivalent to energy consumption during peak load hours in a month worked out corresponding to 20% of contract demand.	Nil
ii	Energy drawn beyond that covered in (i) above and up to energy consumption during peak load hours in a month worked out corresponding to 50% of contract demand.	Rs. 0.95 / kWh
iii	Balance Energy drawn if any, beyond that covered in (i) and (ii) above i.e. beyond energy consumption during peak load hours in a month worked out corresponding to 50% of contract demand.	Rs. 1.50 / kWh.

The Commission is of the view that with these relaxations on drawl of power during peak load hours by HT industrial consumers, more and more consumers will draw power from the licensee during peak load hours instead of drawing through open access. This will certainly increase the cross subsidy receipts of the distribution licensees from the HT industrial consumers. Further, it is desirable that the Discoms power and the Open Access Power ought to be made competitive as the situation exists today the same is distorted leading to 'crowding out' of Discoms power by the Open Access power and hence adding to the financial losses of the Utility. Simultaneously, imposing high PLEC as well as considerable other charges on the Open Access power, puts the Open Access consumers in double jeopardy as on the one hand power supply restrictions are imposed on them during peak load hours and Open Access power is made considerable more expensive even when the Discoms may be having surplus power at that time while on the other hand Open Access is discouraged.

4.9 LT Industry up to 50 kW

The LT Industry consumer category is currently paying just about 13% more than the average cost of supply of the LT Industry.The Commission believes that the LT Industry consumers too have a high propensity to pass on any increase in input cost including electricity charges to its customers. Hence the Commission, while rationalising the LT Industry tariff has attempted to align the tariff to garner some additional revenue keeping in view the provisions in the National Tariff Policy. The LT Industry consumers are supplied power at lower voltage than the HT Industry consumers and hence in their case the incidence of technical as well as commercial losses is significantly higher thereby increasing the CoS of LT Industry. Hence the tariff in this case has been kept comparatively higher than the HT Industry tariff.

The Commission observes that LT consumers are paying just about 0.63% above their CoS and about 13% more than the average CoS as against the NTP limits of +/- 20%. Hence, keeping in view the need to bridge the revenue gap, the Commission has re-aligned the tariffs for LT consumers in FY 2013-14.

The Commission in pursuance of Hon'ble APTEL's decision, in its order dated 7.12.2011 decided that the fixed charges shall be levied on the connected load rather than on sanctioned contract demand as petitioned by LT industry consumers and 80% of the connected load shall be considered for the purpose of levying fixed charges. This relief granted has been retained in the present order**. However, where the MDI meters exists the tariff shall be accordingly charges i.e. based on the recorded demand as per the ibid order. Additionally Rs. 185 / kWh shall be levied as MMC in case in any billing cycle there is no recorded demand**. Thus for FY 2014-15 the Commission has re-aligned the energy charges while leaving the fixed charges / demand charges and MMC, wherever applicable, unchanged.

The existing tariff and the tariff approved by the Commission for LT industry category for FY 2014 -15 is given in the Table No. 4.6 below:-

Table 4.6: - LT Industry Tariff

Tariff for 2013-14				**Tariff for 2014-15**			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
LT Industry - upto 50 kW				**LT Industry - upto 50 kW**			
Upto 10 KW	585/kWh	Nil	Rs. 185/kWh	Upto 10 KW	635/kWh	Nil	Rs. 185/kWh
Above 10 KW and upto 20 KW	610/kWh	Nil		Above 10 KW and upto 20 KW	660/kWh	Nil	Rs. 185/kWh
Above 20 kW upto 50 kW	585/kWh or 526/kVAh in case of kVAh metering	170/kW to be levied on 80% of the connected load	Nil	Above 20 KW and upto 50 KW	635/kWh or 572/kVAh in case of kVAh metering	170/kW to be levied on 80% of the connected load	Nil
Existing consumers Above 50 kW upto 70 kW (LT)	550 / kVAh			Existing consumers Above 50 kW upto 70 kW (LT)	600 / kVAh		

4.10 Agriculture Pump Set Supply (AP Supply)

The Commission after careful consideration of the proposed AP concessional tariff by the Discoms / State Government has allowed AP tariff based on size of the motor and meeting. The resultant revenue gap as intimated by the State Government shall be borne by the State Government. The Commission for determining AP tariff decides to continue with the same approach in FY 2014-15. The Commission, therefore, in pursuance of provision of the

Electricity Act, 2003 determines the following tariff which is equal to the CoS for the AP consumers for FY 2014-15 in respect of the AP consumers:-

AP Tariff Determined by the Commission (FY 2014-15)

A.P. Metered /unmetered	Rs. 6.64/kWh

As the State Government has committed for providing subsidised supply to the AP consumers, the concessional tariff for AP consumers category for FY 2014-15 taking into account the subsidy as estimated by the Commission and payable by the Sate Govt. shall be as given in the Table No. 4.7 below:-

Table 4.7: - Agriculture Pump set Supply - State Govt. Concessional Tariff

Tariff for 2013-14				**Tariff for 2014-15**			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Agriculture Tube-well Supply				**Agriculture Tube-well Supply**			
Metered: **(i) with motor upto 15 BHP**	25 /kWh	Nil	Rs. 200 / BHP per year	**Metered:** **(i) with motor upto 15 BHP**	10/kWh	Nil	Rs. 200 / BHP per year
(ii) with motor above 15 BHP	20 /kWh	Nil		**(ii) with motor above 15 BHP**	8/kWh	Nil	
Un-metered (Rs. / Per BHP / Month): **(i) with motor upto 15 BHP**	Nil	35	Nil	**Un-metered (Rs. / Per BHP / Month):** **(i) with motor upto 15 BHP**	Nil	15	Nil
(ii) with motor above 15 BHP	Nil	30	Nil	**(ii) with motor above 15 BHP**	Nil	12	Nil

