



COMMISSION'S ORDER IN

Case No. HERC/Petition No 46 of 2021

&

Case No. HERC/ Petition No 47 of 2021

ON

**TRUE- UP FOR THE FY 2020-21, ANNUAL (MID-YEAR)
PERFORMANCE REVIEW FOR THE FY 2021-22, AGGREGATE
REVENUE REQUIREMENT OF UHBVNL AND DHBVNL AND
DISTRIBUTION & RETAIL SUPPLY TARIFF FOR THE FY 2022-23**

30 March, 2022

**HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS 33-36, SECTOR-4, PANCHKULA-134112, HARYANA**

<https://herc.gov.in>

CONTENTS

CHAPTER 1	8
INTRODUCTION	8
PRESENT PETITION	8
PRINCIPLES OF TRUE UP FOR FY 2020-21	8
SUMMARY OF TRUE UP OF FY 2020-21AS PROVIDED BY THE DISCOMS.....	10
IT IS EVIDENT FROM THE TABLE ABOVE THAT FOR THE FY 2021-22, FOR WHICH TRUEING-UP EXERCISE IS BEING UNDERTAKEN BY THE COMMISSION, THE DISCOMS HAVE PROJECTED A NET SURPLUS, INCLUDING HOLDING COST, OF RS. 414.36 CRORES.	12
THE SAID AMOUNT ALONG WITH CARRYING COST, AS WORKED OUT BY THE COMMISSION IN THE SUBSEQUENT PART OF THE PRESENT ORDER, SHALL BE REDUCED FROM THE ARR OF THE ENSUING FINANCIAL YEAR.....	12
ANNUAL PERFORMANCE REVIEW FOR FY 2021-22.....	12
TRANSMISSION LOSSES AND DISTRIBUTION LOSSES DURING THE FY 2021-22	13
AGGREGATE REVENUE REQUIREMENT FOR FY 2021-22 AS PER DISCOMS PETITION.	13
AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23	16
AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23 AS PER DISCOMS PETITION	16
PROPOSED REVENUE GAP FOR ARR YEAR FY 2022-23	18
PRAYER- IN VIEW OF THE ABOVE SUBMISSIONS THE PETITIONER(S) / DISTRIBUTION LICENSEES IN HARYANA VIZ. UHBVNL AND DHBVNL HAVE PRAYED THAT THE COMMISSION MAY ACCEPT AND TAKE ON RECORD:-	18
CHAPTER 2	19
PROCEDURAL ASPECTS OF THE ARR PETITION (S)	19
ARR PETITIONS FILED BY UHBVNL & DHBVNL	19
PUBLIC NOTICE.....	19
OBJECTIONS FILED BY THE INTERVENERS & DISCOMS REPLY THERETO	19
COMMENTS BY SH. PANKAJ BHALOTIA	19
COMMENTS BY INDIA ENERGY EXCHANGE LIMITED (IEX).....	31
COMMENTS BY DELHI METRO RAIL CORPORATION LTD. (DMRC).....	42
COMMENTS BY NARESH BHATIA, FARIDABAD	56
COMMENTS BY FARIDABAD INDUSTRIES ASSOCIATION (FIA) –.....	62
COMMENTS BY HPGCL	87
COMMENTS BY NAVDEEP DAHIYA (RATES FOR RAS FISH FARM).....	110
COMMENTS BY RAJIV YADAV FISH FARMER	110
COMMENTS BY SH. VIKAS DUHAN.....	111
CHAPTER 3	135
ANALYSIS OF ARR FILINGS AND COMMISSION'S ORDER	135
TRUE-UP OF THE ARR FOR THE FY 2020-21	135
OPERATION & MAINTENANCE EXPENSES.....	135
DEPRECIATION	138
INTEREST ON CONSUMERS SECURITY DEPOSIT	139
INTEREST ON CAPEX LOANS.....	139
INTEREST ON WORKING CAPITAL LOAN	140
INTEREST ON BONDS	142
TOTAL INTEREST & FINANCE COST	144
EXPENDITURE DUE TO OTHER DEBITS.....	145
RETURN ON EQUITY (ROE)	148
NON-TARIFF INCOME.....	149
TRUE-UP OF POWER PURCHASE QUANTUM AND COST.....	151
REVENUE FROM SALE OF POWER FOR THE FY 2020-21 (ENERGY SALES)	155
REVISED ARR FOR THE FY 2020-21	157
TRUE-UP OF SUBSIDY FOR THE FY 2020-21	158
ANNUAL PERFORMANCE REVIEW FOR FY 2021-22.....	160
REVISED AGGREGATE REVENUE REQUIREMENT FOR THE FY 2021-22:	164
REVENUE GAP PROPOSED FOR THE FY 2021-22	166

CHAPTER 4	168
DETERMINATION OF ARR FOR FY 2022-23	168
ASSESSMENT OF ENERGY SALES FOR FY 2022-23	168
AGRICULTURE PUMP (AP) SALES- FY 2020-21, FY 2021-22 (REVISED) & FY 2022-23 (PROJECTED)	171
TRUE UP OF AP SALES FOR FY 2020-21 (TRUE-UP OF RE SUBSIDY)	172
AP SALES FOR FY 2022-23	174
a) AP Sales Estimation for FY 2021-22	175
b) AP Sales Estimation for FY 2022-23	176
SALES PROJECTIONS (OTHER THAN AGRICULTURE TUBE-WELL SUPPLY)	178
POWER PURCHASE QUANTUM AND COST	179
COMMISSION'S ESTIMATE OF POWER PURCHASE QUANTUM:	181
INTERSTATE TRANSMISSION CHARGES & SLDC CHARGES	192
INTRASTATE TRANSMISSION CHARGES & SLDC CHARGES	193
TRANSMISSION LOSSES	193
ENERGY BALANCE	194
OPERATION & MAINTENANCE EXPENSES	195
COMPUTATION OF INFLATION FACTOR	197
EMPLOYEE EXPENSES	198
REPAIR & MAINTENANCE (R&M) EXPENSES	201
ADMINISTRATION & GENERAL (A&G) EXPENSES	201
SUMMARY OF O&M EXPENSES	202
APPROVED CAPITAL EXPENDITURE AND ADDITIONS TO GROSS FIXED ASSET	205
INTEREST & FINANCE CHARGES	206
INTEREST ON CONSUMER SECURITY DEPOSIT:-	209
INTEREST ON WORKING CAPITAL LOAN	210
DEPRECIATION	213
RETURN ON EQUITY	216
BAD AND DOUBTFUL DEBTS	218
NON-TARIFF INCOME	218
AGGREGATE REVENUE REQUIREMENT	219
REVENUE FROM INTER-STATE SALES	220
SUBSIDY – AP TUBE WELL SUPPLY / DOMESTIC SUPPLY / MSME	221
REVENUE GAP FOR ARR YEAR FY 2022-23	222
CHAPTER 5	224
CAPITAL EXPENDITURE AND TECHNICAL PARAMETERS	224
CAPITAL EXPENDITURE	224
TRUE-UP OF CAPITAL EXPENDITURE FOR THE FY 2020-21	224
REVIEW OF CAPITAL INVESTMENT PLAN IN PROGRESS FOR FY 2021-22:	229
CAPITAL INVESTMENT PLAN FOR FY 2022-23	234
REVIEW OF TECHNICAL PARAMETERS	238
DISTRIBUTION LOSSES	238
LOSS REDUCTION TRAJECTORY	240
DISTRIBUTION TRANSFORMERS (DTs) FAILURE RATE:	243
NON-REPLACEMENT OF DEFECTIVE ENERGY METERS BY THE DISTRIBUTION LICENSEES:	245
NON-REPLACEMENT OF ELECTRO-MECHANICAL METERS:	246
IMPLEMENTATION OF SMART METERING PROJECTS IN HARYANA:	248
PENDING ELECTRICITY CONNECTION/LOAD:	248
CHAPTER 6	251
WHEELING CHARGES (FY 2022-23)	251
WHEELING CHARGES	251
CROSS-SUBSIDY SURCHARGE (CSS)	252
CHAPTER 7	257

RENEWABLE PURCHASE OBLIGATION (RPO)	257
CHAPTER 8	263
TIME OF DAY / USE TARIFF	263
8.1 ToD / ToU TARIFF / NIGHT-TIME CONCESSIONAL TARIFF FOR FY 2022-23	263
CHAPTER 9	267
DISTRIBUTION & RETAIL SUPPLY TARIFF	267

HEPRC

	ABBREVIATIONS	
	A&G	ADMINISTRATIVE AND GENERAL
	ABR	AVERAGE BILLED REVENUE
	ACD	ADVANCE CONSUMPTION DEPOSIT
	ACS	AVERAGE COST OF SUPPLY
	ACT	THE ELECTRICITY ACT, 2003
	AP	AGRICULTURE PUMP SET
	APPC	AVERAGE POWER PURCHASE COST
	APR	ANNUAL PERFORMANCE REVIEW
	APTEL	APPELATE TRIBUNAL FOR ELECTRICITY, NEW DELHI
	ARR	AGGREGATE REVENUE REQUIREMENT
	AT&C	AGGREGATE TECHNICAL AND COMMERCIAL
	CAGR	COMPOUNDED ANNUAL GROWTH RATE
	CAPEX	CAPITAL EXPENDITURE
	CBO	COMMERCIAL BACK OFFICE
	CE	COLLECTION EFFICIENCY
	CEA	CENTRAL ELECTRICITY AUTHORITY
	CERC	CENTRAL ELECTRICITY REGULATORY COMMISSION
	COS	COST OF SERVICE
	CPI	CONSUMER PRICE INDEX
	CPSU	CENTRAL POWER SECTOR UNDERTAKING
	CRORE	TEN MILLION
	CSS	CROSS SUBSIDY SURCHARGE
	DCR TPS	DEENBANDHU CHOTU RAM THERMAL POWER STATION
	DHBVNL	DAKSHIN HARYANA BIJLI VITRAN NAIGAM LTD
	DISCOM	DISTRIBUTION COMPANY / LICENSEE
	DT	DISTRIBUTION TRANSFORMER
	ECR	ENERGY CHARGE RATE
	EOI	EXPRESSION OF INTEREST
	FSA	FUEL SURCHARGE ADJUSTMENT
	FY	FINANCIAL YEAR (FROM 1ST APRIL TO 31ST MARCH)
	GFA	GROSS FIXED ASSET
	HERC	HARYANA ELECTRICITY REGULATORY COMMISSION
	HPGCL	HARYANA POWER GENERATION CORPORATION LTD
	HPPC	HARYANA POWER PURCHASE CENTRE
	HT	HIGH TENSION
	HVPNL	HARYANA VIDYUT PRASARAN NIGAM LTD
	IPP	INDEPENDENT POWER PRODUCER
	ISTS	INTER STATE TRANSMISSION SYSTEM
	KVA	KILO VOLT AMPERE
	KVAH	KILO VOLT AMPERE HOUR
	KW	KILO WATT
	KWH	KILO WATT HOUR
	LC	LETTER OF CREDIT
	LOI	LETTER OF INTENT
	LPS	LATE PAYMENT SURCHARGE
	LT	LOW TENSION
	MCLR	MARGINAL COST BASED LENDING RATE

	MDR	MERCHANT DISCOUNT RATE
	MMC	MONTHLY MINIMUM CHARGE
	MOD	MERIT ORDER DISPATCH
	MOP	MINISTRY OF POWER, GOVERNMENT OF INDIA
	MU	MIILION UNIT
	MYT	MULTI YEAR TARIFF
	NAPAF	NORMATIVE ANNUAL PLANT AVAILABILITY FACTOR
	NEFT	NATIONAL ELECTRONIC FUND TRANSFER
	NTI	NON TARIFF INCOME
	NTP	NATIONAL TARIFF POLICY
	O&M	OPERATING AND MAINTENANCE
	OFR	OPERATIONAL FUNDING REQUIREMENT
	PF	POWER FACTOR
	PFCCL	PFC CONSULTING LIMITED - POWER FINANCE CORPORATION
	PLEC	PEAK LAOD EXEMPTION CHARGE
	POC	POINT OF CONNECTION
	POSOCO	POWER SYSTEM OPERATION CORPORATION LIMITED
	PPA	POWER PURCHASE AGREEMENT
	PTPS	PANIPAT THERMAL POWER STATION
	R&M	REPAIR AND MAINTENANCE
	RE SUBSIDY	RURAL ELECTRCIFICATION SUBSIDY
	RG TPS	RANJIV GANDHI THERMAL POWER STATION
	ROE	RETURN ON EQUITY
	RTGS	REAL TIME GROSS SETTLEMENT
	SAC	STATE ADVISORY COMMITTEE
	SLDC	STATE LOAD DESPTACH CENTRE
	T&D	TRANSMISISON AND DISTRIBTUION
	TOD	TIME OF DAY
	TOU	TIME OF USE
	UDAY	UJJAWAL DISCOM ASSURANCE YOJNA
	UHBVNL	UTTAR HARYANA BIJLI VITRAN NIGAM LTD
	WPI	WHOLESALE PRICE INDEX
	CSR	CORPORATE SOCIAL RESPONSIBILITY
	PWW	PUBLIC WATER WORKS
	SCADA	SUPERVISORY CONTROL AND DATA ACQUISITION
	REC	RENEWABLE ENERGY CERTIFICATE
	PFC	POWER FINANCE CORPORATION

IN THE MATTER OF

Aggregate Revenue Requirement petition for the FY 2022-23, Annual Performance Review for the FY 2021-22 and True-up for the FY 2020-21, under the provisions 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 2019 as amended from time to time and Section(s) 45, 46, 47, 61, 62, 64 & 86 of the Electricity Act 2003 read with the relevant guidelines including the National Tariff Policy, by the distribution licensees i.e. Uttar Haryana Bijli Vitran Nigam Ltd (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Ltd.(DHBVNL).

QUORUM

Shri R.K. Pachnanda

Chairman

Shri Naresh Sardana

Member

ORDER

The Haryana Electricity Regulatory Commission (hereinafter referred to as ‘the Commission’ or HERC), in exercise of the 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 the present order determining the True-up of the ARR for the FY 2020-21, Annual (Mid-year) Performance Review for the FY 2021-22, Aggregate Revenue Requirements and distribution and retail supply tariff of UHBVNL and DHBVNL for their Distribution and Retail Supply Business under the MYT Regulations in vogue.

The Commission, while passing the present order, has considered the petition(s) filed by the Discoms, subsequent filings/additional data provided by them from time, objections received from various organisations and individuals and the reply/comments furnished by UHBVNL/DHBVNL thereto as well as the deliberations in the 26th meeting of the State Advisory Committee (SAC) held on 18.01.2022.

Chapter 1

INTRODUCTION

Present Petition

The two distribution licensees (Discoms) in Haryana i.e. Uttar Haryana Bijli Vitran Nigam (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam (DHBVNL) have filed their respective petition(s) for True-up of FY 2020-21, Annual Performance Review (APR) Petition for FY 2021-22 and Aggregate Revenue Requirement of FY 2022-23 under Section 26(5) of the Haryana Electricity Reforms Act, 1997 (“the Act”) read with the applicable provisions of the Haryana Distribution & Retail Supply License (License No. DRS-2 of 2004) (“the License”), Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply Business under Multi Year Tariff Framework) Regulations, 2019 framed under the enabling provisions of the Electricity Act, 2003. The petition(s) filed by the Discoms are briefly set out hereunder.

Annual Revenue Requirement (ARR) FY 2022-23, Annual Performance Review (APR) for FY 2021-22 and True-up of FY 2020-21 petition(s) have been submitted by UHBVNL and DHBVNL for approval of expenses of respective years and is prepared in accordance with the provisions of the following:-

- Electricity Act 2003;
- National Electricity Policy;
- National Tariff Policy;
- HERC (Terms and Conditions for Determination of Tariff for Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 and subsequent amendments thereof;
- HERC (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012 as amended from time to time.

Principles of True Up for FY 2020-21

It has been submitted that the Hon’ble Commission, in exercise of the powers conferred upon it under Section 181 of the Electricity Act 2003 has notified, the HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2019 for second control period from FY 2020-21 to FY 2024-25 on 31st October 2019.

That the HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2019 (hereafter termed as “HERC MYT Regulations, 2019”) has come into force from 1st April 2020 and shall remain into effective till 31st March 2025. Subsequently, the Hon’ble Commission has issued the 1st amendment of the HERC MYT Regulations, 2019 on 25th November 2019.

That in line with the provision laid under MYT Regulation 2019, the Hon’ble Commission has published the Tariff Order on Aggregate Revenue Requirement (ARR) & Retail Supply Tariff for FY 2020-21 on 1st June 2020. According to the Regulation 13 of MYT Regulations 2019, truing up of ARR of previous year is to be conducted along with the mid-year performance review of each year of the control period. The truing up of uncontrollable items and controllable items (subjected to force majeure conditions or variations attributable to uncontrollable factors) are adjusted appropriately in the ensuing year through tariff resetting.

The Discoms have submitted that for truing up of ARR for FY 2020-21, the actual expenditures of UHBVN and DHBVNL have been considered as per the audited annual accounts. A copy of the same was provided with petition.

That according to Regulation 8.3.8 (titled as “Controllable and Uncontrollable Items of ARR”), and Regulation 12 (titled as “Incentive and Penalty Framework”) of the HERC MYT Regulations 2019, the audited expenditures of UHBVN and DHBVNL for FY 2020-21 are trued up and the adjustment in the ARR approved in Tariff Order dated 1st June 2020 will be passed on along with the carrying cost/holding cost into the ensuing years. Details of the audited expenses, income and corresponding revenue gap against the respective approved values have been provided in the present petition under consideration of the Hon’ble Commission.

That in line with the above, True-up Petition of Aggregate Revenue Requirement for FY 2020-21 on the basis of expenses approved in Tariff Order dated 01.06.2020 and the actual expenses incurred by Discoms as per Audited accounts for FY 2020-21 has been submitted by Discoms for approval of the Commission.

Summary of True up of FY 2020-21as provided by the Discoms.

A summary of expenses approved by the Hon'ble Commission vis-à-vis the actual expenses, as per the audited accounts, of UHBVN and DHBVNL for the FY 2020-21, is tabulated below:-

UHBVNL True Up of Expenses for FY 2020-21 (Rs. Crore)

Sr. No	Particulars	Approved (A)	Actual (B)	Diff. (C=B-A)
1	Power Purchase Expense	9,942.36	10,061.44	119.08
1.1	Power Purchase Expense	8,583.10	8,739.14	156.04
1.2	Interstate transmission charges	830.40	801.64	(28.76)
1.3	Intrastate transmission & SLDC charges	528.86	520.67	(8.19)
2	Operations and Maintenance Expenses	1,307.28	1,395.86	88.58
2.1	Employee Expense	740.76	710.37	(30.39)
2.2	Administration & General Expense	115.60	103.35	(12.25)
2.3	Repair & Maintenance Expense	146.93	98.84	(48.09)
2.4	Terminal Liability	303.99	483.29	179.30
3	Depreciation	325.49	339.37	13.88
4	Total Interest & Finance Charges	312.91	449.29	113.88
5	Return on Equity Capital	-	301.99	301.99
6	Other Expenses	-	85.41	85.41
7	Total Expenditure	11,888.04	12,610.87	722.83
8	Less: Non-Tariff Income	221.56	230.67	9.11
9	Net Aggregate Revenue Requirement	11,666.48	12,402.70	713.72
10	Total Revenue		9,323.77	
11	Revenue from Interstate sales		205.65	
11.1	Revenue from Intrastate sales / Sale of Power		8,614.20	
11.2	Revenue from FSA		503.92	
11.3	Net Gap		(3,056.43)	
12	Subsidy from State Government		2,782.66	
13	AP-Subsidy		2,549.97	
13.1	Domestic Subsidy		232.70	
13.2	Gap After Subsidy		(273.77)	

DHBVNL True Up of Expenses for FY 2020-21(Rs. Crore)

Sr.	Particulars	Approved	Actual	Difference
		(A)	(B)	(A-B)
1	Total Power purchase cost	13,672.78	13,561.69	111.09

Sr.	Particulars	Approved	Actual	Difference
		(A)	(B)	(A-B)
1.1	Power Purchase Expenses	11,847.08	11,847.05	0.03
1.2	Interstate transmission charges	1,216.80	1,118.36	98.44
1.4	Intrastate transmission charges and SLDC charges	608.90	596.29	12.61
2	Operations and Maintenance Expenses	1,596.26	1,498.14	98.12
2.1	Employee Expense (Net of Capitalization)	938.93	906.98	31.95
2.2	Administration & General Expense (Net of Capitalization)	121.22	132.59	-11.37
2.3	Repair & Maintenance Expense	176.11	137.73	38.38
2.4	Terminal Liability	360.00	320.84	39.16
3	Depreciation	325.23	341.29	-16.06
4	Total Interest & Finance Charges	438.27	317.52	120.75
5	Return on Equity Capital	-	256.08	-256.08
6	Other Expenses (Debits & Prior period Expenses)		2.18	-2.18
7	Bad & Doubtful Debt		-	-
7	Total Expenditure	16,032.54	15,976.91	55.63
8	Less: Non-Tariff Income	307.66	357.87	-50.21
9	Net Aggregate Revenue Requirement	15,724.88	15,619.04	105.84
10	Total Revenue		11,921.42	
10.1	Revenue from Interstate sales		314.14	
10.2	Revenue from Intrastate sales / Sale of Power		11,607.28	
11	Revenue Surplus/(Gap)		-3,697.61	
	Less: Subsidy from Govt. of Haryana		2,782.66	
	Less: FSA Recovered as per Audited Accounts FY 2019-20		665.28	
13	Gap After AP Subsidy		-249.67	

Revenue Gap of True up for FY 2020-21 (Rs Crores)

Sr. no	Particulars	Approved	UHBVNL	DHBVNL	Haryana
1	Aggregate Revenue Requirement	27,391.36	12,380.20	15,619.04	27,999.24
2	Revenue for Disocms	25,348.48	11,602.51	14,704.08	26,306.59
2.1	Sale of Power		8,614.20	11,607.28	20,221.48
2.2	Inter State Sales		205.65	314.14	519.79
2.3	Subsidy	6,450.66	2,782.66	2,782.66	5,565.32
2.3.1	-Subsidy-AP	6,450.66	2,549.97	2,549.97	5,099.93
2.3.2	-Subsidy-Dom	465.40	232.70	232.70	465.39
3	Revenue Surplus/(Gap)	(2,042.88)	(777.69)	(914.95)	(1,692.65)
4	FSA	-	503.92	665.28	1,169.20
5	Net Revenue Surplus/(Gap)	(2,042.88)	(273.77)	(249.67)	(523.45)
6	Revenue surplus for FY 2018-19	817.09			817.09

7	Holding cost for 1.5 years @ 9.5%	120.72			120.72
8	Revenue Surplus/(Gap) to be carried over	(1,105.07)			414.36

It is evident from the table above that for the FY 2021-22, for which trueing-up exercise is being undertaken by the Commission, the Discoms have projected a net surplus, including holding cost, of Rs. 414.36 Crores.

The said amount along with carrying cost, as worked out by the Commission in the subsequent part of the present order, shall be reduced from the ARR of the ensuing financial year.

Annual Performance Review for FY 2021-22

It has been submitted that the Hon'ble Commission has issued the HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2012 on 5th December 2012 (hereinafter referred as "MYT Regulation 2012") for Control Period of FY 2014-15 to FY 2016-17. Further, the Hon'ble Commission with subsequent amendments has extended the Control Period of MYT Regulation, 2012 till FY 2019-20.

That the Hon'ble Commission on 31st October 2019 notified HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (hereinafter referred as "MYT Regulation 2019") for Second Control Period from FY 2020-21 to FY 2024-25. As per Regulation 11.6 "Mid- Year Performance Review and Tariff Setting" of MYT Regulation 2019, Annual Performance Review (APR) of FY 2021-22 is to be done in accordance with the Tariff Order of the relevant year. The relevant extract of the Regulation is provided as follows: -

"11. Mid -Year Performance Review and Tariff Setting

11.6 "The Commission shall review/consider, during the control period, the application made under this Regulation as also the application for truing up of the ARR of the previous year, as per provision of the Regulation 13, on the same principles as approved in the MYT order on the original application for determination of ARR and tariff. The review / true-up for FY 2018-19 and FY 2019-20 shall, however, be done on the same principles as approved in the tariff order for FY 2018-19 and for FY 2019-20..."

That the Tariff Order on ARR and Retail Supply & Distribution Tariff for FY 2021-22 was issued by the Hon'ble Commission on 30th March 2021.

In line with the above, the petitioner(s) has filed the respective Annual Performance Review of ARR for the FY 2021-22. The petitioner, it has been submitted, has considered actual available data for the first half of current financial year, pro-rata projections, and escalations as per principles defined in the MYT Regulations, 2019 to project the revised ARR for the FY 2021-22. Projected ARR for APR Year vis-a-vis approved expenses is submitted by Discoms for approval of the Commission.

Transmission Losses and Distribution Losses during the FY 2021-22

Transmission Losses

That the Hon'ble Commission in the tariff order dated 30.3.2021 had approved power purchase cost for FY 2021-22 considering the interstate transmission loss of 1.80% subject to truing up of the same in the relevant year. However, based on the transmission loss details published on Power System Operation Corporation Ltd. (POSOCO) website, the interstate loss, since 01.11.2020, is being determined at national level and based on last 52 weeks data, the average loss level works out to **3.43%**. (Cf. <https://posoco.in/side-menu-pages/applicable-transmission-losses/transmission-losses-2021-22/>)

In reference to the above, the petitioner(s) have prayed for the same to be considered for projecting power purchase cost for the APR year.

That Intrastate transmission loss of **2.10%** may be considered for the APR year as approved by the Hon'ble Commission in its Tariff Order dated 30.03.2021.

Distribution Losses

The petitioners have submitted that this Hon'ble Commission has approved distribution loss target in the case of UHBVN at 16% and of DHBVN at 16.53% for the FY 2021-22. With various system strengthening programmes and other initiatives, Discoms have submitted that they are geared up to make an earnest effort to achieve the target given by this Hon'ble Commission.

Aggregate Revenue Requirement for FY 2021-22 as per Discoms petition.

That the revised estimate of Aggregate Revenue Requirement of UHBVN for FY 2021-22 is tabulated as under:

Aggregate Revenue Requirement for FY 2021-22 UHBVNL (Rs. Crores.)			
Sr. No	Particulars	Approved	Revised Estimates
1	Total Power Purchase Expense	10,670.57	11,525.28
1.1	<i>Power Purchase Expense</i>	8,908.55	9,763.26

Sr. No	Particulars	Approved	Revised Estimates
1.2	Interstate transmission Charge	890.77	890.77
1.3	Intrastate transmission charges and SLDC charges	871.25	871.25
2	Operations and Maintenance Expenses	1,606.25	1,573.52
2.1	Employee Expense	829.39	819.56
2.2	Administration & General Expense	114.56	107.63
2.3	Repair & Maintenance Expense	162.30	146.33
2.4	Terminal Liability	500.00	500.00
3	Depreciation	353.71	399.28
4	Total Interest & Finance Charges	287.99	368.40
4.1	Interest on CAPEX loans	149.28	127.55
4.2	Interest on WC loans including CC/OD limits	65.12	157.76
4.3	Interest Cost on Consumer Security Deposit	73.59	65.85
4.4	Other Interest & Finance Charges	-	17.56
5	Return on Equity Capital	214.10	322.98
6	Other Expenses	-	-
7	Total Expenditure	13,132.62	14,189.47
8	Less: Non-Tariff Income	221.56	221.56
9	Net Aggregate Revenue Requirement	12,911.06	13,967.91

That the revised estimate of Aggregate Revenue Requirement of DHBVN for FY 2021-22 is tabulated as under:

Aggregate Revenue Requirement for FY 2021-22 DHBVNL (Rs Crores)

S.No.	Particulars	APR	
		FY 2021-22	
		Approved	Projected
1.0	Power Purchase Expenses	14,696.82	15,261.21
1.1	Power Purchase Cost	12,358.66	12,923.05
1.2	Transmission Charges	1,305.26	1,305.26
1.3	Transmission Charges & SLDC	1,032.90	1,032.90
2.0	Operation & Maintenance Expenses	1,830.95	1,770.92
2.1	Employee Expenses (net)	1,059.17	1,015.07
2.2	Administration & General Expenses (net)*	132.71	139.02
2.3	Repair & Maintenance Expenses	196.17	173.92
2.4	Terminal Benefits	442.90	442.90

S.No.	Particulars	APR	
		FY 2021-22	
		Approved	Projected
3.0	Depreciation	355.02	396.05
4.0	Interest & Finance Charges	280.30	420.79
4.1	Interest on Long Term Loan	93.75	179.28
4.2	Interest on Working Capital	57.37	131.39
4.3	Interest on UDAY Bonds		-
4.4	Interest on Consumer Security Deposit	106.10	82.71
4.5	Other Interest & Finance Charges	1.00	4.32
4.6	HVPNL Bond Charges	0.08	0.08
4.7	MDR Charges/ Digital Payment Transaction Cost*	8.00	
4.8	LC Charges	4.00	6.00
4.9	Guarantee Fee	10.00	17.00
5	Return on Equity Capital	219.87	300.59
6	Prior period expenses & other expenses		-
7	Other Debts, (including wealth tax)		-
8	Provisions for bad and doubtful debt		
9	Aggregate Revenue Requirement	17,382.96	18,149.56
10	Less: Non-Tariff Income	307.66	307.66
11	Net Aggregate Revenue Requirement	17,075.30	17,841.90

That on the basis of the proposed revised estimates of Aggregate Revenue Requirement of the Discoms and proposed income for the FY 2021-22, revenue gap works out to Rs 551.83 Crores for FY 2021-22. The details of the same are tabulated below:-

Revenue Gap for FY 2021-22 (Rs Crores) as projected by Discoms

Sr. no	Particulars	Approvd	UH	DH	Haryana
1	Aggregate Revenue Requirement	29,986.36	13,967.91	17,841.90	31,809.81
1.1	ARR-UH	12,911.06	13,967.91	-	13,967.91
1.2	ARR-DH	17,075.30	-	17,841.90	17,841.90
2	Revenue for Discoms	29,905.26	13,275.41	17,305.45	30,580.86
2.1	Sale of Power	23,051.79	9,479.57	13,390.14	22,869.71
2.2	Inter State Sales		369.11	488.57	857.68
2.3	Subsidy	6,853.47	3,426.74	3,426.74	6,853.47
2.3.1	-Subsidy-AP	6,393.47	3,196.74	3,196.74	6,393.47
2.3.2	-Subsidy-Dom	460.00	230.00	230.00	460.00
3	Revenue Surplus/(Gap)	(81.10)	(692.50)	(536.45)	(1,228.95)
4	FSA		186.01	251.18	437.19
5	Net Revenue Surplus/(Gap)	(81.10)	(506.49)	(285.27)	(791.76)
6	Revenue surplus for FY 2019-20	210.00			210.00
7	Holding cost for 1.5 years @ 9.5%	29.93			29.93
8	Revenue Surplus/(Gap) to be carried over	158.83			(551.83)

The Discoms have submitted that the aforementioned revenue gap has been proposed to be met from efficiency improvement in the subsequent year. Resultantly, the Discoms have prayed for being allowed aforesaid revenue gap for APR year and adjusted appropriately in the relevant year.

Aggregate Revenue Requirement for FY 2022-23

The Discoms have submitted that as per the Regulation 71 and 75 of the HERC MYT Regulation 2019, Tariff Petition is required to be filed before the Hon'ble Commission by 30th November of each financial year of the MYT control period. Besides the ARR is required to be prepared in accordance with the details provided under the Regulations 8.3, 11 & 13 of MYT Tariff Regulation, 2019.

That in accordance with the Regulation 8.3 of MYT Regulations 2019, ARR for FY 2022-23 has been prepared by the Discoms. The various components of ARR are projected based on the past trend, regulatory norms, activities planned & undertaken for ensuing years and other policy interventions initiated by the Central and the State Government.

It has been submitted that the COVID-19 Pandemic has impacted adversely the Gross Domestic Production (GDP) in last year and the same is not yet over and may also have some impact on business-as-usual in the ensuing year as well. Accordingly, the effect of the same is considered in energy sales, revenue stream and financial projections in ensuing year. Thus, in order to mitigate the financial risk of the Discoms, certain relaxations from the MYT principles and directions given in by the Hon'ble Commission in the tariff orders have been sought in ARR filing for FY 2022-23. The Discoms have prayed that the same may be allowed to the petitioner in the backdrop of COVID-19 Pandemic.

Aggregate Revenue Requirement for FY 2022-23 as per Discoms petition

That the Aggregate Revenue Requirement of UHBVNL and DHBVNL for the FY 2022-23, as proposed by the Discoms, are tabulated as under:

Proposed Aggregate Revenue Requirement for FY 2022-23 UHBVNL (Rs Crores)		
Sr. No	Particulars	FY 2022-23
1	Total Power Purchase Expense	12,056.57
1.1	<i>Power Purchase Expense</i>	10,196.74
1.2	<i>Interstate transmission Charge</i>	945.02
1.3	<i>Intrastate transmission & SLDC</i>	914.81
2	Operations and Maintenance Expense	1,630.94
2.1	<i>Employee Expense</i>	859.40

Sr. No	Particulars	FY 2022-23
2.2	<i>Administration & General Exp.</i>	112.85
2.3	<i>Repair & Maintenance Expense</i>	158.69
2.4	<i>Terminal Liability</i>	500.00
3	Depreciation	432.51
4	Total Interest & Finance Charges	462.96
4.1	<i>Interest on CAPEX loans</i>	159.61
4.2	<i>Interest on Working Capital incl. CC</i>	198.74
4.3	<i>Interest on Consumer Security Deposit</i>	69.71
4.4	<i>Interest on other bonds</i>	34.90
5	Return on Equity Capital	350.46
6	Other Expenses	49.75
7	Total Expenditure	14,983.19
8	<i>Less: Non-Tariff Income</i>	221.56
9	Net Aggregate Revenue Requirement	14,761.63

Proposed Aggregate Revenue Requirement for FY 2022-23 DHBVNL (in Crores)

S.No.	Particulars	FY 2022-23
1.0	Power Purchase Expenses	16,290.31
1.1	<i>Power Purchase Cost</i>	13,821.01
1.2	<i>Transmission Charges</i>	1,384.75
1.3	<i>Transmission Charges & SLDC</i>	1,084.55
2.0	Operation & Maintenance Expenses	1,855.98
2.1	<i>Employee Expenses (net)</i>	1,072.88
2.2	<i>Administration & General Expenses (net)</i>	145.77
2.3	<i>Repair & Maintenance Expenses</i>	194.43
2.4	<i>Terminal Benefits</i>	442.90
3.0	Depreciation	446.92
4.0	Interest & Finance Charges	486.01
4.1	<i>Interest on Long Term Loan</i>	208.67
4.2	<i>Interest on Working Capital</i>	155.70
4.3	<i>Interest on Consumer Security Deposit</i>	86.64
4.4	<i>Other Interest & Finance Charges</i>	4.92
4.5	<i>HVPNL Bond Charges</i>	0.08
4.7	<i>LC Charges</i>	6.00
4.8	<i>Guarantee Fee</i>	24.00
5	Return on Equity Capital	331.44
6	Provision for Bad & Doubtful Debt	71.66
7	Aggregate Revenue Requirement	19,482.31
8	<i>Less: Non-Tariff Income</i>	307.66
9	Net Aggregate Revenue Requirement	19,174.65

Proposed Revenue Gap for ARR year FY 2022-23

Based on Aggregate Revenue Requirement at the existing tariff as well as the proposed true-up and expected revenue from sale of power and AP Subsidy, revenue (gap)/surplus for ARR year FY 2022-23 for Haryana Discoms, as proposed, is presented below: -

Proposed Revenue Surplus/(Gap) FY2022-23 (Rs Crores)

Sr. No.	Particulars	UHBVN	DHBVN	Haryana
1	Aggregate Revenue Requirement	14,761.63	19,174.65	33,936.28
2	Revenue for Discoms	13,885.72	18,448.52	32,334.24
2.1	Sale of Power	9,949.51	14,331.23	24,280.74
2.2	Inter State Sales	509.47	690.56	1,200.03
2.3	Subsidy	3,426.74	3,426.74	6,853.47
2.3.1	-Subsidy-AP	3,196.74	3,196.74	6,393.47
2.3.2	-Subsidy-Dom	230.00	230.00	460.00
3	Revenue Surplus/(Gap)	(835.60)	(726.13)	(1,561.74)
6	Revenue surplus for FY 2020-21			414.36
7	Holding cost for 1.5 years @ 8.5%			52.83
8	Revenue Surplus/(Gap) to be carried over			(1,094.54)

Prayer- In view of the above submissions the petitioner(s) / distribution licensees in Haryana viz. UHBVNL and DHBVNL have prayed that the Commission may accept and take on record:-

- Petition(s) of UHBVN and DHBVNL for determination of Truing up of ARR for FY 2020-21, for FY 2021-22 and Aggregate Revenue Requirement for FY 2022-23 may be accepted and taken on record by the Hon'ble Commission;
- Current petition, filing of any additional /supplementary submissions during these proceedings may kindly be allowed;
- Proposed Return on Equity may be allowed;
- Proposed sharing of gains and losses may be allowed;
- Entire fixed charges of the long term tied generating sources, having PPAs duly approved from the Hon'ble Commission and the energy charges of the power purchase from these sources as proposed in the filing may kindly be allowed;
- Truing-Up of ARR for FY 2020-21 along with the holding cost, revised estimate for the expenses projected in Annual performance Review for FY 2021-22, and Aggregate Revenue Requirement for FY 2022-23 along with actual interest cost on the entire loan may kindly be allowed;
- Current levels of tariff and charges may kindly be continued;
- Inadvertent omissions/ errors/ shortcomings, addition/ change/ modification/ alteration in this filing, if any, may be allowed along with the further submissions as may be required during these proceedings;
- Pass the Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case submitted by the Petitioner.

Chapter 2

PROCEDURAL ASPECTS OF THE ARR PETITION (S)ARR Petitions filed by UHBVNL & DHBVNL

The Petition(s) filed by the distribution licensees viz. UHBVNL and DHBVNL as reproduced in the preceding chapter, were examined at length. The Commission, vide Memo No. 4166/HERC/PRO 46 of 2021 dated 17.12.2021 (UHBVNL) and vide memo no. 4165/HERC/PRO 47 of 2021 dated 17.12.2021 (DHBVNL) sought clarifications / additional information from the petitioners, which were provided by them.

Public Notice

The Discoms (UHBVN & DHBVN), in fulfillment of the statutory requirement u/s 64(2) of the Electricity Act, 2003, issued a Public Notice in two Newspapers i.e. UHBVNL, in The Tribune (English) and Amar Ujala and Dainik Jagran (Hindi) dated 03.12.2021 and DHBVNL, in The Tribune (English) and Dainik Tribune (Hindi) dated 03.12.2021 informing the stakeholders/General Public regarding their petition / availability of documents and inviting objections on the same.

Additionally, the Commission also issued public notice dated 29.12.2021 in Dainik Jagran (Hindi) and The Tribune (English) inviting objections/suggestions/comments from the stakeholders/general public on the ARR petitions filed by the distribution licensees in Haryana.

In response to the ibid public notice the following interveners filed their objections / comments / suggestions in the Commission.