As a consequence of adopting the above tariff the subsidy payable by the State Government calculated as the difference between the revenue at approved tariff which is equivalent to the CoS for the AP consumers for FY 2014-15 and the revenue that is expected from subsidized tariff works out to Rs. 52821 million and the same shall be borne by the State Government as subsidy support to the AP consumers and shall be payable to Discoms in accordance with Section 65 of the Electricity Act, 2003. **The Discoms are directed to file the status of subsidy claimed by them and the actual amount of subsidy released by the State Government on a quarterly basis. Calculation of Subsidy to be paid by the state government for FY 2014-15 is given in table 4.8 below:**

Table 4.8: - Calculation for AP subsidy (FY 2014-15)

	Subsidy calculation for AP supply	unit	value
1	Total units supplied to AP supply	MU	8097
2	Estimated cost of service	Rs. Mil	53753
3	Cost/ Tariff per unit = 2/1	Rs/kWh	6.64
4	Revenue at subsidized tariff	Rs. Mil	912
5	Subsidy required to keep the tariff at current levels = 2-4	Rs. Mil	52841

In an event the State Government does not release the subsidy in accordance with Section 65 of the Electricity Act, 2003 then the Discoms shall demand and collect from the AP consumers tariff as decided by the Commission in this order i.e. equivalent to CoS for AP consumers in FY 2014-15 i.e. Rs. 6.64 / kWh converted in to Rs/BHP per month in the case of unmetered supply.

The Commission observes that due to delay in payment of subsidy committed by the State Government as well as poor collection efficiency of revenue billed at the subsidized tariff, the burden in the form of additional working capital requirement is passed on to the other consumers. Hence the Commission decides that the Discoms shall enforce all the measures including disconnection of AP consumers on the same lines as is done in the case of other consumers. However, if for any policy reasons the Discoms fail to do so then the cost of such additional working capital shall be borne by the State Government.

4.11 Public Water Works, Lift Irrigation, Erstwhile MITC & Street Light Supply

These categories of consumers comprise largely of Government Departments and Municipal Corporation etc. However, since the beginning of power sector reforms in Haryana the Commission has not received any representations / objections or feedback from these categories of consumers. Hence, the tariffs in the case of such consumers have been re-aligned within the cross – subsidy limits of NTP.

The details of the existing tariff(s) and the revised tariff approved by the Commission for FY 2014-15 are presented in the Table No. 4.9 below:

Table 4.9: - Public Water Works, Lift Irrigation, Erstwhile MITC & Street Light Supply Tariff

Tariff for 2013-14				Tariff for 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Public Water Works	600/kWh	170/kW	Nil	**Public Water Works**	650/kWh	170/kW	Nil
Lift Irrigation	600/kWh	170/BHP	Nil	**Lift Irrigation**	650/kWh	170/BHP	Nil
MITC	600/kWh	170/BHP	Nil	**MITC (remaining connections under erstwhile MITC)**	650/kWh	170/BHP	Nil
Street Lighting	600/kWh	Nil	Rs. 180/kW	**Street Lighting**	650/kWh	Nil	Rs. 180/kW

4.12 RAILWAYS TRACTION TARIFF:

The representative of the Northern Railways in their objections / comments on the Traction tariff submitted that the cost of supply to railways is the lowest amongst all the consumer categories, whereas the cross subsidy being levied is very high and cross subsidy should not be more than ± 20% of the cost of supply. As per National Tariff Policy, MYT should be adopted and cross subsidy for railway traction be reduced to reduce railway traction tariff as per Govt. Policy.

The Commission while reviewing the tariff applicable to the Railways for their traction requirement in the light of the above objections filed by the Railways, observes that the current traction tariff vis – a – vis average CoS of the Discoms is about 96% i.e. the Railways are paying about 4% less than the average CoS as against cross subsidy limits of +/- 20% as per the NTP.

Further, the Railways are given supply as per their system requirement at 132/220 KV. The load of the Railways causes unbalancing in the system and also prohibits full utilization of the capacity of Transmission lines of the utility. Besides, load of Railway Traction is also highly fluctuating as trains are often bunched up during peak traffic hours. Additionally, there is a spike in load as a train passes through a particular station / segment. All these factors lead to generation of harmonics in the system which are detrimental to the system and affect quality of supply to other consumers. This is another factor which justifies fixation of higher tariff for Railways.

The circulars and guidelines of Ministry of Power, Government of India issued in 1991 or so in support of lower tariff does not lend much credence as after the enactment of Electricity Act, 2003 and introduction of tariff regulatory mechanism by establishment of Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, the tariff determination is no longer governed by guidelines of Ministry of Power, Government of India quoted for fixation of lower tariff. Section 86 of Electricity Act, 2003 only provides that in discharge of its functions, the Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy.

With the above observations, and the fact that the cross – subsidy has to continue for some more time and CoS has gone up, the Commission is of the considered view that the prevailing energy charges for Railways Traction needs some realignment . Accordingly the Railway (Traction) Tariff has been re – aligned. The energy charges have been marginally increased by about 2% while the Fixed Charge remains unchanged in line with the HT tariff the basis of levying energy charges shall be kVAh.

The details of the existing tariff(s) and the revised tariff approved by the Commission for FY 2014-15 are presented in the Table No. 4.10 below:-

Table 4.10: - Railways Traction Tariff

Tariff for 2013-14				**Tariff for 2014-15**			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Railway Traction				**Railway Traction**			
Supply at 11 KV	525/kVAh	140/kVA	Nil	Supply at 11 KV	575/kVAh	140/kVA	Nil
Supply at 33 KV	520/kVAh	140/kVA	Nil	Supply at 33 KV	570/kVAh	140/kVA	Nil
Supply at 66 or 132 kV	510/kVAh	140/kVA	Nil	Supply at 66 or 132 kV	560/kVAh	140/kVA	Nil
Supply at 220 kV	505/kVAh	140/kVA	Nil	Supply at 220 kV	555/kVAh	140/kVA	Nil

4.13 Metro (DMRC) TARIFF

The Commission observes that as per approved ARR and CoS of FY 2014-15, DMRC is paying about 96% of the average cost of supply . As per NTP guidelines the tariff has to be reckoned with the average CoS of the Discoms. Hence the Commission has realigned the energy charges applicable to DMRC by about 2% while leaving the Fixed / demand Charge unchanged. The Commission reiterates that the MOU with Haryana Government referred to by the DMRC has not been approved by this Commission. Hence in case the Haryana Government desires to introduce any concessional tariff for DMRC then they will have to compensate the Discoms for the loss of revenue vis-a-vis the tariff approved by the Commission.

The details of the existing DMRC tariff and the revised tariff are presented in the Table No. 4.11 below:-

Table 4.11: - DMRC Tariff

Tariff for 2013-14				Tariff for 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
DMRC				**DMRC**			
Supply at 66 kV	Supply at 66 kV	480/kVAh	140/kVA	Supply at 66 kV	530/kVAh	140/kVA	Nil
Supply at 132 kV	Supply at 132 kV	480/kVAh	140/kVA	Supply at 132 kV	530/kVAh	140/kVA	Nil

4.14 Bulk Supply Tariff

The Bulk Supply consumers are currently paying about 7% higher than the average cost of serve of the Discoms and about 19% higher than the cost to serve of their own category. Thus, the Commission, has re-aligned the tariff(s) as under keeping in view the limits of CSS set by NTP..

4.15 Bulk Supply (Domestic) Tariff

Further to encourage group housing societies/residential colonies having their bounded/gated premises to opt for single point bulk supply domestic connection on HT and to manage metering/billing and collection of energy bills on their own without any interference of the utility staff, the Commission has decided to leave the tariff for this category of consumers (up to 800 units unchanged while re-aligning the tariff of Bulk Supply (Domestic) Tariff to CoS.

The details of the tariff approved by the Commission for FY 2014-15 for bulk supply consumers are presented in the Table No. 4.12 that follows:-

Table 4.12: - Bulk Supply Tariff & Bulk Supply (Domestic) Tariff (FY 2014-15)

Tariff for 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Bulk Supply			
Supply at LT	590/kVAh	150/kW	Nil
Supply at 11 kV	575/kVAh	150/kW	Nil
Supply at 33 kV	565/kVAh	150/kW	Nil
Supply at 66 or 132 kV	555/kVAh	150/kW	Nil
Supply at 220 kV	550/kVAh	150/kW	Nil
Bulk Supply (Domestic) (70 kW and above at 11 kV or above voltage)			
For total consumption in a month not exceeding 400 units/ flat/dwelling unit (DU).	420 /kWh	Rs. 80 /kW of recorded demand	Nil
For total consumption in a month between 401 - 800 units/flat/ DU.	460 /kWh		
For total consumption in a month of 801 units or more per flat / DU	560 /kWh		

4.16 Independent Hoardings / Decorative Lighting

In view of the non – essential nature of supply and the rising average cost of supply the Commission had revised the energy charges in this category from 695 Paisa/kWh to 745

Paisa / kWh in the previous year. Additionally, the fixed charge was determined at Rs. 150/kW of the connected load to take care of the increase in fixed cost component of the cost to supply. The same shall continue in FY 2014-15.

4.17 Temporary Metered Supply

The energy charges for the temporary metered supply tariff shall be 1.5 times of the energy charges of the relevant category for which temporary supply has been sought. The fixed charges/ MMC shall be at the normal rate of the relevant consumer category.

The details of the existing tariff(s) and the revised tariff approved by the Commission for FY 2014-15 for above categories of consumers are presented in the Table No. 4.13.

Table 4.13: - Independent Hoardings / Decorative Lighting and Temporary Metered Supply Tariff

FY 2013-14			FY 2014-15			
Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
Independent Hoarding / Decorative Lightning	695 /kWh	Nil	**Independent Hoarding / Decorative Lightning**	745/kWh	150/kW	Nil
Temporary Metered supply	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category		**Temporary Metered supply**	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category		

4.18 Other conditions

All other terms and conditions other than those explicitly dealt with in the instant order shall remain unchanged and applicable.

The details of the revised tariff as approved by the Commission for FY 2014-15 for various categories of consumers are summarized in the Table No. 4.15.

.Table 4.14: - Distribution & Retail Supply Tariff approved by the Commission for the FY 2014-15 (w.e.f. 1.04.2014)