Objections filed by the Intervenors & Discoms Reply thereto

Comments by Sh. Pankaj Bhalotia

Vide email dated 01.01.2022, Sh. Pankaj Bhalotia shared the below comments:

1. Since both the Discoms of the State are under profit, therefore, we should actually see reduction in tariff for FY 2022-2023 from its current level, whereas DHBVN and UHBVN both through their respective petitions have pleaded to continue with the current levels of Tariff to meet the expenses. Conceptually, both the discoms of the state works as a no profit and no loss organization and accordingly they should have proposed reduction in tariff from current level but instead they proposed to continue with same tariff structure for FY 2022-23 as exist presently.
2. No Consideration by the Discoms in the present petition of the Directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and

HERC/PRO - 78 of 2020. Both the Discoms of the State have done nothing in respect of the directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and HERC/PRO - 78 of 2020 related to -

- a. Instead of applying the Fixed Charges determined by the Commission in terms of Rs. / kW or kVA per month the same is being interpreted in terms of 30 days, whereas different months may have different number of days.
- b. Minimum Monthly Charge (MMC) is redundant as well as counterproductive. Hence, MMC ought to be replaced by an appropriate demand charge. Further, despite Commission Observations and Directions on Page 274 of the Tariff Order dated: 01-June-2020 that
 - a. In effect the MMC indirectly encourages wasteful consumption.
 - b. in order to make attractive billing on the basis of tariff instead of MMCHowever, both the Discoms have done nothing in the present petitions to come out with an appropriate demand charges to replace Minimum Monthly Charge (MMC) as envisaged by the Commission. Two years have passed away and both the Discoms have done nothing in this regard and the Commission is also helpless in this regard despite its own observations. My request to Commission is to act on its observations and provide relief on MMC.
- c. In the present schedule of tariff, there are large number of consumer categories / sub-categories, the Commission intends to reduce the categories and hence the need to identify categories / sub-categories that can be merged without significantly disturbing the revenue balance
- d. The tariff / billing ought to be based on kVA / kVAh instead of kW / kWh wherever feasible. The Discoms are directed to examine the feasibility of introducing kVA / kVAh based billing for such consumer category where kW/kWh-based billing exists as per the schedule of tariff approved by the Commission.

3. Rebate/discount in Tariff for consumers availing supply through Independent Feeder:

The Commission while deciding tariff for FY 2017-18 in Appeal No. HERC/PRO-39 of 2016 and HERC/PRO-40 of 2016, did acknowledge my suggestions/ objections to have separate tariff structure for Independent Feeder, but so far nothing has been done in this regard neither by the Commission nor by the Discoms of the State to have separate tariff structure for an Independent Feeder Consumer.

A consumer availing electricity through Independent Feeder gets billed as per meter placed at the power-house and not as per meter installed at the consumer place and accordingly bear all the feeder losses as well as distribution and transmission losses, whereas in case of all other consumers the feeder and distribution/transmission loss is borne by the Discom of the State.

So there is discrimination exists with regard to tariff which an Independent Feeder Consumer pays, the same tariff is also paid by a consumer who is not under Independent Feeder and the Commission would like to remove this discrimination by allowing some Discount/Rebate in tariff for consumer that avails supply of electricity through Independent Feeder because of reason as explained that Independent Feeder Consumer bears the Feeder as well as distribution and transmission losses, which a consumer who is not under Independent Feeder does not bear and does not pay. May be a rebate of 4% for supply upto 11kV and 5% for supply at higher voltage should be allowed to an Independent Feeder Consumer towards Feeder and Distribution and Transmission Losses.

4. Discoms are liable to pay compensation as per the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020: The foot-note of the tariff order should clearly say that Discoms of the state are liable to pay compensation to its consumer in accordance of the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020. I believe, currently, due to lack of awareness neither the consumer demands nor the Discoms pays any compensation/penalty to its consumers.
5. A Consumer under Single Point Supply and getting billed on bulk supply (domestic) Tariff, is allowed to get a rebate of 4% or 5% as the case may be and billing is done after allowing such rebate only, so accordingly if the Commission can clarify while deciding tariff for FY 2022-23 that for calculating the total consumption in a month whether it has exceeded 800 units per flat/unit/DU or not, the same calculation is to be done only after allowing the rebate of 4% or 5% and not before that. Meaning the calculation to apply the tariff rate of Rs. 5.25/unit or Rs. 6.20/unit which is based on condition that whether the consumption has exceeded 800 units in a month or not, the calculation is to be always done and based on billed units and not on consumed units.

For example, let's say total unit consumed in a month is 410,000 units and there are 500 Flats, so total consumption per flat is coming 820 unit and accordingly tariff of Rs. 6.20/unit is applicable, but if 4% rebate is allowed on 410,000 units then total billed units comes out to 393,600 units, and in that case tariff of Rs. 5.25/unit is applicable, because consumption is less than 800 unit per flat, So accordingly a clarification is required from the Commission that to apply the tariff of Rs. 5.25/unit or Rs. 6.20/unit, should 410,000 be looked into or should it be 393,600 units?

6. No Corresponding Reduction in Tariff for Bulk Supply (Domestic) when Domestic Supply (DS) supply category tariff was reduced by the Commission during Tariff announcement on June 01, 2020 for FY 2020-2021 and in Subsequent Years.
 - (a) While announcing tariff on June 1, 2020 the Commission reduced the tariff for a Domestic Supply (DS) Category consumer under Category- I and II, but there was no corresponding reduction made in tariff for bulk supply domestic

category. The Tariff for bulk supply domestic category kept at same structure as it was in previous year.

- (b) By not reducing the tariff for bulk supply domestic category, the residents of a Group Housing Society were not benefited for the reduction in Tariff made under Domestic Supply (DS) Category. Basically, the reduction in Tariff made under Domestic Supply (DS) Category under I and II has resulted into lower tariff for individual consumption inside the flat, but at the same time, it has resulted into increase in the share in common area electricity (CAE). So there is no impact on the pocket of a Resident of Group Housing Society under Single Point Supply by reducing the Tariff for DS Category, because such reduction has increased the share in common area electricity (CAE) and thus no benefit for reduction in tariff for domestic supply category if there is corresponding reduction in Tariff for Bulk Supply Domestic category. See the example below to understand it better-

Let's say the monthly electricity bill of the housing society for November month was Rs. 10 Lakhs and out of that Rs. 10 lakhs bill, 50% (Rs. 5 Lakhs was for individual consumption inside the flat on which DS tariff was applicable) and balance 50% was for common area use. Now, after the Tariff Order dated: June 01, 2020 and due to reduced DS Category Tariff the share of individual consumption has got reduced to 40% from earlier 50% and consequently the common area share got increased to 60% from earlier 50%, whereas common area share should have remained same to 50%. The Question is why reduction in DS category Tariff would result into increase in share of common area electricity for a resident of a group housing society?

- (c) See copy of notice issued by RWA of my housing society as Annexure - 1, to elaborate more on the issue that how a reduction in DS category tariff by Tariff order dated: June 1, 2020 has resulted into increase in share of common area electricity and accordingly there is overall no change in electricity bill for a Resident. Such Resident is continue to discharge same amount as it was discharging before reduction in Tariff in DS category and Isn't it a hardship created by the Commission on the Resident by not reducing tariff of Bulk Supply (Domestic) at the same time when tariff for Domestic Supply Category Consumer was reduced and accordingly Commission would like to correct it while announcing Tariff for Fy 2022-23 by making reduction in Tariff for bulk supply (domestic) so that a resident of a group housing society can also get benefit of reduction in tariff structure for domestic supply (DS) category.
- (d) I am sure we all would agree that why the reduction in Domestic Supply (DS) Tariff shall increase share in Common Area Electricity (CAE) for a resident of a group housing society having single point supply and accordingly a

reduction in tariff for Bulk Supply (Domestic) is needed to compensate the hardship on the Resident of a Group Housing Society.

7. No Subsidy, Discount, Rebate, Offer, Cashback is Available to a Resident of a Group Housing Society under Single Point Supply under Option – 1.

- (a) We all know that for all purposes, a Resident of a group housing society under bulk supply domestic is a domestic category consumer and it has a same right and obligations which a consumer under domestic supply category has and accordingly entitled to receive all types of subsidy, discount, rebate, Offer, Cashback etc as available to a domestic supply (DS) category consumer.
- (b) The Commission did acknowledge this while deciding Tariff last year and accordingly reduced the Fixed Charges from Rs. 100/kW to Rs. 90/kW by providing some relief in this regard but the reduction of Rs. 10/kW in fixed charges is actually nothing by comparing it to amount of subsidy, rebate, discount, Offer, Cashback is available to a Domestic Category Consumer.
- (c) As far as I know, there is an ongoing subsidy being provided to a Domestic Category Consumer in terms of subsidy in tariff announced by the Chief Minister of the Haryana on 11.09.2018, so how that Rs. 10 reduction in Fixed Charges is compensating the same amount of Subsidy to a Resident of a Group Housing Society which a Domestic Category Consumer is receiving and enjoying, if the Commission can clarify.
- (d) In my view, a better approach should be made by the Commission in providing relief in Tariff to cover the amount of subsidy, discount, rebate, Offer, Cashback etc. for a resident of a Group Housing Society as being available to a Domestic Category Consumer.

Reply of UHBVNL vide Memo no. CH-64/RA/R-25/Vol-80 dated 02.03.2022

UHBVNL filed reply on the objections/ suggestions filed by Mr. Pankaj Bhalotia as under:

Sr. No.	Particulars	Reply
1	Since both the Discoms of the State are under profit, so there should be reduction in tariff for FY 2022-2023 from its current level, whereas DHBVN and UHBVN both through their respective petitions have pleaded to continue with the current levels of Tariff to meet the expenses. Conceptually, both the discoms of the state works as a No profit and No loss organization and accordingly they should have proposed reduction in tariff from current level but instead they proposed to continue with same tariff structure for FY 2022-23 as exist presently.	In this regard, it is submitted that the True Up FY 2020-21 has been submitted based on the audited accounts while APR & ARR have been projected as per MYT Regulation, 2019. Discoms have requested to the Hon'ble Commission vide petition HERC/PRO-46 of 2021 & HERC/PRO-47 of 2021 to continue with the current levels of tariff in order to meet the revenue requirement for the financial year 2022-23. Further, the basis of projections has already been submitted to the Hon'ble Commission. On the finalization of audited accounts, the profit or loss shall be passed on in the subsequent year tariff. Therefore, there is no merit in the contention of the Objector to reduction in tariff.
2	No Consideration by the Discoms in the present Petition of the Directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for	Nigam has submitted compliance of the said directive before the Hon'ble Commission vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021. Point wise response are submitted as follows: a) Tariff is implemented in the same letter and spirit as

FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and HERC/PRO - 78 of 2020 Both the Discoms of the State have done nothing in respect of the directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and HERC/PRO - 78 of 2020 related to – a) Instead of applying the Fixed Charges determined by the Commission in terms of Rs. / kW or kVA per month the same is being interpreted in terms of 30 days, whereas different months may have different number of days. b) Minimum Monthly Charge (MMC) is redundant as well as counterproductive. Hence, MMC ought to be replaced by an appropriate demand charge. Further, despite Commission Observations and Directions on Page 274 of the Tariff Order dated: 01-June-2020 that i. In effect the MMC indirectly encourages wasteful consumption. ii. in order to make attractive billing on the basis of tariff instead of MMC However, both the Discoms have done nothing in the present petitions to come out with an appropriate demand charges to replace Minimum Monthly Charge (MMC) as envisaged by the Commission. Two years have passed away and both the Discoms have done nothing in this regard And Commission is also helpless in this regard despite its own observations. My request to Commission is to act on its observations and provide relief on MMC. c) In the present schedule of tariff, there are large number of consumer categories / sub-categories, the Commission intends to reduce the categories and hence the need to identify categories / sub-categories that can be merged without significantly disturbing the revenue balance d) The tariff / billing ought to be based on kVA / kVAh instead of kW /	notified by the Hon'ble Commission. However, to capture the variation in number days of each billing cycle, annual fixed charges are computed on per day basis and charged accordingly to the consumers for the respective billing period. Thus, the net impact of the fixed charges gets nullified in 6/12 billing cycles on computation of fixed charges on annual basis. But since fixed charges are computed on per day basis and as such number of days in a month does not have any impact on billing. b) MMC charge is being levied to consumer to ensure a minimum monthly drawl from the grid against their connected load. Adequate generating sources and other associated facilities on long term basis have been tied by the Discoms to ensure uninterrupted supply of power at consumer doorstep. So, if in case such facilities get underutilized, then Discoms will be bound to pay deviation settlement charges and other associated charges as per their contracted capacity. Therefore, to safeguard the larger interest of consumers, MMC charges are recovered from those consumers who have failed to fulfil their minimum energy drawl from the grid against their applied load. Moreover, these charges have been kept to promote the per capita consumption of consumers and waived off once the consumption of consumer reaches the threshold limit. Thus, this allows the Discoms to maintain adequate pool of cross subsidization within the respective consumer category, by incentivizing the consumers for their higher consumption. If such charges are replaced with the demand charges, it might cause distress to the higher paying consumers as they will be bound to pay fixed charges along the higher electricity tariff. This might disturb the tariff balance of the category and consequently may either burden the poor economic strata or increase the cross-subsidy burden on HT category to retain the tariff balance. It is pertinent to mention here that in some states consumers take advantage of the net metering and net billing facilities block the available capacity of the distribution network by taking benefit of lower fixed charges. This thereby discriminates the right to electricity of other consumers and restrict the Discoms to get adequately compensated for the long term tied up assets. As the Retail supply Tariff of Haryana specifically in the Domestic category is lowest among the neighbouring and other power intensive states, any under recovery of the charges for the long term tied up assets from the respective consumer, will lead to severe imbalance in the overall financial health of the Discoms as well as the larger interest of the consumers. Thus, it is requested that these charges may be reviewed critically before replacement of the same with the demand charges. c) The Hon'ble Commission vide Tariff Order dated 30.03.2021 merged most of the prevailing categories into voltage wise supply. Remaining consumer categories cannot be remerged into voltage wise supply categories because of their nature of use. It is
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	kWh wherever feasible. The Discoms are directed to examine the feasibility of introducing kVA/kVAh based billing for such consumer category where kW/kWh-based billing exists as per the schedule of tariff approved by the Commission.	worth to mention here that consumer categories in Haryana are relatively lower than the states undertaken for study to shift billing from kW/kWh to KVA/kVAh based billing. d) Most of consumer categories have already been shifted into KVA/kVAh based billing. At present only Domestic, Agriculture, Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC are being billed on KW/kWh basis. In this regard, UHBVN has examined the retail supply tariff of different states. It has been observed that consumer categories like Domestic and Agriculture are invariably billed on kW/kWh basis, whereas the same is not the case in the consumer categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC. Yet there are some exceptions in tariff type but still these categories are being billed on KW/kWh basis in most of the States. Further, it is submitted that primary reason to bill Domestic and Agriculture categories on KW/kWh basis is their nature of use. If these consumer categories shifted into KVA/kVAh based billing, then such consumers would burden unreasonably. Therefore, keeping in view the uniformity in type of billing for these consumer categories in different states, it is requested that prevailing mode of billing may please be continued for these consumer categories. It is also pertinent to mention here that the existing meters installed at the consumer premises uniformly don't have functioning of KVA/kVAh billing. As such, the proposal of kVAh billing for all categories of consumers may be kept in abeyance. In view of the same installation of smart meters has been initiated by the Discoms, once a major chunk of smart meters may get installed, a suitable tariff proposal for shifting of consumers categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC into KVA/kVAh billing will be submitted accordingly before the Hon'ble Commission. Comparative statement highlighting the billing structure for above discussed categories in different states is tabulated as under: Tariff type in Different States <table><tr><th>Category</th><th>HR</th><th>PB</th><th>DL</th><th>UP</th><th>GJ</th><th>MH</th><th>AP</th></tr><tr><td>Domestic</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr><tr><td>Agriculture</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr><tr><td>Streetlight</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr><tr><td>Bulk Supply</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kVAh</td></tr><tr><td>PWW</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kWh</td></tr><tr><td>Lift Irrigation</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kVAh</td></tr></table>	Category	HR	PB	DL	UP	GJ	MH	AP	Domestic	kWh	kWh	kWh	kWh	kWh	kWh	kWh	Agriculture	kWh	kWh	kWh	kWh	kWh	kWh	kWh	Streetlight	kWh	kWh	kVAh	kWh	kWh	kWh	kWh	Bulk Supply	kWh	kVAh	kWh	kWh	kWh	kVAh	kVAh	PWW	kWh	kWh	kVAh	kWh	kWh	kVAh	kWh	Lift Irrigation	kWh	kWh	kWh	kWh	kWh	kVAh	kVAh
Category	HR	PB	DL	UP	GJ	MH	AP																																																			
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Bulk Supply	kWh	kVAh	kWh	kWh	kWh	kVAh	kVAh																																																			
PWW	kWh	kWh	kVAh	kWh	kWh	kVAh	kWh																																																			
Lift Irrigation	kWh	kWh	kWh	kWh	kWh	kVAh	kVAh																																																			
3	Rebate/discount in Tariff for consumers availing supply through Independent Feeder: The Commission while deciding tariff for FY 2017-18 in Appeal No.	As per the Regulation 4 of the HERC Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Residential cum Commercial/ Commercial Complexes of Developers and Industrial Estates/ IT																																																								

	HERC/PRO-39 of 2016 and HERC/PRO-40 of 2016, did acknowledged my suggestions/objections to have separate tariff structure for Independent Feeder, but so far nothing has been done in this regard neither by the Commission nor by the Discoms of the State to have separate tariff structure for an Independent Feeder Consumer. Sir, A consumer availing electricity through Independent Feeder get billed as per meter placed at power-house and not as per meter installed at consumer place and accordingly bear all the feeder losses as well as distribution and transmission losses, whereas in case of all other consumers the feeder and distribution/transmission loss is bear by the Discom of the State. So there is discrimination exists with regard to tariff which an Independent Feeder Consumer pays, the same tariff is also paid by a consumer who is not under Independent Feeder and the Commission would like to remove this discrimination by allowing some Discount/Rebate in tariff for consumer that avails supply of electricity through Independent Feeder because of reason as explained that Independent Feeder Consumer bears the Feeder as well as distribution and transmission losses, which a consumer who is not under Independent Feeder does not bear and does not pay. May be a rebate of 4% for supply upto 11kV and 5% for supply at higher voltage should be allowed to an Independent Feeder Consumer towards Feeder and Distribution and Transmission Losses.	parks/SEZ) Regulations 2020, single point supply connection is being released to the willing consumers of the Group Housing Societies (GHS). GHS consumers may submit an undertaking specified in Annexure-1 of the aforesaid regulations to the Disocms, if they want to be billed individually. Moreover, the electricity bill of the bulk supply domestic consumers for average consumption upto 800 units/dwelling/month, after accounting voltage supply rebate (4% @ 11KV & 5% @ 33 KV). Thus, in consideration to above the separate tariff for single point supply bulk domestic consumers is not required.
4	Discoms are liable to pay compensation as per the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020: The foot-note of the tariff order should clearly say that Discoms of the state are liable to pay compensation to its consumer in accordance of the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020. I believe, currently, due to lack of awareness neither the consumer demands nor the Discoms pays any compensation/penalty to its	The Standards of Performance regulation is available in public domain and same may not be intermingled with tariff. So it is requested that same may not be specified in the notes related to tariff.

	consumers.	
5	A Consumer under Single Point Supply and getting billed on bulk supply (domestic) Tariff, is allowed to get a rebate of 4% or 5% as the case may be and billing is done after allowing such rebate only, so accordingly if the Commission can clarify while deciding tariff for FY 2022-23 that for calculating the total consumption in a month whether it has exceeded 800 units per flat/unit/DU or not, the same calculation is to be done only after allowing the rebate of 4% or 5% and not before that. Meaning the calculation to apply the tariff rate of Rs. 5.25/unit or Rs. 6.20/unit which is based on condition that whether the consumption has exceeded 800 units in a month or not, the calculation is to be always done and based on billed units and not on consumed units. For example, lets say total unit consumed in a month is 410,000 units and there are 500 Flats, so total consumption per flat is coming 820 unit and accordingly tariff of Rs. 6.20/unit is applicable, but if 4% rebate is allowed on 410,000 units then total billed units comes out to 393,600 units, and in that case tariff of Rs. 5.25/unit is applicable, because consumption is less than 800 unit per flat, so accordingly a clarification is required from the Commission that to apply the tariff of Rs. 5.25/unit or Rs. 6.20/unit, should 410,000 be looked into or should it be 393,600 units?	It is submitted that the Nigam is levying tariff to the Bulk Supply Domestic consumers as per the applicable tariff as approved by the Hon'ble Commission from time to time in line and to the provisions of Haryana Electricity Regulatory Commission (Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Commercial cum Residential Complexes of Developers) Regulations, 2020 (hereinafter referred as Single Point Supply Regulations,2020). To further clarify the matter, the rebate of 4%/5% is given to cover the expenses that are incurred by the GHS/Employer in meeting their obligations of individual metering, billing, collection of charges from individual residents/users etc. The contention of the petitioner is based on a specific instance that may benefit him whereas policies are made by keeping in view larger interests of all stakeholders. As such, there is no merit in the contention of the petitioner.
6	No Corresponding Reduction in Tariff for Bulk Supply Domestic when Domestic Supply (DS) supply category tariff was reduced by the Commission during last year Tariff announcement on June 01, 2020 a) While announcing tariff last year on June 1, 2020 the Commission reduced the tariff for a Domestic Supply (DS) Category consumer under Category- I and II, but there was no corresponding reduction made in tariff for bulk supply domestic category. The Tariff for bulk supply domestic category kept at same structure as it was in previous year. b) By not reducing the tariff for bulk supply domestic category, the residents of a -Group Housing	At the outset, it is submitted that as per the tariff order dated 30.03.2021, the fixed charges for Bulk Domestic supply have also been reduced from Rs. 100/kW per month of the recorded demand to Rs 90/kW per month of the recorded demand. Further, the Tariff for Bulk Supply Domestic consumers is being charged as per HERC Tariff Order notified by the Hon'ble Commission from time to time. Further, there is separate tariff for the Bulk Supply domestic, which is at the lower side of the tariff within the consumer category. It is also submitted that it is the responsibility of the Employer/Developer/RWA/GHS/User Association that the billing is to be done as per the relevant tariff orders and HERC regulations. Any deviation from the applicable tariff order and regulation may be intimated to the CGRF as per the HERC Single Point Supply Regulations 2020 as clearly stipulated in regulations 5.3 reproduced as under:- “The individual consumers in the GHS/Employer's Colonies/Residential cum Commercial/Commercial

	Society were not benefited for the reduction in Tariff made under Domestic Supply (DS) Category. Basically, the reduction in Tariff made under Domestic Supply (DS) Category under I and II has resulted into lower tariff for individual consumption inside the flat, but at the same time, it has resulted into increase in the share in common area electricity (CAE). So Net Net there is no impact on the pocket of a Resident of Group Housing Society under Single Point Supply by reducing the Tariff for DS Category, because such reduction increases the share in common area electricity (CAE) and thus no benefit for reduction in tariff for domestic supply category if there is corresponding reduction in Tariff for Bulk Supply Domestic category. See the example below to understand it better Let's say the monthly electricity bill of the housing society for July month was Rs. 10 Lakhs and out of that Rs. 10 lakhs bill, 50% (Rs. 5 Lakhs) was for individual consumption inside the flat on which DS tariff was applicable) and balance 50% was for common area use. Now, after the Tariff Order dated: June 01, 2020 and due to reduced DS Category Tariff the share of individual consumption has got reduced to 40% from earlier 50% and consequently the common area share got increased to 60% from earlier 50%, whereas common area share should have remained same to 50%. The Question is why reduction in DS category Tariff would result into increase in share of common area electricity for a resident of a group housing society? c) See copy of notice issued by RWA of housing society as Annexure -1, to elaborate more on the issue that how a reduction in DS category tariff by Tariff order dated: June 1, 2020 has resulted into increase in share of common area electricity and accordingly there is overall no change in electricity bill for a Resident. Such Resident will continue to discharge same amount as it was discharging before	Complexes/ Shopping Malls/Industrial Estates/IT Park where Single Point Supply has been provided shall be treated at par with the consumers of the distribution licensees and shall have the same rights and obligations as that of other consumers of distribution licensee. These consumers shall also be covered under all other relevant Regulations of the Commission including CGRF and Ombudsman Regulations, and tariff order issued by the Commission, provided that in case of the provision of section 126, 135 and 138 of the Act the distribution licensee shall be authorized to take necessary action as per these provisions of the Act in coordination with such Employer's Colony/GHS/ RWAs/Users Associations.”
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	reduction in Tariff in DS category. The reduction in Tariff under DS category has infact not provided any relief and reduction on the pocket of a resident of a Group Housing Society which is clearly evident from the Notice of RWA as attached and I am sure both Commission and Discom would agree to it, so isn't it unfair, unjustify and requires correction by the Commission while announcing Tariff this year for FY 2021-22 by making reduction in Tariff for bulk supply domestic so that a resident of a group housing society can also get benefit of reduction in tariff structure for domestic supply (DS) category. d) I am sure we all would agree that why the reduction in Domestic Supply (DS) Tariff shall increase share in Common Area Electricity (CAE) for a resident of a group housing society having single point supply and accordingly a reduction in tariff for Bulk Supply (Domestic) is needed to compensate the hardship on the Resident of a Group Housing Society.	
7	No Subsidy, Discount, Rebate, Offer, Cashback is available to a Resident of a Group Housing Society under Single Point Supply under Option-1. a) We all know that for all purposes, a Resident of a group housing society under bulk supply domestic is a domestic category consumer and it has a same right and obligations which a consumer under domestic supply category has and accordingly entitled to receive all types of subsidy, discount, rebate, Offer, Cashback etc as available to a domestic supply (DS) category consumer. b) The Commission did acknowledge this while deciding Tariff last year and accordingly reduced the Fixed Charges from Rs. 100/kW to Rs. 90/kW by providing some relief in this regard but the reduction of Rs. 10/kW in fixed charges is actually nothing by comparing it to	Nigam does not provide any discount, rebate, offer or cashback to the prevailing categories of consumer in the state of Haryana. Further, as per Section 65 of the Electricity Act, 2003, if the State Govt. gives a rebate or exemption to category/categories of consumer on the tariff determined by the Commission, subsidy to that extent has to be given by the State Government to the Discom. The subsidy announced by the State Govt. is being provided to the consumers under Domestic Category. Furthermore, such contention of the petitioner has already been addressed in the PRO-48 of 2018 in which the Commission did not find any merit in the similar submissions of the petitioner and disposed off the matter vide order dated 21.02.2019.

	amount of subsidy, rebate, discount, Offer, Cashback is available to a Domestic Category Consumer. c) As far as I know, there is an ongoing subsidy being provided to a Domestic Category Consumer in terms of subsidy in tariff announced by the Chief Minister of the Haryana on 11.09.2018, so how that Rs. 10 reduction in Fixed Charges is compensating the same amount of Subsidy to a Resident of a Group Housing Society which a Domestic Category Consumer is receiving and enjoying, if the Commission can clarify. d) In my view, a better approach should be made by the Commission in providing relief in Tariff to cover the amount of subsidy, discount, rebate, Offer, Cashback etc. for a resident of a Group Housing Society as being available to a Domestic Category Consumer.	
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Commission's View – The Commission has carefully pursued the comments / objections filed by the intervenor herein. It is observed that the foremost objection is with respect to no proposal from the Discoms for reduction in distribution and retail supply tariff(s) in Haryana despite the Discoms being in profit. The Commission observes that the intervenor has lost sight of the fact that the Discoms, as evident their latest balance sheet for the FY 21, available in the public domain, are carrying substantial accumulated losses (negative retained earnings). Nonetheless, the Fuel Surcharge Adjustment (FSA) @ 37 Paise / Unit being levied has been discontinued. Further, the tariff for the Domestic Supply category, except the highest slab rate, as well as Bulk Supply (DS) are below the CoS, the benefit of which goes to each and every electricity consumer of Haryana, without any exception. As far as Monthly Minimum Charge (MMC) is concerned, it is comparatively less onerous than a fixed / demand charge from consumers as electricity bill is issued on MMC basis only when the consumption falls below a threshold level vis-à-vis connected load as against a demand charge which has to be paid irrespective of consumption. Nonetheless, the Discoms, in order to ensure certainty in their revenue stream, may propose fixed / demand charge for DS consumers as well either based on connected load (per kWh/month) or on the basis of connections as revenue from MMC cannot be projected with any degree of certainty. Further, the Commission is gradually moving towards kVAh based tariff and expects that the Discoms would ensure that all meters are compatible. The Bulk Supply (DS) tariff is governed by the terms and conditions of the Single Point Supply Regulations in vogue. The said Regulations provide that the individual flat / apartment owner would be charged tariff not higher than the DS tariff(s). Moreover, the comparatively smaller consumer within the BS (DS) tariff

category is charged at a lower rate. Fixed charge for this category has been recently reduced by the Commission and the impact of dispensing with the levy of FSA will also reduce the electricity bills of such consumers as well.

It is further observed that the foremost objection is with respect the absence of any proposal from the Discoms for reduction in distribution and retail supply tariff(s) in Haryana despite the Discoms being in profit.

The Commission observes that the intervener has lost sight of the fact that the Discoms, as evident their latest audited balance sheet for the FY21, available in the public domain, is carrying substantial accumulated losses (negative retained earnings), Nonetheless, the Fuel Surcharge Adjustment (FSA) @ 37 Paise / Unit being levied has been discontinued. Further, the tariff for the Domestic Supply category, except the highest slab rate, of INR 7.10/kWh as well as Bulk Supply (DS) are below the CoS, the benefit of which goes to each and every electricity consumer of Haryana, without any exception. As far as Monthly Minimum Charge (MMC) is concerned, it is comparatively less onerous than a fixed / demand charge from consumers as electricity bill is issued on MMC basis only when the consumption below a threshold level vis-à-vis connected load as against a demand charge which has to be paid irrespective of consumption.

Nonetheless, the Discoms, in order to ensure certainty in their revenue stream, may propose fixed / demand charge for DS consumers as well, either based on connected load (per kWh/month) provided the connected load data of DS Consumers are correct or on the basis of connections as revenue from MMC cannot be projected with any degree of certainty. Further, the Commission is gradually moving towards kVAh based tariff and expects that the Discoms would ensure that all meter are compatible.

Further, the Bulk Supply (DS) tariff is governed by the terms and conditions of the Single Point Supply Regulations in vogue. The said Regulations provide that the individual flat / apartment owner would be charged tariff not higher than the DS tariff(s). Moreover, the comparatively smaller consumer within the BS (DS) tariff category is charged at a lower rate. Fixed charge for this category has been recently reduced by the Commission and the impact of dispensing with the levy of FSA will also reduce the electricity bills of such consumers as well.

Comments by India Energy Exchange Limited (IEX)

Vide email dated 07.01.2022, Indian Energy Exchange Limited shared the below comments:-

1. That IEX is submitting its views and observations on the Tariff Petition filed by the Discoms as under:-

2. Computation of Voltage Wise Wheeling Charges:-

As per regulation 8 of the Terms and Conditions for grant of connectivity and open access for intra-State transmission and distribution Amendment) Regulations, 2013, the Hon'ble Commission has allowed open access to consumers connected to a distribution licensee with contracted capacity more than 0.5 MW and connected at 11 kV or above. Relevant extract of the Regulations is provided below:-

"8. Entitlement and other conditions for open access –

(2) Any consumer of a distribution licensee having a contract demand of 0.5 MVA or above and connected to the distribution system of the licensee or to the transmission system of STU or of a transmission licensee other than STU at 11 kV or above, shall be entitled for seeking open access provided he is connected through an independent feeder emanating from a grid sub-station. In case of more than one consumer on such independent feeder, the conditions as in (3) below shall apply."

(Emphasis Supplied)

That the above entails that the Open Access consumers are utilizing HT network only as they are allowed connection at 11 kV and above only. This is also evidenced from the regulation 3.2.1 of the HERC (Electricity Supply Code) Regulations, 2014, which lays down the supply voltages applicable at different load levels.

- 5.2. It is understood that the Hon'ble Commission in the past tariff orders, has determined wheeling charges in accordance with the regulation 62 of the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (Tariff Regulations), considering the cost associated with both LT and HT network of the Distribution Licensee.
- 5.3. From the above submissions it is evident that there is a requirement to align the Tariff regulations with the HERC Open Access Regulations with regard to computation of Wheeling Charge.
- 5.4. It is further, submitted that the Hon'ble Appellate Tribunal of Electricity has in plethora of judgements (e.g. Judgement dated 17.12.2014 in Appeal Nos. 142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd.) has held that the wheeling charges and losses must be computed voltage wise. The

Hon'ble APTEL has emphasized on the necessity of imposing voltage wise wheeling losses and charges on the open access consumers.

- 5.5 It is submitted that states such as Gujarat, Maharashtra, Delhi, Kerala, Karnataka, etc. while computing wheeling charge for the purpose of open access consider wheeling ARR for HT network only to arrive at the wheeling charges associated with the HT network.
- 5.6 In view of the above the Hon'ble Commission is requested to align the HERC Tariff Regulations with the HERC Open Access Regulations, for determination of voltage wise wheeling charges.
- 5.7 Further, we have submitted our suggestions vide letter dated 4th Dec, 2021 on the above matter in reference to the Hon'ble Commission public notice inviting suggestions on the proposed 2nd Amendment in the HERC Tariff Regulations.

6. Levy of wheeling charge on Consumers connected to STU Network

6.1 The Hon'ble Commission vide Tariff Order dated 30.03.2021 approved levy of Wheeling Charges @ Rs. 0.32/ unit on the open access consumers drawing power at 66 kV and above.

6.2 It is submitted that the Hon'ble Appellate Tribunal vide Appeal Nos.142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd. issued order dated 17th December 2014, has held that wheeling charges levied on consumers connected to transmission system and not using distribution system are in contravention to the Electricity Act 2003 and Tariff Policy. Relevant section of the order is extracted below:-

"58. We feel that the wheeling charges for the period from 7.5.202014 to 31.3.2013 have not been determined according to the provisions of the Electricity Act, National Electricity Policy, Tariff Policy and the comprehensive consideration of the Open Access Regulations for the following reasons:

(i) Levy of wheeling charges from the Open Access consumers directly connected to the transmission system of the transmission licensee and are not using the distribution system of the distribution licensee for conveyance of electricity under Open Access in contravention to the scheme of Open Access under the Electricity Act, Tariff Policy and the dictum of this Tribunal in earlier judgment. (Emphasis Supplied)

6.3. It is submitted that as per Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system Regulations, 2012

and further amendments, the Hon'ble Commission has specified that wheeling charge shall be applicable on the open consumer only for use of distribution system. Relevant extract of the regulations is provided below:

*"Chapter – VI
Open access charges*

19. Transmission charges and wheeling charges. —

(3) Open access consumer using intra-State distribution system shall pay wheeling charges to the distribution licensee (s) for usage of the distribution system as determined by the Commission for the relevant financial year as per 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, or its statutory reenactments, as amended from time to time.

(Emphasis Supplied)

6.4 In view of the above, levy of wheeling charges on consumers connected to 66 kV and above (viz. STU network) may kindly be reviewed by the Hon'ble Commission.

7. Computation of CSS — Consideration of ABR

7.1 The Hon'ble Commission in the past tariff orders computed CSS based on the methodology defined in the National Tariff Policy, 2016, with a mandate of capping CSS to the limit of 20% of the Average Billing Rate (ABR).

7.2 The ABR considered by the Hon'ble Commission in the past Tariff orders against that submitted by the petitioner in past three financial years is depicted below:

ABR (Rs./ unit) approved by the Hon'ble Commission against that projected in Petition is presented below:-

Category	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC
	2019-20		2020-21		2021-22	
HT Industry	6.92	7.59	6.85	7.59	6.77	7.59
Bulk Supply	6.26	7.38	6.19	7.38	6.07	7.38
Railways (Traction)	6.64	7.24	6.57	7.24	6.57	7.24
LT	7.02	7.63	6.87	7.63	6.72	7.63

Industry						
	Order dated 07.03.2019		Order dated 01.06.2020		Order dated 30.03.2021	

7.3 As is observed in the above table, the Hon'ble Commission has approved a higher ABR, inadvertently at the same rate, in all the years against a much lower ABR projected by the Discoms. This has resulted into higher levy of CSS on the consumers.

7.4 The table below shows the ABR proposed by the Discoms in current Petition.

ABR (Rs./ unit)	Present ARR petition for FY 2022-23
HT Industry	6.84
Bulk Supply	6.22
Railways (Traction)	6.79
LT Industry	6.72

In view of the above, we request the Hon'ble Commission to kindly rectify the inadvertent error that had crept-in for the earlier years and approve the category wise ABR in line with the Discom's proposal for FY 22-23. IEX requested the Hon'ble Commission to consider the suggestions in above paragraphs while finalising the current Tariff Petition.

Reply of UHBVNL vide Memo no. CH-64/RA/R-25/Vol-80 dated 02.03.2022

UHBVNL filed the reply on the comments filed by IEX as under:-

#	Particulars	Reply
1	Para 1 to 4	Matter of fact.
2	Para 5: Computation of Voltage Wise Wheeling Charges 5.1 As per regulation 8 of the Terms and Conditions for grant of connect' open access for intra-State transmission and distribution system Amendment) Regulations, 2013, the Hon'ble Commission has allowed open access to consumers connected to a distribution licensee with contracted capacity more than 0.5 MW and connected at 11 kV or above. Relevant extract of the Regulations is provided below: "8. Entitlement and other conditions for open access. — (2) Any consumer of a distribution licensee having a <u>contract demand of 0.5 MVA or above and connected to the distribution system of the licensee or to the transmission system of STU or of a transmission licensee other than STU at 11 kV or above</u>, shall be entitled for seeking open access provided he is connected through an independent feeder emanating from a grid sub-station. In case of more than one	It is submitted that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had already examined the arguments submitted by Faridabad Industries Association (FIA),

#	Particulars	Reply
	<i>consumer on such independent feeder, the conditions as in (3) below shall apply."</i> <u>(Emphasis Supplied)</u> The above entails that the Open Access consumers are utilizing HT network only as they are allowed connection at 11 kV and above only. This is also evidenced from the regulation 3.2.1 of the HERC (Electricity Supply Code) Regulations, 2014, which lays down the supply voltages applicable at different load levels. 5.2 It is understood that the Hon'ble Commission in the past tariff orders, has determined wheeling charges in accordance with the regulation 62 of the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (Tariff Regulations), considering the cost associated with both LT and HT network of the Distribution Licensee. 5.3 From the above submissions it is evident that there is a requirement to align the Tariff regulations with the HERC Open Access Regulations with regard to computation of Wheeling Charge. 5.4 It is further, submitted that the Hon'ble Appellate Tribunal of Electricity has in plethora of judgements (e.g. Judgement dated 17.12.2014 in Appeal Nos. 142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd.) has held that the wheeling charges and losses must be computed voltage wise. The Hon'ble APTEL has emphasised on the necessity of imposing voltage wise wheeling losses and charges on the open access consumers. 5.5 It is submitted that states such as Gujarat, Maharashtra, Delhi, Kerala, Karnataka, etc. while computing wheeling charge for the purpose of open access consider wheeling ARR for HT network only to arrive at the wheeling charges associated with the HT network. 5.6 In view of the above the Hon'ble Commission is requested to align the HERC Tariff Regulations with the HERC Open Access Regulations, for determination of voltage wise wheeling charges. 5.7 Further, we have submitted our suggestions vide letter dated 14th Dec, 2021 on the above matter in reference to the Hon'ble Commission public notice inviting suggestions on the proposed 2nd Amendment in the HERC Tariff Regulations.	review petitioner and concluded that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith: <i>"The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as provided in the Electricity Rules, 2005. The Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as</i>

#	Particulars	Reply
		“4. <i>Distribution System.-</i> The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others”. Hence, it can be seen from the <i>ibid</i> Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling consumers ought to be for the system as a

#	Particulars	Reply
		whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied.” Hence, the current objection raised by the intervener does not hold any merit in that context.
33	Para 6: Levy of wheeling charge on Consumers connected to STU Network: 6.1 The Hon'ble Commission vide Tariff Order dated 30.03.2021 approved levy of Wheeling Charges @ Rs. 0.32/ unit on the open access consumers drawing power at 66 kV and above. 6.2 It is submitted that the Hon'ble Appellate Tribunal vide Appeal Nos. 142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd. issued order dated 17th December 2014, has hold that wheeling charges levied on consumers connected to transmission system and not using distribution system are in contravention to the Electricity Act 2003 and Tariff Policy. Relevant section of the order is extracted below: <i>"58. We feel that the wheeling charges for the period from 7.5.202014 to 31.3.2013 have not been determined according to the provisions of the Electricity Act, National Electricity Policy, Tariff Policy and the comprehensive consideration of the Open Access Regulations for the following reasons:</i> <i>(i) <u>Levy of wheeling charges from the Open Access consumers directly connected to the transmission system of the transmission licensee and are not using the distribution system of the distribution licensee for conveyance of electricity under Open Access in contravention to the scheme of Open Access under the Electricity Act, Tariff Policy and the dictum of this Tribunal in earlier judgment. “</u></i> <u>(Emphasis Supplied)</u> 6.3 It is submitted that as per Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system Regulations, 2012 and further amendments, the Hon'ble Commission has specified that wheeling charge shall be applicable on the open access consumer only for use of distribution system. Relevant extract of the regulations is provided below:	It is submitted that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had already examined the arguments submitted by Faridabad Industries Association (FIA), review petitioner and concluded that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith: <i>“The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as</i>

#	Particulars	Reply
	"Chapter - VI Open access charges 19. Transmission charges and wheeling charges. — (3) Open access consumer using intra-State distribution system shall pay wheeling charges to the distribution licensee (s) for usage of the distribution system as determined by the Commission for the relevant financial year as per 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, or its statutory reenactments, as amended from time to time." <u>(Emphasis Supplied)</u> 6.4 In view of the above, levy of wheeling charges on consumers connected to 66 kV and above (viz. STU network) may kindly be reviewed by the Hon'ble Commission.	provided in the Electricity Rules, 2005. The Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or

#	Particulars	Reply																																			
		overhead lines; or used incidentally for the purposes of transmitting electricity for others”. Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied.” Hence, the current objection raised by the intervener does not hold any merit in that context.																																			
44	Computation of CSS- Consideration of ABR: 7.1 The Hon'ble Commission in the past tariff orders computed CSS based on the methodology defined in the National Tariff Policy, 2016, with a mandate of capping CSS to the limit of 20% of the Average Billing Rate (ABR). 7.2 The ABR considered by the Hon'ble Commission in the past tariff orders against that submitted by the Petitioner in past three financial years is depicted below: Table: ABR (Rs./ unit) approved by the Hon'ble Commission against projected in Petition <table><tr><th>Category</th><th>Projected by Petitioner</th><th>Approved by HERC</th><th>Projected by Petitioner</th><th>Approved by HERC</th><th>Projected by Petitioner</th><th>Approved by HERC</th></tr><tr><td></td><td>2019-20</td><td></td><td>2020-21</td><td></td><td>2021-22</td><td></td></tr><tr><td>HT Industry</td><td>6.92</td><td>7.59</td><td>6.85</td><td>7.59</td><td>6.77</td><td>7.59</td></tr><tr><td>Bulk Supply</td><td>6.26</td><td>7.38</td><td>6.19</td><td>7.38</td><td>6.07</td><td>7.38</td></tr><tr><td>Railways (Traction)</td><td>6.64</td><td>7.24</td><td>6.57</td><td>7.24</td><td>6.57</td><td>7.24</td></tr></table>	Category	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC		2019-20		2020-21		2021-22		HT Industry	6.92	7.59	6.85	7.59	6.77	7.59	Bulk Supply	6.26	7.38	6.19	7.38	6.07	7.38	Railways (Traction)	6.64	7.24	6.57	7.24	6.57	7.24	It is submitted that ABR is determined in the ratio of revenue collected from consumers (Fixed charge + Energy charge) and corresponding sales. The Hon'ble Commission in previous tariff orders has considered same while computing cross subsidy surcharge, which is also specified in the order. However,
Category	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC	Projected by Petitioner	Approved by HERC																															
	2019-20		2020-21		2021-22																																
HT Industry	6.92	7.59	6.85	7.59	6.77	7.59																															
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Railways (Traction)	6.64	7.24	6.57	7.24	6.57	7.24																															

#	Particulars							Reply
	LT Industry	7.02	7.63	6.87	7.63	6.72	7.63	intervener in the stated objection has erred while calculating ABR considering revenue from energy charge only. Therefore, Nigam finds no merit in the intervener's contention and same may be overlooked by the Hon'ble Commission during the proceedings.
	Order dtd. 07.03.2019			Order dtd. 01.06.2020		Order dtd. 30.03.2021		
	7.3 As is observed in the above table, the Hon'ble Commission has approved a higher ABR, inadvertently at the same rate, in all years against a much lower ABR projected by the Discoms. This has resulted into higher levy of CSS on the consumers. 7.4 The table below shows the ABR proposed by the Discoms in the current petition.							
	ABR (Rs/unit)			Present ARR petition for FY 2022-23				
	HT Industry			6.84				
	Bulk Supply			6.22				
	Railways (Traction)			6.79				
	LT Industry			6.72				
	In view of the above, we request the Hon'ble Commission to kindly rectify the inadvertent error that had crept-in for the earlier years and approve the category wise ABR in line with the Discom's proposal for FY 2022-23							

Commission's View - The Commission has considered the objections of the intervener and the reply filed by the Nigam thereto. As also observed by the Nigam, the intervener has raised several issues including computation of wheeling charges, voltage wise CoS etc. these issues have already been addressed by the Commission in the past. Hence, the same is not being repeated here. As far as Average Billed Revenue (ABR) is concerned while calculating Cross-Subsidy Surcharge (CSS), it needs to be noted that the ABR may get distorted due to various reasons including un-collected revenue variations in connected load, MMC, actual energy vis-à-vis projected as well as collection efficiency and revenue in arrears collected during the year. However, the tariff comprising of energy charges and fixed charges, is determined by the Commission during each rate making financial year. Hence, the tariff is known and hence used to calculate consumer category wise CoS and CSS being the difference between the tariff and consumer category wise CoS as also mentioned in the relevant table where details of CSS calculations have been presented. In case the tariff, for the consumer category, paying more than the cost imposed by them for delivering energy at the consumer's end, are not changed by the Commission, the relevant table will reflect the same tariff. However, due to the changes in allowed losses in the entire system including the system configuration, cost of power purchase, quantum of power allowed to be purchased at the approved level of sales etc. the CoS calculated by the Commission may vary from one financial year to another.

Comments by Delhi Metro Rail Corporation Ltd. (DMRC)

(Vide email dated 07.01.2022, DMRC shared the below comments):

That this Hon'ble Commission vide public notice dated 29.12.2021 has invited objections/suggestions on the petition(s) filed by HPGCL, HVPNL, UHBVNL and DHBVNL for approval of True-up for the FY 2020-21, Annual Performance review for the FY 2021-22, Aggregate Revenue Requirement for FY 2022-23.

That the instant objections have been filed inter-alia praying for exemption of Cross Subsidy Surcharge (CSS) & the anomaly in Cross Subsidy Surcharge w.r.t. DMRC and Fixing of Tariff in line with the Principal Agreement between DMRC & Govt of Haryana. It is also prayed to determine Special Tariff Category in respect of Objector namely Delhi Metro Rail Corporation Ltd on the following grounds:-

That the Applicant is engaged in the activity of providing Mass Rapid Transit System for National Capital Region of Delhi including Gurugram, Faridabad and Bahadurgarh and is performing a public utility function having social benefits. In connection with the above activities, the Applicant requires electricity to run metro trains, for ancillary activities, for operational requirements, for supply to commercial, domestic and other establishments inside the metro stations and for property development outside the metro stations.

That the Applicant/objector takes power supply from DHBVN at 66 KV & UHBVN at 132 KV voltage level for running of metro trains and supporting auxiliary services of the stations, air conditioning, Lift & escalators and lightening etc, to run the amenities of the stations to serve the public/commuters at large.

Comparison of Present Tariff and Tariff demanded by DISCOMs for FY 2022-23:-

Charges	Tariff as per existing tariff order of HERC for DMRC (FY 2021-22)	Tariff demanded by DISCOMs for FY 2022-23 for DMRC
Unit tariff	₹6.45/kVAh	No Hike Demanded
Contract Demand charges	₹165/kVA/month	

Exemption of Cross Subsidy Surcharge (CSS) of DMRC & the anomaly in Cross Subsidy Surcharge w.r.t DMRC vis-a-vis railways.

DMRC would like to invite the attention of the Hon'ble Commission to the para 3.0 of the Agreement dated 17.11.2006 executed between DMRC and Govt. Of Haryana for Gururgram. The Para 3 of Agreement states that:

“.....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.”

A copy of relevant pages of said agreement is attached with the comments. However, contrary to para 3 of the agreement, cross subsidy surcharge and additional surcharge are being levied on DMRC for power purchased through open access.

In view of the above clause, it is clear that DMRC to be exempted from payment of additional surcharge, cross subsidy surcharge and any other charges for open access.

3.1 It is further respectfully submitted that the Cross Subsidy Surcharge has been mentioned @ Rs.0.27/KWh FY 2020-21 (Annexure-B) & Rs. 0.67/kWh for FY 2021-22 (Annexure-C) on the Home Page of the Hon'ble Commission Website under the Head “Consumer Empowerment→Tariff→Cross subsidy and Additional Surcharge”. Whereas at page no. 253 of 290 of HERC's Tariff Order for FY 2020-21 (Annexure-D) and at page no. 198 of 233 of HERC's Tariff Order for the FY 2021-22 (Annexure-E) only Cross Subsidy surcharge of Railway Traction is mentioned while Cross Subsidy surcharge of DMRC has not been mentioned.

Due to above anomaly, HVPNL is levying the Cross Subsidy surcharge of HT industries @ Rs. 1.02/kWh in the adjustment sheets of Open Access of DMRC violating the Hon'ble commission's order.

Hence, the Hon'ble commission is requested to issue directives to HVPNL to levy the Cross Subsidy surcharge on DMRC in line with the rates specified for Railway (Traction)/DMRC on the Home page of HERC website.

1. Fixing of Tariff for DMRC in line with Principle Agreement between DMRC and Govt of Haryana (GoH) and determination of special category for DMRC:-

4.1 Para 4.0 and 5.0 of the agreements between DMRC and Govt of Haryana (GoH) for Faridabad dated 26.03.2012 (Annexure-F) and Bahadurgarh dated 02.02.2013 (Annexure-G) respectively stipulates that Government of Haryana shall provide electricity at no profit/no loss basis to DMRC. The para 4.0 and 5.0 of the respective agreement is reproduced as under:-

“Government of Haryana shall provide electricity and water at no profit/no loss basis to DMRC”.

The agreements for Gurugram, Faridabad and Bahadurgarh are the guiding principle at which tariff for DMRC should have been fixed.

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- 4.2 It is further submitted that DMRC was given a special category due to its unique nature by the Hon'ble Commission in para 2.7 of the Tariff Order for FY 2010-11 under head "Tariff for sale of power to DMRC" which inter-alia stipulated:

"As per the proposed terms of Agreement DHBVNL has decided to provide electricity connection to DMRC on 66 KV. The Cost of supply (CoS) based on FY 2009-10 ARR has been worked out by DHBVNL as 397 Paisa/Unit. On the basis of CoS DHBVNL has proposed a separate tariff category for DMRC."

".....As per DHBVNL's proposed term of Agreement, DMRC shall be provided connection at 66KV. DMRC shall construct 66KV sub-station and will directly draw power from HVPNL sub-station. It will construct 66 KV line from these sub stations to the main substation and from there the power will be distributed to the metro station and metro rail through separate lines. DHBVNL has proposed for recognition of DMRC as separate category of consumer and fixation of its tariff on the basis of actual cost of supply without affecting the subsidy or cross-subsidy elements."

Further in the tariff order for FY 2011-12 & 2012-13, similar viewpoints had been taken by Hon'ble commission while fixing tariff for DMRC. The Hon'ble Commission's stand as separate category for DMRC was maintained till tariff order for FY 2014-15.

- 4.3 It is further to mention here that owing to distinct nature of DMRC, its tariff was fixed at lower side as compared to Indian Railways till FY 2014-15. But w.e.f. tariff order for FY 2015-16, DMRC's tariff was raised and made equal to Indian Railways but in FY 2018-19 it was again reduced considering the request / submissions of the DMRC. Whereas, the Hon'ble Commission in its Tariff Order for FY 2021-22 revised the Tariff of DMRC and fixed at par to that of HT Industry and Indian Railways. In this regard, It is once again submitted that HT Industry as well as Indian Railways are not comparable to DMRC (MRTS) in view of the following:-

- 4.3.1 As DMRC operates in National Capital Region, its energy requirement is 0.05kVAh/passenger KM which is one of the least amongst Rail based transport.
- 4.3.2 Since MRTS requirement is not there during the night, its working hours are restricted from 0006 hrs to 2300 hrs only and DMRC does not carry any freight, therefore does not have any option to make up for the short fall in its revenue from passenger fare. The above view point has already been endorsed by Hon'ble commission in its tariff order for FY 2010-11, FY 2011-12 & FY 2012-13.
- 4.3.3 Metro system decongests the Roads of the National Capital Territory Region and provide environment friendly transportation system along with being energy efficient and pollution free system, thereby benefiting the Nation.
- 4.3.4 It is pertinent to note that Energy Cost has significant impact on DMRC's operating cost and thereby affecting the Metro Fares.

In view of above points, DMRC may be treated as a special category of consumer whose tariff would be based upon actual cost of supply.

- 4.4 Since the inception, the rates of Railways versus DMRC are tabulated as under:

Comparison of tariff of Railways & DMRC

F.Y.	HT Industry (above 50 KW) (at 66 KV)	RAILWAYS (at 66 KV)	DMRC (at 66 KV)
	Energy Charges (Paisa / kWh or/ kVAh)	Energy Charges (Paisa / kWh or/ kVAh)	Energy Charges (Paisa / kWh or/ kVAh)
2021-22	645/kVAh		
2020-21	645/kVAh	635/kVAh	625/kVAh
2019-20	645/kVAh	635/kVAh	625/kVAh
2018-19	645/kVAh	635/kVAh	625/kVAh
2017-18	645/kVAh	635/kVAh	635/kVAh
2016-17	595/kVAh	590/kVAh	590/kVAh
2015-16	595/kVAh	590/kVAh	590/kVAh
2014-15	560/kVAh	560/kVAh	530/kVAh
2013-14	510/kVAh	510/kVAh	480/kVAh
2012-13	450/kVAh	510/kVAh	450/kVAh
2011-12	391/kVAh	431/kVAh	395/kVAh
2010-11	391/kVAh	431/kVAh	395/kVAh

From the above table it is evident that the DMRC tariff was always been lower than Railways tariff till 2015-16. In 2015-16, DMRC tariff was made equal to Railways but again in 2018-19, it was made lower than Railways.

In case of HT Industry (above 50 KW), after FY 2013-14, DMRC tariff has always been lower than HT Industry but it was made equal to DMRC in FY 2021-22.

- 4.5 It is further submitted that DMRC has invested huge amount for building its own power distribution network for the voltage levels below 66KV. This needs to be seen in accordance with the Electricity Act 2003 wherein Section 62(3), stipulates that the Commission may differentiate consumers according to **consumer's load factor, power factor, voltage, total consumption of electricity during any specified time or geographical position** of any area, nature of supply and purpose for which supply required etc. The extract of Sec 62(3) of the Electricity Act, 2003 is reproduced as under:-

Section 62. (Determination of tariff): ---

(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

- 4.6 It is further submitted that Section 61 of the Electricity Act 2003 (Part VII) stipulates as under:-

“The appropriate commission shall subject to the provision of this act, specify the terms and conditions for the determination of tariff and in doing so, shall be guided by the following, namely:--

(d) safe guarding of consumers interest and at the same time recovery of cost of Electricity in a reasonable manner;

(e) The principles rewarding efficiency in performance;

(g) that the tariff progressively reflects the cost of supply of electricity and also reduces and eliminates cross subsidy within the period to be specified by the appropriate commission.”

- 4.7 Since DMRC system is uniquely designed to fulfil the requirements of the Electricity Act, 2003, and hence it becomes entitled to be treated as a separate category for fixing of tariff.

Keeping in view of agreement between DMRC and Government of Haryana (GoH), stand taken by commission in years as mentioned in above paras and utilizing the provision of section 61 of the Indian Electricity Act-2003, DMRC should not be treated with Indian Railways or HT Industry, it should remain a separate category and Tariff to DMRC shall be fixed on actual cost of supply.

2. Reduction of DMRC's Tariff as per power purchase cost of DHBVN & UHBVN:

SN.	F.Y.	Power purchase cost for DHBVN in ₹/kVAh (As per ARR Petition)	Power purchase cost for UHBVN in ₹/kVAh (As per ARR Petition)	Unit rate ₹/kVAh for DMRC (as per Tariff Order of HERC / Proposed in ARR Petition)
1	2021-22	4.62	4.55	6.45
2	2022-23	3.84	3.85	6.45

From the above table, it is clear that w.r.t the previous financial year the rate of power purchase cost for the FY 2022-23 is expected to decrease by 16.88 % for DHBVN and 15.38 % for UHBVN.

It is further submitted that as per as per Clause 8.3 (1) of National Tariff Policy, 2016 titled as "Tariff design: Linkage of tariffs to cost of service" the retail supply tariff-shall be determined based on the average cost of supply with a capping of +/-20%. The relevant clause is reproduced as under:

“8.3 Tariff design: Linkage of tariffs to cost of service

For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within +/-20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”

Hence, in view of the detailed submissions explained above, the Tariff for DMRC may kindly be reduced for the FY 2022-23 in proportionate to the reduction in power purchase cost of DISCOMs.

3. Relaxation in Tariff of DMRC Considering Covid-19 Pandemic :-

Due to COVID-19 pandemic, the financial position of DMRC has also been adversely affected. The revenue operations were stopped from 22nd March, 2020 to 6th September, 2020 (approx. five and half months) and even thereafter, keeping in view of social distancing norms, the system is being operated at reduced passenger capacity while the operation expenses remain nearly unchanged. Even in the present time, DMRC financial position is further deteriorating due to fresh COVID-19 waves.

In view above, the Hon'ble commission is requested to kindly consider the stressed financial condition of DMRC and to decrease the tariff for DMRC for FY 2022-23.

7. That no prejudice shall be caused to the DISCOMs in case the instant objection is allowed by this Hon'ble Commission.
8. That the instant objections has been filed bona fide and in the interest of justice.
9. **PRAYERS:** In view of the aforesaid facts and circumstances and considering that DMRC has been financially constrained due to circumstances including the last two years losses due to COVID-19, it is most respectfully prayed that this Hon'ble Commission in the public interest may be pleased to:-
 - i. To honour the Agreement between Government of Haryana and DMRC dated 17.11.2006 wherein the GoH needs to provide the electricity at cost price basis without any cross subsidy surcharges and therefore exempt DMRC from payment of cross subsidy surcharge and any other charges for open access.
 - ii. The anomaly in cross subsidy surcharge w.r.t DMRC vis-a-vis Railways, as brought out in Para-3.2 may be directed to be resolved immediately.
 - iii. To fix the Tariff of DMRC in line with principal agreement between DMRC & Government of Haryana (GoH) i.e. tariff to be fixed lower than Indian Railways and HT Industry (above 50 kW) by treating DMRC as special Category on account of agreement executed between DMRC and Govt. Of Haryana dated 26.03.2012 for Faridabad & dated 02.02.2013 for Bahadurgarh.
 - iv. To reduce the Tariff of DMRC for the FY 2022-23 in proportionate to the reduction in the power purchase cost of DISCOMs.
 - v. In view of DMRC's revenue being adversely affected due to COVID-19 pandemic, the Hon'ble commission is requested to kindly consider the stressed financial condition of DMRC and to decrease the tariff for DMRC for FY 2022-23.
 - vi. Any such other order(s) be passed, in the interest of justice, as this Hon'ble Court deems fit under the facts and circumstances of the case.

UHBVNL reply on comments filed by DMRC

Reply of UHBVN vide Memo no. CH-64/RA/R-25/Vol-80 dated 02.03.2022 on the objections/ suggestions filed by Delhi Metro Rail Corporation Ltd. is as under: -

#	Particulars	Reply								
11	That this Hon'ble Commission vide public notice dated 29.12.2021 has invited objections/suggestions on the petition(s) filed by HPGCL, HVPNL, UHBVNL and DHBVNL for approval of True-up for the FY 2020-21, Annual Performance review for the FY 2021-22, Aggregate Revenue Requirement for FY 2022-23.	Matter of fact in the instant Petition.								
22	That the instant objections have been filed inter-alia praying for exemption of Cross Subsidy Surcharge (CSS) & the anomaly in Cross Subsidy Surcharge w.r.t. DMRC (refer Para-3.2 below) and Fixing of Tariff in line with the Principal Agreement between DMRC & Govt of Haryana. It is also prayed to determine Special Tariff Category in respect of Objector namely Delhi Metro Rail Corporation Ltd on the following grounds:- i. That the Applicant is engaged in the activity of providing Mass Rapid Transit System for National Capital Region of Delhi including Gurugram, Faridabad and Bahadurgarh and is performing a public utility function having social benefits. In connection with the above activities, the Applicant requires electricity to run metro trains, for ancillary activities, for operational requirements, for supply to commercial, domestic and other establishments inside the metro stations and for property development outside the metro stations. ii. That the Applicant/objector takes power supply from DHBVN at 66 KV & UHBVN at 132 KV voltage level for running of metro trains and supporting auxiliary services of the stations, air conditioning, Lift & escalators and lightening etc, to run the amenities of the stations to serve the public/commuters at large. iii. Comparison of Present Tariff and Tariff demanded by DISCOMs for FY 2022-23:- Table 1:- Comparison of Previous and new tariff <table border="1"> <thead> <tr> <th>Charges</th><th>Tariff as per existing tariff order of HERC for DMRC (FY 2021-22)</th><th>Tariff demanded by DISCOMs for FY 2022-23 for DMRC</th></tr> </thead> <tbody> <tr> <td>Unit tariff</td><td>₹6.45/kVAh</td><td rowspan="2">No Hike Demanded</td></tr> <tr> <td>Contract Demand charges</td><td>₹165/kVA/month</td></tr> </tbody> </table>	Charges	Tariff as per existing tariff order of HERC for DMRC (FY 2021-22)	Tariff demanded by DISCOMs for FY 2022-23 for DMRC	Unit tariff	₹6.45/kVAh	No Hike Demanded	Contract Demand charges	₹165/kVA/month	The area of concern of the intervener has been addressed by the Hon'ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021. In regard to exemption of DMRC on levy of Cross Subsidy Surcharge(CSS), it is submitted that CSS has been levied by the Nigam as per the Tariff Order for respective financial year and under the prevailing open access regulations. CSS is levied to protect the interest of genuine cross-subsidised consumers and cross-subsidising consumers who are consuming electricity from the Nigam and are paying appropriate tariff. In case, DMRC is exempted from levy of CSS then same will be passed on other open access consumers which will be a burden on them or tariff has to be increased of existing consumers consuming electricity from Nigam which is not in line with the justice. Further, point wise reply is as follows: i. Nigam is performing public utility functions in the state of Haryana providing electricity to the consumers. ii. Matter of fact. iii. Matter of fact in the instant petition.
Charges	Tariff as per existing tariff order of HERC for DMRC (FY 2021-22)	Tariff demanded by DISCOMs for FY 2022-23 for DMRC								
Unit tariff	₹6.45/kVAh	No Hike Demanded								
Contract Demand charges	₹165/kVA/month									
33	Exemption of Cross Subsidy Surcharge (CSS) of DMRC & the anomaly in Cross Subsidy Surcharge w.r.t DMRC vis-a-vis railways.	DMRC is circumventing the								

#	Particulars	Reply
	3.2 DMRC would like to invite the attention of the Hon'ble Commission to the para 3.0 of the Agreement dated 17.11.2006 executed between DMRC and Govt. Of Haryana for Gururgram. The Para 3 of Agreement states that: “.....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.” A copy of relevant pages of said agreement is attached here to and marked as Annexure-‘A’. However, contrary to para 3 of the agreement, cross subsidy surcharge and additional surcharge are being levied on DMRC for power purchased through open access. In view of the above clause, it is clear that DMRC to be exempted from payment of additional surcharge, cross subsidy surcharge and any other charges for open access. 3.3 It is further respectfully submitted that the Cross Subsidy Surcharge has been mentioned @ Rs.0.27/KWh FY 2020-21 (Annexure-B) & Rs. 0.67/kWh for FY 2021-22 (Annexure-C) on the Home Page of the Hon'ble Commission Website under the Head “Consumer Empowerment→Tariff→Cross subsidy and Additional Surcharge”. Whereas at page no. 253 of 290 of HERC's Tariff Order for FY 2020-21 (Annexure-D) and at page no. 198 of 233 of HERC's Tariff Order for the FY 2021-22 (Annexure-E) only Cross Subsidy surcharge of Railway Traction is mentioned while Cross Subsidy surcharge of DMRC has not been mentioned. Due to above anomaly, HVPNL is levying the Cross Subsidy surcharge of HT industries @ Rs. 1.02/kWh in the adjustment sheets of Open Access of DMRC violating the Hon'ble commission's order. Hence, the Hon'ble commission is requested to issue directives to HVPNL to levy the Cross Subsidy surcharge on DMRC in line with the rates specified for Railway (Traction)/DMRC on the Home page of HERC website.	facts and as submitted at Sl. No.2, the matter of honouring the agreement with the then Government of Haryana has been addressed by the Hon'ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021, relevant excerpt is reproduced here as follows: <i>“The Commission has examined the submissions of the Petitioner and observes that ‘tariff design’ is in the absolute domain of the Commission and the decision of Commission is based on a holistic view of the power sector including interest of the electricity consumers at large. Hence, the Commission, after due deliberations, determined the applicable tariff for DMRC in its capacity as a HT consumer of the Discoms and also keeping in mind the CSS limits as per the provisions of the National Tariff Policy 2016. In case, the Government of Haryana 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, as per the provisions of section 65 of the Electricity Act 2003. No such commitment has been received in the Commission from the Haryana Government.</i>

#	Particulars	Reply
		<i>Further, this Commission has already, adequately and judiciously, dealt and decided this issue (Supra) in its Order dated 7.05.2015, the operating part of the said Order has been reproduced earlier in the present Order rejecting the submissions of DMRC for a tariff at the bulk supply rate of the Discoms. In effect, this issue raised in the present review petition is res judicata.</i> <i>Hence, the Commission, while rationalising the consumer category wise tariff, has well kept in mind the principles of tariff determination as per Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 including the limits of Cross – Subsidy surcharge and the MYT Regulations in vogue. Additionally, in the impugned Order, the Commission has done away with consumer categories i.e. HT Industry Supply, NDS Supply, Railways (Traction) Supply, DMRC and introduced voltage and load differentiated HT Supply Tariff. The Commission, therefore, is of the considered view that the review sought on this issue is not admissible as the</i>

#	Particulars	Reply
		<i>same is beyond the scope of review jurisdiction as no new facts / figures or error apparent on the face of record have been put forth by the petitioner. Resultantly, the review sought on this issue is rejected as the same travels beyond the scope of review jurisdiction as laid down by the Apex Court in a catena of cases. ”</i> Open access charges has been levied by the Nigam as per the Tariff Order for respective financial year and under the prevailing open access regulations. Open Access Charges are levied to protect the interest of genuine consumers who are consuming electricity from the Nigam and are paying appropriate tariff. In case, DMRC is exempted from levy of open access charges then same will be passed on other open access consumers which will be a burden on them or tariff has to be increased of existing consumers consuming electricity from Nigam which is not in line with the justice.
44	Fixing of Tariff for DMRC in line with Principle Agreement between DMRC and Govt of Haryana (GoH) and determination of special category for DMRC:- 4.1 Para 4.0 and 5.0 of the agreements between DMRC and Govt of Haryana (GoH) for Faridabad dated 26.03.2012 (Annexure-F) and Bahadurgarh dated 02.02.2013 (Annexure-G) respectively stipulates that Government of Haryana shall provide electricity at no profit/no loss basis to DMRC. The para 4.0 and 5.0 of the respective agreement is reproduced as under:- <i>“Government of Haryana shall provide electricity and water at no profit/no loss basis to DMRC”.</i> The agreements for Gurugram, Faridabad and Bahadurgarh are the guiding principle at which tariff for DMRC should have been fixed. 4.2 It is further submitted that DMRC was given a special category due to its unique nature by the Hon’ble Commission in para 2.7 of the Tariff Order for FY 2010-11 under head “Tariff for sale of power to DMRC” which inter-alia stipulated:	DMRC is circumventing the facts and as submitted at Sl. No.2, the matter of honouring the agreement with the then Government of Haryana has been addressed by the Hon’ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021, relevant excerpt is reproduced here as follows: <i>“The Commission has examined the submissions of the</i>

#	Particulars	Reply												
	<i>“As per the proposed terms of Agreement DHBVNL has decided to provide electricity connection to DMRC on 66 KV. The Cost of supply (CoS) based on FY 2009-10 ARR has been worked out by DHBVNL as 397 Paisa/Unit. On the basis of CoS DHBVNL has proposed a separate tariff category for DMRC.”</i> <i>“.....As per DHBVNL's proposed term of Agreement, DMRC shall be provided connection at 66KV. DMRC shall construct 66KV sub-station and will directly draw power from HVPNL sub-station. It will construct 66 KV line from these sub stations to the main substation and from there the power will be distributed to the metro station and metro rail through separate lines. DHBVNL has proposed for recognition of DMRC as separate category of consumer and fixation of its tariff on the basis of actual cost of supply without affecting the subsidy or cross-subsidy elements.”</i> Further in the tariff order for FY 2011-12 & 2012-13, similar view points had been taken by Hon'ble commission while fixing tariff for DMRC. The Hon'ble Commission's stand as separate category for DMRC was maintained till tariff order for FY 2014-15.	Petitioner and observes that 'tariff design' is in the absolute domain of the Commission and the decision of Commission is based on a holistic view of the power sector including interest of the electricity consumers at large. Hence, the Commission, after due deliberations, determined the applicable tariff for DMRC in its capacity as a HT consumer of the Discoms and also keeping in mind the CSS limits as per the provisions of the National Tariff Policy 2016. In case, the Government of Haryana 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, as per the provisions of section 65 of the Electricity Act 2003. No such commitment has been received in the Commission from the Haryana Government. Further, this Commission has already, adequately and judiciously, dealt and decided this issue (Supra) in its Order dated 7.05.2015, the operating part of the said Order has been reproduced earlier in the present Order rejecting the submissions of												
4.8	It is further to mention here that owing to distinct nature of DMRC, its tariff was fixed at lower side as compared to Indian Railways till FY 2014-15. But w.e.f tariff order for FY 2015-16, DMRC's tariff was raised and made equal to Indian Railways but in FY 2018-19 it was again reduced considering the request / submissions of the DMRC. Whereas, the Hon'ble Commission in its Tariff Order for FY 2021-22 revised the Tariff of DMRC and fixed at par to that of HT Industry and Indian Railways. In this regard, It is once again submitted that HT Industry as well as Indian Railways are not comparable to DMRC (MRTS) in view of the following:-													
4.8.1	As DMRC operates in National Capital Region, its energy requirement is 0.05kVAh/passenger KM which is one of the least amongst Rail based transport.													
4.8.2	Since MRTS requirement is not there during the night, its working hours are restricted from 0006 hrs to 2300 hrs only and DMRC does not carry any freight, therefore does not have any option to make up for the short fall in its revenue from passenger fare. The above view point has already been endorsed by Hon'ble commission in its tariff order for FY 2010-11, FY 2011-12 & FY 2012-13.													
4.8.3	Metro system decongests the Roads of the National Capital Territory Region and provide environment friendly transportation system along with being energy efficient and pollution free system, thereby benefiting the Nation.													
4.8.4	It is pertinent to note that Energy Cost has significant impact on DMRC's operating cost and thereby affecting the Metro Fares. In view of above points, DMRC may be treated as a special category of consumer whose tariff would be based upon actual cost of supply.													
4.9	Since the inception, the rates of Railways versus DMRC are tabulated as under: Table-2 Comparison of tariff of Railways & DMRC <table><tr><th>F.Y.</th><th>HT Industry (above 50 KW) (at 66 KV)</th><th>RAILWAYS (at 66 KV)</th><th>DMRC (at 66 KV)</th></tr><tr><th></th><th>Energy Charges (Paisa / kWh or/ kVAh)</th><th>Energy Charges (Paisa / kWh or/ kVAh)</th><th>Energy Charges (Paisa / kWh or/ kVAh)</th></tr><tr><td>2021-22</td><td colspan="3">645/kVAh</td></tr></table>	F.Y.	HT Industry (above 50 KW) (at 66 KV)	RAILWAYS (at 66 KV)	DMRC (at 66 KV)		Energy Charges (Paisa / kWh or/ kVAh)	Energy Charges (Paisa / kWh or/ kVAh)	Energy Charges (Paisa / kWh or/ kVAh)	2021-22	645/kVAh			
F.Y.	HT Industry (above 50 KW) (at 66 KV)	RAILWAYS (at 66 KV)	DMRC (at 66 KV)											
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	<table><tr><td>2020-21</td><td>645/kVAh</td><td>635/kVAh</td><td>625/kVAh</td></tr><tr><td>2019-20</td><td>645/kVAh</td><td>635/kVAh</td><td>625/kVAh</td></tr><tr><td>2018-19</td><td>645/kVAh</td><td>635/kVAh</td><td>625/kVAh</td></tr><tr><td>2017-18</td><td>645/kVAh</td><td>635/kVAh</td><td>635/kVAh</td></tr><tr><td>2016-17</td><td>595/kVAh</td><td>590/kVAh</td><td>590/kVAh</td></tr><tr><td>2015-16</td><td>595/kVAh</td><td>590/kVAh</td><td>590/kVAh</td></tr><tr><td>2014-15</td><td>560/kVAh</td><td>560/kVAh</td><td>530/kVAh</td></tr><tr><td>2013-14</td><td>510/kVAh</td><td>510/kVAh</td><td>480/kVAh</td></tr><tr><td>2012-13</td><td>450/kVAh</td><td>510/kVAh</td><td>450/kVAh</td></tr><tr><td>2011-12</td><td>391/kVAh</td><td>431/kVAh</td><td>395/kVAh</td></tr><tr><td>2010-11</td><td>391/kVAh</td><td>431/kVAh</td><td>395/kVAh</td></tr></table> From the above table it is evident that the DMRC tariff was always been lower than Railways tariff till 2015-16. In 2015-16, DMRC tariff was made equal to Railways but again in 2018-19, it was made lower than Railways. In case of HT Industry (above 50 KW), after FY 2013-14, DMRC tariff has always been lower than HT Industry but it was made equal to DMRC in FY 2021-22.	2020-21	645/kVAh	635/kVAh	625/kVAh	2019-20	645/kVAh	635/kVAh	625/kVAh	2018-19	645/kVAh	635/kVAh	625/kVAh	2017-18	645/kVAh	635/kVAh	635/kVAh	2016-17	595/kVAh	590/kVAh	590/kVAh	2015-16	595/kVAh	590/kVAh	590/kVAh	2014-15	560/kVAh	560/kVAh	530/kVAh	2013-14	510/kVAh	510/kVAh	480/kVAh	2012-13	450/kVAh	510/kVAh	450/kVAh	2011-12	391/kVAh	431/kVAh	395/kVAh	2010-11	391/kVAh	431/kVAh	395/kVAh	<i>DMRC for a tariff at the bulk supply rate of the Discoms. In effect, this issue raised in the present review petition is res judicata.</i> <i>Hence, the Commission, while rationalising the consumer category wise tariff, has well kept in mind the principles of tariff determination as per Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 including the limits of Cross – Subsidy surcharge and the MYT Regulations in vogue. Additionally, in the impugned Order, the Commission has done away with consumer categories i.e. HT Industry Supply, NDS Supply, Railways (Traction) Supply, DMRC and introduced voltage and load differentiated HT Supply Tariff. The Commission, therefore, is of the considered view that the review sought on this issue is not admissible as the same is beyond the scope of review jurisdiction as no new facts / figures or error apparent on the face of record have been put forth by the petitioner.</i> <i>Resultantly, the review sought on this issue is rejected as the same travels beyond the scope of review jurisdiction as</i>
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2010-11	391/kVAh	431/kVAh	395/kVAh																																											
4.10	It is further submitted that DMRC has invested huge amount for building its own power distribution network for the voltage levels below 66KV. This needs to be seen in accordance with the Electricity Act 2003 wherein Section 62(3), stipulates that the Commission may differentiate consumers according to consumer’s load factor, power factor, voltage, total consumption of electricity during any specified time or geographical position of any area, nature of supply and purpose for which supply required etc. The extract of Sec 62(3) of the Electricity Act, 2003 is reproduced as under:- Section 62. (Determination of tariff): --- <i>(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.</i>																																													
4.11	It is further submitted that Section 61 of the Electricity Act 2003 (Part VII) , stipulates as under:- “The appropriate commission shall subject to the provision of this act, specify the terms and conditions for the determination of tariff and in doing so, shall be guided by the following, namely:-- (d) safe guarding of consumers interest and at the same time recovery of cost of Electricity in a reasonable manner; (e) The principles rewarding efficiency in performance; (g) that the tariff progressively reflects the cost of supply of electricity and also reduces and eliminates cross subsidy within the period to be specified by the appropriate commission.”																																													
4.12	Since DMRC system is uniquely designed to fulfil the requirements of the Electricity Act, 2003, and hence it becomes entitled to be treated as a separate category for fixing of tariff. Keeping in view of agreement between DMRC and Government of Haryana (GoH), stand taken by commission in years as mentioned in above paras and utilizing the provision of section 61 of the Indian Electricity Act-2003, DMRC should not be treated with Indian Railways or HT Industry, it should remain a separate category and Tariff to DMRC shall be fixed on actual cost of supply.																																													

#	Particulars	Reply															
		<i>laid down by the Apex Court in a catena of cases. ”</i> Nigam is levying tariff in line with the Tariff Order dated 30.03.2021 treating supply of DMRC as part of merged HT Supply category.															
85	Reduction of DMRC’s Tariff as per power purchase cost of DHBVN & UHBVN: <table><tr><th>SN.</th><th>F.Y.</th><th>Power purchase cost for DHBVN in ₹/kVAh (As per ARR Petition)</th><th>Power purchase cost for UHBVN in ₹/kVAh (As per ARR Petition)</th><th>Unit rate ₹/kVAh for DMRC (as per Tariff Order of HERC / Proposed in ARR Petition)</th></tr><tr><td>1</td><td>2021-22</td><td>4.62</td><td>4.55</td><td>6.45</td></tr><tr><td>2</td><td>2022-23</td><td>3.84</td><td>3.85</td><td>6.45</td></tr></table> From the above table, it is clear that w.r.t the previous financial year the rate of power purchase cost for the FY 2022-23 is expected to decrease by 16.88 % for DHBVN and 15.38 % for UHBVN. It is further submitted that as per as per Clause 8.3 (1) of National Tariff Policy, 2016 titled as "Tariff design: Linkage of tariffs to cost of service" the retail supply tariff-shall be determined based on the average cost of supply with a capping of +/- 20%. The relevant clause is reproduced as under: “8.3 Tariff design: Linkage of tariffs to cost of service <i>For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within +/-20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”</i> Hence, in view of the detailed submissions explained above, the Tariff for DMRC may kindly be reduced for the FY 2022-23 in proportionate to the reduction in power purchase cost of DISCOMs.	SN.	F.Y.	Power purchase cost for DHBVN in ₹/kVAh (As per ARR Petition)	Power purchase cost for UHBVN in ₹/kVAh (As per ARR Petition)	Unit rate ₹/kVAh for DMRC (as per Tariff Order of HERC / Proposed in ARR Petition)	1	2021-22	4.62	4.55	6.45	2	2022-23	3.84	3.85	6.45	It is requested that same level of tariff may be continued during FY 2022-23 considering the projected revenue gap in the instant petition. Further, it is submitted that Nigam is bound to levy tariff on consumers for relevant financial year as approved by the Hon’ble Commission under the Electricity Act 2003.
SN.	F.Y.	Power purchase cost for DHBVN in ₹/kVAh (As per ARR Petition)	Power purchase cost for UHBVN in ₹/kVAh (As per ARR Petition)	Unit rate ₹/kVAh for DMRC (as per Tariff Order of HERC / Proposed in ARR Petition)													
1	2021-22	4.62	4.55	6.45													
2	2022-23	3.84	3.85	6.45													
6	Relaxation in Tariff of DMRC Considering Covid-19 Pandemic :- Due to COVID-19 pandemic, the financial position of DMRC has also been adversely affected. The revenue operations were stopped from 22nd March, 2020 to 6th September, 2020 (approx. five and half months) and even thereafter, keeping in view of social distancing norms, the system is being operated at reduced passenger capacity while the operation expenses remain nearly unchanged. Even in the present time, DMRC financial position is further deteriorating due to fresh COVID-19 waves. In view above, the Hon’ble commission is requested to kindly consider the stressed financial condition of DMRC and to decrease the tariff for DMRC for FY 2022-23.	It is submitted that many of the stakeholders including Nigam have been financially stressed during Covid-19 pandemic, however, Nigam has observed revival in consumption level considering whole financial year. Further, decreasing the tariff of DMRC for FY 2022-23 will be an additional burden on other cross-subsidizing consumers in the state.															
7	That no prejudice shall be caused to the DISCOMs in case the instant objection is allowed by this Hon’ble Commission.	There is no merit in the contentions of the intervenor.															
8	That the instant objections has been filed bona fide and in the interest of justice.	There is no merit in the contentions of the intervenor.															