	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
1	**Domestic Supply**			
	Category I: (Total consumption up to 800 units per month)			
	0 - 40 units per month	270/kWh	Nil	Rs. 100 up to 2 kW and Rs. Rs. 60 above 2 kW
	41-250 units per month	450/kWh	Nil	
	251-500 units per month	525/kWh	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
	501-800 units per month	598/kWh	Nil	
	Category II: (Total consumption of 801 units/month) and above			
	801 and above units per month (For total consumption of 801 units and above/month, there shall be single tariff & no slab benefit shall be admissible)	598/kWh Any consumer who at his own cost installs kVAh meter may opt for kVAh tariff of 538/kVAh i.e. applicable tariff in kWh multiplied by 0.90 (standard power factor)	Nil	Rs. 100 up to 2 kW and Rs. 60 above 2 kW
2	**Non Domestic**			
	Upto 5 kW (LT)	585/kWh	Nil	Rs. 200 upto 5 kW and Rs. Rs. 185 above 5 kW upto 20 kW
	Above 5 kW and Up to 20 kW (LT)	610/kWh	Nil	
	Above 20 kW upto 50 kW (LT)	650/kWh	150/kW	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	675/kWh	160/kW	Nil
	Consumers above 50 kW (HT)	635/kWh or 572/kVAh in	160/kW	Nil

		case consumer opts for kVAh based billing		
3	**HT Industry (above 50 kW)**			
	Supply at 11 KV	580/kVAh	150/kVA	Nil
	Supply at 33 KV	570/kVAh	150/kVA	Nil
	Supply at 66 kV or 132 kV	560/kVAh	150/kVA	Nil
	Supply at 220 kV	550/kVAh	150/kVA	Nil
	Supply at 400 kV	545/kVAh	150/kVA	Nil
	Arc furnaces/ Steel Rolling Mills	560+20 Paisa per kVAh if supply is at 11 kV	150/kVA	Nil
4	**LT Industry - upto 50 kW**			
	Upto 10 KW	635/kWh	Nil	Rs. 185/kWh
	Above 10 KW and upto 20 KW	660/kWh	Nil	Rs. 185/kWh
	Above 20 KW and upto 50 KW	635/kWh or 572/kVAh in case of kVAh metering	170/kW	Nil
	Existing consumers Above 50 kW upto 70 kW (LT)	600 / kVAh		
5	**Agriculture Tube-well Supply**			
	Metered: **(iii)with motor upto 15 BHP**	10/kWh	Nil	Rs. 200 / BHP per year
	(iv)with motor above 15 BHP	8/kWh	Nil	
	Un-metered (Rs. / Per BHP / Month): **(iii)with motor upto 15 BHP**	Nil	15	Nil
	(iv)with motor above 15 BHP	Nil	12	Nil
6	**Public Water Works**	650/kWh	170/kW	Nil
7	**Lift Irrigation**	650/kWh	170/BHP	Nil
8	**MITC**	650/kWh	170/BHP	Nil
9	**Railway Traction**			
	Supply at 11 KV	575/kVAh	140/kVA	Nil
	Supply at 33 KV	570/kVAh	140/kVA	Nil
	Supply at 66 or 132 kV	560/kVAh	140/kVA	Nil

	Supply at 220 kV	555/kVAh	140/kVA	Nil
10	**DMRC**			
	Supply at 66 kV	530/kVAh	140/kVA	Nil
	Supply at 132 kV	530/kVAh	140/kVA	Nil
11	**Bulk Supply**			
	Supply at LT	590/kVAh	150/kW	Nil
	Supply at 11 kV	575/kVAh	150/kW	Nil
	Supply at 33 kV	565/kVAh	150/kW	Nil
	Supply at 66 or 132 kV	555/kVAh	150/kW	Nil
	Supply at 220 kV	550/kVAh	150/kW	Nil
12	**Bulk Supply (Domestic) (70 kW and above at 11 kV or above voltage) only under Single Point Supply Regulations**			
	For total consumption in a month not exceeding 400 units/ flat/dwelling unit (DU).	420 /kWh	Rs. 80 /kW of recorded demand	Nil
	For total consumption in a month between 401 - 800 units/flat/ DU.	460 /kWh		
	For total consumption in a month of 801 units or more per flat per DU	560 /kWh		
13	**Street Lighting**	650/kWh	Nil	Rs. 180/kW
14	**Independent Hoarding / Decorative Lightning**	745/kWh	150/kW	Nil
15	**Temporary Metered supply (only metered)**	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category		

Notes:

1. Energy charges in case of Domestic consumers are telescopic in nature up to the consumption of 800 Units / month. In case of consumption more than 800 units/month, no slab benefit is admissible and tariff applicable will be 598 paisa/kWh for total consumption.
2. Energy charges for HT Industrial, existing LT Industrial consumers having load above 50 kW to 70 kW, Railway Traction and DMRC are in Paisa / kVAh.
3. Fixed charges for HT Industrial supply category are in Rs / kVA of Contract Demand. For Railways and DMRC, the fixed charges are in Rs / kVA of the billable demand. For all other consumer categories (except Bulk Supply Domestic), the fixed charges are in Rs. / kW of the sanctioned load or part thereof per month.
4. 80% of the connected load shall be taken into account for levying fixed charges where leviable in case of LT industrial Supply.
5. Fixed charges for unmetered AP consumers, MITC and lift irrigation category are in Rs. / per BHP / Month.
6. Fixed charges for Bulk Supply Domestic are in Rs. / kW of the recorded demand.
7. Under Bulk Supply (Domestic) category no benefit of lower slab shall be admissible in the higher consumption slabs. Total consumption shall be charged at a single tariff depending upon the average consumption/flat/residential unit for that month.

8. In case of single point supply as per HERC (Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Commercial cum Residential Complexes of Developers) Regulations, 2013, Bulk Supply (Domestic Supply) tariff shall be applicable. A rebate of 4% in case of supply at 11 kV and 5% in case of supply at higher voltage in the energy consumption as recorded at Single Point Supply meter shall be admissible. NDS load, if any, beyond the prescribed limit as per schedule of tariff, the NDS tariff shall be applicable on monthly consumption corresponding to the NDS load as detailed in the said Regulation. The Bulk Supply (Domestic) Tariff shall apply only to the consumer categories covered by the Single Point Supply Regulations notified by the Commission
9. In addition to the tariff as above, the Discoms shall levy FSA as per HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012
10. The above tariff does not include Electricity Duty, Municipal Tax and FSA.