#	Particulars	Reply
	PRAYERS: In view of the aforesaid facts and circumstances and considering that DMRC has been financially constrained due to circumstances including the last two years losses due to COVID-19, it is most respectfully prayed that this Hon'ble Commission in the public interest may be pleased to:- vii. To honour the Agreement between Government of Haryana and DMRC dated 17.11.2006 wherein the GoH needs to provide the electricity at cost price basis without any cross subsidy surcharges and therefore exempt DMRC from payment of cross subsidy surcharge and any other charges for open access. viii. The anomaly in cross subsidy surcharge w.r.t DMRC vis-a-vis Railways, as brought out in Para-3.2 may be directed to be resolved immediately. ix. To fix the Tariff of DMRC in line with principal agreement between DMRC & Government of Haryana (GoH) i.e tariff to be fixed lower than Indian Railways and HT Industry (above 50 kW) by treating DMRC as special Category on account of agreement executed between DMRC and Govt. Of Haryana dated 26.03.2012 for Faridabad & dated 02.02.2013 for Bahadurgarh. x. To reduce the Tariff of DMRC for the FY 2022-23 in proportionate to the reduction in the power purchase cost of DISCOMs. xi. In view of DMRC's revenue being adversely affected due to COVID-19 pandemic, the Hon'ble commission is requested to kindly consider the stressed financial condition of DMRC and to decrease the tariff for DMRC for FY 2022-23. xii. Any such other order(s) be passed, in the interest of justice, as this Hon'ble Court deems fit under the facts and circumstances of the case.	There is no merit in the contentions of the intervener. Point wise response to the prayers of the intervener is as follows: i. The issue of the honouring the agreement between the Government of Haryana and DMRC dated 17.11.2006 has been addressed by the Hon'ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021. Further as submitted above at Sl. No. 2&3, exemption on levy of Cross Subsidy Surcharge (CSS) on DMRC will burden the other consumers of the Nigam. ii. The response is submitted at Sl. No. 3, not repeated here for the sake of brevity. iii. The response is submitted at Sl. No. 4, not repeated here for the sake of brevity. iv. The response is submitted at Sl. No. 5, not repeated here for the sake of brevity. v. The response is submitted at Sl. No. 6, not repeated here for the sake of brevity. vi. Any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.

Commission's View:

The Commission has considered the contentions of the intervener herein as well as the reply filed by the distribution licensee. The Commission is constrained to observe that the DMRC has been raising the same issue again and again. It is reiterated that DMRC may take

up the issue with the State Government and seek subsidy on the tariff determined u/s 62 of the Electricity Act, 2003 with reference to the agreement with the State Government cited by the intervener. Similarly, the CSS payable is also determined by the Commission as required under the Electricity Act, 2003 and the National Tariff Policy. Hence, this Commission cannot waive anything that is provided in the statute. Further, the consumer category wise tariff is determined by keeping in view the CoS as well as adequacy of revenue required at the existing tariff. As far as impact of COVID – 19 pandemic on the revenue stream of DMRC is concerned, it needs to be noted that entire Indian economy including the electricity consumers and the utility serving them i.e. the Discoms have been adversely effected. Hence, no segment of the Economy can claim any special dispensation on this account.

Comments by Naresh Bhatia, Faridabad

(Vide email dated 06.01.2022) Sh. Naresh Bhatia submitted the below comments:

In response to the ARR and Tariff petition filed by UHBVN and DHBVN for the year 2022-23 which is scheduled for Jan 12,2021, please consider the below given comments on issues faced by consumers in tariff and bills.

- i. Normally bills are received by consumers 6-7 days before the last date of payment. Now electricity bills are deposited online though the online facility provided by DHBVN is very poor.

Most of the times consumers are not able to fetch Online bills either on last one to days before last date and if consumer is able to fetch bill after last date of payment then a flat delay surcharge of 3% is put up on pending bill and which remains same till 1 day before last date of next bill. With present digital age it is not graded properly.

I think the above system of delay surcharge was levied at the time when the technology was not available but now the latest digital platform along with advance technology is available therefore I request you with folding hands to look into it for honest consumers and change delay surcharge from flat system to pro- day basis as it is done by HUDA and MCF these days.

I had also requested last year for extra burden of 16 to 25 % of stolen or lost units put on honest consumers and it is still pending. I again request you kindly penalize the consumer which is not consuming the units honestly by putting extra meters on input of area.

In case HERC or DHBVNL wants to respect subsidy order of government then instead of giving the subsidy first before individual bill distribute the subsidy in the

individual bill after calculating the difference between the total input units supplied and total units billed in that area. It will definitely give a relief of at least Rs. 2 per unit to honest consumers.

Through HERC I would request DHBVN to improve the online digital platform. It is developed on such a old platform and not upgraded regularly with time therefore honest consumers are facing problems. I would also request DHBVN to improve the working culture in DHBVN offices. It is still like an old dated retired organization. Most of the People sitting in offices never consider themselves below the rank of king in deep ego. There is a great need to update their human behavior skills with time otherwise the day is not far when all such people will be left very far behind in the future.

My request to HERC and DHBVN bosses is to resonate with time with technology to benefit HONEST CONSUMERS.

Vide email dated 18.01.2022, Naresh Bhatia further submitted as under:

I had requested Hon'ble Commission to consider genuine issues of honest consumers along with the above petitions. On behalf of all honest consumers of both companies, I thank the Hon'ble commission with folding hands for considering the genuine issues of consumers.

After seeing the ARR report of both companies on the date of hearing of the above petition if first glance I would bring into the kind notice of Hon'ble commission a few important observations:-

1. Both the companies in their prayer have requested Hon'ble commission not to change tariff for year 2022-23 which is clearly unfair with honest consumers who is paying for the dishonest consumer too. I strongly object on this point. I have already raised the same issue in point number 2 of my request to the Hon'ble Commission. I request the Hon'ble Commission with folding hands to direct both the companies to reduce the tariff at least Rs.2.70 per unit.IT IS VERY MUCH POSSIBLE.
2. I request Hon'ble Commission with folding hands to direct both the companies to implement a DIFFERENTIAL TARIFF SYSTEM to segregate the dishonest from Honest Consumers. I have already suggested the same to DHBVN SE operation Faridabad Sh. Naresh Kakkar ji in his office. I would also brief the same to the Hon'ble Commission.
 - a) Stop generating bills with the meter reading.

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- b) Install input supplied meter at the output of Feeder and sector-wise sub feeder to get justice to honest consumer.
 - c) Take the reading of individual meter as done by meter reader for each household and feed in software.
 - d) Find the difference between the total input energy units and total billed units.
 - e) After detecting the permissible loss of 1 to 2% and permissible subsidy for truly weaker section for that area apply the differential tariff system

Example:-

At the input energy meter at feed or submeter total 10000 units supplied. Total billed units for that area say 9800 units. It means 200 units loss is permissible line loss of that area. The existing normal billing system should be applied. For another area at the input energy meter at feed or submeter total 10000 units supplied. Total billed units for that area say 6000 units. After detecting permissible area line loss (which may not be more than 1 to 2 % in small sector). Charge the consumer with differential tariff system. Now the question arises how the billing system will recognise the EWS. It is very simple Install more input energy meter in the area where there is big difference in input meters and billed units. Any EWS section will not be consuming more than 50 units in a month in winter and more than 100 units in a month in summer. Being in this innovation and technology era both the companies didn't present any innovative idea to reduce the load on consumers by reducing tariff, dependency on non-renewable energy sources etc.

DHBVN had shown recovery through the theft penalty of Rs. 92 Cr in lieu of turnover Rs. 18000cr. They should work with innovative ideas to stop theft and that is only possible if electricity is free except for service cost. It is very much required to upgrade thoughts, ideas, work culture of our distribution companies with fast mode for benefits of their own and consumers.

Vide email dated 20.01.2022, Naresh Bhatia further submitted as under:-
Prayer to hon'ble commission for better and easy future of consumers:-

1. There is no competitor of DHBVN in Haryana therefore it becomes more important for DHBVN to do justice with honest consumers in Haryana.
2. Delay payment surcharge of 3% from the very next day of due date is totally unethical therefore must be changed to daily basis of 0.05% per day.
3. A proper area or sub area wise metering system is required at the input of area or sub area to calculate the difference of loss in that area instead of using 50 years old traditional system without technology.

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4. A justice must be done with consumers of honest consumers area or sub area by giving benefit in terms of reducing their per unit Tariff and actual losses must be loaded on dishonest consumers by differential Tariff system.
 5. These days technology is changing vertically and there is no harm in synchronizing with it to make future easy.
 6. No one is perfect in human behaviour therefore these days most of professional companies through hr working on weekly basis on human behaviour either by conducting workshops on week days or at weekends.
 7. We can play a big role and prove to be a role model by our contribution in reducing carbon emission by adopting to generate energy through renewable sources.

I request to form an area wise committee of consumers and DISCOM official for innovative ideas, suggestions, future solutions and implementations etc.

After reading your unexpected reply it seems that DHBVN instead of respecting the suggestions for betterment of DHBVN as well as of consumers has replied in defensive mode.

It is really surprising that I have been forwarded with my fetching details tried by me to pay my bill online in this reply. it is not a race of blame or to get position or rating. Never expected reply from such a senior level. It is for betterment of present and future community. Respected official bearing higher positions must think broad with far vision. Any way Please find the pointwise reply in reference to above subject-

1. It was not only a matter of technical problem in fetching the bill just 1-2 days before due date but totally unethical to charge flat 3% from consumer from next day till the day before the last date of next bill.

I had requested hon'ble commission to change it to daily basis as it is done by all other govt organizations like HUDA, MCF etc not for a greed to levy off my due date late surcharges. I don't think DHBVN is earning profit just by few nuts of such late charges.

Being a reputed govt organization DHBVN must be honest to consumers and must charge late surcharge on daily basis.

2. It is the duty of DHBVN to do justice either by implementing differential tariff system or by any other way to benefit honest consumers.

By getting appraisal it just does not make a justice to honest consumers by putting extra load of dishonest consumers.

3. It is good to know that DHBVN is doing time to time upgradation in their online system. As per my knowledge we are on first or second step of 10 steps rated technology. There is a lot of improvement and upgradation required. I request hon'ble commission to get it verified from an independent expert team from nic of govt of India to upgrade technology in pace with time.
4. I had shared my experience in DHBVN offices either on phone or walk in and it is suggested. For betterment of any organisation like DHBVN, DHBVN

must take it in positive mode to make the system better for consumers and future generation.

Prayer to Hon'ble Commission:-I am too young in front of Commission yet I pray hon'ble commission with folding hands. Please read the reply from DHBVN official in detail with attachment and analyse the level of reply for the issues put up in front of commission.

Response of DHBVNL

In response to the Objections filed by Sh. Naresh Bhatia R/o Sector-15, Faridabad, the Commission sought reply from DHBVNL vide letter dated 12.01.2022. In response, the reply on behalf of DHBVN submitted by SE/R-APDRP, vide Memo No. Ch. 16/SE/RA-736 dated: 19.01.2022 is reproduced as under:-

This is with reference to your office memo no. Ch-08/SE/RA-736 dated 18.01.2022 received regarding the subject cited matter. In continuation to the above, it is submitted that a joint telephonic discussion has been held on 13-01-22 with Shri Naresh Bhatia & SE/OP, DHBVN, Faridabad: Accordingly, the point wise reply, on the issue raised by Shri Naresh Bhatia, are summarized as under for further appraisal of the matter, please.

Point No. 1: Online bill fetching issued raised by Sh. Naresh Bhatia with further suggestion for the applicability of LPSC on pro-day basis instead of flat 3 %.

Reply: As per the screenshots for the bill fetching issue received from Shri Naresh Bhatia (Copy placed at Annexure- II), the online system behaviors has been verified (Copy placed at Annexure- III) & following have been observed.

- i. **Issued faced on 15th Dec 2021:** Due to auto-reminder services of payment apps like Paytm, Google Pay; Amazon, etc., a large number of system-initiated bill fetch requests were received from Bharat Bill Payment System (BBPS) platform on Nigam's Website. The matter was taken up with firm managing Online Payment Portal who, acted swiftly by limiting the number of requests received on Payment Portal during night hours.
- ii. **Issued faced on 14th Jan 2022:** A technical glitch was observed in CC&B database system at 11:00 am and the same was resolved by 01:00 pm on the same day.

Moreover, DHBVN would constantly put its endeavor to resort to any technical issues to avoid any inconvenience to its consumers in future in fetching electricity bills. In addition to above, it is also submitted that:-

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- a. The information about the bill generation & payment due date facility of SMS is also enabled & being disseminated by DHBVN through IT system regularly so as to keep the consumers abreast of the same.
 - b. For fetching bills, an independent WhatsApp Chat-bot facility & Missed Call Feature has also been provisioned in the IT system with all the details posted on Nigam's website. (Copy Placed at Annexure-IV).

In order to facilitate the consumers for making bill payment through online medium, the following modes are already provisioned in the existing Payment Portal:

- Debit/Credit Card
- Net-banking
- NEFT/RTGS
- BHIM/UPI
- Wallet/OR Code

The above digital platform is also being improvised from time to time by Nigam to give maximum convenience to its consumers.

The above fact can be appreciated with the statistics that at present 73 % payment is being received through online system of payment (Copy of abstract of payment for Jan 2022 is placed at Annexure-V).

As far as levy of LPSC after due date is concern, it is submitted that in the present IT system, rights have been assigned to respective SDO/In charge to exempt the levy of LPSC in case it is attributable to Nigam. However, the LPSC as per prescribed rates in terms of HERC regulations is charged for the reason attributable to consumers and the same is justifiable to maintain the discipline in the entire power planning and payment ecosystem.

Point No 2: AT&C loss based differential tariff.

Reply: Nigam has been putting its concentrated efforts to reduce AT&C losses. During last five years the AT&C losses have been reduced from 26.45 % (FY 2015-16) to 15.97% (FY 2020-21) In future, Nigam is aspiring to bring down the losses to 12.5% by 2025. The efforts being put by Nigam in improving its operational efficiency can be further appreciated from the fact that under 9th Annual Rating of DISCOMs, DHBVN has been rated A+ and is among top five Utilities in the country. It is also pertinent to mention that since last five years, there has been no tariff hike rather FSA (Fuel Surcharge Adjustment) of Rs 0.37/- has been discontinued besides reducing the tariff for

DS consumers.

Introduction of any concept of differential tariff would be a non-linear approach for the overall consumer mix.

Point No 3: Regular upgradation of IT System

Reply: IT System in Nigam has been implemented in 2015. Since then, it is being maintained consistently. Further, Nigam has also planned for Tech Refresh along with upgradation of the software applications which is slated to be accomplished in next one and half to two years in a phased manner.

Point No 4: Behavioral issues and customer satisfaction

Reply: Nigam is committed to provide better power supply & services to the consumers and consumer satisfaction. DHBVN is improving its working culture and dedicated help desks are created in each sub division to facilitate visiting consumers for availing services through single window system. Necessary directions are regularly imparted to the officials of Nigam for improvement of working culture and behavior by staff posted on public dealing Seats to improve customer's satisfaction viz-a-viz redress the queries/grievances of the consumers with utmost politeness and sincerity. Further efforts in this regard shall be the utmost priority and aim of the Nigam to improve customer satisfaction.

As such, the above reply is submitted in compliance to direction received from Hon'ble Commission, please.

Commission's View – The Commission has taken note of the suggestions of the intervener and have also taken up the matter separately. The intervener is assured that the Commission is sensitive to the issues faced by the electricity consumers of Haryana. The Discoms have continued to work towards consumers satisfaction and have taken quite a few proactive measures to enhance the quality and continuity of supply and services under it. Additionally, the Commission, through an independent study, is in the process of collating the various issues that the electricity consumers would like the Discoms to improve upon. Accordingly, the Commission would put in place the corrective measures so as to maximise electricity consumer's satisfaction. In this direction, one of the initiative taken by this Commission is to revamp the functioning of the Nigams Commercial Back Office (CBO) to ensure basic issues faced by the consumers including billing, metering, new connections, rectification of supply related complaints etc. are addressed within shortest possible time and without the need for a consumer to run from pillar to post.

Comments by Faridabad Industries Association (FIA) :

Vide email dated 10.01.2022, FIA submitted their comments as under:

(a) Comments on DHBVNL APR petition for FY 2021-22, and ARR Petition for FY 2022-23:

1. Distribution Losses

As per 1.4 of the summary RR Petition of DHBVN, it has solicited a distribution loss of 15% for the year 2022-23, which is not acceptable.

All the principals of tariff fixation as laid down in the MYT Regulations 2019 shall be applicable for the projection and determination of ARR for the FY 2022-23 also. In its MYT Order dated 1 June 2020, the Commission had observed the following:

“c) FY 2020-21 The Commission has considered the submissions of UHBVN and DHBVN in their petitions filed for True up for FY 2018-19, Revised Aggregate Revenue Requirement of 2019-20 & proposed Aggregate Revenue Requirement for FY 2020- 21 and after analyzing them observes that the AT&C loss target of 18.91% and 15.03% for FY 2020-21 proposed by UHBVN and DHBVN respectively is on lower side. Under UDAY scheme Haryana DISCOMs were required to reduce AT&C losses to 15.00% up to FY 2018-19 to utilize the grant of GOI but only DHBVN could achieve the target.”

During FY 2018-19, DHBVN had achieved distribution loss level of 15.34%. Tariff order of 1 June 2020 clearly mentions at 1.9 on losses as below:-

"That the Discoms have endeavoured to achieve the loss targets fixed by the Commission and working aggressively towards it. Initiatives undertaken are of long term in nature and impact will be visible after completion of the works which are under progress. It is submitted that reduction of distribution losses over the last year is a significant achievement and may be appreciated. It has been further submitted that in accordance to P. Abraham Committee Report and R-APDRP Guidelines issued by Ministry of Power, Distribution Licensee having AT&C losses level ranging between 20% - 30% may be given loss reduction target of 2% per year, whereas for AT&C losses level less than 20% loss reduction target shall be fixed at 1% per year. The relevant extract of the Report is reproduced as under: -

*“...AT&C Loss Reduction Targets The Task Force examined the targets set for AT &C losses reduction and after taking into consideration experience of the Utilities felt that the targets should be recast in a manner that they are realistic and achievable based on the present level of AT&C losses in each State. Accordingly, the Task Force recommends the following targets depending on their present level of AT&C losses:
Utilities having AT&C losses above 40%: Reduction by 4% per year
Utilities having AT&C losses between 30 & 40%: Reduction by 3% per year
Utilities having AT&C losses between 20 & 30%: Reduction by 2% per year
Utilities having AT&C losses below 20%: Reduction by 1% per year...”*

The Abraham committee task force stipulates at least a reduction of 1 % loss from the level of previous year.

The Commission, must therefore, set justifiable targets for AT&C Loss, distribution loss and collection efficiency in line with the MYT Tariff regulations 2019 and its own MYT order dated 1 June 2020.

The Commission is therefore, requested to approve the energy balance considering better targets for AT&C Losses, distribution losses and collection efficiency which in any case cannot be less than the targets given in MYT Tariff order dated June 2020.

The assumptions made by DHBVN against these controllable parameters must therefore, be rejected by the Commission and should not form basis for the projection of ARR for FY 2022-23.

Commission's View- The Commission has pegged distribution loss at 14% i.e. by setting a better target and thereby avoided any possibility of revenue gap and the need to increase

tariff in the FY 2022-23. Further, the true-up and ARR for the ensuing year is reckoned with in line with the regulations in vogue irrespective of the amount proposed by the distribution licensee.

2. Employee Expenses

The regulation 57.4 of MYT regulations 2019 clearly stipulate the following w.r.t the treatment of O & M and employee expenses:-

*“The O&M expenses for the nth 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 nth 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 nth 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 nth year. ▪ ‘ $INDX_n$ ’ means the inflation factor for the nth year as defined herein after. (b) $EMP_n(\text{excluding terminal liabilities}) + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1})$ Where, ▪ $INDX_n$ – Inflation Factor to be used for indexing the Employee Cost and A&G cost. This will be a combination of the Consumer Price Page 103 of 128 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.”*

In table 10 of the summary tariff petition for FY 2022-23, DHBVNL has projected a figure of Rs 1087.14 Cr for the FY 2022-23.

The regulations clearly state that the actual audited 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 Employee Costs and Administrative and General Costs for the base year of the control period.

The Commission is requested to approve the employee expenses for 2022-23 strictly as per the base year after applying the prudent checks and the corresponding escalation and inflation in line with the provisions laid down in Tariff regulations 2019.

Commission’s View- The Commission has taken note of the submissions of the intervener on employees cost, needless to say, the Commission is also bound by its own Regulations occupying the field, unless there exists a compelling reason for deviating from the Regulations.

3. R&M Expenses

In table 10 of its tariff petition for FY 2022-23, DHBVNL has asked for R&M expenses of Rs 194.43 Cr for 2022-23. Further it is observed that actual R & M expenses of DHBVNL as per its true up petition for 2020-21 are low at Rs 137.73 cr against the approved figure of Rs 176.11 cr as per the tariff order dated 1 June 2020.

Historically they have been spending much less on R and M as can be seen from the previous figures of the petitioner. **The Commission is therefore, requested to re estimate and re approve the R& M expenses for FY 2021-22 and FY 2022-23 after taking into account the actual R & M expenses of FY 2020-21 as given in the true up petition.**

Commission's View – The Commission has consider the submissions of the intervener on the issue of R&M. As far as R&M for the FY 22 is concerned, the same shall be taken up for true-up in the FY24. The R&M for the FY 2022-23 shall be estimated is accordance with the HERC MYT Regulations, 2019.

4. A & G expenses

As given in Table 10 of the ARR petition of DHBVN, it has proposed A & G expenses of Rs 147.87 cr for FY 2022-23 after applying a indexation factor on the A & G expenses for 2021-22.

However, as per our submissions on true up petition for FY 2020-21, Commission needs to approve only Rs 121.22 cr (after capitalization) against Rs 132.59 cr as the A & G expenses for FY 2020-21, which was approved by the Commission in its tariff order dated 1 June 2020. The estimated expenses for 2021-22 and FY 2022-23 shall be calculated taking this Rs. 121.22 core as the base expenses for 2020- 4 21 after applying inflation factor and escalation factor in line with MYT Regulations 2019.

The Commission is therefore, requested not to allow Rs 147.87 cr as the A & G expenses for 2022-23 and project these expenses based on the figures which are allowed in the true up for 2020-21.

Commission's View – A&G expenses for the FY 2022-23 will be calculated in accordance with the HERC MYT Regulations, subject to true-up along with carrying cost in the appropriate ARR year.

5. Non-Tariff Income

As per the summary petition, the DHBVNL has requested for Non-Tariff Income of Rs 307.66 cr for FY 2021-22 as well as for FY 2022- 23.It has not included income due to late payment surcharge. As Late payment surcharge is also legitimate NTI, taking it into account,

Total NTI for FY 2020-21 and 2021-22 shall be much more than the estimates of DHBVN as given above.

Even in the true up petition for 2020-21, DHBVN has submitted a non tariff income of Rs 357 Cr for the year FY 2020-21 after deducting delayed payment surcharge received from the consumers from the NTI to arrive at the net NTI. This practice is not acceptable as per the Commission's position in its previous tariff orders and the prevailing regulatory regime.

The Commission is therefore, requested to re estimate the non-tariff income figures of DHBVN for FY 2022-23 and FY 2021-22 based on above principles. The non-tariff income must include any LPSC or any other income and it will be much higher than the figures arrived at by the DHBVN.

Commission's View- The issue of non-inclusion of late payment surcharge has been deliberated and decided by the Commission in the past. However, it needs to be noted that any revenue that may be collected towards late payment surcharge is subsumed in the corresponding additional working capital and interest cost on the same.

6. Power purchase costs

As per table 7 of the summary petition, DHBVNL has considered 15 % distribution loss for arriving at the power purchase quantum and cost for FY 2022-23.

Kind attention of Commission is invited to our submissions at item 1 of our comments, where we have contested the projected figures of distribution loss of 15% for 2022-23 and have requested the commission to fix the level as per the MYT Regulations and the principles of loss reduction as laid down in orders and task force's recommendations.

In order to incentivize performance, commission must consider lesser targets for distribution loss and AT and C Loss reduction for FY 2022-23 and that should be taken into account to consider the power purchase quantum and its associated cost for the FY 2022-23.

Commission's View – The Commission has taken note of the submissions of the intervener. In the present order, for working out costs and tariffs, the distribution loss has been pegged at 14%.

7. Supply Voltage wise and consumer category wise distribution and AT&C losses:

As stipulated under regulation 57.1 (e) of HERC regulations 2019, the DISCOMs are required to submit the information on these losses to arrive at wheeling charges, open access charges and other important parameters like collection efficiency and AT&C losses category wise. The abstract from the tariff regulations 2019 are placed here:-

“(e) In the absence of requisite data in respect of such energy audit / sample surveys / sample DT metering/ meter readings of segregated 11kV AP feeders, the Commission shall not accept the claim of the distribution licensee and may proceed to fix the loss levels and the load factor for unmetered agriculture consumption on the basis of the information available with it; The distribution licensee shall furnish within a period of six months from the date of notification of these Regulations, computation of supply voltage - wise and consumer category wise distribution and AT&C losses;”

However, despite repeated directives by the commission and the clear legal provisions stipulated in the regulations, DHBVN has not submitted computation of supply voltage wise and consumer category wise distribution and AT&C losses till date.

DHBVN has again flouted the directions of the Commission by its failure to submit information on supply voltage wise and consumer category wise distribution and AT&C losses. This issue is pending for over 10 years. We request the Commission once again to take a serious view of the matter including invoking Section 142 of the EA.

Commission’s View- The Commission has taken serious note of the contention of the intervener and directs the Discoms to file voltage wise loss figures along with the ARR petition and not as part of the additional data / information submitted to the Commission in response to the deficiency letter issues by the Commission as done in the present case.

8. Authentication of AP sales

The DHBVN has failed to submit the details of AP Sales time and again despite repeated directives from the commission. Referring to 6 the strong remarks expressed by the commission as given below in its tariff order dated 1June 2020:

“The Commission observes that DHBVN Agriculture sales for FY 2018-19 is 6148.62 MU as per data provided vide its office Memo. No. Ch-44/SE/RA-659 dated 07/02/2020 and 5149.05 MU computed as per Commission’s methodology, which reveals a significant difference of 999.57 MU in these two figures appearing to be unrealistic. Therefore, Commission feels that the matter needs to be investigated. The Commission notes with concern that despite issuance of directives to this effect in its previous orders a fact also pointed out by the Intervener, DHBVN did not engage a third party for analysing and authenticating its AP sales data for FY 2017-18.

In view of the above, the Commission again directs DHBVN to engage a third party for analysing and authenticating its AP sales of FY 2017-18 and FY 2018-19 and submit its report within 3 months from the date of this order and also to examine the AP sales data meticulously for the FY 2019-20.”

The Commission must take this serious lapse in to consideration and invoke action under section 142 of the Electricity Act.

Commission's View- The Commission has taken note of the contentions of the intervener herein and is monitoring non-compliance of directives , if any, by the Discoms separately.

9. Replacement of defective Meters

The Commission has been insisting and giving instructions to the DHBVN for so many years to replace the defective meters and had given the following directive in its order dated 1 June 2020:

“The Commission in Order dated. 07/03/2019 had directed the Petitioners, “The dead / defective meters shall be replaced within a month. In case the DISCOMs fails to do so the Consumer concerned shall do so. However, in case the consumer fails to replace the dead / defective meter after expiry of one month, the consumer shall be liable to pay twice the normal tariff of the category that the consumer falls in.”

DISCOMs in their reply have submitted, “It may be noted that meter replacement is a continuous process and meters keep on getting defective necessitating replacement. Therefore, at any point of time some percentage of defective meters is inevitable.

Further, as per CEA Installation and Operation of Meters Regulations, 2006, the obligation to maintain a correct meter at consumer premises is that of the Licensee. The consumer however may elect to purchase his own meter and, in that case, “the meter purchased by the consumer shall be tested, installed and sealed by the Licensee”. In case the meter gets defective, the responsibility to replace the same is again of the Licensee. The consumer cannot be allowed to replace his own defective meter. He can only purchase a new meter as per Licensees’ specification, get it tested and installed from the licensee as stated above. So, the directive given by the Commission is in not in accordance with the CEA Installation and Operation of Meters Regulations. The relevant extract from the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 is reproduced as under: -

“15. Meter failure or discrepancies

(2) Consumer meters

In case the consumer reports to the licensee about consumer meter readings not commensurate with his consumption of electricity, stoppage of meter, 7 damage to the seal, burning or damage of the meter, the licensee shall take necessary steps as per

the procedures given in the Electricity Supply Code of the Appropriate Commission read with the notified conditions of supply of electricity.”

In view of the facts mentioned above, the Commission may kindly withdraw the directive.”

The Commission has considered the reply of DISCOMs and acknowledges the fact that the defective meters are to be replaced as per relevant Regulations in vogue. Further, the Commission is of considered view that that despite issuance of directives almost in each tariff order distribution licensees have not been able to get the meters replacement of defective energy meters as per the norms fixed by the commission. The licensees should ensure availability of energy meters at Nigam’s stores, empower its officials and plan its activities suitably in order to achieve the envisaged targets. The Discoms ought not to lose site of Section 55 (1) of the Electricity Act, 2003 i.e. “No licensee shall supply electricity, after the expiry of two years from the appointed date, (emphasis added) except through installation of a correct meter in accordance with the regulations”.

The reply of the Nigam has always been very vague and open ended. This point has been commented upon by the Commission for the last 10 years. Despite the directive time and again, there are significant no of defective meters in DHBVN.

The Commission should ensure a time bound compliance from the discom as defective meters are a huge burden on the power system and its economics and concerted efforts should be made by the discom to get it replaced in a time bound manner, failing which commission should impose heavy penalties on discom for this gross violation time and again.

Commission’s View – All such directives, including installation of smart – meters are being monitored separately by the Commission.

9. Reporting of Circle wise 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.

However, despite repeated directives by the Commission, utilities have failed to comply with such an important aspect which can go a long way in managing the acute problem of distribution losses. Commission may kindly make a strong note of this for passing necessary instructions to the DHBVN.

Commission's View – The Commission has taken note of the contentions of the intervener, the Discoms must ensure all such loss figures must be posted on its website and updated on a regular interval.

10. Non replacement of Electro-mechanical Meters:

The Commission in its order dated 1 June 2020 and its earlier orders has been directing to replace the electromechanical meter on 100% basis. The excerpts from the June 2020 order are placed below:

“The Commission has considered the submissions of the Petitioners and observes that the progress made for replacement of defective meters is considerable lagging in order to achieve the target specified related to replacement of electromechanical meters. Therefore, the Petitioners are again directed to replace all the electromechanical meters at least in urban area before filing of next year's ARR / Tariff Petition.”

As can be seen, discom not only flouts the repeated directives of the commission on the issue but also contravenes the legal provisions of tariff regulations and Electricity Act which prohibits use of electromechanical meters. Commission is requested to closely monitor the compliance by the DHBVN and impose heavy penalties in the event of unsatisfactory progress.

Commission's view – The Commission is seized with the issue and is separately monitoring all such non-compliance by the distribution licensee.

11. Smart metering:

Reference is made to the commission's directive in its order dated 1 June 2020 as below:-

“The Commission has considered the submissions of the Petitioners and observes that the DISCOMs could not achieve the targets of installation of Smart Meter envisaged in National Tariff Policy 2016 due to constraints explained above. In the public hearing on 12.02.2020, the Licensees submitted that UHBVN and DHBVN have collaborated with EESL for roll out of 10 Lac Smart Meters and M/S L&T has been engaged as System Integrator for execution of project. Approximately 50,000 smart meters have been installed in Karnal and Panchkula. Besides, 50,000 smart meters have been installed in Gurgaon. In addition, purchase process of 20 Lac smart meters on CAPEX Model is in progress.

It is observed that the Hon'ble Minister of Finance, Government of India, while presenting the Budget on February 1, 2020 for the year 2020-2021 in the Parliament, has mentioned at para number 58 of her speech that: "58. Taking electricity to every household has been a major achievement. However, the distribution sector, particularly the DISCOMs are under financial stress. The Ministry intends to promote "smart" metering. I urge all the States and Union Territories to replace conventional energy meters by prepaid smart meters in the next 3 years. Also, this would give consumers the freedom to choose the supplier and rate as per their requirements.

Further measure to reform DISCOMs would be taken.

I propose to provide about Rs22,000 Cr to power and renewable energy sector in 2020-21"

In view of above, Government of India has planned to replace conventional energy meters by prepaid smart meters in the next 3 years and to provide electricity consumers the freedom to choose the supplier and rate as per their wisdom. Accordingly, DISCOMs are directed to expedite the Installation of 9 Smart Meter with associated features and submit year-wise detailed plan of three years to replace conventional energy meters by prepaid smart meters."

Despite the clear provisions and the directions from the Commission as well as from the Govt of India, the progress on smart meters is extremely tardy by the DHBVN. They need to be pulled up by the commission and taken to task for their laxity and a definite time frame must be fixed to complete the job.

Commission's view- The Commission is actively monitoring the progress is installation of smart meters separately.

Standards of performance and reliability indices

As per HERC regulations 2004 on standards of performance, clause 3.1 stipulates that these standards shall be the minimum standards of the service with reference to the quality, continuity and reliability of the services of distribution company. Further, as per clause 8.1 of these regulations, every licensee shall furnish the information on these standards and reliability indices (refer clause 8.3) every year.

Further as per schedule 1 of the guaranteed standards of the performance of these regulations, the period of load shedding shall not exceed 4 hours per day continuously for 4 days and in the event of the failure by the licensee to do so, a penalty has been specified. Further, as per the overall standards of performance as given in schedule II, defective meters shall not exceed 1% of the metered installations as per these standards, though there are still

many more lacs defective meters in the licensed area of the petitioner. In fact, most of these provisions are grossly and blatantly flouted by the licensee. No such compensation has been paid by the utility against the non-compliance of these standards of the performance, even though there is a provision for automatic payment of compensation as per clause 7.2 of these regulations.

Even, the DTs failure rate is much higher than the stipulated one in the regulation which is affecting the ARR adversely. Commission has noted its concern in the last tariff order dated 1 June 2020 as below:-

“The DT damage rate is to be analysed on the basis of total number of DTs damaged irrespective of the fact whether the transformer damaged was within warranty period or not, as all these DTs were part of the system. The Commission considered it appropriate to consider the total damaged DT irrespective of damaged within warranty or not. The high level of transformer damage rate not only affect the continuity of supply adversely but also reflects upon poor monitoring and maintenance of distribution system which in turn also impacts the finances of the distribution licensees.

From analysis of the data, it is observed that failure rate of DTs in urban and rural area of UHBVNL during FY 2018-19 is 5.64% and 10.19% respectively 10 which is above the maximum limit prescribed by the Commission and the Failure Rate of DTs in urban area of DHBVNL during FY 2018-19 is 5.66% which is also above the maximum limit prescribed by the Commission. The failure rate in rural area of DHBVN is within the norms prescribed by the Commission.

The Commission has analysed the submissions of the Petitioners and observes that despite issuance of regular directives to the DISCOMs to ensure the reduction of DTs failure rate, there is hardly any improvement. In the FY 2018-19, DTs failure rate in both Urban and Rural area of UHBVN and Urban area of DHBVN is higher than the norms, also, overall DTs failure rate of both Licensees in FY 2018-19 is increased in comparison to that of FY 2017-18. The commission again directs the licensees to bring down the distribution transformer damage rate below the prescribed limits by FY 2020-21. Any slippage on account of the timeline shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder.

As per MYT Regulations 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. The DISCOMs are again directed to ensure that quarterly reports be submitted regularly.”

The Commission is requested to look in to the performance indices of the discom and order punitive action where non-compliance is observed.

Commission’s View – The Commission has taken note of the submissions of the intervener. It is reiterated that the Commission is separately monitoring the performance of the Discoms vis-à-vis directives as well as SOP.

12. New supply connections

As per Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005, it is the Duty of Licensee to supply electricity on request. As per clause 3.1 of these regulations, every distribution Licensee shall, on receipt of an application from the owner or occupier of any premises, give supply of electricity to such premises, within one month of receipt of the application, complete in all respects along with the non - refundable application processing fee. However, a no of new connections remain pending as observed by the commission at 5.12 in last tariff order dated 1 June 2020 as given below:

“Accordingly, the Commission in the interest of justice directs the distribution licensees to award compensation as per HERC Regulations wherever the delay in releasing the AP connections under Tatkal Scheme is beyond thirty days. It is directed that pending connections be released within one month, otherwise interest at State Bank of India MCLR rate with one-year tenor applicable on 01.04.2018 shall be payable from the date of deposit of tatkal premium amount.

In view of the above, the Commission again directs the distribution licensees to expedite the release of pending applications for new connections as well as load enhancement. The present backlog should be removed within two months 11 from the date of this Order and the distribution licensees shall submit a report on the same thereafter. In case backlog is not cleared within two months, it shall be deemed to be a notice under section 142 against the erring Officer/Official and the penalty so levied shall be paid to the sufferers. Compensation paid to the applicants, as specified by the Commission in its Regulations, for delay in expediting new connection or release of extended load shall also informed within two months from the date of this Order. The details of pending connections be uploaded on the website of the DISCOMs on monthly basis along with action plan to release the same. “

A large no of pending requests for new supply connections beyond the permissible time limit is clearly violative of the statutory provisions and commission must not allow this to happen without punitive actions.

Commission's view – The Commission has taken note of the submissions of the intervener on the issue of pending connections.

13. Penalty for contraventions

It has been observed that the licensee has not been complying with the various provisions of regulations, supply code, Electricity act, Conditions of the License and directives issued by the commission in the past. It has also been found flouting various provisions of applicable regulations and Act as can be seen from the tariff orders of the commission and by discom's own admission in its ARR petition. Though there are provisions in the Act and the regulations, e.g. Sections 142 and 146 of the Act and other regulations in force provide for penal action against the licensee, no penal action is taken against the licensee. Also, Discom has been flouting almost all the provisions of supply code and various standards of performance, neither any compensation is given to the gullible consumers, nor any penal action is ever taken by the commission though, repeated warnings for taking penal actions have been issued by the commission in vain in its tariff orders and otherwise.

As there has been repeated flouting of these provisions, Commission may take stringent view and may consider taking punitive action against the concerned official by holding him personal guilty for non-compliance and may also consider imposing penalty by invoking section 142 of the electricity act 2003.

Commission's view – The Commission is well aware of all the provisions of the Electricity Act, 2003, including the penal provisions. The same shall be taken re-course to as and when required and after following the due process for such proceedings.