    .In case of Health and Educational Institutions having a total load exceeding 20 kW, these shall be treated as non – domestic category where the entire load is NDS. However if there is mixed load or there is some other category's load (other than Industrial) in the total load and if such other load exceeds 10 % of the total load then Bulk Supply tariff shall be applicable.
11. The Electricity Duty, Municipal Tax and FSA shall be charged at kWh.
12. The Schedule of tariff for supply of electricity by the Discoms shall get modified accordingly. The revised schedule shall be issued separately.

5 WHEELING CHARGES, CROSS - SUBSIDY SURCHARGE & ADDITIONAL SURCHARGE

Segregated accounts including voltage wise assets and losses for the distribution and retail supply business are a pre –requisite for determination of wheeling charges andcross -subsidy surcharge. The Commission in its previous ARR / Tariff order(s) of the distribution licensee(s) directed them to submit, along with their next ARR filing, the requisite data, so as to enable the Commission to determine wheeling charges, cross- subsidy surcharge and additional charge, if any. As per regulation 63 of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution and Retails Supply under Multi Year Tariff Framework) Regulations, 2012, the distribution licensees are under statutory obligation to provide requisite calculation to enable the Commission for working out wheeling charges but they have again failed to supply the same for the FY 2014-15.However, the Discoms have provided separate details for their distribution business (network cost) and retail supply business in their MYT Petition for the period FY 2014-15 to FY 20156-17. The Commission has kept the same in mind, with some adjustments) while determining wheeling charges for FY 2014-15.

The computational details of wheeling charges for the FY 2013-14 are presented in the table 5.1.

5.1 Wheeling charges:

Table 5.1: - Calculation of wheeling charges for the FY 2014-15

1 Network expenses per kWh)		
a.	Network establishment and operation cost (12% of the net ARR of the distribution licensees i.e. Rs.220337.8 millions, net of other income.	26440.54
b.	Allowed gross volume of power purchase by the distribution licensees MU	52381
c.	Expenses (Rs / kWh) (a/b)	0.51
2. Cost of losses in the system		
a.	%age distribution system losses (technical)	6.00%
b.	Losses (MU) (1bx2a)	3142.86
c.	HERC approved average cost of power purchase (Rs. / kWh)	3.82
d.	Total cost of losses (2bx2c) Rs. million	12,006
e.	Cost per unit of losses (Rs. / unit) (2d/1b)	0.23
3. Wheeling charges (Rs. / kWh) (1c+2e)		0.74

5.2 Cross - subsidy surcharge:

Regulation 63 of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution and Retails Supply under Multi Year Tariff Framework) Regulations, 2012, provides that the cross-subsidy surcharge shall be payable by all intra-state open access consumers except those persons who have established captive generating station and are availing open access for carrying the electricity to a destination for their own use. Cross - subsidy surcharge shall also be payable by such open access consumer who receives supply of electricity from a person other than the distribution licensee in whose area of supply he is located, irrespective of whether he avails such supply through transmission/distribution network of the licensee or not.

The consumers located in the area of supply of a distribution licensee but availing open access exclusively on inter-State transmission system shall also pay the cross subsidy surcharge as determined by the Commission.

Section 42 of the Electricity Act, 2003 provides that the surcharge and cross - subsidies shall be progressively reduced. The National Tariff Policy provides that:

"...........the computation of cross subsidy surcharge needs to be done in a manner that while it compensates the distribution licensee, it does not constrain introduction of competition through open access......."

The Commission feels that there is weight in the submissions of the Discoms that a considerable lower cross – subsidy surcharge when the corresponding reduction in the cross – subsidy has not yet taken place makes it onerous for the Discoms when increasing quantum of power is drawn through Open Access.

In the light of the above discussions the Commission decides to maintain parity between the cross – subsidy paid by the consumers of Discoms as well as the cross – subsidy surcharge paid by the Open Access consumers.

The details of the cross – subsidy surcharge approved for FY 2014 -15 is given in the table below:

Table 5.2: - Cross - subsidy surcharge for FY 2014-15 (Rs/kWh)

		Average Revenue Realization	COS	Cross subsidy generated	Cross subsidy surcharge
		1	2	3=1-2	
1	HT industry	7.28	5.26	2.02	2.02
2	NDS HT	7.07	6.23	0.84	0.84
3	Bulk Supply other than domestic	7.19	5.66	1.53	1.53
4	Railways	6.51	5.19	1.32	1.32

5.3 Additional Surcharge:

Regulation 22 of the "Haryana Electricity Regulatory Commission (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012. provides as under:

"Additional Surcharge. - (1) An open access consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act.
Provided that such additional surcharge shall not be levied in case open access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.

(2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. However, the fixed costs related to network assets would be recovered through wheeling charges.

(3) The distribution licensee shall submit to the Commission, on six monthly basis the details regarding the quantum of such stranded costs and the period over which these remained stranded and would be stranded. The Commission shall scrutinize the statement of calculation of such stranded fixed costs submitted by the distribution licensee and determine the amount of additional surcharge.

Provided that any additional surcharge so determined shall be applicable to all the consumers availing open access from the date of determination of same by the Commission.
(4) The consumers located in the area of supply of a distribution licensee but availing open access exclusively on inter-State transmission system shall also pay the additional surcharge.

(5) Additional surcharge determined on per unit basis shall be payable, on monthly basis, by the open access customers based on the actual energy drawn during the month through open access".

The distribution licensee has filed the petition along with the supporting details on 15.05.2014 and vide memo no. Ch-06/GM/RA/N/F-25/Vol -52 dated 28.05.2014 wherein they, based on the fixed cost paid by them for the stranded capacity due to scheduling of Open Access power by the embedded Open Access consumers, have proposed an additional surcharge of Rs. 0.97 / Unit to be paid by such consumers.