16. Tariff philosophy

As per National tariff policy, cross subsidy should be reduced every year. Clause 8.3 on tariff policy provides as under:

1. In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive 12 a

special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. For example if the average cost of service is Rs 3 per unit, at the end of year 2010- 2011 the tariff for the cross subsidized categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross subsidizing categories should not go beyond Rs 3.60 per unit.”

Further MYT regulations 2019 provide the following provisions for cross subsidy:-

“69 INTER CATEGORY CROSS-SUBSIDY

69.1 The distribution licensee’s tariff proposal should reflect the reasonable cost of providing service to each consumer class. In case where tariffs are historically distorted with significant level of cross-subsidy, the aim should be to gradually move to non-cross subsidized tariffs.

69.2 In the annual performance review and tariff application, the distribution licensee shall include a report on how far they have implemented the cross-subsidy reduction trajectory approved by the Commission for reduction of cross-subsidy and the measures being proposed in the current application to implement the plan.”

The Licensees have not submitted any measures or plan to reduce the inter category cross subsidy which is a vital requirement of tariff policy and MYT Regulations.

17. Audit of loss making feeders

In DHBVN, there is a high no of feeders, both urban and rural, on which the losses are consistently above 50%, but the licensee has not bothered to get energy audit of such feeders done and take suitable measures to curtail the same despite numerous directives of the commission on the issue. The Commission had further viewed this lapse on the part of licensee very seriously and had directed to file report on the status of losses on each of these feeders and also prominently display them on their website within 3 months with detailed reasons for non-compliance of the Commission’s directives. However, despite all these warnings, nothing has been done by the discom.

Again in its order dated 1 June 2020, commission had strongly observed the following:

“5.6 Feeder Looses-Urban & Rural (UHBVN & DHBVN)

The Commission observes that although DISCOMs have shown some improvement, yet, are far behind the targets set by the Commission vide Tariff Order dated 07/03/2019 despite incurring substantial Capital Expenditure on system strengthening schemes/activities and Mhara Gaon Jagmag Gaon (MGJG) scheme. The Commission, in order dated 07/03/2019, had observed as under:

“The Commission has analysed the submissions of the Petitioners and is of judicious view that DISCOMs shall achieve the target as prescribed by the Commission for FY 2019-20. Any slippage on account of the target shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder.”

DISCOMs in its reply have submitted that for achieving the targets for Urban and Rural Feeders in the FY 2019-20, schemes like Mhara Goan Jagmag Goan (MGJG), Urban Feeder Sanitization, are vigorously being implemented due to which overall AT&C Losses have reduced significantly i.e. from 30.02% in FY 2015-16 to 17.45% in FY 2018-19. Earnest efforts are being made to achieve the AT&C loss targets given by the Hon’ble Commission.

The year-wise position of the line losses on 11kV Rural and Urban feeders of the licensees, as per the details provided by UHBVNL and DHBVNL, is as under:

Status of Rural Feeder Distribution Losses

Distribution Losses	FY 2016-17				FY 2017-18				FY 2018-19			
	UH	DH	Total	%age	UH	DH	Total	%age	UH	DH	Total	%age
Below 50%	69	326	395	22.58 %	178	452	630	34.43 %	321	551	872	45.51 %
Above 50%	793	561	1354	77.42 %	704	496	1200	65.57 %	612	432	1044	54.49 %
Total	862	887	1749	100%	882	948	1830	100%	933	983	1916	100%

The Commission agrees with the stakeholders that the distribution losses must be minimised to the extent possible and in no case must exceed the permissible limits. The distribution Licensees are directed to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2020-21. DISCOMs shall submit detailed action plan to achieve the target within two months of issuance of orders.”

These losses are taking place repeatedly even after making huge capital expenditure on loss reduction. The adverse effect of increase in the cost of supply due to such losses is borne by honest consumers, while the distribution companies are reluctant to take action against the defaulters for want of will power. Most of these losses are caused by the connivance of Discoms with the unscrupulous and corrupt elements. The mounting losses of the DHBVN are a big drain on the state exchequer. Strangely, the government has done nothing except doling out huge subsidies and infusing funds in the form of equity without any notable improvement in their performance.

The Commission must therefore, invoke Section 142 of the Electricity Act, 2003 and take stringent action against the discom.

In view of the above, we, the industry of Haryana look forward for your kind intervention in order to improve the distribution power system of DHBVN to make it more viable, cost effective, efficient and robust so as to serve power to its consumers at a reasonable price.

Commission's view – The observations of this Commission on non-compliances is reiterated.

18. Peak Load Exemption Charges (PLEC)

PLEC on Open Access consumers was introduced vide HERC 1st Amendment dated 3rd December 2013 due to overloading of the power infrastructure during peak hours.

The basis of levying PLEC during peak load which may call for scheduling of expensive power and impose burden on the system requiring further investments which largely remains un-utilized during the off-peak hours / months of the year, may not hold good now because of the fact that power infrastructure in Haryana has been considerably upgraded and there is no constraint on HVPNL/DISCOM infrastructure. Further the DHBVN is duty bound to manage the system constraint and its failure to do so can not be compensated by the levy of PLEC which would only breed the inefficiency in its work culture. In the present scenario, levy of PLEC on all consumers including Open Access consumers is unjustified.

Hence, Commission is requested to discontinue levy of PLEC on all consumers including Open Access consumers.

Commission's view- PLEC has been considerably relaxed since it was introduced and shall be reviewed as and when required.

(b) Comments on True-up petition of DHBVNL for FY 2020-21 before HERC:-

1. O & M Expenses

As per 13.2 of MYT regulation 2019:

"13.2 Truing-up of uncontrollable items shall be carried out at the end of each year of the control period through tariff resetting for the ensuing year and for controllable items shall be done only on account of force majeure conditions and for variations attributable to uncontrollable factors."

Further as per 3.41 of MYT Regulations 2019:

"operation and maintenance expenses" or "O&M expenses" mean the expenditure incurred on operation and maintenance of the generating plant or transmission system or distribution system, as the case may be, including part thereof, and includes the following expenditure:

a. Employee cost (EC)

b. Repair and Maintenance (R & M) expenses;

c. Administration and General (A &G) expenses; "

As given in Table 8 of the executive summary of the petition of DHBVNL, the comparison of approved O & M expenses by HERC in its order dated 1 June 2020 and actual being claimed by DHBVNL for FY 2020-21 in this petition is given below:

Table 8 Summary of O &M Expenses for FY 2020-21 (Rs. Crore)

Particulars	Approved	Actual
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Employee Expenses	938.93	906.98
Administration & General Expenses	121.22	132.59
Repair and maintenance expenses	176.11	137.73
Terminal liabilities	360	320.84
Total	1593.26	1498.14

It indicates that DHBVNL has spent 11.37 cr more on A & G expenses which need to be disallowed by the Commission as 57.4 of the MYT regulations 2019 clearly indicates that :

"57.4 Operation and Maintenance Expenses The actual audited 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 Employee Costs and Administrative and General Costs for the base year of the control period. The O&M expenses for the nth 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 nth 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 nth 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 nth year. 3*

♣ *'INDX_n' means the inflation factor for the nth year as defined herein after.*

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

Where,

♣ *INDX_n – 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 INDXn 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.

Note 7: Source for CPI and WPI calculation as under:

Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year;

Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year

(c) X_n is an efficiency factor for nth year

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

In line with above regulations, the discom should have given a clear explanation and calculation of expenses of all the components of O & M expenses and a mere mention of this amount in the audited accounts is not enough. They must take a base value of employee expenses, R & M expenses and A & G expenses, apply inflationary index and the efficiency factor to arrive at the expenses which they wish to get approved from the commission.

In the absence of any calculation and justification, Commission may therefore, allow A & G expenses of Rs 121.22 Cr as approved in the tariff order dated 1 June 2020 for FY 2020-21 against Rs 132.59 Cr as claimed by the DHBVN in line with MYT Regulations 2019 while considering true up for FY 2020-21.

Further it is observed that actual R & M expenses of DHBVNL are low at Rs 137.73 cr. against the approved figure of Rs 176.11 cr as per the tariff order dated 1 June 2020. It is found that DHBVNL is not spending enough on R & M expenses as a percentage of total ARR. It should improve its operational performance with judicious expenditure on R & M. The study on “Various power distribution models in India” conducted by CRISIL Infrastructure Advisory for the High level panel (HLP) constituted under the Chairmanship of Shri V.K. 5

Shunglu highlighted that one of the reasons behind better performance of the private distribution licensees has been IT implementation, adequate expenditure on R&M and judicious expenditure on employee cost.

A comparison of these expenses with other government and private distribution companies indicates that while the private distribution licensee have been spending about 25% to 35% of their O&M expense on repair and maintenance of their network, the majority of DHBVN's O&M costs are directed towards employees and administration.

We humbly request the Commission to direct the licensee to work on improving its operational performance by judicious expenditure in O&M cost for supplying quality power to the consumers.

2. Efficiency factor

Referring to 57.4 of the tariff regulations, following has been stipulated: -

"57.4 Operation and Maintenance Expenses

The actual audited 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 Employee Costs and Administrative and General Costs for the base year of the control period. The O&M expenses for the nth 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 nth 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 nth 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 nth year.

♣ 'INDX_n' means the inflation factor for the nth year as defined herein after.

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

Where,

♣ $INDX_n$ – 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.

Note 7: Source for CPI and WPI calculation as under: Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year; Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year

(c) X_n is an efficiency factor for nth year

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

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

It is quite clear from the above that while calculating the O&M Expenses for the distribution licensee, efficiency factor of the licensee is to be applied and O&M Expenses will be calculated accordingly. However, the same has not been taken in to account for calculating these expenses by DHBVN.

It is extremely important to link the expenses of the distribution licensee with the efficiency so as to incentivize his performance. Commission must, therefore, decide immediate figures for efficiency factor and reflect them in the allowable costs for O&M Expenses.

3. Expenditure due to other debts

In table 22 of the petition, DHBVNL has claimed an expenditure of Rs 2.18 cr on account of other debts like debits and prior period expenses etc.

It may kindly be noted that there is no scope for recovery of expenses on account of such under performance and incompetency on part of DISCOM and there is clear provision in regulation regarding bad and doubtful debts as given at 64 of regulations 2019 which is produced below:-

“64 Bad and doubtful debts shall be allowed to the extent the distribution licensee has actually written off bad debts subject to a maximum of 0.5% of sales revenue. However this shall be allowed only if the distribution licensee submits all relevant data and information to the satisfaction of the Commission. In case there is any recovery of bad debts already written off, the recovered bad debts will be treated as other income.”

DISCOM has not been mandated to waive off any kind of bad debts and instead charge the same from the consumer through its ARR. This is absolutely against any norms of commercial transactions. The waived off bad debts cannot be loaded on any consumers; it has to be suffered by discom as a loss. This results in decrease in collection efficiency, increase in commercial losses and overall worsens the scenario of AT &C losses, which is the ultimate benchmark for the health of any distribution utility. Moreover, the honest consumer, who is diligently and regularly paying his dues has to bear the brunt of defaulters and pay for their misdeeds. Further the facility of waiving off creates a bad habit amongst consumers expecting this undue and unfair advantage every time from the government authorities and promotes wastage of energy, thereby, resulting in more distribution losses. There is no provision for waive off of any kind of electricity dues and the discom should be sternly warned that they must take recourse to all possible means of recovery against the defaulters.

As there is no justification given by licensee and there is absolutely no legal provision to sustain this claim, the Commission is, therefore, requested not to consider this expense in the ARR while truing up the costs for FY 2020-21.

4. Distribution losses

Referring to the Commission's latest tariff order dated 1 June 2020, against a target of 16.53 % for distribution losses, the DHBVN has indicated a figure of 16.93 % for FY 2020-21 as per 1.4 of the summary petition of DHBVN. This underachievement by the DHBVN has to be treated in line with the stipulation 57.1 of the MYT Regulations 2019 as reproduced below:-

"57.1 Distribution loss

- (a) The distribution loss shall be equal to the difference between the energy injected into the distribution system (X) and the sum of energy sold to all its consumers (Y);
- (b) Energy sold shall be the sum of metered sales and assessed unmetered sales, if any, based on approved methodology/ norms. The percentage distribution loss shall be as follows:

$$\text{Percentage distribution loss} = ((X - Y)/X) \times 100$$

- (c) The distribution licensee shall file the loss trajectory in the business plan commensurate with the capital investment plan. The Commission after verification and evaluation of the same shall approve the loss trajectory for each year of the control period;
- (d) The distribution loss level will be linked to a normative load factor for unmetered agriculture consumers. The distribution licensee shall establish 10 consumption of unmetered agriculture consumers through a representative and reliable energy audit/sample tube well metering/sample DT metering/ meter readings of the 11 kV segregated AP feeders and submit requisite data for consideration of the Commission.

Provided that the Distribution loss trajectory for the control period shall be decided by the Commission in the MYT Order, considering the past performance data, estimate of distribution losses for each year of the control period submitted by the Distribution Licensees in their MYT Petition, industry bench marks/norms and after consideration of other relevant factors considered appropriate by the Commission. The distribution licensee shall submit appropriate feeder wise losses data along with its plans to bring the same within the industry benchmark and accordingly calculate and submit the loss reduction trajectory along with the MYT petition for the first year of the second control period.

- (e) In the absence of requisite data in respect of such energy audit / sample surveys / sample DT metering/ meter readings of segregated 11kV AP feeders, the Commission shall not accept the claim of the distribution licensee and may proceed to fix the loss levels and the load factor for unmetered agriculture consumption on the basis of the information available with it; The distribution licensee shall furnish within a period of six months from the date of notification of these Regulations, computation of supply voltage - wise and consumer category wise distribution and AT&C losses;
- (f) Any overachievement and underachievement of the loss trajectory shall be subject to incentive and penalty framework specified in Regulation 12. The distribution licensee(s) shall provide a statement to this effect in the mid-year performance review and true-up.

Provided that the financial impact on account of over or under achievement of Distribution Loss target shall be computed as under:

where,

Q1 = Actual quantum of Energy purchased at Distribution periphery in MU;

L1 = Distribution Loss Target in %;

P = Trued up Average Power Purchase Cost (APPC) per unit at Distribution periphery in Rs./kWh;

Q2 = Actual quantum of Energy Billed in MU.

57.2 Collection Efficiency

The norms for Collection Efficiency for the distribution licensee(s) shall be 99.50% for every year of this Control Period.

Besides the Collection Efficiency, the Commission shall also monitor the recovery of arrears of previous years for which the Commission shall prescribe the targets and shall accordingly assess the performance of the licensee with regard to recovery of arrears.

Any over achievement or under achievement in respect of Collection Efficiency and recovery of arrears shall be subject to incentive and penalty framework as specified in Regulation 12.

Therefore, there is a clear-cut short fall on account of distribution losses for the FY 2020-21 which is to be subjected to the penalty framework as stipulated in the 12 of MYT regulations 2019.

The Commission is therefore, requested to allow only one-third of the loss on account of losses of DHBVN to be passed on to the consumers and the loss on account of two-third losses shall be absorbed by distribution licensee in line with regulations and commission's orders.

5. AT&C Losses

As per 57.3 of MYT Regulations 2019, following is stipulated on AT and C losses:

"57.3 AT&C Losses

The Distribution Licensee shall file AT&C Loss trajectory for monitoring AT&C Losses.

The percentage AT&C losses shall be calculated as per the following formula:

$$\% \text{ AT\&C losses} = 100 - \text{CE} \times (1 - \text{DL} / 100)$$

Where: CE is the % Collection Efficiency and

DL is the % Distribution Loss "

Referring to the summary ARR petition at 1.4, the AT and C losses of the DHBVN have increased from 15.41% in FY 19-20 to 15.75% in 2020-21. Commission's latest tariff order dated 1 June 2020 stipulates the following for the AT and C losses at 5.7:

"c) FY 2020-21 The Commission has considered the submissions of UHBVN and DHBVN in their petitions filed for True up for FY 2018-19, Revised Aggregate Revenue Requirement of 2019-20 & proposed Aggregate Revenue Requirement for FY 2020-21 and after analysing them observes that the AT&C loss target of 18.91% and 15.03% for FY 2020-21 proposed by UHBVN and DHBVN respectively is on lower side. Under UDAY scheme Haryana DISCOMs were required to reduce AT&C losses to 15.00% up to FY 2018-19 to utilise the grant of GOI but only DHBVN could achieve the target."

So even against a self-proposed target of 15.03%, DHBVN achieved AT and C Losses of 15.75% in FY 2020-21 Which is an under achievement and must be treated in line with the regulation 12 of MYT Regulations 2019 as reproduced below:

"12.4 In case of gain

The item wise gain shall be shared between the generating company or the licensee, as the case may be, and their respective beneficiaries in the ratio of 50:50. However, the sharing ratio of 50:50 may be revised to a 13 maximum

of 60:40 at the time of true-up during mid-year performance review / true-up. The manner of utilization of the additional 10% gain shall be specified by the Commission from time to time.

12.5 In case of loss

12.5.1 The item wise losses on account of controllable factors in case of a distribution licensee shall be dealt with in the following manner:

- (a) The loss to the Distribution Licensee on account of Distribution losses, as may be admitted by the Commission after prudence check, shall be dealt with as under:
 - (i) One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be specified in the Order of the Commission; and*
 - (ii) The balance amount of loss shall be absorbed by the Distribution Licensee.**
- (b) The item wise losses on account of other controllable factors, unless otherwise specifically provided by the Commission, shall be borne by the distribution licensee.*

"Since AT and C LOSSES IS A CONTROLLABLE Parameter, DHBVN Must take blame and the corresponding hit on account of underachievement.

6. Collection Efficiency

Collection efficiency is defined as ratio of total revenue realized to the total revenue billed during the year and its target has been specified in 57.2 of the regulations as under:-

"57.2 Collection Efficiency

The norms for Collection Efficiency for the distribution licensee(s) shall be 99.50% for every year of this Control Period.

Besides the Collection Efficiency, the Commission shall also monitor the recovery of arrears of previous years for which the Commission shall prescribe the targets and shall accordingly assess the performance of the licensee with regard to recovery of arrears.

Any over achievement or under achievement in respect of Collection Efficiency and recovery of arrears shall be subject to incentive and penalty framework as specified in Regulation 12."

A collection efficiency of 99.5 % was specified by the commission for FY 2020- 21 for DHBVN. However, true up petition of DHBVNL provides no information in the petition regarding revenue billed and the collection efficiency for FY 2020-21. These figures are required to be provided by the licensee which then would be subjected to the prudence check of the commission and any shortfall in the targets will be subjected to the penalty framework as per regulation 12 of MYT regulations 2012.

The Commission is therefore, requested to direct the licensee to provide the necessary information and figures immediately to assess the performance of licensee against the targets for these controllable parameters.

7. Non-Tariff Income

DHBVN has submitted a non-tariff income of Rs 357 Cr for the year FY 2020-21 in its true up petition as per their petition as mentioned below:-

Non-Tariff Income

Actual non-Tariff income of DHBVN for FY 2020-21 is Rs. 357 Crore against Rs. 307.66 Crore approved by Hon'ble Commissions in Tariff Order dated 01.06.2020. DHBVN has not considered the delayed payment surcharge and timely payment of energy charges and supplier/ contractor as part of non tariff income for FY 2020-21.

As mentioned above, it has deducted delayed payment surcharge and discount on timely payment from the NTI to arrive at the net NTI. It has claimed that since these are the receivables from the consumers that are not received in time, and as there is a delay in receiving the revenue, the Nigam has to procure additional working capital. Therefore, the revenue received on account of delayed payment surcharges is not income of the Nigam and hence may not be a part of NTI.

However, As per MYT regulations 2019 governing the tariff fixation, the following provisions have been laid down:

"67. NON-TARIFF INCOME

67.1 *All incomes being incidental to electricity business and derived by the licensee from sources, including but not limited to profit derived from disposal of assets, rents, meter rent, income from investments other than contingency reserves, miscellaneous receipts from the consumers, etc shall constitute non-tariff income of the licensee;*

67.2 *The amount received by the distribution licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement. Provided that the distribution licensee shall submit full details of his forecast of non-tariff income to the Commission in such form as may be stipulated by the Commission from time to time.*

Provided that Late Payment Surcharge and Interest on Late Payment earned by the Distribution company shall not be considered under Non-tariff Income.

67.3 *The "non-tariff income" shall include but shall not be limited to the following:*

- a. Income from rent of land or buildings or other assets;*
- b. Income from sale of land and other assets;*
- c. Income from sale of scrap;*

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- d. Income from statutory investments;*
 - e. Income from interest on contingency reserve investment;*
 - f. Interest on advances to suppliers/contractors;*
 - g. Rental from staff quarters;*
 - h. Rental from contractors;*
 - i. Income from hire charges from contractors and others;*
 - j. Income from advertisements, etc.;*
 - k. Miscellaneous receipts;*
 - l. Interest on advances to suppliers;*
 - m. Excess found on physical verification;*
 - n. Deferred Income from grant, subsidy, etc., as per Annual Accounts;*
 - o. Prior period income, etc. "*

In line with the above legal provisions, Commission also has been consistently disallowing deduction of late payment surcharges from Non-tariff income time and again.

In view of the above justification and in line with the prevailing tariff regulations 2019 and also the Commission's own tariff orders and pure logic, Commission must disallow the claims of the Discom and the amount collected as late payment surcharge will be considered as income of the discom and be deducted from the ARR. The total NTI therefore, be considered including LPSC etc against the figures of Rs 357 Cr as considered by the DHBVN in its petition.

Commission's View – The Commission observes that the intervener herein has commented and objected on quite a few expenses including non-tariff income as well as distribution and AT&C losses proposed by the distribution licensees. As far as distribution loss level is concerned, the Commission for the FY 2022-23 has pegged the same at 14% which, due to the resultant savings, has ensured sufficiency of revenue at the existing tariff levels. As a result no tariff increase in the present order has been considered except in one DS slab because of non-commitment of subsidy by the State Government. Further, the Commission has considered and allowed all other expenses for true-up of the FY 2020-21 as well as ARR period i.e. FY 2022-23 as per the HERC MYT Regulations in vogue.

Comments by HPGCL

Vide Memo No 16/HPGCL/CE-REG-522 dated 18.01.2022, HPGCL has submitted the comments on the Haryana DISCOMs ARR filed in HERC vide Petition No 46 & 47 of 2021.

In reference to Hon'ble Commission interim order dated 12.01.2022 in HERC/PRO-46 of 2021 & 47 of 2021, wherein 7 days' time has been accorded to file the comments/objection in the subject cited petitions. HPGCL is hereby submitting the following comments/objections within stipulated time : -

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- A. HPGCL being the State Generating Utility always stand with the Consumers of the State in all difficult times. The last peak season, when all major IPPs are failed to perform their contractual obligations and put energy security threat to State of Haryana, State Generating Utility stands in difficult times with DISCOMs to perform in interest of Consumers.
- B. HPGCL in the past, always stood with DISCOM's in difficult time and even extending every help to make their business sustainable in past. There was a time when DISCOMs were unable to make the payments during FY 2009-10 to FY 2015-16, it was the State Genco which stood with DISCOMs to serve the consumers of the State without creating any litigation for seeking past dues being sister concern.

However, with change in circumstances, HPGCL gets meagre schedule on pretext of alleged erroneous MoD which is based on marginal cost savings. While calculating the Average Power Purchase Cost (APPC) HPGCL is considered at normative as 'Base Load' station and by placing the HPGCL Units under "Reserve Shut Down", it leads to eroding of the State Equity invested in HPGC, which is impacting the future of the HPGCL Units and badly impacting the associated industries viability also.

Commission's View – The ultimate objective is to make available to the electricity consumers of Haryana good quality power at an affordable rate. The MoD in vogue, based on stacking of generator based on variable / fuel cost, is widely followed, hence the intervener also has to abide by the same. To consistently appear in the MoD stack, the intervener need to make all out effort to become more competitive and rein in its fuel cost.

- C. HPGCL in the past has already demonstrated that on "Cost to Consumers" basis, the State Generating Units are cheaper, and if utilized at optimum level, it can lead to substantial savings. However, after perusing the present ARR of DISCOMs, HPGCL would like to invite some concerns which are outmost necessary for the Commission in interest of the State and future of HPGCL Plants and its associated industries as under:-

Preliminary Submissions as per Regulations of MYT,2019

- D. The reliance has been made on the following Regulations of the HERC MYT Regulations 2019 for making the submissions as under:-

"58 SALES AND POWER PURCHASE VOLUME

58.1 The distribution licensee shall forecast monthly sales for each customer category and sub-categories for all years of the control period in their business plan and ARR filings, for review and approval by the Commission.

58.2 So long as there are any un-metered agriculture consumers, the sales forecast for unmetered agriculture consumer shall be validated with norms approved by the Commission on the basis of a proper study carried out by the distribution licensee. Note: These norms can be revised by the

Commission based on actual data or better estimates made available by the distribution licensee.

- 58.3 *The Commission shall examine the forecasts for their reasonableness based on growth in the number of consumers, pattern of consumption, losses and demand of electricity in previous years and anticipated growth in the subsequent years and any other factor, which the Commission may consider relevant and approve the sales forecast with such modifications as deemed fit;*
- 58.4 *Sale of electricity, if any, to electricity traders or other distribution licensee or outside state sales through banking etc. shall be separately indicated;*
- 58.5 *The distribution licensee shall also indicate consumer category-wise open access consumers. The demand and energy wheeled for them shall be shown separately for: (i) Supply within its area of supply; and (ii) Supply outside its area of supply;*
- 58.6 *Based on the above, the distribution licensee shall project month- wise and source-wise power purchase requirement for each year of the control period.*
- 58.7 *The Commission shall scrutinize and approve the requirement for purchase of power with such modifications as deemed fit, for each year of the control period;*
- 58.8 *Any power purchased by the distribution licensee over and above the requirement of power approved by the Commission or variation in the mix of power purchased in any year shall be considered by the Commission if it is for reasons beyond the control of the distribution licensee(s). The Commission shall, however, estimate the revenue from such sales and allowable quantum of power purchase based on target losses as per the FSA mechanism approved by the Commission. The resultant cost and revenue shall be adjusted during true-up exercise for the said financial year in the next year's tariff;*
- 58.9 *Any financial gain or loss on account of power purchased by the licensee in any year over and above the approved level and not covered in the above sub-Regulations shall be borne by the licensee.*

59. COST OF POWER PURCHASE

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- 59.1 *The distribution licensee shall be allowed to recover the cost of power it procures from all approved sources including the power procured from the State-owned generating stations, independent power producers, Central generating stations, renewable energy sources and others, for supply of power to consumers, based on the sales forecast and losses for the distribution licensee approved by the Commission for each year of the control period;*
- 59.2 *Approved retail sales level shall be grossed up by normative level of T&D losses as specified by the Commission in the approved loss trajectory for the purpose of arriving at the quantity of power to be purchased;*
- 59.3 *While approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order schedule and despatch based on a ranking of all approved sources of supply in the order of their variable cost of power. All power purchase costs will be considered legitimate unless the Commission concludes that the merit order principle has been violated or power has been purchased at unreasonable rates except for marginal purchases of transient nature beyond the control of the licensee subject, however, to Regulation 59.2;*
- 59.4 *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.*
- 59.5 *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.

59.6 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.

59.7 Any loss on account of increase in power purchase cost, not covered above, shall be borne by the distribution licensee subject to regulations 12 regarding sharing of gains and losses.

59.8 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.

60. SHORT-TERM POWER PROCUREMENT

60.1 The distribution licensee shall submit a rolling quarterly forecast of the quantum of short-term power to be purchased for the year for the Commission's approval. The forecast shall be based on monthly sales forecast, the power available from approved long-term sources of power, merit order dispatch of available sources, banking with other distribution utilities, load curtailment, time of its requirement, availability of short-term power and the expected price. The distribution licensee shall provide the basis for forecast of short-term power procurement price including the criteria for evaluation of alternative options;

60.2 The Commission shall indicate the ceiling of short-term power purchase price and volume for the ensuing quarter based on the availability of power, past requirement, approved quantum of short-term power in ARR, approval granted for past quarter and past market performance. The Commission may ask for additional information and data as it may deem necessary for reviewing the forecast for the ensuing quarter and the

distribution licensee shall furnish such information within 2 weeks from being asked to do so;

60.3 If there is a short term requirement of power by the distribution licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the distribution licensee (shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God), then the cost shall be directly passed on to the consumers through FSA mechanism. Provided that the cost of the additional power shall be allowed at the ceiling price for short term power determined by the Commission in accordance with Regulation 60.2. Provided further that in such a case, the distribution licensee shall inform the Commission about the purchase of power over and above approved quantum with all of the supporting documents. Unless the Commission is satisfied that the additional power is within the ceiling price of short-term power determined by the Commission, it may disallow the quantum and cost of this short-term power procurement in the True-Up order.

60.4 The variation in actual quantum and price of short-term power vis-a-vis the quantum and price of short-term power approved by the Commission shall be subjected to prudence check by the Commission and shall be adjusted on yearly basis along with the annual performance review based on the price and quantum cap determined by the Commission for each quarter as mentioned in the above Regulation.

61. TRANSMISSION AND SLDC CHARGES

61.1 The Inter-State transmission charges shall be estimated as per the order of the Central Electricity Regulatory Commission

61.2 The transmission charges, wheeling charges and other charges payable by the distribution licensee for intra State transmission or wheeling of power purchased by it shall be considered as per tariff determined by the Commission;

61.3 The reactive energy charges payable by the distribution licensee to the transmission licensee shall be payable as per Regulation 5.5.1 of the Haryana Grid Code (HGC) as amended from time to time. The reactive

energy charges paid by the distribution licensee however shall not be recovered through ARR. The capital investment plan to be prepared by the distribution licensee shall include capital investment towards meeting the reactive energy requirement.

61.4 SLDC charges if paid separately in addition to charges for usage of transmission network shall be considered as allowable expenses for the purpose of determination of tariff.”

- E. As per the regulation 58.6 to 58.9, DISCOMs are liable to provide the month-wise and source wise power purchase requirement for each year of the control period and Commission shall scrutinize & approve the power requirement with such modifications as deemed fit. However, no monthly forecast has been submitted by DISCOMs in the matter.
- F. On perusal of the above regulations and correlating with DISCOMs ARR, it has been observed that DISCOMs has proposed the HPGCL quantum at normative and the same has been accepted in the matter in previous years ARR of DISCOMs, which clearly construed that HPGCL has always been considered as “Base Load” stations and the same has been also accepted by the Hon’ble Commission in the matter for many years. The same may be verified from the past orders of the Hon’ble Commission in the matter.
- G. Thus, once the HPGCL Station is considered under “Base Load” and APPC has been derived according to the projections as per Regulation 58.6 & 59.3 of MYT, Regulation 2019, wherein it has been categorically mentioned that quantum of power from various sources in accordance with principles of MoD needs to be adhered among the approved source only , the same has been accepted by the Hon’ble Commission in ARR.
- H. In case, the above regulations has been implemented in true spirit without any adventurism by DISCOMs, HPGCL units will remain on bar for at least MTP level. However, the same has been violated and additional quantum among other sources are being scheduled on pretext of alleged erroneous MoD, thus enriching other IPPs and CGS units. The same is the clear breach of the regulation 59.3 of MYT,2019.
- I. The Hon’ble Commission may take the note of the same and independent analysis should be carried that under what circumstances, the HPGCL units remains under

RSD and the coal penalties are loaded on to the consumers, which can easily be avoided by adhering the regulation 59.3.

- J. As per regulation 59 of MYT Regulations, the DISCOMS are allowed to recover the cost of power, it procures from all sources including the variation in fuel price through FSA. Thus, in case as per regulation 58, HPGCL has been considered at normative level or at the quantum proposed by DISCOMs, the same needs to be scheduled and any variation of FPA is allowed to be recovered under FSA by DISCOMs as per instant Regulation. Thus, the same principle shall be adopted among other generators. However, in present case to avoid FSA, the cost allowed for HPGCL Units has been used to service other IPPS/CPSUs.
- K. As per 59.3 of MYT Regulation, it has been categorically mentioned that the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order schedule and Despatch based on ranking of all approved sources of supply in the order of variable cost.
- L. HPGCL is not raising the issue of MoD or variable cost definition as the issue is pending for adjudication before Hon'ble APTEL, wherein equitable field has been sought for operation, however on making the reliance of 59.3, the attention of the Commission is required that the MoD should be among the quantum of power approved from each source only not beyond that, else the APPC needs to be revisited in the matter by the Hon'ble Commission to ascertain true performance of DISCOMs and improvement in T&D Losses.

The DISCOMs are not adhering to schedule the quantum approved under APPC from each source and breach the quantum of all sources on pretext of MoD which is nothing but breach of Regulation 59.3 of MYT,2019. The conduct of DISCOMs to violate 59.3 of MYT 2019 raises the questions of very basis of calculating the APPC in the matter.

- M. The reference is further invited to Regulation 59.6 of MYT, 2019, wherein, it has been specifically allowed the variation of cost of power purchase which is outside the control of DISCOMs is allowed to be recovered under Fuel Surcharge Adjustment (FSA).

Thus, any variation in fuel cost is allowed to recover under FSA and HPGCL is not an exception to it, therefore, no excuse can be made that HPGCL is costly, once the

quantum to be procured under APPC has been approved by the Commission and MoD has to be carried under the approved quantum first.

- N. Further, as per Regulation 59.7, any loss on account of increase in power purchase cost, not covered in regulations, shall be borne by the distribution licensee.

Thus, any cost incurred under Short Term purchase or under Medium Term purchase by violating the MoD, is the clear breach and the cost of the same is not allowed to be pass through to DISCOMs, however, any saving for not scheduling the approved quantum of power in ARR needs to be pass back to the consumers or adjusted against Government Subsidy. As any variation in ECR on account of fuel is pass through under FSA.

- O. Reference is further invited to Regulation 60 for “Short Term Power Procurement” wherein, it has been categorically directed to DISCOMs to forecast the short-term purchase for the year, for approval considering the availability of long-term sources of power approved by the Commission and its quantum, any shortfall needs to be met from alternate sources.

The said Regulations clearly settle the principle that first all the long-term quantum approved under APPC needs to be exhausted first before proceeding for alternate sources or short-term power.

Thus, very basis of Short term power procurement is for balancing of system stability and meet the demand deficit in the matter, whereas DISCOMs are resorted to bulk power purchase on the basis of cheaper power available in open market and placing the long-term contracts under Reserve Shut Down even after being aware that long term contracts have some inherent liabilities. Thus, bulk purchase of Short Term Power and Banking power which carries wheeling burden also, needs to be verified, how the same is in interest of Consumers of the State, when the cheaper power of HPGCL units is available in the State.

- P. As per the regulation 60.2 of MYT, Regulations 2019, the Commission has empowered to indicate the ceiling of short-term power purchase price and volume for ensuring quarter based on the availability of power, past requirements, approved quantum of Short-Term power in ARR. No specific directive has been observed for purchase of certain quantum by the Hon’ble Commission in any ARR on account of non-availability of plants under Long Term Contracts.

The quantum reflecting under short term and it's price is a cause of major concern for HPGCL and placing the Unit-6/PTPS & other units of HPGCL under reserve shut down and resort to open market purchase at higher cost are really in interest of Consumers of the State, even after having aware that long term contracts have some inherent liabilities under Fuel Supply Agreement, increase in O&M on account of Additional Auxiliary Consumption Etc. The same has been not taken in consideration while putting HPGCL under Reserve Shut Down and resorting to other costly sources. This results in burdening the consumer more instead of savings.

- Q. The regulation 60.3 and 60.4 empowers the Commission to verify that short term power procured is on account of shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation sources, unplanned/forced outages of power generating units.

Thus, Hon'ble Commission is requested to carry independent analysis as per the above regulations in toto while allowing the short-term power purchase. In case of any violation, the DISCOMs are required to bear the said cost on account of violation of the laid principles under regulations may please be seen.

Submissions on Power Purchase Cost in True Up under ARR filling of DISCOMs

- R. The reference is invited to Page no 20 of the UHBVN ARR wherein PGCIL transmission charges liability has been approved as Rs. 2047Cr and concluded cost of Rs 1920 Cr. However, on verification of RTA listed at NRPC (Annexure- A), the month-wise charges for FY 2020-21 comes out to be Rs 2116Cr and month wise billing are as under:

Month	Quantum	Rs. /Crore
April,20	3666.61	165.1784
May	4068.17	183.2684
June	4069.37	183.3225
July	4069.67	183.3360
Aug	4074.60	209.8146
Sep	3896.60	200.6488
Oct	3856.73	198.5958
Nov	3856.73	198.5958
Dec	3634.73	155.1450
Jan,21	3635.77	152.4683
Feb,21	3712.0000	139.3567
March,21	3791.0000	146.8538
TOTAL		2116.584

Thus, the net savings on account of PGCIL charges shall be put in separate head as savings on account of transmission charges and shall be reimburse to consumers or the burden of Government liability on account of subsidy be reduced directly. This will provide the true savings in power purchase for consumers and adjusting of the same on account of any other head should not be allowed in the matter.

- S. On perusal of Table 5 of UHBVN ARR at Page no 17 onwards wherein, the details of quantum approved from various sources has been demonstrated in the matter. On perusal of the said table, if only long-term power contracts be considered, then the total quantum scheduled from long term quantum which attracts PoC Charges comes out to be 22670.24 MUs and billing of PGCIL charges as per RTA is Rs 2116Cr.

This means Rs 0.933/KWh is the implication of PoC charges per unit for as per billing. However, if the actual be considered as per DISCOMs submission the actual implication of PGCIL charges be RS 0.85/KWh.

The above submissions, clearly demonstrated that every single unit being procured from outside the State is having additional liability of Rs 0.85/KWh to Rs 0.933/KWh, which is being borne by DISCOMs for wheeling of power from the plant to State periphery and which is never be part of the MoD.

On perusal of the above, the question arises that if, DISCOMs happily opted such liability for IPPs/CGS and why the same cannot be extended to HPGCL Units being sister concern?

The above is a step treatment to HPGCL Units and their future on this account is adversely impacting and thus put large investment of cement plants and indirect associated industry at great risk.

It is once again submitted that HPGCL was conceived as ‘Base Load Station’ which are directly connected with State grid and require to transport the coal to generate the power in the State, which becomes part of Energy Charge, whereas the PGCIL charges becomes concluded liability, so the same has been loaded on consumers as fixed liability.

In case, if HPGCL power generation cost be adjusted against the concluded liability, the cost of power is less than NTPC projects (like khalgaon-I) and remains on bar as “Base Load Station”, and effectively utilized in the matter. Therefore, the attention of the Commission is required to consider above aspects and allow HPGCL Units to be on bar as “Base Load Stations” to protect the investment done by State in the matter.

- T. On perusal of Table 5 of UHBVN ARRs it has been observed as under:

	Approved Power Purchase		UHBVN		DHBVN		Haryana		Cost of power
	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Per KWh
BANKING POWER			549.89	223.54	687.95	279.68	1,237.84	503.22	4.06
Short Term			1,767.93	636.44	2,397.10	863.11	4,165.03	1,499.55	3.60
Total Short Term	-	-	2,317.82	859.98	3,085.05	1,142.79	5,402.88	2,002.77	3.707

1. It is the matter of the fact that Banking of power is always traded in “Barter Mode”, how the banking power cost Rs 4.06/KWh has been reflected at cost higher than HPGCL Units needs to be seen in the matter.
2. Hon’ble Commission must take the note of the same , how the banking of power which always traded under “Barter Mode” can be higher than HPGCL Units, and its necessity to procure power from banking by placing Unit-6, PTPs and other HPGCL units under backdown or under Reserve Shut Down which are cheaper in the matter.
3. The Short-Term Power was procured at Rs 3.606/KWh, which have implication of PoC Charges& Losses can never be cheaper than HPGCL Units.

In view of the above, the intervention of the Hon’ble Commission may look into the matter, even when the ECR of HPGCL Units for the FY 2020-21 was less than Rs. 3.60/KWh.