As the proposed levy of additional surcharge shall affect a large number of electricity consumer the Commission considered it appropriate to hold a public hearing on the same. Accordingly the Commission has scheduled a hearing on 20.05.2014 and also uploaded the petition filed by the Discoms on the website of the Commission to enable the stakeholders to submit their comments / objections on the same. The Commission, after hearing the petitioner and other stakeholders / interveners orders as under:

The Commission notes that the additional surcharge has to be determined under section 42 of the Electricity Act, 2003. Since the Discoms has an universal obligation to supply power, it has to enter into long term agreements for purchase of power from various generating stations for meeting the entire demand of the state. As such, when these embedded consumers draw power from any other person under Open Access, the fixed cost of the supply taken by these consumers from elsewhere is still payable by the licensee, making it a stranded capacity for the Discoms'. The additional surcharge payable by open access consumers was worked out by the Discoms in the petition at Rs. 1.00/kWh as under:

Additional surcharge to be recovered from Open Access consumers in FY 2013-14

Particulars	MUs	Cr.	Rs./unit
Proposed purchase of power in FY 2013-14	52217.7	19440.2	
Proposed power purchase cost in FY 2013-14			
Power purchase rate			**3.72**
Variable cost			2.73
Fixed cost			1.00
Additional surcharge to be recovered from open consumers in FY2013-14			**1.00**

The Commission heard this petition during the public hearing on MYT ARR petition of UHBVNL for the control period FY 2014-15 to FY 2016-17. During the hearing UHBVNL requested the Commission to grant some more time to the licensee for calculating the amount of additional surcharge with respect to stranded power on account of open access consumers procuring power from sources other than the licensee. The UHBVNL thereafter filed the detailed calculations for additional surcharge along with other relevant data for FY 2013-14 vide their Memo no. Ch-73/GM/RA/NIF-25/Vol-51 dated 15.05.2014. The basis for calculation of month-wise additional surcharge for FY 2013-14 has been given as under by UHBVNL:

i. The amount of power surrendered from individual power plants on a daily basis for every month starting from April 2013 to March 2014, has been considered.

ii. The number of units of power that have been drawn via Open Access by the consumers on daily basis, have been considered.

iii. Since, the quantum of power surrendered every day are not from a specific power plant, and fixed cost associated with every power plant is different, the appellant has calculated an effective per unit fixed cost for every month that may be considered for calculating the amount of total fixed charges

(Additional surcharge) that the appellant has paid because of the total stranded power in that particular month owing to corresponding open access for that month. In other words, the proportion in which individual power plant units have contributed to the surrendering of power for the entire month, in the same proportion; the fixed costs for the individual power plant units have been taken to give a total effective per unit fixed cost for that month.

iv. The effective per unit fixed cost obtained above is multiplied to the stranded power (in MUs) of that month that has been taken to be surrendered because of consumers opting open access and not scheduling power from the Discoms.

v. In order to ensure that only such power surrendered is taken for calculating additional surcharge, which corresponds to power stranded because of open access consumers only, the lower amount of the open access power in "Round the clock" and surrendered power of every day is taken as the amount for the stranded power for the day due to open access.

The Summary of addition surcharge proposed by the Discoms is as under:

Sr. No.	Month	Power Surrendered by Nigam during the month		Open Accessed Power Quantum (MU)		Effective Fixed Cost applied (Rs. Per Unit)	Open Access Additional Surcharge (Rs. Cr.)	
		MW #	(MU)	RTC	Peak		RTC	Peak
1	Apr-13	14932.78	358.39	124.74	N.A.	1.04	12.00	N.A.
2	May-13	20066.50	481.60	138.98	N.A.	1.09	12.50	N.A.
3	Jun-13	31323.64	751.77	143.64	N.A.	1.07	13.46	N.A.
4	Jul-13	42737.13	1025.69	156.07	N.A.	1.01	15.83	N.A.
5	Aug-13	48109.79	1154.63	150.51	6.58	1.00	15.04	0.64
6	Sep-13	35166.70	844.00	152.23	5.84	1.00	15.24	0.58
7	Oct-13	27214.55	653.15	157.25	5.12	1.01	14.13	0.44
8	Nov-13	30249.24	725.98	158.77	3.05	0.99	14.95	0.29
9	Dec-13	43526.88	1044.65	168.53	3.26	0.99	16.73	0.32
10	Jan-14	49536.34	1188.87	157.52	1.80	1.00	15.68	0.18
11	Feb-14	43034.95	1032.84	168.98	1.22	1.04	16.23	0.12
12	Mar-14	44382.02	1065.17	206.95	2.54	1.00	20.60	0.25
Total (Rs. Cr.)							182.39	2.84

The Commission observes that the cumulative figures for power are without any meaning.

As the proposed levy of additional surcharge shall affect a large number of electricity consumers, the Commission considered it appropriate to hold a public hearing on the same. Accordingly the Commission scheduled a hearing on 20.05.2014, which was subsequently postponed to 27.05.2013, and also uploaded the petition filed by the Discoms on the website of the Commission to enable the stakeholders to submit their comments / objections on the same. The Commission held the hearing on levy of additional surcharge as scheduled on 27.05.2014 and heard the petitioners and other stakeholders.

The Commission observes that as per sub-regulation (2) of the Regulation 22 of HERC OA Regulations, 2012, reproduced above, 'the additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded......' The above provision is in line with clause 8.5.4 of National Tariff Policy which is reproduced below.

> *"8.5.4 The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in term of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges."*

The Commission has examined the data/calculations for additional surcharge furnished by UHBVNL as well as the objections of the Industry Associations represented by their Counsel Shri R.K. Jain in the hearing held on 20.05.2014. The Ld. Counsel Shri Jain had submitted that levy of additional surcharge is in violation of the National Tariff Policy as well as the provisions of the Open Access Regulations, 2012 notified by this Commission. Further it was argued that the Discoms have failed to provide complete details supporting their claim for Additional Surcharge as well as establish the fact that there was an unavoidable obligation of the Discoms in terms of power purchase commitment remaining stranded and the resultant fixed cost to be borne by the Discoms consequent to such contract. Upon hearing the parties, at length, the Commission observes that all most entire power procured by the Discoms for onward supply to its consumers are tied up under long – term power purchase agreements. Hence, in case some of its consumers instead of drawing power from the Discoms brings in power from outside through Open Access the Discoms power, to a certain extent do get stranded for which under the terms of most PPAs the Fixed Charge component of tariff is payable. However, as per the situation currently obtaining in Haryana only a part of the stranded generation capacity to the extent of the quantum of Open Access power scheduled by such consumers out of the total quantum of power surrendered by the Discoms can be attributed to the Open Access consumers.

The Commission observes that the distribution licensees, based on the data provided by them for the period April 2013 to March 2014, have been able to conclusively prove, backed with calculations, that their long term power purchase commitments do get stranded most of the times when power is drawn by embedded open access consumers from other sources and the Discoms have to bear the fixed cost of such stranded power which ultimately get passed on to other consumers. They have worked out the cost of such stranded power and based on that has worked out the additional surcharge as 97 paise / unit for FY 2013-14. The Commission further observes that it would not be fair if the cost incurred by distribution licensees for the power purchase commitments stranded on account of power drawn by open access consumers from other sources is passed on to other consumers as that would amount to cross-subsidising of the open access consumers by other consumers. It would also be fair to assume that, as the number of open access consumers and power drawn through open access is increasing every year, the additional surcharge worked on similar basis for FY2014-15 would not work out less than as has been worked out by UHBVNL for FY2013-14.

The Commission, therefore, after careful consideration of the submissions made in the petition by UHBVNL, replies / comments furnished by various stakeholders in reply to the petition, the comments / submissions by the petitioners and other stakeholders made during the hearing held on 27.05.2014 and the relevant statutory provisions is of the considered view that the additional surcharge cannot be attributed to the entire energy drawn through Open Access as the Discoms are expected to take into consideration some quantum of power that would be drawn by the Open Access Consumers based on the past trend while undertaking demand assessment and load management. The Commission therefore considers it appropriate to pass on 50% of the stranded cost worked out by the Discoms on account of power drawn through Open Access. Such reduction is necessary in view of the fact that the Discoms charges from most of the Open Access consumer a part of the cost of distribution system and cost of 6% losses as wheeling charges. Further the Discoms also collect, from most Open Access consumers, demand charges on the basis of the connected load / contract demand. Hence in the considered view of the Commission some adjustment of the demand charges paid by the Open Access consumers in the stranded fixed cost of the Discoms has to be made.

In view of the above disposition the Commission has now decided **to levy additional surcharge on the energy drawn by open access consumers through open access @ 50 Paisa/kWh with effect from the date of this Tariff Order.** The additional surcharge shall be levied / recovered by the distribution licensees from open access consumers as provided in regulation 22 of the Haryana Electricity Regulatory Commission (Terms and Conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012.

6 CONCLUSION

In the ultimate analysis the Commission finds that the single largest cost component of the Discoms ARR accounting for more than 80% of the cost of supply is the cost of power purchased by them from the power generating / trading companies. Thus power available to Haryana needs to be prudently managed in order to optimise the power purchase cost. The Commission observes that when Haryana had substantial base load as well as peaking shortages the additional financial burden arose out of expensive short – term power purchase or drawl under UI mechanism in low grid frequency regime which was passed on to the electricity consumers in the shape of FSA.

The submissions of the Discoms with regard to CoS of various categories of consumers and the tariff increase has been largely accommodated in the present tariff order even though these are in the nature of projections. The HERC MYT Regulations provide for mid – term review and renationalisation / fine tuning can be done at the time of mid – term review.

In the shortage scenario sales management including sales projections and demand time response though important was overshadowed by the fact that whatever power was available or could be procured was supplied without much consideration to the trade – off between cost of such power and the corresponding revenue that the same would generate for the Discoms. However, in the last two years with surplus power is available to Haryana as evident from backing down of the intra – state generator i.e. HPGCL. With this paradigm shift the importance of load management has now become crucial. On the one hand the Discoms are either under – drawing their share of power while on the other hand a large number of applications for new connection is pending which could have easily taken care of about 300 MWs. Further, the HT consumers in Haryana is resorting to power procurement form outside the state, on a short term basis, under Open Access mechanism permitted to them simply because landed cost of such power is cheaper than the Grid power. This further leaves the Discoms saddled with stranded generation capacity. The ability of the Discoms,as per the data provided by them, in disposing of surplus power in the inter – state market or through the exchange is not only limited but also at a rate even lower than the cost of such power. The Discoms have failed to encourage HT and other categories of consumers paying a tariff above their cost of supply to off take such power by enhancing the hours and well as reliability of supply thereby end up incurring huge losses.

The Hon'ble APTEL directed this Commission to work out CoS including voltage wise CoS, which the Commission has done for FY 2014-15. However, the Tariff Regulations notified by this Commission casts statutory obligation on the Discoms to conduct CoS and submit the same for consideration of the Commission. However, the Discoms have repeatedly failed to submit any tariff proposal backed by CoS. Hence the Commission, in view of the ARR gap including those on account of past FSA and Regulatory assets was left with no option but to suitably re-align the distribution and retail supply tariff(s) in view of the fact that on MYT application(s) submitted by HPGCL for its generation business and HVPNL for its Transmission and SLDC business , the Commission, in order to recover the expenses allowed to them, allowed increase in generation / transmission & SLDC charges the impact of which passes on to the distribution business.