- U. On perusal of Table 5 , it has been observed that Medium Term Pilot Scheme for thermal has been reflected as under:

	Approved Power Purchase		UHBVN		DHBVN		Haryana		Cost of power
	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	Per KWh
Thermal (pilot project)	1,991.04	847.90	-	-	-	-	-	-	4.26

HPGCL in the above matter would like to rely on RTA for FY 20-21 and one month of RTA copy for month of May 2020 (Annexure- B.) is attached herewith, wherein it clearly

reflects the scheduling of Pilot Projects and the associated transmission charges are being reflected. Thus, the suppression of facts has been done by the DISCOMs in public at large, and cost of power may have booked against other sources.

The Hon'ble Commission may take the note of the above and carry independent analysis, how the costly power has been scheduled by violating MoD and placing State Genco under Reserve Shut down.

In case, no scheduling has been made, it is clear saving and same is required to be pass on to the Consumers, or be adjusted against Govt Subsidy.

This issue is cause of great concern that,if, the power of Rs 4.26/KWh has been scheduled by DISCOMs from April to Nov,20 & How MoD has been violated, and the said power has been consumed by DISCOMs, which is rightfully belongs to HPGCL for generation.

Thus, it clearly demonstrates that HPGCL Units are way cheaper then Pilot Scheme, but due to reasons better known to DISCOMs, the same are not being scheduled from last three years.

Thus, the reasons in the matter for low scheduling of HPGCL units and particularly not scheduling of Unit-6 has been clearly established in the matter, and the Hon'ble Commission may take the note for the same.

V. The reference of the Hon'ble Commission is again invited to Table 5, regarding HPGCL Units as under:

	Approved Power Purchase		UHBVN		DHBVN		Haryana		Diff of Amount(Cr.)
	Quantum in MUs	Cost Rs. Crores	Quantum in MUs	Cost Rs. Crores	Quantum in MUs	Cost Rs. Crores	Quantum in Mus	Cost Rs. Crores	
HPGCL	16,728.32	7,402.09	2,188.25	1,231.90	3,062.80	1,721.08	5,251.05	2,952.98	4449.19

HPGCL approved quantum of Power with Cost of Power is Rs 7402Cr as per Regulation 59.3 of MYT, 2019, whereas actual realization of power is only Rs 2952Cr. Thus, net difference of Power is Rs 4449.19 Cr in the matter.

The above action of the DISCOMs for boxing up of HPGCL units and scheduling the power from other IPPs which are costly under banking /short term/Pilot Study (Medium

Term), is clear violation under Regulation 58 to 60. Thus, the legitimate right to serve the consumer of Haryana by HPGCL has been deprived by DISCOMs.

In the past also, the same strategy has been adopted by the DISCOMs and got approval from the Hon'ble Commission as under:

HPGCL						
FY	Quantum Approved as per order (MU)	Amount Approved as per order (Cr.)	Actual Quantum scheduled (MU)	Actual Amount on scheduled power (Cr.)	Diff. Quantum (in MU)	Diff. Amount / net savings (Cr)
17-18	17,252.66	7,215.32	10,067.75	5,201.35	7,184.91	2,013.97
18-19	17,288.00	7,862.17	9,967.15	5,151.53	7,320.85	2,710.64
19-20	17,288.00	7,862.17	6,750.54	3,989.38	10,537.46	3,872.79
20-21	16728.32	7402.09	5251.05	2952.98	11,477.27	4,449.11

The above table specifies the quantum approved and quantum scheduled in the matter in respect of HPGCL, which clearly established that on the basis of concluded liabilities, HPGCL including Unit-6, PTPS has been placed under RSD and substantial amount has been paid to other IPPs/CGS/Short term purchase/Medium Term agreements. As per the Regulations 58 to 60, it is clear violation of the MYT regulations 2019. Further the total quantum approved by the commission vs scheduled is tabulated as under:

	Total		
	Total Quantum Approved (Mus)	Total Quantum Scheduled (Mus)	Difference (MUs)
17-18	54,700	54,734.92	34.92
18-19	55,259	56,993.93	1,734.93
19-20	59,471.38	55,160.76	-4,310.62
20-21	63666.54	53761.66	-9,904.88

On perusal of the above two tables, it is clear demonstration that even when the quantum is increased the approved quantum projected by DISCOMs, HPGCL has not been scheduled in FY 2017-18 & 2018-19. However, due to Covid in FY 19-20 and 20-21, where the savings on account of non-scheduling of HPGCL were more than 4000Cr/annually has not been passed back to consumers or adjusted against Govt Subsidy.

This, clearly establish that by placing HPGCL under Reserve Shut Down , its amount considered in the APPC on account of HPGCL scheduling has been consumed with other IPPs, which is the clear violation of Regulation 59.3 & same has been done by DISCOMs from last many years.

The Hon'ble Commission is requested to make an independent analysis on the above state aspects before allowing the True-up . Further, any savings on account of non-scheduling of HPGCL Units shall be adjusted against past or future govt subsidies in the matter or the benefit of the same shall be pass on to the Consumers directly.

W. The reference of the Hon'ble Commission is again invited to Table5 of the UHBVN ARR, where in DISCOMs has breached the regulation 59.3 of MYT 2019 and scheduled excess quantum from other sources and placed HPGCL on RSD or low scheduling. The details of excess quantum scheduled by DISCOM from IPPs and CPSUs are as under:

FY	Quantum MU in excess from Approved sources as per Regulation 59.3
2017-18	8832.34
2018-19	10988.23
2019-20	8526.59
2020-21	8198.03

The detail split up may kindly be perused at (Annexure-C)

It is clear from the above that, in case 50% has been allocated from above to HPGCL Units, no unit of HPGCL be on RSD and no coal penalties /scheduling issues will be there. Thus, it reflects some vested interest of the DISCOMs not to schedule HPGCL Units be there.

Hon'ble Commission may take the note of the same and directive needs to be imparted to schedule HPGCL at maximum as "Base Load" station and balance power shall be resorted from other sources as envisaged while deriving APPC.

X. Further, the Commission may take the note that any amount saved by not scheduling HPGCL units shall be demonstrated separately and savings on account of same shall be allowed as Govt subsidy or return back to consumers. DISCOMs should not be allowed to adjust against any power purchase cost or hide losses by jacking up of APPC. It is worth to submit that the APPC needs to be true reflection of Power Purchase cost of DISCOMs and T&D efficiencies/losses needs to be addressed separately in the matter, merely not on the basis of approved quantum against scheduled quantum.

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- Y. In view of the above demonstrations, It is apprehended that HPGCL is being used for jacking up of APPC and the losses are being serviced by fixing the higher APPC & scheduling other IPPs/CPSUs.
- Z. At last, it's worth to submit that HPPC has been constituted to be as joint forum of DISCOMs as per notification of Government of Haryana dated 11.04.2008 to carry trading activity for purchase and sale of power on behalf of State , as being a different licensing activity under Electricity Act,2003 to act independently for power purchase and the DISCOMs are required to focus on their duties to distribute and collect the revenue.
- AA. But with the above established, issues, it is apprehended that the DISCOMs are using HPPC as to hide their losses by jacking up of Power Purchase Cost seeking higher APPC, whereas the actual power purchase scenario is different.
- BB. At this juncture, the Hon'ble Commission must make intervention in the interest of consumers to make HPPC functionality outside the scope of DISCOMs being separate licensing activity under the Act. Thus, actual financial health and improvement inefficiency & reduction in T&D losses may be envisaged in true sense.
- CC. HPGCL at this juncture would like to seek the intervention of the Hon'ble Commission, with the request that independent analysis needs to be carried out in interest of consumers. The some of the suggestion from HPGCL side in the interest of Consumers are as under:
- a) From the submissions at Point Q to S, it is clear that, if the equitable setoff Rs 0.94/Kwh be allowed to HPGCL Units, the same become one of the cheapest sources and remains on bar as "Base Load Station".
 - b) Alternatively, schedule HPGCL Units at MTP and balance quantum shall be resort from other sources under MoD, as in last three years Pilot Scheme has been allowed to consume outside the MoD. Thus, a precedence in the matter has already been established for IPPs and same needs to be extended to HPGCL being State Generating company.
 - c) APPC needs to be revisited in view of the above submissions as per Regulation 58 to 60 of MYT 2019.

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- d) The scheduling of Power from the contracted sources should be taken out of the control of DISCOMs and necessary directions shall be made to SLDC to work independently as mandated under section 32 of Electricity Act, 2003 and IEGC,2010. The SLDC may be mandated to intimate the short term requirement as per Regulation 60 of MYT,2019 for balancing purposes on day ahead or month ahead or season ahead , as the case may be.
 - e) The SLDC may also be directed to prepare and list State Energy Account on monthly basis at its website, where the power from all sources shall be accounted to allow Hon'ble Commission to cross check the APPC sought by DISCOMs on the basis of last year scheduling of plants. Thus, double check is in place.
 - f) The Commission may consider that HPPC file separately on affidavit the cost of power (source wise) along with billing details to ascertain true Power Purchase Cost for consumers of State in true sense, and efficiency gain/ losses in the matter may be accessed accordingly.
 - g) Short Term Power purchase shall be discouraged and directions may be imparted to consumed Long Term Contracts first and only balancing be carried under short term or banking as intimated by SLDC.
 - h) Directions may be imparted not to give any incentive to any generator, and resort to scheduling up to approved quantum source wise and exhaust other sources to avoid penalties in the matter.
 - i) The quantum approved sources wise should be adhered in true sense, which was the base to derive the APPC.
 - j) Any source approval of hydro or any source which is costly should be exhausted only after scheduling HPGCL at minimum, as the same are always costly then HPGCL Units, the future of HPGCL Units and its associated industries cannot be put on stake to enrich any IPPs in the matter.

With these submissions, HPGCL being one of the important part of the State electricity sector which stands with Consumers of the state in difficult times, when major IPPs wriggled out from contractual obligations Electricity Sector, would like to again submit to the Hon'ble Commission, that the future of the State Genco is in the hands of the Hon'ble Commission. Therefore, keeping in view of the above aspects,

the corrective steps needs be directed to DISCOMs to utilize the State Genco's at maximum, in interest of State and also to protect the indirect investments associated with the plants to sustain in the matter, please.

Reply to the comments of HPGCL by UHBVNL

Vide Memo No. Ch.56/RA/F-25/Vol-80 dated 10.02.2022, UHBVNL has shared their reply on the comments of HPGCL on the Haryana DISCOMs ARR filed in HERC vide Petition No. 46 & 47 of 2021, reproduced as under:-

A & B After unbundling of the HSEB in 1998, Haryana power sector comprises of four wholly State-owned Corporations i.e. HPGCL, HVPNL, UHBVNL and DHBVNL, which are responsible for power generation, trading, transmission and distribution in the State.

As HPGCL was made responsible for operation and maintenance of State's own power generating stations, Uttar Haryana Bijli Vitran Nigam Ltd. (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVNL) were given the responsibility of distribution and retail supply of power within their jurisdiction. Simultaneously, an independent regulatory body i.e. Haryana Electricity Regulatory Commission, was constituted to aid and advise the State Govt. on the development of the power sector, to regulate the power utilities and take appropriate measures to balance the interest of various stake-holders in the power sector, namely electricity consumers, power entities and generation companies, etc.

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, 2019 govern the business of generation, transmission & distribution for the respective Utilities. Both HPGCL and DISCOMs are bound to operate under the ibid Regulation and cannot exercise their own will.

Approximately 900 MW power of HPGCL was not available. Khedar Unit-II (600 MW) not available from 18.09.2020 to till date due to technical outage.

YTPP Unit-I (275 MW) was not available from 08.07.2021 to 04.11.2021 due to technical snag. Hon'ble HERC is fully aware of the methodology adopted by the Discoms for preparing the Merit Order. Hon'ble Commission has in its findings, has stated that an Expert

Group Panel has been specifically constituted for this purpose, and that its findings shall be deliberated once they are made available for subsequent adoption.

C & D No comments.

E. Annual power purchase requirement -source wise has already been submitted in ARR Petition for FY 2022-23. DISCOMs furnish all such information related to power purchase requirement, as sought by Hon'ble Commission from time to time.

F&G Availability of HPGCL plants is considered on NAPAF specified in Regulation 28 of MYT Regulation 2019. However, as mandated in the aforesaid regulation, power plants are being scheduled on Merit Order basis. Based on the principles of merit order schedule and despatch based on a ranking of all approved sources of supply in the order of their variable cost of power as specified in Regulation 59.3 of the MYT Regulation 2019, MOD is being implement. The relevant extract is reproduced as under:

59.3 *While approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order schedule and despatch based on a ranking of all approved sources of supply in the order of their variable cost of power. All power purchase costs will be considered legitimate unless the Commission concludes that the merit order principle has been violated or power has been purchased at unreasonable rates except for marginal purchases of transient nature beyond the control of the licensee subject, however, to Regulation 59.2;*

The above issue has also been raised by HPGCL in detail in previous ARR Petitions and the Hon'ble Commission has given ruling in this regard in previous orders. HPPC strictly adheres for scheduling among the approved source and quantum only.

The Quantum of HPGCL is taken on NAPAF basis in the ARR petition by DISCOMs taking into consideration that Hon'ble Commission while determining the Generation Tariff for HPGCL power plants take normative availability as per HERC MYT Regulations in vogue to arrive at variable cost in Rs. /kWh. Any difference in approved variable cost at normative GCV and actual variable cost at actual GCV is pass through. Thus, HPGCL cannot be given any special treatment over and above the MoD and is not treated as base load plant.

- H. Till the time demand is completely met, power is sourced from the long term tied up generating stations, based on Merit Order Dispatch. No, undue benefit is given to any IPP/CPSU to optimally meet the interest of consumers at large. The allegation of HPGCL is wrong and denied.
- I. Section 42 of Electricity Act, 2003 mandates to dispatch power economically to the consumers. Hence, to optimize the cost of service, any power available from cheaper sources cannot be ignored. The contention of HPGCL that MoD should be among the quantum of power approved from each source only not beyond that, is not justified and unacceptable as the approved quantum by Hon'ble Commission is based on the last year quantum scheduled and cannot be fixed figure where as actual power scheduled depends on the demand of the consumers of the State.
- J. As discussed above, distribution licensees are bound to serve consumers in most economical and efficient manner, thus any undue cost beyond the principle of Merit Order Dispatch cannot be passed on to the consumers. MoD principle is based on the ranking of variable cost of Generators irrespective of the quantum of power.
- K. Power other than must run generating stations are scheduled on merit order dispatch mode which is determined based on the variable charges. Moreover, Discoms are bound to serve consumer in most economical and efficient manner, thus, any power available from alternative sources at cheaper rate or short-term power purchase cannot be ignored. Benefit realized from sourcing power under short term and medium mode is passed on directly to consumers in term of actual power purchase cost claimed in True up petition.
- L. Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 state that:

No transmission charges for Short Term Open Access for inter-State transmission system, shall be payable by a distribution licensee which has Long Term Access or Medium Term Open Access or both, or by a trading licensee acting on behalf of such distribution licensee:

Provided that other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations shall be payable.

In view of the above, DISCOMs being the long term beneficiaries of the ISTS network are not liable to pay Transmission charges for short term open access.

- M. Discoms have sufficient long term tie-ups to meet the annual energy requirement, therefore, the plan for sourcing power under short term is not proposed. However, power available at cheaper cost cannot be ignored to optimize the cost of service to consumer. Besides, impact of reserve shut down is pass through in ARR and cannot withhold Discoms to optimise the cost of service to consumer.
- N. Discoms purchase short term power to meet the peak demand during some slots of the day and banking arrangement is done on the barter system whereby power is received during peak demand months (summer) of a year and is returned during least demand months (winter). Thermal power is RTC power. Short term power is purchased only when it is considered that it will minimize the cost of power purchase and in case of forced outages of Generating Plants, in the interest of the Consumers of the State.
- O. It is submitted that transmission charges are integral part of power purchase cost. The actual expenditure on account of PGCIL charges is subject to true up and is automatically passed on to the consumers. Moreover, HPGCL has not referred to any specific provision of HERC MYT Regulations, 2019 for putting net saving in separate head. Thus, there is no merit in this issue raised by HPGCL.
- P. It is submitted that POC charges are of fixed nature and as per MYT Regulations only variable cost is to be considered for merit order dispatch. Thus, HPPC is following the regulation. It is pertinent to point out that long term arrangements with IPPs/CPSUs were done to meet the ever increasing demand of the consumers of the State. The limited capacity of State Generator is not sufficient to meet the same. The contention of HPGCL that Discoms

opted liability of POC charges happily is not correct since the charges on this account are levied as per regulations/order.

- Q. It is a matter of fact that banking of power is made in barter mode whereby power is given during least demand months (winter) and received during peak demand months (summer) of a year. To maintain balance of power surplus/deficit during summer/winter and to minimize the power purchase cost, banking arrangements are made after considering long term agreements for power purchase. However, banking power purchase cost is worked out based on the APPC of long term sources during that year for accounting purposes though it is a notional cost.

Further, short term power purchase during FY 2020-21 was done considering the fact that prices in the exchange were extremely low due to lockdown conditions prevailing in the Country due to COVID 19.

- R. Procurement of 400MW power for a period of 3 years, under medium term pilot scheme, with the approval of State Commission, was more of a contingency plan rather than a permanent obligation. This power was available through a transparent e-bidding process conducted by PFCCL for 2500 MW Pilot scheme in accordance with the guidelines issued by the Central Government. This power had a fixed cost liability of just 1 paise/kwh. The Haryana Discoms had negotiated that they would be obligated to schedule this power only for 8 months during April to November and for the remaining months, Haryana had the option to source this power. Further this power had no cost escalation and the availability of coal was also assured under the scheme.

It was the obligation for the Discoms to schedule minimum 55% of the Pilot Power as per the PPA.

HERC vide its orders dated 18.02.2021 had conveyed that it would be in the public interest to decommission PTPS Unit-6 with immediate effect and has considered it appropriate not to consider the proposed determination of generation tariff (fixed and ECR) of PTPS Unit-6. The matter is since sub-judice with APTEL and therefore the unit was not considered for scheduling.

- S. The actual realization of power less than that approved by Hon'ble Commission is because of the non-availability of some of the HPGCL power plants during the FY 2020-21 and higher ranking in the merit order resulting

into less scheduling. However, demand of the consumers of the State was met through other cheaper sources of power under the ambit of Regulations. It is pertinent to point out that actual expenditure on power purchase is subject to true-up.

- T. A perusal of Table 5 of DISCOMs ARR reveals that DISCOMs during the FY 2020-21 purchased 53761.66 MUs against the approved 63666.54 MUs from long term contracted capacities. Instead, DISCOMs preferred to purchase power from exchange due to low prices therein as there were lockdown conditions prevailing in the country at that time due to COVID 19. It is pertinent to point out that quantum approved by Hon'ble Commission for a particular source is based on the quantum actually purchased by the DISCOMs during the last year and the power purchased by DISCOMs is dependent upon the demand felt during that year. Thus, the actual power purchased can never be exactly the same as approved. However, it is submitted that DISCOMs never purchased excess power than that contracted in the Power Purchase Agreement.
- U. Any saving on this account is automatically passed on to the consumers of the State at the time of true-up and consumers of the state are not burdened unnecessarily.
- V. Litigation cases are there with HPGCL too in addition to other Generators.
- W. The plea of HPGCL regarding functionality of HPPC is beyond the scope of petition for Generation tariff.

Commission's view - The Commission has perused the objections filed by the intervener and the reply filed by the Nigam thereto. It is observed that HPGCL has made quite a few allegations against the Discoms and its statutory joint forum viz. HPPC. It is strange that both the intervener as well as the answering Nigam, are entities owned by the State Government, still they seems to have failed in striking a harmonious working relationship.

Further, the Discoms are the licensees of this Commission whereas the intervener is a generating company (a delicensed activity) as defined in the Electricity Act, 2003. Resultantly, the Commission expects that the State Government will appoint a committee to delve in to the allegations made by the intervener herein to resolve inter utility issues. As far

as this Commission is concerned, in the present order, it has strictly followed the regulations in vogue.

Comments by Navdeep Dahiya (Rates for RAS fish farm)

Vide email dated 11.01.2022, Sh. Navdeep Dahiya, fish farmer has submitted his comments.

That for fish farm, in village silana tehsil kharkhoda dist. Sonipat, currently rates applicable for my plant is RS 4.75/ unit whereas for agriculture purpose it far much less than this. as the final product i.e. fish price we are getting is not that stable. and electricity is one of the major input costs of plant in RAS fish farm, high tariff rates for electricity hampers the overall project economic in adverse way in fisheries sector is also an agricultural activity so rates should be same as agricultural farm supply rates. hope i am able to address my concern and this will be acknowledged soon.

Commission's View – The intervener needs to note that the AP Tariff, without subsidy is significantly higher than INR 4.75 / Unit. In fact, the tariff approved by the Commission is a concessional one to encourage such activities and is significantly below the CoS. The intervener may note that any concession that may be allowed to one category of consumer burdens some other consumer category unless the State Government provide subsidy as per the provisions of section 65 of the Electricity Act, 2003.

Comments by Rajiv Yadav fish farmer

Vide email dated 11.01.2022 , Rajiv Yadav , has shared his comments regarding RAS fish farms electricity Tariff unaffordable.

Email has been received from the Rajiv Yadav on behalf of Sanju Yadav fish farmer. he has stated that the high electricity bills are making RAS farms not viable for farm owners. His email is being forwarded for the kind information of the Hon'ble Commission. Public hearing on the petition (s) filed by UHBVNL and DHBVNL for approval of true-up for the FY 2020-21, Annual Performance Review for the FY 2021-22, Aggregate Revenue Requirement of FY 2022-23 is scheduled to be held on 12.01.2022 at 3:00 PM .

That I have a RAS fish farm in village bhakli, tehsil kosli, district rewari Haryana, In a closed fish farm a major contributor of the cost is electricity bill. The high electricity bills

are making RAS farms not viable for farm owners. I request you to please make the rate like AP pumps so that the operating cost of the fish farm becomes viable for us. Fish farming is also an agricultural activity so we should get AP pumps rates.

Commission's View – The observations of the Commission, as above, is reiterated.

Comments by Sh. Vikas Duhan

Sh. Vikas Duhan has sent email dated 12.01.2022 for Reduction in Electricity Rate and Increase the load Capacity in Agro Industry for Shrimp/Jhinga Farming. Public hearing on the petition (s) filed by UHBVNL and DHBVNL for approval of true-up for the FY 2020-21, Annual Performance Review for the FY 2021-22, Aggregate Revenue Requirement of FY 2022-23 is scheduled to be held on 12.01.2022 at 3:00 PM

We are doing shrimp farming since last 6 to 8 years. As, you know sir Shrimp/Jhinga is mostly exported to all over the world and our country get foreign exchange. Central government and Haryana State Government is promoting the people for Shrimp/Jhinga farming. In Haryana 300 to 400 people are doing shrimp/Jhinga farming and playing a big role. They are producing more than 1000 tons of shrimp/Jhinga. Which is about Rs 400 crores and if government support and help us to reduce our production costs it can be twice or thrice in upcoming years. Because we have started shrimp/Jhinga farming from past 6 to 8 years in our state and coastal states are doing Shrimp/Jhinga farming from past 30 years. Already we have higher production cost from coastal states because we take seeds, feeds and every equipment from coastal states and we bear extra cost for transportation and same we also have to export through coastal states because we have no processing plants in our states. In both ways we have to bear extra transportation charges and we have to get 30 to 40 rupees per kg less than coastal states.

Sir, firstly I come to our first problem reduction in electricity rate because this will help us to reduce our production cost in coastal states like Andhra Pradesh, Odisha, Bengal, Gujarat and our Neighbour state Punjab Government gives electricity @ AP for 24 hour which you can check and confirm in Andhra Pradesh and Punjab electricity tariff rate. Before 1st April 2020 our state give electricity in the industrial category @ 7.1 per unit our Haryana regulatory commission makes a new category agro industry and our tariff change to

@4.75per unit which help us a lot and we are requesting you to please decrease our rates as like coastal states and Punjab to @ Rs 1.0 or more lesser.

Our second problem is that agro industry HERC puts a condition that we can take 20 KW or less load only. It is not useful to us because we are giving you details of equipment and machinery used in one hectare (1-unit Project) which is Haryana State and Central Government Project and Government promote in PARDHANMANTRI MATSYA SAMPADA YOJNA SCHEME give subsidy to farmers.

Details of equipment and machinery used are mentioned below with load:-

1 hectare /1 unit					
Description of machinery and equipment	Capacity in HP	Starting current required in kw	Running current Required(KW)	No of Equipment	load required in sanction
Aerator	2hp	2kw	1.492 kw	10	20kw
Tub well	7.5 hp	7.55kw	5.595 kw	01	7.55 kw
Water Pumping out Motor pump	5HP	5kw	3.73 Kw	01	5.0 kw
Night light for farm	100 watt	100 watt	100watt	05	01 kw
Labour and Our fan light	2 kw	2 kw	2 kw	01	02 kw
		Total Load Required			35.55 KW

Sir as you know when motor starts it will take 1.3 to 1.4 percent extra load in starting from actual motor load capacity and our meter shows overload because of your load condition (20 KW) our load goes overloaded then department gives a notice to One of our farmer (VIKAS DUHAN VPO BOHAR ROHATK) that either you decrease your load or we will charge in NDS category @7.10 per unit for the last 6 months and penalty extra because we have no provision to increase your load that's why we have to change your category from agro industry to NDS category . So, sir this connection is not useful to us this will help us in papers only. Sir I kindly request you to please look at this matter and increase our load capacity like Andhra Pradesh and Punjab Agro Category in same as LT load capacity. Punjab gives supply to Aqua Culture @ approx. Rs 1/Per Unit and load capacity equal to LT load capacity.

Commission's View – The Commission has considered the submissions made by the intervener herein. It is observed that no subsidy or cross-subsidy is available to reduce the tariff for this category any further. The same, at the existing rate is way below the CoS of LT or even the HT Supply category as worked out in the present order. Further, the ground realities vis-à-vis CoS, subsidy / cross-subsidy available in different states may also vary leading to the differences in the tariff applicable.

However, the Commission, in order to give some relief to such consumers, whose actual consumption fall below the threshold level, has removed the MMC charges. Resultantly, such consumers shall pay only for the energy consumed. **The Discoms are directed to conduct a load survey of Agro-Industries / FPO to establish the actual load at the consumers end and report the extent to which such consumer were paying on MMC basis in the FY 2021-22.**

Additional information submitted vide letter dated by DHBVNL

DHBVNL, vide memo no. Ch-Spl-II/SE/RA-723 dated 13.01.2022, has submitted some additional information regarding True Up through email. Further, vide letter no. Ch-11/SE/RA-723 dated 28.02.2022, DHBVNL submitted the detailed response as under:

Query No.	Particulars	Reply										
1. True Up of FY 2020-21												
a.	Calculation of AT&C and Distribution loss for FY 2020-21 as per MYT Regulations. Details of methodology adopted for calculations of AT&C losses	The calculation sheet of AT&C and Distribution loss along with the methodology for FY 2020-21 is submitted with the letter										
b.	Bifurcation details of interest cost in Note no 25 of Audited accounts into long term- capex loans and working capital loans and borrowings and the purpose for which loans are undertaken, and explain the reasons for deviation, thereof.	Details of Interest cost in note No. 25 of audited accounts is given in the Table below: <table><tr><th>Details</th><th>Amount (Rs. Crore)</th></tr><tr><td>Interest cost on long term CAPEX Loans</td><td>247.62</td></tr><tr><td>Interest on working capital loans</td><td>108.12</td></tr><tr><td>Interest on consumer security</td><td>72.19</td></tr><tr><td>Guarantee fee paid to State Govt.</td><td>20.84</td></tr></table>	Details	Amount (Rs. Crore)	Interest cost on long term CAPEX Loans	247.62	Interest on working capital loans	108.12	Interest on consumer security	72.19	Guarantee fee paid to State Govt.	20.84
Details	Amount (Rs. Crore)											
Interest cost on long term CAPEX Loans	247.62											
Interest on working capital loans	108.12											
Interest on consumer security	72.19											
Guarantee fee paid to State Govt.	20.84											

Query No.	Particulars	Reply			
		Other interest & Finance Charges including LC charges		6.23	
		Total Gross Finance & Interest Cost as per audited accounts note no. 25		455.00	
c.	Details of increase in A&G expenses and depreciation and explain the reasons for deviation, thereof.	The A&G expenditure in FY 2020-21 has increased by Rs. 14.68 Crore as compared to FY 2019-20. Details of some of the major expenditures are given below: Amount in Crore			
		Sr. No	Particulars	FY 2019-20	FY 2020-21
		1	Service charges for Computerization, and new MRBD contracts which is an essential activity for Distribution business	20.78	32.74
		2	Consultancy Expenditure	6.69	10.66
d.	Detail of expenses booked under the "Expenditure due to other debits" of Rs 2.18 Crore in Note no 27 (Misc., losses and write off) of Audited accounts	Details of "Expenditure due to other debits" of Rs 2.18 Crore is given below:			
		Sr. No	Nomenclature	FY 2020-21 (In Lakhs)	
		1	Shortages on Physical verification of Stock	4.57	
		2	Loss of materials by pilferage etc	17.92	
		3	Compensation of injuries, death, and damage (Staff)	139.97	
		4	Compensation of injuries, death and damage-/loss on Sale of Fixed Assets/Obsolescence/shortage etc.	55.98	
		Total			218.44
e.	Detail calculation of income included in Non-Tariff Income as claimed in ARR petition. Income under Note 21 and 22 of Audited accounts need to be mentioned.	The breakup of Non-Tariff income of Rs. 357.87 Crore claimed in true up of FY2020-21 is given below: Summary of Non-Tariff income (in Rs. Crore)			
		Particulars	Approved	Actual	
		Non-Tariff Income (including Prior Period Income)	307.66	591.07	
		Less: Delayed Payment Surcharge from Consumer		142.70	
		Less: Discount on timely payment of Energy Charges		89.38	
		Less: Discount on timely payment of Supplier/Contractor		1.12	
		Net Non-Tariff Income	307.66	357.87	
		Non-Tariff Income (in Rs. Crore)			
		Particulars	Approved	Actual	
		Staff Loans and advances	307.66	2.30	
		Fixed Deposits with Banks		3.40	
		Provident Fund		11.86	
		Rent from Residential Building		0.80	
		Delayed Payment Surcharge from Consumer		142.70	
		Misc. Receipts		309.41	
		Meter Rent/ Service Rental		61.03	
		Recovery for theft of Power/Malpractices		40.84	
		Misc. Charges from consumers		17.86	

Query No.	Particulars	Reply						
		<table> <tr> <td>NEF Subsidy</td><td></td><td>0.87</td></tr> <tr> <td>Total</td><td>307.66</td><td>591.07</td></tr> </table> The details of Note 21 and 22 are attached.	NEF Subsidy		0.87	Total	307.66	591.07
NEF Subsidy		0.87						
Total	307.66	591.07						
f.	Actual subsidy received from State Govt in FY 2020-21	Actual Subsidy received from State Govt. by both DISCOMs i.e., UHBVN & DHBVN in FY 2020-21 is as follows: - AP subsidy - Rs. 5099.93 Crore - DS Subsidy- Rs. 465.39 Crore Both Discoms booked the subsidy in the ratio of 50:50 in their audited accounts and the same has been reflected accordingly in the books of DHBVN.						
g.	The Licensee shall submit the following Audited Information for the relevant Financial Year alongwith their True-up Petitions. (In accordance with Regulation 65.3 of MYT regulation) i. Category wise Sales (in Mus and Rs) ii. Category-Wise Break up of Revenue Billed - Fixed Charges, - Energy Charges, - Fuel Adjustment Surcharge etc. iii. Category-wise Revenue Collected	i. Category wise Sales is attached is submitted with the letter ii. Category-Wise Break up of Fixed charges, Energy charges, FSA is submitted with the letter iii. Category-wise Revenue Collected is attached is submitted with the letter.						
h.	Details of prior period cost included in the power purchase cost for the FY 2020-21, along with the reason & justification for the same.	Details of prior period cost included in the power purchase cost for the FY 2020-21 is submitted with the letter						
i.	Category and area wise (rural & urban) number of defaulters and their defaulting amount at the beginning and close of FY 2020-21 along with efforts made to reduce the same	The Category and area wise number of defaulters and their defaulting amount for FY 2020-21 is submitted with the letter						
j.	As per the MYT regulations, any capitalisation done by mere book entries / presentation in the financial statements in order to comply with any statute / rules etc. and not in accordance with the Capital Expenditure	It is submitted that no capitalization entry has been booked by the Licensee in the audited accounts which is mere an entry in the financial statements without any creation of physical assets. Further, Statutory Auditor as well as CAG Auditor has not given any such observation while auditing the Financial Accounts of FY 2020-21.						

Query No.	Particulars	Reply
	approved under these Regulations, shall not be allowed by the Commission. In such cases, the licensees / generating company shall be required to prepare memorandum account of any such capitalisation done and submit the same along with ARR / Tariff petition. No ROE, depreciation interest cost etc. shall be allowable on the same. The licensee may provide details of any such capitalisation undertaken during the FY 2020-21. (In accordance with Regulation 9.14, 1st proviso of MYT regulation)	
k.	Details of CSR expenditure incurred by Discom and if the CSR included in A&G or other head, the same should be disclosed and should not be clubbed in any head.	It is submitted that a Sum of Rs. 46.90 lakhs are spent on account of CSR activities during FY 2020-21. It is shown separately in Note No. 27 of the Audited accounts.
l.	Per unit interstate transmission charges for energy drawn from each station during the FY 2020-21	It is submitted that Rs. 0.70 (approx.) per unit has been paid as Interstate Transmission Charges during FY 2020-21.
m.	Report of actuary for valuation of terminal benefit cost for the FY 2020-21	Report of Actuary valuation for FY 2020-21 is submitted with the letter
n.	Detail of Penalties arising from Commission's order, courts / tribunal, CGRF / Ombudsman are not be allowed to be recovered through ARR, the licensee may provide details of any such penalties included in the true up proposal for the FY 2020-21. (In accordance with Regulation 8.3 (2nd proviso) of MYT regulation)	It is submitted that neither penal interest nor overdue interest forms part of the ARR and true up proposed.
2. Sale of Power		
a.	Revenue from Sale of Power as projected for the FY 2022-23: Consumer category wise time series data on connected load / contract demand, sales trend,	Trend of energy sales and no. of consumers of DHBVN from FY 2014-15 to FY 2020-21 has already been submitted in the Petition at Page 6 & 8 respectively. Data of energy sales, no. of consumers and connected load is submitted with the letter

Query No.	Particulars	Reply
	number of consumers and explanation for any abnormal increase / decrease (In accordance with Regulation 4.3 (f)(i) of MYT regulation) The reasonableness of the sales forecast is required to be supported by verified data of growth in the number of consumers, pattern of consumption, losses and demand of electricity in previous years and anticipated growth in the subsequent years. (In accordance with Regulation 58.3 of MYT regulation)	Further, the reasons for abnormal increase/ decrease in energy sales has already been submitted in the Petition.
b.	Licensee to forecast monthly sales for each customer category and sub-categories for review and approval by the Commission. (In accordance with Regulation 58.1 of MYT regulation)	Month wise and category wise energy consumption forecasted for FY 2022- is submitted with the letter DHBVN further submits that the Category wise monthly consumption varies largely on the state of weather prevailing in that month. Projecting of sales in such manner make the estimates more vulnerable to seasonal variations and eventually to the determination of associated expenditures. Therefore, to maintain accuracy and consistency in sales projections, CAGR approach has been followed by the Discoms for projecting category wise sales.
c.	Sale of electricity, if any, to electricity traders or other distribution licensee or outside state sales through banking etc. shall be separately indicated; (In accordance with Regulation 58.4 of MYT regulation)	Energy surplus is primarily generated due to significant drop of energy demand during off peak season. Surplus power during this period is banked with neighbouring states to meet energy requirement of peak season. Energy surplus created to large variation in energy demand during a day, technical minimum permissible limit of thermal generating stations and higher flux of renewable generation is logically traded off in power exchange to optimize the power purchase cost. Details of supply energy is already submitted in the ARR Petition for FY 2022-23. Details of Inter-state sales is submitted with the letter
d.	The distribution licensee shall indicate consumer category-wise open access consumers. The demand and energy wheeled for them shall be shown separately. (In accordance with Regulation 58.5 of MYT regulation)	The details of Open Access consumers for FY 2020-21 & FY 2021-22 (up to Nov'21) is submitted with the letter
3. Purchase of Power		
a.	For additional power procurement, apart from approved sources, aspects of peak support/peak shifting,	It is noteworthy that Power procurement for the period has been planned considering availability of power from long term PPAs/PSAs approved by the Hon'ble Commission. In case of any additional procurement, approval shall be taken separately from the

Query No.	Particulars	Reply
	ramping requirements, ancillary services, grid security and deviation management plan are required to be incorporated. Further, no provision for Energy Storage Systems in the power procurement plan have been made. (In accordance with Regulation 8.3.5 of MYT regulation)	Hon'ble Commission before entering into any agreement. Aspect like peak shifting, ramping requirements, ancillary services, grid security and deviation management are largely dependent on various factors like seasonable variation, day to day demand and other conditions. Energy storage systems are currently not economical and thus being implemented on pilot/ conceptual mode in other parts of the country. Haryana Discoms are analysing the techno-commercial viability of Battery Energy Storage System (BESS), Peaking Power with high ramping functionality for ancillary support, DSM management, grid security, renewable penetration, and peak load requirement. The proposal to this effect shall be submitted separately for kind consideration of the Hon'ble Commission
b.	Power procurement plan shall comprise of quantitative forecast of quantum and cost of the unrestricted base load and peak load demand in its licensed area. An estimate of month wise availability of power to meet base load and peak load demand both in terms of megawatt (MW) and Million Units (kWh). The procurement plan shall inter-alia include action plan regarding energy conservation, energy efficiency and demand side management. The present petition is bereft of any such information. (In accordance with Regulation 8.3.5 (2nd proviso) of MYT regulation)	The power procurement plan for ensuing year is prepared based on the normative/average power availability from long term tied up generating plants (existing and upcoming). Power procurement forecast in terms of annual generated units and corresponding cost is supplied before the Hon'ble Commission in ARR Petition for FY 2022-23. Demand supply forecast on monthly basis in terms of MW for ensuing year is submitted with the letter Various scheme has been rolled out for energy conservation such mandatory installation of 3 Star Rated Pump-sets for release of new AP Tube-well connections, installation of Super-Efficient Air Conditioning units, implementation of TOU/TOD tariff for HT Consumers and LT consumers having smart meters, installation of rooftop solar, etc. out and impact of such has already been accounted in load forecast for ensuing year.
c.	Power procurement plan shall include procurement of renewable energy or REC in case the available RE Sources are not sufficient to meet with the RPO trajectory as specified by the Commission including backlog, if any, allowed by the Commission during the previous year(s) (In accordance with Regulation 8.3.5 (3rd proviso) of MYT regulation).	The Licensee in the Petition has considered energy from the RE Sources available/ expected to be available in the Second Control Period in compliance with the Hon'ble Commission's methodology and Regulations. Discoms/HPPC has made sufficient long-term agreements to meet the RPO targets as mandated by the Hon'ble Commission. The existing solar power capacity available with Haryana Discoms through long term agreements is 533.75 MW besides solar rooftop having capacity of about 384 MW (UH-147 MW + DH-237 MW). Whereas 572.57 MW is currently available from non-solar RE sources. Considering all current tie ups contracted capacity from renewable sources to the tune of 3600 MW is expected by the end of FY 2022-23. The Discoms considering the existing tie ups are expecting to meet mandated RPOs targets for FY 2022-23 and FY 2023-24 in an as usual scenario. Whereas, shortfall of 1259 MUs and 48 MUs of solar and non-solar RPOs respectively corresponding to FY 2020-21 and shortfall to the tune 1100 MUs in solar RPOs is expected during the FY 2021-22. The backlog of Non-Solar RPOs shall be met with purchase of Non-Solar Power during FY 2021-22 whereas shortfall

Query No.	Particulars	Reply																												
		of solar RPOs for FY 2020-21 and FY 2021-22 to the tune of 2359 MUs shall be met through short term purchases, purchase of RECs and leveraging the allowable inter-changeability of non-solar RPOs. Discoms, in terms of HERC RE Regulations and orders of the Hon'ble Commission, shall however ensure trade-off between REC & purchase of RE Power and take financial prudent action accordingly.																												
d.	Further, the energy to be procured to satisfy RPO obligation does not form part of power supply position. In case, the licensee proposed to purchase REC's, no provision for the same appears in the proposal.	The backlog of solar RPOs for FY 2020-21 and FY 2021-22 to the tune of 2359 MUs shall be met through short term purchases, purchase of RECs and leveraging the allowable inter-changeability from non-solar RPOs. Purchase of RECs would depend on the price of solar RECs vis-à-vis cost of solar power available. As such purchase of RECs cannot be ascertained at this point of time, purchase of RECs would however be subject to financial prudent considering the market scenario/ trends. As such, the same has not been incorporated separately in the Power Procurement Plan.																												
e.	The distribution licensee shall project month- wise and source-wise power purchase requirement for each year of the control period based on the sales projections. (In accordance with Regulation 58.6 of MYT regulation)	Based on the projected sales of relevant financial year, the source wise power purchase requirement on annual basis has been submitted in ARR Petition for FY 2022-23. It is submitted that the same may kindly be considered by the Hon'ble Commission for allowing power purchase requirement and associated cost to the Petitioner.																												
f.	The licensee may confirm that all power during the FY 2020-21 has been scheduled strictly in accordance with the merit order and also provide details of additional revenue earned over and above the average power purchase cost on trading of surplus power; (In accordance with Regulation 59.3 of MYT regulation)	Power procurement has been made from long-term and short-term generating plants which had been approved by the Hon'ble Commission for FY 2020-21. It is submitted that the merit order dispatched has been strictly complied for purchase of power from the approved sources. DHBNV further submits that the surplus power generated, are due to limitation of minimum technical permissible of thermal generating plants to accommodate Renewable Power Penetration besides balancing of Peak and off-Peak demand during a day. Detail of additional revenue earned from surplus sales (over and above the APPC)by DHBNV and UHBNV combined together is shown in Table below: <table><tr><th>Particular</th><th>Unit (MUs)</th><th>Amount (Rs Cr.)</th><th>Rate (Rs/kWh)</th></tr><tr><td>Banking Power</td><td>950.05</td><td>372.42</td><td>3.92</td></tr><tr><td>Banking Premium</td><td>-</td><td>18.08</td><td>-</td></tr><tr><td>PTC/IEX & PXIL</td><td>302.53</td><td>94.18</td><td>3.11</td></tr><tr><td>Mittal/IEX</td><td>1.62</td><td>0.32</td><td>0.02</td></tr><tr><td>Total traded Power</td><td>1,254.19</td><td>485.00</td><td>3.87</td></tr><tr><td colspan="3">Revenue generated over and above APPC @ 3.79 (in Rs Crore)</td><td>9.59</td></tr></table> The detail of Inter-state sales and Banking by DHBNV for FY 2020-21 is already provided with reply of (2.c).	Particular	Unit (MUs)	Amount (Rs Cr.)	Rate (Rs/kWh)	Banking Power	950.05	372.42	3.92	Banking Premium	-	18.08	-	PTC/IEX & PXIL	302.53	94.18	3.11	Mittal/IEX	1.62	0.32	0.02	Total traded Power	1,254.19	485.00	3.87	Revenue generated over and above APPC @ 3.79 (in Rs Crore)			9.59
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g.	Bills of energy purchased during the previous 3 months.	Monthly power purchase statement for FY 2021-22 till Nov'21 is tabulated is submitted with the letter																												

Query No.	Particulars	Reply
	(In accordance with Regulation 59.4 of MYT Regulation)	
h.	Projected power supply position has not considered the rooftop solar power generation set up in the State.	Rooftop solar plants are being installed under net metering mechanism. Impact of the same is has already accounted in the load growth. Power supply position for ensuing year is projected based on power availability from existing and upcoming generation stations tied up on long term basis.
4. Capital Expenditure		
a.	Work wise details of actual capital expenditure incurred during FY 2020-21 and 2021-22 along with the reasons for over/under expenditure, if any, against the approved expenditure. Also, separately send work wise list where capital expenditure incurred on the works other than approved by the Commission in the FY 2020-21 and 2021-22 till date	Details of Capital expenditures for FY2020-21 and FY2021-22 is submitted with the letter
b.	Proposed capital expenditure plan for FY 2022-23 has been submitted without the justification/details of proposed expenditure in line with MYT Regulations. Item-wise details and Source of funds etc. The same may also be provided.	Proposed capital expenditure plan for FY 2022-23 is submitted with the letter .
c.	Assessment of financial and physical progress of Capital Expenditure under each head vis-a-vis the schedule submitted and approved by the Commission. In case of any deviation in Capital Expenditure including Capitalisation, the generating company / Licensee shall submit a detailed justification at the time of truing-up. The loan drawl should be matched with physical progress of Capital Works undertaken under each head. (In accordance with Regulation 4.3 (f)(viii) of MYT regulation)	The Capital Expenditure Financial & Physical details for FY 2020-21, FY 2021-22 & FY 2022-23 is submitted with the letter
d.	The licensee is required to exclude or remove from the capital cost of the existing and new project: (In accordance	It is submitted that the assets not put to use, and the de-capitalized or retired assets do not form part of the GFA of the Nigam. The Return on Equity has been claimed in the petition as per applicable MYT Regulation.

Query No.	Particulars	Reply
	with Regulation 18(5) of MYT regulation) a) The assets forming part of the project, but not in use; b) Decapitalisation of Asset; In case of de-capitalisation or retirement or replacement of assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of the de-capitalised or retired or replaced asset. and the debt capital approved as mentioned above, shall be reduced to the extent of actual debt component, based on documentary evidence, of the original cost of the decapitalised or retired or replaced asset: No such details have been provided. (In accordance with Regulation 19.3 (1st proviso) of MYT regulation).	
5. Expenses and Losses		
a.	Half yearly Accounts for the FY 2020-21	Half yearly Accounts for the FY 2020-21 is submitted with the letter
b.	Data of employees including new recruitments for 2021-22 till date and detailed calculations of proposed employee cost for the FY 2022-23	The Data of employees including new recruitments for 2021-22 till date and detailed calculations of proposed employee cost for the FY 2022-23 is submitted with the letter
c.	Voltage wise technical losses based on system configuration and capital investment plan for FY 2020-21, FY 2021-22 and expected for the FY 2022-23. (In accordance with Regulation 8.3.2 (2nd provision of MYT regulation) (In accordance with Regulation 65.2 (vi) of MYT regulation)	Voltage Wise Losses are attached is submitted with the letter
d.	Actual losses including feeder wise loss levels in the FY 2020-21, FY 2021-22 and expected for the FY 2022-23	Overall distribution losses of DHBVN for FY 2020-21 is 16.93%. The actual feeder wise loss levels in the FY 2020-21 and first half of FY 2021-22 (H1) are tabulated as under:

Query No.	Particulars	Reply																																								
	and beyond. (In accordance with Regulation 8.3.4 (3rd proviso) of MYT regulation). (In accordance with Regulation 57.1(d) (1st provision) of MYT regulation)	Urban Feeders <table><tr><th colspan="4">DHBVN Urban Feeders</th></tr><tr><th>Year</th><th>FY 2020-21 (As on 30.9.2020)</th><th>FY 2020-21 (As on 31.3.2021)</th><th>FY 2021-22 (As on 30.9.2021)</th></tr><tr><td>Total Feeders</td><td>912</td><td>934</td><td>952</td></tr><tr><td>Feeder with losses > 25% (No.)</td><td>138</td><td>56</td><td>74</td></tr><tr><td>Feeder with losses > 25% (in%)</td><td>15.13%</td><td>6.00%</td><td>7.77%</td></tr></table> Rural Feeders <table><tr><th colspan="4">DHBVN Rural Feeders</th></tr><tr><th>Year</th><th>FY 2020-21 (As on 30.9.2020)</th><th>FY 2020-21 (As on 31.3.2021)</th><th>FY 2021-22 (As on 30.9.2021)</th></tr><tr><td>Total Feeders</td><td>1048</td><td>1065</td><td>1097</td></tr><tr><td>Feeder with losses > 50% (No.)</td><td>395</td><td>350</td><td>332</td></tr><tr><td>Feeder with losses > 50% (in%)</td><td>37.69%</td><td>32.86%</td><td>30.26%</td></tr></table> The expected Distribution losses for FY 2021-22& FY 2022-23 has already been submitted in the ARR Petition.	DHBVN Urban Feeders				Year	FY 2020-21 (As on 30.9.2020)	FY 2020-21 (As on 31.3.2021)	FY 2021-22 (As on 30.9.2021)	Total Feeders	912	934	952	Feeder with losses > 25% (No.)	138	56	74	Feeder with losses > 25% (in%)	15.13%	6.00%	7.77%	DHBVN Rural Feeders				Year	FY 2020-21 (As on 30.9.2020)	FY 2020-21 (As on 31.3.2021)	FY 2021-22 (As on 30.9.2021)	Total Feeders	1048	1065	1097	Feeder with losses > 50% (No.)	395	350	332	Feeder with losses > 50% (in%)	37.69%	32.86%	30.26%
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e.	The licensee shall provide with the application for mid-year performance review the details of actual capital expenditure and details of any statutory levies and actual operational and cost data to enable the Commission to monitor the implementation of its order including comparison of actual performance with the approved forecasts (and reasons for deviations). In addition, the licensees shall also submit Annual Statement of Performance and Accounts of their respective businesses, analysis of detailed reasons for losses, if any, etc. The licensee has not provided any details of statutory levies, cost data, annual statement of performance and analysis of detailed reasons for losses. (In accordance with Regulation 11.3 of MYT regulation)	Information containing Capital expenditure incurred during 1st half of FY2021-22 is submitted with the letter. Further, the half yearly accounts for period ended 30.09.2021 for FY 2021-22, incorporating the requisite details, is submitted with the letter. Also, Audited account for FY2020-21 is already submitted along with the True up petition																																								

Query No.	Particulars	Reply
f.	The distribution loss level will be linked to a normative load factor for unmetered agriculture consumers. The distribution licensee shall establish consumption of unmetered agriculture consumers through a representative and reliable energy audit/sample tube well metering/sample DT metering/ meter readings of the 11 kV segregated AP feeders and submit requisite data for consideration of the Commission. The same does not form part of the ARR petition. (In accordance with Regulation 57.1(d) and 57.1(e) of MYT regulation) So long as there are any unmetered agriculture consumers, the sales forecast for unmetered agriculture consumer shall be validated with norms approved by the Commission on the basis of a proper study carried out by the distribution licensee. These norms can be revised by the Commission based on actual data or better estimates made available by the distribution licensee. (In accordance with Regulation 58.2 of MYT regulation)	It is submitted that DHBVN issued LOI to M/s Pranat Engineers Pvt. Ltd. vide Memo No. 84/ EA-57/2019 dated 26.11.2020 for third party authentication of AP Sales and the same been informed to Hon'ble Commission Vide memo No. Ch. 85/SE/RA-675 dated 02.12.2020, thereafter, Work Order vide Memo No. Ch- 86/EA-57/2019 dated 10.12.2020 has been issued to M/s Pranat Engineers Pvt. Ltd. M/s Pranat Engineers Pvt. Ltd. Submitted a final report in which the aggregate T&D losses from Feb 2021 to May 2021 of selected feeders is 15.05%. From this report it can be clearly concluded that the aggregate T&D losses calculated from the month of Feb. 2021 to May 2021 is 15.05% which is less than 16%as permitted by HERC for computation of AP feeders. The Hon'ble Commission considered the above said report and advised that losses in the selected feeders may also be calculated for another 2 months i.e. August and September 2021 and later apprise the Commission.
g.	Bad and doubtful debts shall be allowed to the extent the distribution licensee has actually written off bad debts subject to a maximum of 0.5% of sales revenue. However, this shall be allowed only if the distribution licensee submits all relevant data and information to the satisfaction of the Commission. In case there is any recovery of bad debts already written off, the recovered bad debts will be treated as other income. (In	As per audited accounts, there are no waiver grants to consumers during FY 2020-21.

Query No.	Particulars	Reply
	accordance with Regulation 64 of MYT regulation) The licensee has not provided any details of bad debts written off during the FY 2020-21 and claimed as part of true up cost. The licensee may provide the following information in this regard: - Consumer category wise separate details of energy charges, fixed charges, electricity duty, municipal taxes, penalties, delayed payment surcharge included in the bad debts written off. - Age wise breakup of the above amounts. - The licensee is required to confirm that all efforts including legal remedies were explored before the process of writing off these amounts was undertaken. Details of these remedies may also be provided. - Licensee may confirm that these consumers have been permanently disconnected and are no longer drawing energy from the licensee	
6. Commitment of RE Subsidy by State Government		
a.	Un-paid RE subsidy as on 31.3.2020.	It is submitted that as on 31/03/2020 no AP subsidy is pending in arrears from Govt.
b.	The licensee may confirm compliance with Section 65 of the Electricity Act, 2003 and arrears of subsidy, if any, may be reported. (In accordance with Regulation 68.1 of MYT regulation)	It is submitted that sanctioned Order has been issued by the State Govt to release the arrear of RE Subsidy for FY 2020-21.

Query No.	Particulars	Reply
7. Segregated Accounts with basis of allocation		
7	The distribution licensee shall prepare an allocation statement to apportion costs and revenues to respective business. The allocation statement shall be approved by the Board of Directors of the distribution licensee and accompanied with an explanation of the methodology which should be consistent over the control period under these Regulations. (In accordance with Regulation 7.1 (proviso) of MYT regulation)	Segregated Accounts for FY 2020-21 is submitted with the letter
8. Tariff Related		
a.	The applicant shall develop forecasting mechanism of expected revenue from tariff and charges and submit the same along with complete supporting details, including but not limited to the details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies or secondary research and contractual arrangements, to enable the Commission to assess the reasonableness of the forecast. (In accordance with Regulation 8.5 of MYT regulation)	• The Licensee has proposed to continue the current level of tariff for FY 2022-23 • Energy sales has been projected using 2-7 years CAGR on previous year category wise sales • By considering the projected sales and the current tariff, expected revenue has been forecasted by the Licensee for FY 2021-22 & FY 2022-23.
b.	The distribution licensee's tariff proposal should reflect the reasonable cost of providing service to each consumer class. In case where tariffs are historically distorted with significant level of cross subsidy, the aim should be to gradually move to non-cross subsidized tariffs. (In accordance with Regulation 69.1 of MYT regulation)	Tariff is being charged to the consumers on the basis of average cost of supply incurred by the Discoms. Efforts are being made to reduce the AT&C losses which eventually reduce down the current level of average cost of supply of the Discoms. Therefore, in view of the above, Discoms has proposed to retain the current level of tariff for FY 2022-23.

Query No.	Particulars	Reply
c.	The distribution licensee shall undertake a separate study to estimate the cost of supply for various consumer categories and submit the same to the Commission for its approval along with the MYT filing; (In accordance with Regulation 71.5 of MYT regulation)	It is submitted that study to estimate the cost of supply for various consumers categories has already been started by DHBVN. The Hon'ble Commission has been updated about progress of the study vide memo no. Ch-26/EA-74/2021 dated 7.12.2021.
d.	The distribution licensee shall also undertake a study for preparation of road map for reduction of cross-subsidy and submit the same to the Commission for its approval along with the MYT filing; (In accordance with Regulation 71.6 of MYT regulation)	Cross subsidy level prevailing in the existing tariff is well within the permissible range of +20% of average cost of supply specified in the Clause 8.3 of National Tariff Policy, 2016. The same is planned to be reduced by optimizing the cost of service to consumers in ensuing years.
9. MYT Compliance		
a.	Billing Efficiency for the FY 2020-21 measured as a percentage of Units billed by the distribution licensee to the total units injected into the distribution system. (In accordance with Regulation 4.3 (f)(ii) of MYT regulation)	It is submitted that MYT regulations are complied with this regard.
b.	Revenue Collection Efficiency for the FY 2020-21 shall be measured as a percentage of revenue realised by a generating company / Licensee against the total amount billed excluding arrears. (In accordance with Regulation 4.3 (f)(iii) of MYT regulation) Computation of the Revenue Collection Efficiency not mentioned in the petition. And details of recovery of arrears of previous years. (In accordance with Regulation 57.2 of MYT regulation)	- The collection efficiency as per the audited accounts of DHBVN is 101.16% for FY 2020-21. - Nigam is maintaining collection efficiency more than 100%, hence recovering the arrears in addition to current dues.
c.	Reduction in outstanding receivables from consumers including un-paid RE Subsidy as on 31.3.2019. (In accordance	As per Audited accounts the net debtors of DHBVN reduced from Rs. 2123.51 Crore to Rs.1822.01 Crore ending March 2021. The licensee is making concerted efforts to reduce outstanding receivables from consumers and is maintaining collection efficiency

Query No.	Particulars	Reply												
	with Regulation 4.3 (f)(iv) of MYT regulation)	of 100% in recent times												
d.	Percentage of consumers billed on the basis of meter reading to the number of consumers billed on average/assessed basis for the FY 2020-21 and the FY 2021-22. (In accordance with Regulation 4.3 (f)(v) of MYT regulation)	Details of consumers billed for FY 2020-21 and FY 2021-22 is given in Table below: <table><tr><th>Year</th><th>Total consumer billed</th><th>Billed Ok</th><th>Billed Provisional</th></tr><tr><td>2020-21</td><td>11712056</td><td>8829450</td><td>2882605</td></tr><tr><td>April 21 to Sept21</td><td>4604145</td><td>3636485</td><td>967</td></tr></table>	Year	Total consumer billed	Billed Ok	Billed Provisional	2020-21	11712056	8829450	2882605	April 21 to Sept21	4604145	3636485	967
Year	Total consumer billed	Billed Ok	Billed Provisional											
2020-21	11712056	8829450	2882605											
April 21 to Sept21	4604145	3636485	967											
e.	The Distribution licensee(s) shall share its power procurement plan with the State Transmission Utility in order to maintain consistency in the intra-state transmission system planning. The licensee may confirm that the same has been done. (In accordance with Regulation 8.3.5 (4th proviso) of MYT regulation)	Power procurement plan is being sent to STU, HVPNL on monthly basis.												
f.	The generating company, transmission and the distribution licensees shall also provide a copy of their respective capital investment plans to each other at the time of filing of the same with the Commission so as to enable them to carry out planning and network augmentation / strengthening activities in a co-ordinated manner. The licensee may confirm that the same has been done. (In accordance with Regulation 9.11 of MYT regulation)	DHBVN has uploaded the ARR Petition on its website (www.dhbvn.org.in) which includes the capital investment plan for FY 2021-22 & FY 2022-23.												
g.	The Utilities i.e., HPGCL, HVPNL, DHBVN and UHBVNL shall endeavour to set up Public Charging Station (PCS) for charging Electric Vehicles near to their Sub-Stations or any other appropriate place so as to enable faster adoption of Electric vehicles in the State. However, the current petition	It is submitted that suitable location at sub stations or other offices of DHBVN for installation of Electric Vehicle Public Charging Stations is being explored. On identification of the same, further necessary action shall be taken regarding creation of Public Charging Station.												

Query No.	Particulars	Reply
	includes no such proposal. (In accordance with Regulation 9.15 of MYT regulation). UHBVNL has separately provided their comments on the EV staff paper.	
h.	Within 7 (seven) days of filing of the application for mid-year performance review and true-up, shall publish for information of the public, the contents of the application filed with the Commission for mid-year performance review, true up of previous year and approval of tariff for the ensuing year in an abridged form in such manner as the Commission may direct and shall provide copies of the application and other documents filed with the Commission at a price not exceeding normal photocopying charges. The generating company and the licensees shall also host the application and other documents at their official websites. (In accordance with Regulation 11.2 of MYT regulation)	DHBVN has uploaded the ARR Petition in its website www.dhbvn.org.in . Further, it is to inform that DHBVN has published the content of ARR Petition on 03.12.2021 in two newspapers which are “The Tribune, Haryana” and “Dainik Bhaskar, Haryana” after receiving the permission from State Election Commission.
i.	In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly. Licensee may confirm that the same has been accounted for in the petition. (In accordance with Regulation 21.1 (viii) of MYT regulation)	During the implementation period the Capex remain in work in progress and Nigam is not charging any depreciation on the assets till the completion of the project. The Licensee has already submitted that the normative repayment of capex loan for each year is proposed equivalent to the projected depreciation during respective year in ARR Petition FY 2022-23.
j.	The licensee is required to calculate the ARR keeping in view that the repayment for	The Licensee is proposing repayment on long term Loans as per their tentative schedule in ARR estimation.

Query No.	Particulars	Reply
	each year of the control period shall be deemed to be equal to the depreciation allowed for the corresponding year. (In accordance with Regulation 21.1 (viii) (1st proviso) of MYT regulation)	
k.	The licensee may confirm that neither penal interest nor overdue interest forms part of the ARR and true up proposed. (In accordance with Regulation 21.2 (2nd proviso) of MYT regulation)	No penal/ overdue interest cost has formed the part of True Up for FY 2020-21 and ARR for ensuing years and same are in line with applicable HERC MYT Tariff Regulations.
l.	Distribution Licensee shall submit the utilization of funds allocated for DSM schemes and shall maintain separate records of Revenue/Expenditure related to individual DSM schemes approved by the Commission. (In accordance with Regulation 64 (1st proviso) of MYT regulation)	Details of funds allocated for DSM Schemes, if any, shall be submitted to the Hon'ble Commission along with the true up petition of the relevant years.
m.	In case the distribution licensee fails to submit the performance report to Commission or delays the submission by more than 2 months, the commission may reduce the return on equity by 0.50% if the licensee is not able to provide adequate justification for the delay. (regulation 65.2) licensee may provide dates of submission performance report. (In accordance with Regulation 65.2 (iii) of MYT regulation)	Data under compilation and shall be shared shortly.
n.	The distribution licensee shall submit and upload on their website circle-wise quarterly report containing the following for their respective circle: - i. Details of expenditure along with cost benefits analysis of each expenditure costing above Rs. 2.50 lakh	i. Modalities of Cost benefit analysis are being worked out and shall be shared shortly. ii. During FY 2020-21, DHBVN has achieved distribution loss level of 16.93%. DHBVN has marginally missed the distribution loss target of 16.53% given by the Hon'ble Commission in HERC Tariff Order dated 1st June 2020. DHBVN endeavours to achieve the loss targets fixed by the Hon'ble Commission and is working aggressively towards it. Initiatives undertaken by DHBVN are of long term in nature and impact will be visible after completion of the works

Query No.	Particulars	Reply
	ii. Distribution loss along with the reason for loss above 15% iii. Status of pending connections (numbers & load) iv. Sale of power and billing done in the previous quarter along with the status of recovery. v. Failure rate of transformers under warranty/out of warranty separately for rural & urban area vi. Three phase and single-phase defective meters pending for replacement The licensee may submit status of compliance.(In accordance with Regulation 65.2 (iv) of MYT regulation)	which are under progress. iii. Circle wise connection data provided in detail under point 10.b. iv. The Sale of Power and billing done upto Sep'21 has been provided with half yearly accounts provided with point 5.a. v. Failure rate of transformers is provided in detail under point 10.a. vi. Defective meters details are provided in detail under point 10.c.
o.	The distribution licensee shall not distribute power to any category of consumers free of cost. No approval from the Commission shall be sought in this regard. (In accordance with Regulation 65.2 (v) of MYT regulation)	Presently no power is being supplied to any category of consumer free of cost.
p.	The application, in case of a distribution licensee shall also include (In accordance with Regulation 71.2.2(i) of MYT regulation): i. Sales / demand forecast for each consumer category and sub-categories for each year of the control period and the methodology and rationale used; ii. Power procurement plan based on the sales forecast and distribution loss trajectory for each year of the control	i. Projection of category wise energy sales and approach has already been submitted in the ARR Petition. ii. Details of power procurement plan already provided in Section 4.7 of ARR Tariff Petition of FY 2022-23. iii. Provisions of MYT Regulations are being complied with iv. Data of connected load and no. of consumers of FY 2020-21 is provided under point 2.a. v. Cost of supply study is being conducted as per the methodology specified by the HERC. Collection of requisite data from the circle offices has been initiated and the outcome of the same will be submitted before the Hon'ble Commission within the specified timeline. Currently, most of the states are determining retail supply tariff based on the HT and LT cost of supply.. vi. Study to estimate the cost of supply for various consumers

Query No.	Particulars	Reply
	period. The power procurement plan should also keep in view energy efficiency and demand side management measures; iii. A set of targets proposed for other controllable items such as collection efficiency, recovery of bad debts, working capital, quality of supply targets, etc. The targets shall be consistent with the capital investment plan and business plan approved by the Commission; iv. Number of consumers in each category, connected load in kW / kVA v. Voltage wise estimates losses and cost of supply for various consumer categories per kW and per kWh / kWh vi. The ARR for different years of the control period, the revenue gap and tariff proposal for meeting the revenue gap for first year of the control period. The tariff proposal should be based on the cost of supply for various consumer categories and the cross-subsidy reduction road map. vii. Proposal for meeting the projected cumulative revenue gap for first year of the control period which shall include mechanism for meeting the proposed revenue gap, tariff	categories has already been started by DHBVN. The Hon'ble Commission has been updated about progress in this study vide memo no. Ch-26/EA-74/2021 dated 7.12.2021. vii. Based on the efficiency gain in ensuing years, Discom will be able to bridge the estimated revenue gap. Same has been discussed in detail in Section 5.1 of ARR Tariff Petition of FY 2022-23.

Query No.	Particulars	Reply
	revision for various consumer categories etc. In the absence of tariff proposal, the application/petition shall be considered as incomplete and shall be liable for rejection.	
10. Some additional data required by technical division		
a.	Circle wise as well as cumulative information regarding failure rate of transformers under warranty/out of warranty separately for rural & urban area during FY 2020-21 and 2021-22 (up to sept 2021).	Details of Failure rate of transformers under warranty/out of warranty, separately for rural & urban area is submitted with the letter
b.	Details of pending connections circle wise, category wise vis-a-vis their respective load at the beginning of FY 2020-21 and FY 2021-22 i.e. status as on 31.03.2020, applications received and released during FY 2020-21 and 01.04.2021 to 30.09.2021, along with reasons of pendency, if any.	Details of pending connections is submitted with the letter.
c.	Circle wise and area wise (urban and rural) details of three phase and single-phase defective meters pending for replacement at the beginning of the FY 2020-21 and 2021-22 (up to sept 2021)	Details of pending defective meters is submitted with the letter
d.	Circle wise details of three phase and single-phase defective meters pending in the urban and rural area separately along with the details of meters replaced vis-a-vis pending during FY 2020-21 and FY 2021-22.	Details of replaced defective meters is submitted with the letter
e.	Details of replacement/pendency of electromechanical meters for FY 2020-21 and FY 2021-22 (up to sept. 2021)	Details of replacement/ pendency of electromechanical meters is submitted with the letter

Query No.	Particulars	Reply																
f.	Circle wise, category and area wise (rural & urban) number of defaulters and their defaulting amount at the beginning of FY 2020-21 and FY 2021-22 along with efforts made to reduce the same.	The Circle wise and category wise number of defaulters and their defaulting amount at the beginning of FY 2020-21 and at the beginning of FY 2021-22 is submitted with the letter																
g.	Month wise details of collection efficiency in rural and urban area separately during FY 2020-21 and FY 2021-22 along with cumulative figures of collection efficiency.	Collection efficiency (month wise, area wise and cumulative mode) for FY 2020-21 and FY2021-22 (till Sep'21) is submitted with the letter																
h.	Circle wise information/details regarding feeders having distribution losses more than 25% in urban area and 50 % in rural area vis-a-vis total population of such feeders in the beginning of FY 2020-21 and FY 2021-22 along with comparison of progress in FY 2020-21(April-Sept 2021) and FY 2021-22(April-sept 2021).	Details of Rural & Urban feeders is submitted with the letter																
i.	Month wise AP actual consumption data for the FY 2020-21 and FY 2021-22 as per the methodology prescribed by the Commission along with detail of AP sale on feeders other than AP feeders and other sales on segregated AP feeders	Month wise actual AP consumption data for FY 2020-21 and 2021-22 (up to September 2021) as per the methodology prescribed by the Hon'ble Commission is submitted with the letter																
j.	A progress report on Smart Meters. (Procured, installed and under process)	The progress of Smart meters is given in Table below: <table><tr><th>Meter Type</th><th>Net Meter Received in DHBVN</th><th>Meter installed including New Service Connection in DHBVN by firm</th><th>Meter Issued to agencies by firm for installation (In process)</th></tr><tr><td>3 PH</td><td>96590</td><td>75641</td><td>3224</td></tr><tr><td>1 PH</td><td>102363</td><td>86519</td><td>4645</td></tr><tr><td>Total</td><td>198953</td><td>162160</td><td>7869</td></tr></table>	Meter Type	Net Meter Received in DHBVN	Meter installed including New Service Connection in DHBVN by firm	Meter Issued to agencies by firm for installation (In process)	3 PH	96590	75641	3224	1 PH	102363	86519	4645	Total	198953	162160	7869
Meter Type	Net Meter Received in DHBVN	Meter installed including New Service Connection in DHBVN by firm	Meter Issued to agencies by firm for installation (In process)															
3 PH	96590	75641	3224															
1 PH	102363	86519	4645															
Total	198953	162160	7869															
k.	A progress report on the implementation of IPDS.	A progress report on the implementation of IPDS is attached is submitted with the letter																
l.	A progress report on the implementation of DDUGJY Scheme	A progress report on the implementation of DDUGJY Scheme is attached is submitted with the letter																

Query No.	Particulars	Reply
m.	A progress report on PM KUSUM Pilot Scheme	Detailed report on PM KUSUM is attached is submitted with the letter.
n.	The reasons of difference in the AP Sales, (audited balance sheet and information supplied to Commission)	The Agriculture Sales submitted in Table 5 of the petition is as per sales booked in audited accounts. The difference in AP sales (audited and normative) is due to shifting of consumers from flat rate category to metered category.

Chapter 3

ANALYSIS OF ARR FILINGS AND COMMISSION'S ORDER

The Commission, while passing this Order for True-up of the FY 2020-21, Annual (Mid-year) Performance Review of the FY 2021-22 and determination of ARRs of the UHBVNL and DHBVNL for FY 2022-23, has taken into account their respective petitions including the supplementary submissions, additional information/data provided by them from time to time, revised ARRs, objections / suggestions of the stakeholders, replies of distribution licensees thereto, views expressed by the objectors during the public hearing(s) and the suggestions of the State Advisory Committee.

True-up of the ARR for the FY 2020-21

The Discoms have submitted that their petition(s) for True-up of the ARR for the FY 2020-21 are based on the audited accounts. The True-up petitions have been examined by the Commission in the light of the MYT Regulations in vogue and amendment(s) thereof, relevant Orders of the Commission and the audited accounts for the FY 2020-21 made available to the Commission by the Discoms.

Operation & Maintenance Expenses

The Operation & Maintenance Expenses of the Distribution licensees includes the following-

- Employee Expenses;
- Repair & Maintenance Costs and
- Administrative and General Expenses.

Employee Expenses consist of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.

Repairs and Maintenance expenses include regular expenditure made for improvement of system reliability and quality of power supply. Also, these expenses are important in view of the system maintenance and loss reduction within the distribution network.

Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

Comparison of actual O&M expenses incurred by UHBVNL as against the approved expenditure (after deducting the capitalization of expenses), as submitted by the licensee is as under:

O&M Expenses for FY 2020-21 (Rs. Crore)

Particulars	Approved (A)	Actual (B)	Difference (C=B-A)
Employee Expenses	740.76	710.37	-30.39
Administration & General Expenses	115.60	103.35	-12.25
Repair & Maintenance Expenses	146.93	98.84	-48.09
Terminal Liabilities	303.99	483.29	179.30
Total	1,307.28	1,395.86	88.58

It has been submitted that as per the regulation 8.3.4 of HERC MYT Regulations 2019, expenditure towards terminal benefits are uncontrollable items. The petitioner has, therefore, submitted that actual expenses toward terminal benefit may be allowed in the true up of ARR of UHBVN for FY 2020-21.

That the actual O&M Expenses as per the audited accounts of UHBVN for FY 2020-21 are less than the allowed expenses to UHBVN in Tariff Order dated 01.06.2020. The petitioner had requested that O&M expenses incurred on actual basis may be allowed to UHBVN for FY 2020-21.

The Commission has examined the true up for the FY 2020-21 proposed by UHBVNL and observes that the total O&M expenditure as per actuals is largely within the approved amount except for the terminal liabilities.

Terminal Liabilities, being an uncontrollable item, the Commission approves the true up of O&M expenditure as proposed by the licensee after excluding CSR expenditure of Rs 94,444 (Rs 0.0094 crore); being a charge on profit.

DHBVNL

A comparison of actual O&M expenses against the approved expenses (after deducting the capitalization), as submitted by the licensee is as under:

Particulars	Approved (A)	Actual (B)	Difference (B-A)
Employee Expenses	938.93	906.98	-31.95
Administration & General Expenses	121.22	132.59	11.37
Repair & Maintenance Expenses	176.11	137.73	-38.38
Terminal Liabilities	360	320.84	-39.16

Particulars	Approved (A)	Actual (B)	Difference (B-A)
Total	1,596.26	1,498.14	-98.12

DHBVNL has prayed that the Commission may allow the actual Employee Expenses and Repair & Maintenance Expenses to DHBVN for FY 2020-21 being less than approved expenses as per HERC Order.

It has been submitted that the actual A&G expenses for FY 2020-21 is marginally more than that approved by the Commission. DHBVNL has submitted that A&G expenses also includes MDR/digital payments transactions charges towards electricity bill payments by the consumers and borne by DISCOMs as per directions of the Hon'ble Commission. Further, expenditure towards CSR activities and higher legal charges, MRBD and computerisation service/consultancy charges, which are essential for running the business of the utility has also added to the cost. Hence, it has been prayed for by the licensee that the Hon'ble Commission may approve A&G expenses as per actual.

The Commission has examined the true up for the FY 2020-21 proposed by DHBVNL and observes that the total O&M expenditure as per actuals is lower than that approved by the Commission for the year, even though the A&G Expenses are in excess of that approved for the FY 2020-21.

Based on the explanation for the additional expenditure on this account provided by DHBVNL, the Commission approves the true up of O&M expenditure as proposed by the licensee after excluding CSR expenditure being a charge on profit.

Terminal benefits are uncontrollable expenses as per the MYT Regulations, 2012. Hence, the same are allowed to be trued-up based on the audited accounts of the Discoms. The Commission, thereby, approves the following:

O&M Expenses for FY 2020-21 (Rs. Crore)

Particulars	Approved	Actual	Revised True up
Employee Expenses	938.93	906.98	906.98
Administration & General Expenses	121.22	132.59	132.121

Repair & Maintenance Expenses	176.11	137.73	137.73
Terminal Liabilities	360	320.84	320.84
Total	1,596.26	1,498.14	1,497.67

Depreciation

UHBVNL

UHBVNL has submitted that the Commission has allowed Rs. 325.49 Crore expenditure toward the depreciation to UHBVN for FY 2020-21. As per the audited accounts gross depreciation amount to Rs. 392.12 Crores based on Opening & Closing GFA of Rs. 8,196.26 Crore and Rs. 8,835.52 Crore respectively. On adjustment of depreciation on the assets created from consumer contribution and grants (amounting Rs. 52.74 Crores) net expenditure towards depreciation amount to Rs 339.37 Crore for UHBVN in FY 2020-21.

Actual expenditure towards depreciation is more than the expenses approved for UHBVN for FY 2020-21 in the tariff order dated 01.06.2020. Increase in actual expenditure is merely because of higher capitalisation by UHBVN in FY 2020-21. UHBVNL has requested that actual expenditure toward depreciation may be allowed to UHBVN for FY 2020-21.

DHBVNL

DHBVNL has submitted that the Commission had allowed depreciation of Rs. 325.23 Crore. As per the Audited Accounts for FY 2020-21, gross depreciation works out as Rs 483.01Crore on the basis of Opening & Closing GFA amounting to Rs. 9,369.56 Crore and Rs. 10,736.69 Crore respectively. The gross depreciation is adjusted further with the depreciation on consumer contribution and grants amounting to Rs. 141.72Crore, to work out the net depreciation as Rs. 341.29 Crore during FY 2020-21.

Actual expenditure towards depreciation is more than the expenses approved for DHBVN for FY 2020-21 in the tariff order dated 01.06.2020. Increase in actual expenditure is because of higher capitalisation by DHBVN in FY 2020-21. DHBVNL has requested that actual expenditure toward depreciation may be allowed to DHBVN for FY 2020-21.

The Commission, in view of the fact that the calculations are in accordance with the HERC Regulations in this regard, approves the actual expenditure as per the audited accounts for the FY 2020-21.

Interest on Consumers Security Deposit

The Commission, vide the ARR Order dated 01.06.2020, had approved interest on consumer security deposit at Rs. 70.27 Crore (UHBVNL) for the FY 2020-21, as proposed by the licensee.

UHBVNL has now intimated that the actual interest paid on consumers' security deposit, as per their audited accounts of the FY 2020-21, is Rs. 67.55 Crore, which is lower than the interest cost already approved by the Commission. Similarly, in the case of DHBVNL, the Commission had approved Rs. 75.89 Crore as interest on consumer security deposit while the actual expenses, as per the audited accounts, is Rs. 72.19 Crore.

The actual expenditure of both the Discoms, being lower than that allowed by the Commission in its ARR Order for the FY 2020-21, is therefore, approved for true-up.

Interest on Capex loans

UHBVNL

UHBVNL has submitted that the Commission has allowed Rs. 136.71 Crore to UHBVN towards the interest liability on long term loans for FY 2020-21. The actual expense as per the audited accounts of UHBVN is Rs. 142.82 Crores on gross basis and on adjustment of interest capitalised of Rs. 45.33 Crore the net interest liability towards long term loans is Rs. 97.49 Crore.

In FY 2020-21, fresh loans for capital expenditure were available from PFC and REC at higher interest rate of 10.5%. To avoid the burden of higher interest cost, funds available from cash and credit limit at 7.5% interest rate are mobilised towards capital expenditure. Eventually, these funds at the end of the financial year replaced from the term loans of Rs 500 Crs at 7.5% interest from Canara Bank. **UHBVNL submitted that the average interest cost of Rs 18.75 Crs on the term loans of Rs 500 Crs may be included in the interest cost of capex loans and adjusted from the interest cost of the working capital loans accordingly.**

The interest cost on long-term borrowing inclusive of above adjustment amounts to Rs 116.24 Crores, which is less than the amount allowed by the Commission for FY 2020-21. It is therefore requested that the same may be allowed as the interest cost on long-term borrowing to UHBVN for trueing up of ARR for FY 2020-21.

The Commission has examined the interest cost actually incurred by the licensee during the FY 2020-21 as against that approved by the Commission and observes that the Nigam should not divert the short-term funds for the long-term purposes. It will invariably create a mismatch of funds repayment issue, which will impact the working capital and business sustainability. However, surplus long-term funds can always be deployed for short term purposes. Accordingly, the actual interest cost of Rs 116.24 crore is approved for true up for the FY 2020-21.

DHBVNL

DHBVNL has submitted that the Commission has allowed Rs.181.25 Crore towards the interest liability on long term borrowing for FY 2020-21. However, as per the Audited Accounts the gross interest liability towards long term borrowing is Rs. 247.62 Crore. After adjusting interest capitalisation Rs. 137.48 Crore, the net interest cost of DHBVN on long-term loans works out as Rs. 110.14 Crore for FY 2020-21.