The Commission expresses serious concern regarding non – separation and ring fencing of SLDC as it continues to remain part of HVPNL. The negative fallout of the same is that they are not acting like an independent system operator in proactively managing load of the Disocms as well stifling the process of Open Access.

Subsidy Arrears: As per the information obtained from the Discoms the State Government is yet to pay RE Subsidy amounting to about Rs. 1800 Crore on account of concessional tariff extended to AP consumers including FSA liabilities of the AP consumers as well as concessional tariff extended to the DS consumers in the last quarter of FY 2013-14. This is in violation of section 65 of the Electricity Act, 2003. Hence, RE Subsidy, if committed must be paid in time and arrears, if any, shall attract interest at the cost of working capital related borrowings.

Franchisee Model: The Commission, in order to improve the functioning of the Discoms, has formulated a model for deployment of franchisee in the retail supply business on revenue sharing basis targeted at the feeders reporting losses in excess of 50% wherein no improvement has been noticed for the past many years. Thus the Commission cannot remain a silent spectator to such inefficiencies which burdens the electricity consumers of Haryana. A copy of the model has been made available to all the SEs/Op. In the distribution circles of UHBVNL and DHBVNL. They have been directed to issue the requisite local advertisement inviting expression of interest from the interested parties. The Commission expects that the deployment of retail supply franchisee shall be completed shortly. This model may also be extended to un – authorised colonies / Jhuggi / Jhopdis etc. where due to the fact that no electricity connections are released the incident of illegal extraction of power is rampant. The

Discoms may consider releasing connection at a single point under the frachisee model.

6.3 Other Issues:

Introduction of 'Tatkal' scheme: The Discoms, may consider introducing tatkal scheme for release of new electricity connections to DS/NDS/LT/HT/Bulk Supply and all category of consumers. Such connection may be released within one week from the date of application along with requisite fee including tatkal fees. For release of such connections a fee of Rs. 1000 per KW may be charged from the applicants of DS and AP consumers and Rs. 5000 per KW from Industrial, Commercial and any other category of consumers. Further, such connection may be released to the consumers on completion of formalities without the need of getting any approval from any authority. If release of connection requires extension of distribution mains, the tatkal connection shall be given within 21 days and in cases where substation capacity needs augmentation the connection shall be released within 3 months from the date of application. In case the connection under the tatkal scheme is not released within the prescribed time limit, a pemalty of Rs. 1000 per day shall be leviable on the officer concerned.

Abolition of Vacant Posts: The Commission, on several occasions, has expressed concern regarding high and ever increasing employees cost of the Discoms and outsourcing of works wherever possible. Hence, all non – technical posts lying vacant for the last three years in the power utilities i.e. UHBVNL/DHBVNL needs to be abolished. However, the same shall not be applicable for the post where the contract / outsourced staff have been engaged.

Payments of Electricity Bills & Other Financial Transactions through Banks: Payment of all electricity bills and other types of financial transactions must be done through the Nationalised Banks. The power utilities must allow all payments towards electricity bills and all other financial transactions through e-payment. The cadre of cashiers may be considered as diminishing cadre and they may be deployed elsewhere as per requirement.

Online Tenders:

In order to bring in efficiency / transparency in the process of procurement, E – procurement may be implemented and the NIT with short description may be published in the Newspapers and detail should be provided on the website to exercise economy. The officers / officials concerned may also be trained for this purpose at the earliest.

Reporting of Losses:

The utilities are required to place on their website the circle wise losses suffered in the respective utilities along with the name (s) and designations(s) of the officers concerned working in the supervisory capacity. Such information should be updated periodically on quarterly basis. The information in respect of total losses incurred in a year should also be made public at the time of filing ARRs for information of the consumers.

Rest House / Guest House maintained by the Nigam:

All rest houses of DHBVNL & UHBVNL located in private buildings (except Panchkula, Gurgaon & Faridabad) should be closed with immediate effect due to financial constraints and the regular staff working in such rest houses should be adjusted against vacant post elsewhere. Further rate of the guest houses should be revised and a minimum of Rs. 100 / day should be charged from the officers / officials on their official tour and in the cse of non – official tour Rs. 300 / day should be charged. In case of private person the charges should be Rs. 1500 / day.

Monitoring of Court Cases:

The Discoms are required to ensure monitoring of the court cases regularly with proper care and caution on daily basis. In case of any lapse / negligence committed on the part of any officer / official concerned in this regard, the responsibility of the erring officer / official should be fixed and the financial loss be also recovered..

Phone Number & E-mail id of the Officers for complaints:

The office phone numbers, mobile numbers along with email id of all officers working in a supervisory capacity in HVPNL/DHBVNL/UHBVNL and HPGCL should be published in local Newspapers and local media channel for making complaints by the consumers for immediate redressal of their complaints.

Economic Measures:

The Commission directs the Discoms to undertake effective economic measures in their respective utilities to contain un – productive expenditure. The suitable directions / guidelines may be issued to the officers / officials concerned in this regard.

The revised Tariff for Distribution & Retail Supply of electricity in Haryana by the distribution licensee(s) i.e. UHBVNL & DHBVNL shall be applicable from 1st April, 2014 and shall remain effective till they are revised / amended by the Commission.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on May 29, 2014.

Date: 29th May, 2014
Place: Panchkula.

(M.S.Puri) Member	(Jagjeet Singh) Member	(R.N.Prasher) Chairman