As the actual interest of DHBVN on long term borrowing is less than the amount approved by the Commission in Tariff Order dated 01.06.2020 and is in line with actual capital expenditure and its funding thereto; the Commission approves the actual interest cost incurred on long term borrowing by DHBVN i.e. Rs. 110.14 crores for FY 2020-21 on true up.

Interest on Working Capital Loan

UHBVNL

UHBVNL submitted that the Commission allowed interest cost on working capital on normative basis. Interest cost on working capital in actual is Rs. 180.27 Crs against Rs 95.93 Crores allowed for FY 2020-21. As per the above submission for interest on CAPEX loans, the trued-up interest cost on working capital loans on adjustment of Rs 18.75 Crores amounts to Rs 161.52 Crores. Interest cost on working capital as per the audited accounts is higher than the allowed cost to UHBVN for FY 2020-21 in the tariff order dated 01.06.2020. It is submitted that due to COVID-19 pandemic actual working capital requirement of UHBVN has increased. UHBVNL requested that the actual expenditure may be allowed for truing up of ARR of UHBVN for FY 2020-21.

The Commission has examined the audited accounts and observes that the licensee has included interest on HVPNL bonds while claiming interest on working capital loans.

As the total approved ARR has undergone a change on account of the true- up of expenses that has been approved by the Commission; the admissible working capital loan and interest thereto has been recalculated accordingly in line with the MYT Regulations. Further, while calculating interest on working capital of UHBVNL for the FY 2020-21, the rate of interest has been taken as 8.51% i.e. as approved by the Commission in it's order dated 01.06.2020. The revised calculation of approved working capital borrowings and Interest cost thereto, for UHBVNL is as under:-

Interest on Working Capital Loan of UHBVNL (Rs. Crore)	
Interest on working capital	FY 2020-21
O&M expenses for 1 month	116.32
Maintenance spares 1% of opening GFA	81.96
2 months receivables	1976.82
Uncollected revenue*	59.30
Total	2234.41
Less	
ACD, as projected by UHBVNL**	1505.10
Net working capital	729.31
Interest rate	8.51%
Interest cost	62.06

** Uncollected revenue calculated as per MYT regulations i.e. Revenue billed for the relevant year * 1- (Normative Collection Efficiency). Normative CE for control period 1st April 2020 to 31st March 2025 is 99.5%.*

***For true up, ACD as per audited accounts is taken into consideration while calculating the net working capital.*

DHBVNL

DHBVNL submitted that the Commission has approved interest cost on working capital as Rs 155.06 Crore for FY 2020-21 on normative basis in Tariff Order dated 1st June 2020. However, as per the Audited Accounts, actual interest cost on working capital is Rs. 108.12 Crore for FY 2020-21.

The actual interest cost on working capital is within permissible limit, therefore, the petitioner has requested the Commission to allow the actual interest on working capital for FY 2020-21.

The Commission has examined the audited accounts and observes that the licensee has included interest on HVPNL bonds and borrowings from UHBVNL while claiming interest on working capital loans. The Commission, after excluding interest on

these items, not being in the nature of working capital borrowings, allows Rs. 57.82 crores as interest on working capital for DHBVNL for the FY 2020-21, based on actual expenditure incurred.

It needs to be noted that the licensees are allowed to retain certain income i.e. delayed payment surcharge amounting to Rs. 105.18 crores (UHBVNL) and Rs. 142.70 crores (DHBVNL) for the FY 2020-21. Such income is retained by the licensees for setting off the cost of additional working capital that may have been required and the same may also be utilised for the UDAY and HVPNL Bonds so as to reduce the burden on the State Government which is required to fund these through the OFR under UDAY scheme.

Interest on Bonds

UHBVNL

It has been submitted that Government of India has notified Ujjwal Discom Assurance Yojana (UDAY) scheme for operational and financial turnaround of power distribution companies (DISCOMs), on 20th Nov 2015 under which State shall take over 75% of Discom debt as on 30th September 2015 over five years. The schedule of takeover of loan has been given as under:

Break up of State Govt Takeover of Loans

Particulars	FY 16	FY 17	FY 18	FY 19	FY 20
Grant (%)	11.25%	11.25%	11.25%	11.25%	11.25%
Grant (Cr)	3,892.5	3,892.5	3,892.5	3,892.5	3,892.5
Equity (%)	3.75%	3.75%	3.75%	3.75%	3.75%
Equity (Cr)	1,297.5	1,297.5	1,297.5	1,297.5	1,297.5
Debt (%)	35.00%	45.00%	30.00%	15.00%	0.00%
Debt (Cr)	12,110	15,570	10,380	5,190	0.0

The Amount taken over by the Government of Haryana has been converted into grant in 5 instalments and in the meantime the interest cost of such bonds which has not been converted into grants by the Govt. of Haryana has to be borne by the Licensee only.

UHBVNL, in the FY 2020-21 has borne interest cost of Rs 42.32 Crs has been paid towards HVPNL Bonds. The corresponding interest cost on HVPNL Bonds borne by DHBVNL is Rs. 48.32 crores.

The Discom has prayed that the Hon'ble Commission may kindly allow the above interest cost of HVPNL Bonds for FY 2020-21, as part of working capital, as these are actual expenditures incurred by the Petitioner.

The Commission has considered the submissions and observes that in its earlier orders, while disallowing interest on UDAY bonds and HVPNL Bonds had, the Commission had, discussed the reasons behind such disallowance at length and the same holds good now as well.

The relevant extract from order dated 30.03.2021 is as under:

“The Commission, in its earlier orders, while disallowing interest on UDAY bonds and HVPNL Bonds had, appropriately, discussed the reasons behind such disallowance and the same holds true now. The Commission, in its order dated 07.03.2019, had observed as under:

“In line with the earlier Orders of the Commission, interest on UDAY Bonds shall be met out of OFR available under the UDAY. The Commission, in view of the UDAY, is of the considered view that in the present Order distribution loss trajectory has been pegged at levels specified in the said scheme and has not allowed any additional working capital loan and interest thereto on account of UDAY.”

It may be noted that the review on this issue was also not allowed by the Commission taking a consistent stand that the interest on UDAY borrowings are to be met through OFR to be funded by the State Government, in line with the conditions of the UDAY scheme, approved by this Commission.

The Commission, in its Order dated 21.05.2020, on the same subject, had further observed as under:

*“The Commission observes that the UDAY scheme, if implemented properly, will result in all round benefit, ultimately resulting in lower tariff to the consumers once the State Government completes the committed infusion of funds by way of equity and grant by the end of five years. **However, the Commission observes that as per the terms of MoU dated 11.03.2016, the Operational Funding (OFR) has to be provided by the State Government.** The interest on the UDAY bonds, HVPNL Bonds and FRP borrowings as quantified and claimed by UHBVNL & DHBVNL for the FY 2018-19 is Rs. 490.67 Crore & Rs. 287.74 Crore. **The Commission has examined the contention of the licensees and observes that all these claims are part of the borrowings that are already covered under the UDAY scheme and are, accordingly, part of such OFR to be funded by the State Government.**”*

“In light of the above discussions, the Commission is of the considered view that interest on UDAY bonds is required to be met from the OFR support available under UDAY in accordance with the modalities of the scheme. However, as discussed earlier, the petitioners, while on one hand have raised claim for interest cost in excess of that allowed as per regulations; on the other hand, they have opted not to pass on the benefit of earnings due to interest on delayed payment surcharge The Commission is of the considered view that instead of going beyond the scope of regulations, some portion of this additional interest cost can be met from the non-tariff income retained by the Discoms and the balance to be met in accordance with the terms of MOU; thereby decreasing the ultimate burden on the State Government.”

In view of above discussion, the Commission disallows the interest on HVPNL bonds for both the Discoms.

Total Interest & Finance Cost

UHBVNL

Interest and finance charges incurred as per the audited accounts of UHBVN for the FY 2020-21 is higher than the amount approved by the Commission in the Tariff Order dated 01.06.2020 and order dated 29.12.2020. UHBVNL has prayed that in consideration to liquidity crisis arising during the COVID-19 Pandemic in the FY 2020-21, the actual expenditure towards the interest and finance charges may be allowed to the petitioner.

DHBVNL

A summary of interest and finance charges, as per the audited accounts, including Guarantee Fees paid to the State Government and other bank charges of essential nature for raising of funds and running banking operation of the licensee for FY 2021 has been submitted by the licensee. Accordingly, the total Interest & Finance Charges for FY 2020-21 are less than that approved by the Hon'ble Commission, and as such, the licensee has prayed that the Commission may allow the actual interest & finance charges for FY 2020-21 as per audited accounts.

In addition to the interest cost, the Discoms have also requested for true up of the cost of raising finance including guarantee fee and other finance charges as under:

		UHBVNL	DHBVNL
1	Other Interest and Finance charges	39.16	6.23
2	Guarantee Fees		20.84

The Commission, considering the cost to be legitimate, allows the same as proposed.

A summary of interest and finance charge as per the audited accounts vis-à-vis now approved by the Commission for true up for FY 2020-21 is as under:

Total Interest & Finance Cost for FY 2020-21 (Rs Crores) UHBVNL

Sr. No.	Category	Approved	Actual	Trued Up Proposed	Revised approval
1	Gross Interest on Capex Loans	244.91	142.82		
2	Less: Interest Capitalized	108.2	45.33		
3	Net Interest on Capex Loans	136.71	97.49	116.24	116.24
4	Interest on Working Capital Loans	95.93	180.27	161.52	62.06
5	Interest on HVPNL	0	42.32	42.32	0

	Bonds				
6	Interest on Consumer Security Deposits	70.27	67.55	67.55	67.55
7	Other Interest and Finance charges including Guarantee Fees	10	39.16	39.16	39.16
8	Total Interest and Finance Charges	312.91	426.79	426.79	285.01

Total Interest & Finance Cost for FY 2020-21 (Rs Crores) DHBVNL

Sr. No.	Category	Approved	Actual	Revised Approval
1	Gross Interest on Capex Loans	298.02	247.62	
2	Less: Interest Capitalized	116.78	137.48	
3	Net Interest on Capex Loans	181.24	110.14	110.14
4	Interest on Working Capital Loans	155.06	59.80	57.82
5	Interest on HVPNL Bonds	0	48.32	0
6	Interest on Consumer Security Deposits	75.89	72.19	72.19
7	Other Interest & Finance Charges	16.08	6.23	6.23
8	Guarantee Fee	10.00	20.84	20.84
9	Total	438.27	317.52	267.22

Expenditure due to other debits

UHBVNL

It has been submitted by the licensee that as per the audited accounts, Rs. 85.41 Crore has been the actual expenditure of UHBVN towards other debits during the FY 2020-21. As per Regulation 24 (Foreign Exchange Rate Variation) and Regulation 64 (Bad and Doubtful Debts) of MYT Regulations, 2019 expenditure towards other debits have also been incurred. Thus, the licensee has prayed that this Hon'ble Commission may allow the same in line with the actual amount as reflected in the audited accounts for the FY 2020-21. The details are as under:-

Other Expense for FY 2020-21 (in Rs. Crore)

Particulars	Amount
Provision for Bad & Doubtful Debts	35.37
Bad & Doubtful debts written off under Bill Settlement Scheme	-
Compensation for Injury, death, damage and penalty	4.18
Infructuous Capital Exp. Written off	-
Loss on Obsolescence of Stores/ Scrap & Assets	0.51
Loss on exchange rate variation	14.11
Miscellaneous losses and written off	4.67

Particulars	Amount
Provision for amount recoverable from employees/theft of property	26.58
Total Expenses	85.41

The Commission has examined the submissions of the petitioner regarding and provisions as above and observes that the only the bad debts, actually written off, that too if case specific details are provided, can be considered. Accordingly, the provision for bad debts as also provision for amount recoverable from employee are disallowed. Further, loss on obsolescence of Stores/ Scrap & Assets and the amount on account of Miscellaneous losses and written off can also not be recovered from consumers in the absence of any specific provisions in the regulations. Compensation for injury, death and damage is allowed in order to enable the licensee to pay these amounts promptly.

As per the additional information supplied by the petitioner, miscellaneous losses and written off amounting to Rs 4.67 crores mainly relates to writing off the balances in the Account Code i.e. amount recoverable for want of proper sanction.

The Commission, in view of the proposed write off, directed the licensee to provide requisite information in this regard as under: -

Bad and doubtful debts shall be allowed to the extent the distribution licensee has actually written off bad debts subject to a maximum of 0.5% of sales revenue. However, this shall be allowed only if the distribution licensee submits all relevant data and information to the satisfaction of the Commission (emphasis added). In case there is any recovery of bad debts already written off, the recovered bad debts will be treated as other income. (In accordance with Regulation 64 of MYT regulation).

The Commission observes that the licensee has not provided complete details of bad debts as directed in the memo no. 4166/HERC/No.46 of 2021 dated 17.12.2021. The billed amount written off as part of bill settlement scheme makes it clear that these consumers are still connected. In case such amounts are allowed to be written off adding to the financial losses / revenue gap of the Discoms to be recovered through tariff, it amounts to incentivising non-paying consumers at the cost of regular paying consumers who would ultimately bear the burden of the enhanced revenue gap. Further, amounts that are written off under the stated HERC Supply Code Regulations, 2014 and its subsequent amendments, would be the

amounts that were wrongly billed to consumers whose connections were required to be disconnected for non-payment and was not done. Such consumers appear to have been allowed to consume electricity in violation of the HERC Regulations. Allowing such amounts to be recovered from the paying consumers, instead of penalizing the licensee and the erring consumers, would be great injustice to the law-abiding consumers of the state. The Commission makes it clear that in order to claim any bad debts, the licensee is required to demonstrate that the debts were incurred legitimately and there are no further means available to the licensee to recover these amounts. In light of the above observations, the Commission disallows the recovery of any bad debts incurred by the licensees under any bill settlement scheme or otherwise in violation of the regulations of the Commission. The Commission allows as under:-

(in Rs. Crore)

Other debits allowed to be recovered in ARR	Amount
Compensation for Injury, death, damage and penalty	4.18
Loss on exchange rate variation	14.11
Total	18.29

DHBVNL

It has been submitted that as per as per the audited accounts, Rs. 2.18 Crore has been incurred by DHBVN as other debits during the FY 2020-21. The major part of Rs. 2.18 Crore consists of expenditure on account of compensation, miscellaneous losses etc. which are normal in the business of power distribution. Hence, the Hon'ble Commission is requested to allow in terms of applicable MYT regulations. The details submitted by DHBVNL, as part of the additional information, is as under:

Sr. No	Nomenclature	FY 2020-21 (In Lakhs)
1	Shortages on Physical verification of Stock	4.57
2	Loss of materials by pilferage etc	17.92
3	Compensation of injuries, death, and damage (Staff)	139.97
4	Compensation of injuries, death and damage-/loss on Sale of Fixed Assets/Obsolescence/shortage etc.	55.98
Total		218.44

As observed by the Commission, in case of a similar claim by UHBVNL, compensations for injury, death and damages is allowed in order to enable the licensee to pay these amounts promptly. Further, loss on sale of fixed assets and scrap is also allowed. Other

debits, being in the nature of write off, are not allowed in the absence of any provisions in the MYT regulations in this regard.

The Commission approved debits as under :-

Other debits allowed to be recovered in ARR	In Crores
Compensation of injuries, death, and damage (Staff)	1.40
Compensation of injuries, death and damage-/loss on Sale of Fixed Assets/Obsolescence/shortage etc.	0.56
Total	1.96

Return on Equity (RoE)

The petitioner submitted that the return on equity has not been allowed to Discoms for FY 2020-21 in tariff order dated 01.06.2020. However, Discoms despite the impaired economic activities has been able to reduce distribution losses and improve operational efficiency during the FY 2020-21. They have provided 24X7 power supply to consumers during the lockdown of COVID-19 Pandemic. The petitioners also submitted that they have capitalised more assets than the capital expenditure incurred during the FY 2020-21. Moreover, both the Discoms have made concerted efforts in optimising the power purchase cost and successfully run its operation for FY 2020-21 without revision in retail supply tariff.

The Govt. of Haryana has infused Rs 194.38 Crore equity in UHBVNL and Rs 251.56 Crore equity in DHBVNL in FY 2020-21. As per the Regulation 20 of the HERC MYT Regulation 2019, return on equity has been calculated for FY 2020-21.

Detailed calculation for Return on Equity in FY 2020-21 is shown in the table below:

Return on Equity for FY 2020-21 (Rs Crores)- UHBVNL

Particulars	FY 2020-21
Opening Share Capital	15,511.64
Add: Share Application money pending allotment	67.08
<i>Less: Equity received under UDAY</i>	13,365.73
Opening Equity for Distribution & Retail supply assets	2,219.99
<i>Less: Opening share capital for assets not put of use (20%)</i>	119.55
Net Eligible Opening Equity for Return on Equity	2,093.44
Add: Equity received for Capex	127.30
Closing Equity	2,287.82
Average Equity eligible for Return on Equity	2,220.74
Rate of Return on Equity	14.00%
Return on Equity	301.99

Return on Equity for FY 2020-21 (Rs Crore)- DHBVNL

Particulars	FY 2020-21
Opening Share Capital	13,614.50
Add: Share Application money pending allotment	109.82
<i>Less: Equity received under UDAY</i>	11,729.27
Opening Equity for Distribution & Retail supply assets	1,995.05
<i>Less: Opening share capital for assets not put of use (20%)</i>	291.66
Net Eligible Opening Equity for Return on Equity	1,703.39
Add: Equity received for Capitalisation	251.56
Closing Equity	1,954.95
Average Equity eligible for Return on Equity	1,829.17
Rate of Return on Equity	14.00%
Return on Equity	256.08

The Discoms have prayed that in consideration to the operational efficiency achieved by the Discoms in FY 2020-21, Return on Equity as per the prevalent regulations may be allowed to Petitioners.

The Commission had not allowed RoE for the FY 2020-21 in its order dated 01.06.2020, being the unprecedented crisis year. Accordingly, the same, as per the principles of true-up, cannot be considered i.e. true-up is vis-à-vis an amount allowed after due consideration and the actual amount as per the Audited Accounts of the relevant year.

Non-tariff Income

UHBVNL

UHBVNL has submitted that Actual Non – Tariff income of UHBVN for FY 2020-21 is Rs. 230.67 Crores against Rs 221.26 Crore approved by Hon’ble Commission in Tariff Order dated 01.06.2020. UHBVN has not considered the delayed payment surcharge, rebate on timely payment of energy charges and early payment rebate from suppliers/contractors as part of Non-Tariff income for FY 2020-21.

It has been submitted that income on account of delayed payment surcharge is to be adjusted towards the working capital that must be borne by the Distribution Licensee due to non-payment of energy bill in timely manner by the consumer. Therefore, the same has been deducted from Non-Tariff Income of UHBVN for FY 2020-21.

Rebate received on timely payment of energy charges and early payment rebate from suppliers/contractors is also not considered as a part of non-tariff income for FY 2020-21. It is submitted that interest cost on working capital loan is allowed on normative basis, whereas additional short-term borrowing is to be arranged by UHBVN to avail the rebate on timely payment of energy charges and to suppliers/contractors. Therefore, to meet the interest liability of additional working capital requirements, rebate on timely payment of energy charges and timely payment to suppliers/contractors is being used by UHBVN to balance the actual working capital cost implication on the Discom.

In view of above, the petitioner has prayed that the Hon'ble Commission may allow the Non-Tariff Income of Rs 230.67 Crores to UHBVN for the FY 2020-21.

DHBVNL

Non-Tariff income of DHBVN for FY 2020-21 is Rs. 357 Crore against Rs.307.66Crore approved by Hon'ble Commission in Tariff Order dated 1.6.2020. DHBVN has not considered the delayed payment surcharge and timely payment of energy charges and Supplier/ Contractor as part of Non-Tariff income for FY 2020-21.

DHBVNL has submitted that income on account of delayed payment surcharges Rs. 142.70 Crore is to be adjusted towards the working capital which has been borne by the Distribution Licensee due to non-payment of energy bill in a timely manner by the consumer. Therefore, the same was deducted from Non-Tariff Income of DHBVN for FY 2020-21.

Rebate received on timely payment of energy charges and timely payment to suppliers/contractors is also not considered as a part of non-tariff income for FY 2019-20. It is submitted that interest cost on working capital loan is allowed on normative basis, whereas additional short-term borrowing is to be arranged by DHBVN to avail the rebate on timely payment of energy charges and to suppliers/contractors. Therefore, to meet the interest liability of additional working capital requirements, rebate on timely payment of energy charges and timely payment to suppliers/contractors is being used by DHBVN to balance the actual working capital cost implication on the Discom.

Non-Tariff Income for FY 2020-21 (Rs Crore)

Particular	Approved	Actual
Non-Tariff Income	307.66	591.07
Less: Delayed Payment Surcharge from Consumer		142.70
Less: Discount on timely payment of Energy Charges& Supplier/Contractor		90.50

Particular	Approved	Actual
Net Non-Tariff Income	307.66	357.87

In view of the above, DHBVNL requested that the Commission to allow the Non-Tariff Income of Rs.357.87Crore.

The Commission has considered the submissions of the licensee and finds the same in order. Hence, approves Rs. 230.67 crores and Rs. 357.87 crores as non-tariff income for UHBVNL and DHBVNL respectively on true up for the FY 2020-21. The retained income by the licensees may be utilised towards payment of interest on UDAY and HVPNL Bonds in order to reduce the burden on the State Government which is required to bear the same as part of OFR cost.

True-up of Power Purchase Quantum and Cost

Haryana Power Purchase Cell (HPPC) has been established as an administrative body for procuring power for both Discoms in Haryana. Representatives of both Discoms in HPPC manage the day-to-day power procurement from the long term tied up generating stations and other sources from alternative mode like short term power procurement from power exchanges, traders etc and banking of power.

Power procurement has been made from long-term tied up generating sources approved by the Hon'ble Commission. Merit Order Dispatch has been strictly complied to procure power for day-to-day operations. Based on the demand supply mismatch short term power has been procured/sold in power exchanges or other alternatives arrangement to meet the energy requirement of Haryana Discoms.

Surplus power in off-peak season is banked with the neighbouring states and sourced back during the peak season (paddy season) to avoid the power deficit scenario. Surplus power left thereafter is logically traded off in the power exchange at the average variable cost before surrendering the energy from generating stations.

Power purchase quantum and associated cost as per the audited accounts and approved in Tariff Order dated 01.06.2020 for FY 2020-21 as shown in table below:-

Power Purchase Details for FY 2020-21 for Haryana (in MU) UHBVNL

Particulars	Approved (A)	Actual (B)	Difference (B-A)
Power Purchase Quantum	63,666.54	53,761.66	(9,904.88)

Actual average power purchase cost (excluding transmission charges) works out Rs. 3.79 per unit against the approved average power purchase cost Rs. 3.96 per unit allowed for FY 2020-21 in Tariff Order dated 01.06.2020.

UHBVNL

Actual power purchase cost of UHBVN is 41.97% of total power procurement cost of Haryana Discoms for FY 2020-21.

Actual power purchase cost for FY 2020-21 is Rs 8552.96 Crs against the approved power purchase cost Rs 8583.10 Crs

Actual inter and intra-state transmission charges are Rs 801.64 Crs and Rs 520.67 Crs against Rs 830.40 Crs and Rs 528.86 Crs approved in the Tariff Order dated 30.03.2021

Despite actual sales being higher than the approved sales, actual power purchase cost has reduced against the approved power purchase cost. Primarily reasons for reduction in power purchase cost were distribution loss reduction and optimum power procurement in FY 2020-21.

Power purchase cost Rs 310.30 Crs is saved due to reduction in distribution losses against the targeted level. The same is shared with consumer in 60:40 ratio and Rs 186.18 Crs is retained by the Discom as per the Regulation 12 of MYT Regulation 2019. The total power purchase cost after trueing up amounts Rs 8739.14 Crs for FY 2020-21. Accordingly, based on above submission total power purchase cost Rs. 10,061.44 Crores against the approved power purchase cost of Rs 9942.36 Crs may kindly be allowed to Petitioner for the FY 2020-21.

DHBVNL

Actual average power purchase cost (excluding transmission charges) works out Rs. 3.79 per unit against the approved average power purchase cost Rs. 3.96 per unit allowed for FY 2020-21 in Tariff Order dated 01.06.2020.

Actual power purchase cost of DHBVN is 58.03% of total power procurement cost of Haryana Discoms for FY 2020-21.

Despite actual sales being higher than the sales approved in the order dated 01.06.2020, actual power purchase cost is lower than the approved during FY 2020-21 primarily due to optimum power procurement in FY 2020-21.

The Petitioner- DHBVNL prays the Commission to allow the actual power purchase cost of Rs. 13,561.69 Crore for the FY 2020-21.

The Commission observes that the difference in power purchase cost could arise either on account of variation in actual source wise generation or rate of power vis-à-vis those allowed by the Commission on a projected basis. As per the MYT Regulations, the Discoms are allowed to automatically recover FSA, without going through the regulatory process subject to a cap, in order to ensure financial viability of the licensees. However, the automatic recovery is subject to a cap and therefore the need to True-up. Also, the actual cost for the year can only be determined after the audited accounts are available.

In view of the aforesaid constraints, the actual power procurement cost is to be trued up based on the **normative distribution losses** approved by the Commission in the ARR / Tariff Order for the relevant year. **Transmission losses are allowed as per actual** since the Discoms have no control over the transmission losses.

Further, in light of the fact that AP sales in the state are unmetered and even the metered supply due to large number of dead / defective meters are not accurate, the Commission is constrained to arrive at an estimate of AP sales based on the energy recorded at the 11 kV AP segregated feeders. The Commission estimates and approved AP sales are discussed at “section 4.3 True up of AP Sales for FY 2020-21” of this order and has a major impact on the distribution loss levels of the Discoms, in the FY 2020-21. Based on the approved AP sales and the distribution loss level approved by the Commission in its Order dated 01.06.2020, the excess units purchased by the Discoms is arrived at and treated in terms of the incentive and penalty mechanism of the HERC MYT Regulations, 2012. The details of True-up of power purchase cost of the Discoms for the FY 2020-21 is as per the table below:

True-up of Power Purchase Cost (FY 2020-21)

(In MUs)

	UHBVNL			DHBVNL			Total
	Apr'20- May'20	Jun'20- Mar'21	Apr'20 to Mar'21	Apr'20- May'20	Jun'20- Mar'21	Apr'20 to Mar'21	
Sales as per audited accounts (net of AP sales)	1,478.84	12,471.52	13,950.36	2,149.57	15,750.10	17,899.67	31,850.03
Add AP sales as per HERC methodology	151.92	3,582.48	3,734.40	544.47	4,772.99	5,317.46	9,051.86
Approved/Audited sales adjusted for AP	1,630.76	16,054.00	17,684.76	2,694.04	20,523.09	23,217.13	40,901.89
Approved Distribution losses	14.14%	21.23%		14.14%	16.53%		
Sales grossed up for Distribution losses	1,899.32	20,380.86	22,280.18	3,137.71	24,587.38	27,725.10	50,005.28

Particulars		UHBVNL	DHBVNL	Total
Sales grossed up for Distribution losses	MU	22,280.18	27,725.10	50,005.28
Actual Interstate sales and banking	MU	518.11	790.76	1,308.87
Total power sold including inter-state sale and banking	MU	22,798.29	28,515.86	51,314.15
Intrastate & Interstate transmission losses as per audited accounts	MU	836.64	1,158.53	1,995.17
	MU	3.54%	3.90%	
Approved power purchase volume (Sales grossed up for Intrastate & Interstate transmission losses)	MU	23,634.93	29,674.39	53,309.32
Actual Power Purchase Volume	MU	22,563.73	31,197.93	53,761.66
Disallowed Units	MU	-1,071.20	1,523.54	452.34
Cost of disallowed units at actual variable cost i.e. @2.49	Rs. Crore	-266.73	379.36	112.63
Two third to be borne by the Discoms	Rs. Crore	-177.82	252.91	75.09
One third to be borne by the consumers		-88.91	126.45	37.54
Thus, out of total power purchase cost incurred by DISCOMs, only 2/3rd determined above shall be disallowed and the remaining actual cost shall be allowed				
Actual cost incurred by DISCOMs during the FY 2020-21 (incl HVPNL and SLDC charges)	Rs. Crore	9875.26	13561.69	23,436.95
Less two third cost of losses to be borne by the Discom	Rs. Crore	-177.82	252.91	75.09
Net power purchase cost admitted by the Commission	Rs. Crore	10053.08	13308.78	23,361.86
Average per unit rate		4.25	4.48	4.38
Power purchase cost allowed in the ARR order 01.06.2020				

Approved power purchase cost(incl HVPNL and SLDC)	Rs. Crore	9942.35	13672.78	23,615.13
Average per unit rate		4.21	4.61	4.43
True up of Power purchase cost	Rs. Crore	110.73	-364.00	-253.27

The Commission, in light of the above calculations, approves the revised power purchase cost of UHBVNL at Rs. 10053.08 Crores and that of DHBVNL at Rs. 13308.78 Crores for the FY 2020-21.

Revenue from Sale of Power for the FY 2020-21 (Energy Sales)

UHBVNL

Actual energy sales of UHBVN for FY 2020-21 have increased in comparison to the approved energy sales approved in Tariff Order dated 1st June 2020.

In FY 2020-21, COVID-19 Pandemic has caused contraction in gross domestic production resulting to global economic slowdown and liquidity crisis. Haryana Discoms in the backdrop of the decisions taken by the State Govt. has taken various initiatives such as waiver of 25% of fixed charges, payment of balance fixed charged in 6 equal instalments, extension of payment of bill due dates, rebate on online payment of bills and deferment of revision of advance consumption security deposit, which revived the consumption of industrial and commercial consumers.

Category wise actual energy sales to the consumers vis-à-vis approved by the Hon'ble Commission for FY 2020-21 is tabulated as under: -

Category wise Energy Sales of UHBVNL for FY 2020-21 (In MUs)

Consumer Category	Approved (A)	Actual (B)	Difference (B-A)
Domestic	4632.00	5304.60	672.60
Non- Domestic	1160.00	1487.75	327.75
HT Industry	3837.00	5098.70	1261.70
LT Industry	738.00	1063.97	325.97
Lift Irrigation	62.16	73.71	11.55
Agriculture	3685.56	3609.56	-76.00
Bulk Supply	348.00	309.88	-38.12
Railways	6.42	2.83	-3.59
Streetlight	88.21	84.95	-3.26
MITC	4.91	4.44	-0.47
Public Water Works	534.00	519.54	-14.46
Total	15096.26	17559.92	2335.82

DHBVNL

DHBVNL has submitted that actual energy sales of DHBVN for FY 2020-21 has increased in comparison to the approved energy sales allowed in Tariff Order dated 1st June 2020.

DHBVNL has further submitted that the FY 2020-21 was an unprecedented year due to COVID-19 Pandemic. There was contraction of gross domestic production across all the economies resulting to global economic slowdown and liquidity crisis. Haryana Discoms in the backdrop of the decisions taken by the State Govt. have taken various initiative such as waiver of 25% of fixed charges, payment of balance fixed charged in 6 equal instalments, extension of payment of bill due dates, rebate on online payment of bills and deferment of revision of advance consumption security deposit, which has won the confidence of consumers and encouraged them to revive the state economy back to the state of normalcy. Category wise actual energy sold to the consumers vis-à-vis that approved by the Hon'ble Commission for FY 2020-21 is tabulated as under: -

Category wise Energy Sales of DHBVNL for FY 2020-21 (In MUs)

Consumer Category	Approved	Actual	Difference
	(A)	(B)	(B-A)
Domestic	6,449.00	6,671.21	222.21
Non- Domestic	2,574.33	2,646.12	71.79
HT Industry	4,464.00	5,568.83	1,104.83
LT Industry	753.74	931.06	177.32
Lift Irrigation	205.00	180.54	-24.46
Agriculture	5,531.99	6,396.32	864.33
Bulk Supply	1,201.00	1,041.85	-159.15
Railways (Metro)	60.21	42.73	-17.48
Street Light	94.00	106.00	12.00
Public Water Works	747.09	711.34	-35.75
Total	22,080.36	24,295.99	2,215.63

The Discoms have requested that the above actual energy sales may be allowed for trueing up for FY 2020-21.

Upon examination of the Audited accounts of the Discoms for the FY 2020-21, the Commission observes that the Discoms have recovered revenue from intrastate sale of power of Rs. 21390.68 Crore as against Rs. 18897.82 Crore estimated by the Commission. The True-up of revenue from intrastate sale of power for the FY 2020-21 is as given in the table below.

Revenue from sale of power for the FY 2020-21 (Rs. Crore)

Revenue for the FY 2020-21	UHBVNL	DHBVNL	TOTAL
Revenue from sale of power as per audited accounts	7879.24	10514.59	18393.83
Revenue from Fixed Charges	734.96	1092.69	1827.64
FSA	503.92	665.28	1169.20
Total	9118.12	12272.56	21390.68

Besides the revenue realised from the intrastate sale of power, the Discoms have also earned Rs. 519.79 crores from interstate sale and banking.

Revised ARR for the FY 2020-21

In view of the above analysis, the Commission approves the revised ARR for UHBVNL and DHBVNL as per the details provided in the table(s) below:-

True-up of UHBVNL for the FY 2020-21 (Rs. Crore)

Sr. No	Particulars	Approved	Actual	Revised True Up
1	Power Purchase Expense	9,942.36	10,061.44	10053.08
1.1	Power Purchase Expense	8,583.10	8,739.14	-
1.2	Interstate transmission charges	830.4	801.64	-
1.3	Intrastate transmission & SLDC charges	528.86	520.67	-
2	Operations and Maintenance Expenses	1,307.28	1,395.86	1395.84
2.1	Employee Expense	740.76	710.37	710.37
2.2	Administration & General Expense	115.6	103.35	103.34
2.3	Repair & Maintenance Expense	146.93	98.84	98.84
2.4	Terminal Liability	303.99	483.29	483.29
3	Depreciation	325.49	339.37	339.37
4	Total Interest & Finance Charges	312.91	426.79	285.01
	Interest on Capex Loans	136.71	97.49	116.24
	Interest on Working Capital Loans	95.93	180.27	62.06
	Interest on HVPNL Bonds	0	42.32	0
	Interest on Consumer Security Deposits	70.27	67.55	67.55
	Other Interest and Finance charges including Guarantee Fees	10	39.16	39.16
5	Return on Equity Capital	-	301.99	0
6	Other Expenses	-	85.41	18.29
7	Total Expenditure	11,888.04	12,610.87	12091.59
8	Less: Non-Tariff Income	221.56	230.67	230.67
9	Net Aggregate Revenue Requirement	11,666.48	12,402.70	11860.92

True-up of DHBVNL for the FY 2020-21 (Rs. Crore)

Sr.	Particulars	Approved	Actual as per Audited Accounts	Revised ARR
1	Total Power purchase cost	13,672.78	13,561.69	13308.78
1.1	Power Purchase Expenses	11,847.08	11,847.05	-
1.2	Interstate transmission charges	1,216.80	1,118.36	-
1.3	Intrastate transmission charges and SLDC charges	608.90	596.29	-
2	Operations and Maintenance Expenses	1,596.26	1,498.14	1,497.67
2.1	Employee Expense (Net of Capitalization)	938.93	906.98	906.98
2.2	Administration & General Expense (Net of Capitalization)	121.22	132.59	132.121
2.3	Repair & Maintenance Expense	176.11	137.73	137.73
2.4	Terminal Liability	360.00	320.84	320.84
3	Depreciation	325.23	341.29	341.29
4	Total Interest & Finance Charges	438.27	317.52	267.22
	Interest on Capex Loans	181.24	110.14	110.14
	Interest on Working Capital Loans	155.06	57.82	57.82
	Interest on HVPNL bonds	0	48.32	0
	Loan from UHBVNL	0	1.9843	0
	Interest on Consumer Security Deposits	75.89	72.19	72.19

Sr.	Particulars	Approved	Actual as per Audited Accounts	Revised ARR
	<i>Other Interest & Finance Charges</i>	16.08	6.23	6.23
	<i>Guarantee Fee</i>	10	20.84	20.84
5	Return on Equity Capital	-	256.08	0
6	Other Expenses (Debits & Prior period Expenses)		2.18	1.96
7	Total Expenditure	16,032.54	15,976.91	15416.92
8	Less: Non-Tariff Income	307.66	357.87	357.87
9	Net Aggregate Revenue Requirement	15,724.88	15,619.04	15059.05

True-up of Subsidy for the FY 2020-21

The petitioners have submitted that in FY 2020-21, total domestic subsidy allowed to consumers is Rs 466.79 Crores against the subsidy of Rs 465.40 Crores approved in Tariff Order dated 01.06.2021. It is requested that balance domestic subsidy may kindly be trued up by the Hon'ble Commission.

Further, in view of the order of the Commission dated 29.12.2020, on the review petition filed by DISCOMs (HERC/RA-06 of 2020), the revenue gap for the FY 2020-21 was revised as under:-

		HERC Revenue gap at current tariff
	Total ARR for FY 2020-21	
	UHBVNL	Rs. Crore 11666.48
	DHBVNL	Rs. Crore 15724.88
	Total ARR for FY 2020-21	Rs. Crore 27391.36
	Revenue at current tariff on intrastate sale	18897.82
	Total Sales for FY 2020-21	MU 37176.70
	COS at LT level	7.33
	AP sales for the FY 2020-21	9217.55
	Estimated Revenue from AP sales	108.99
	Subsidy for AP supply at LT COS	6450.66
	Total revenue incl Subsidy	25348.48
	Revenue surplus/(Gap) for FY 2019-20 at current tariff	-2042.88
	Revenue surplus for FY 2018-19	817.09
	Holding cost for 1.5 years @ 9.5%	120.72
	Net Revenue Surplus/Gap for the FY 2020-21	-1105.07
	Distribution loss	18.50%

The Commission approved Rs. 6,450.66 Crore towards Agriculture Subsidy for FY 2020-21. The same has been approved by considering the approved Agricultural Sales, per unit rate of LT Cost of Supply and Revenue recovered from AP Consumers. The subsidy was

determined based on an estimated CoS of Rs. 7.33 (CoS on LT supply) per unit for A.P. supply of 9217.55 MU.

As the total ARR has now been revised because of the True-up of the FY 2020-21 and the quantum of power supplied to AP consumers during the FY 2020-21 has also been revised to 9051.86 MUs; the subsidy for AP supply payable by the State Government also needs to be revised to reflect the corresponding changes in the quantum and cost of the AP tube-well consumers.

In addition to the RE Subsidy, the State Government, w.e.f. 1st October, 2018, has also introduced a scheme for providing subsidised supply of power to domestic consumers who consume less than 500 units of power every month. As per audited accounts, the subsidy on this account for power supplied by UHBVNL and DHBVNL during the FY 2020-21 is Rs. 232.70 crores and Rs. 233.57 crores respectively. Accordingly, based on the true-up of expenses for the FY 2020-21 and revised approval of AP sales for the year, the Commission observes that revised subsidy for AP supply works out to 5739.36 crores.

Accordingly, based on the true-up of expenses for the FY 2020-21 and revised approval of AP sales for the year, the Commission observes that revised subsidy for AP supply works out to Rs. 5739.36 crores.

Based on the true up of costs, the Discoms have ended the year with a surplus as per the details provided in the table below:-

Approved Revenue Gap for FY 2020-21 on True Up

Total ARR for FY 2020-21		As per Order-29.12.2020 (RA 6 of 2020)	Revised
UHBVNL	Rs. Crore	11666.48	11860.92
DHBVNL	Rs. Crore	15724.88	15059.05
Total ARR for FY 2020-21 (A)	Rs. Crore	27391.36	26919.97
Revenue at current tariff on intrastate sale (B)	Rs. Crore	18897.82	20221.48
Revenue from FSA from Non- AP consumers	Rs. Crore		1169.20 #
Revenue from Interstate sale	Rs. Crore		519.7913 #
Total Revenue (C)	Rs. Crore		21,910.47
Total Sales for FY 2020-21 (D)	MU	37176.7	40901.89
Average Cos for 2020-21 (E= A/D*10)	Rs per unit	7.37	6.58
COS at LT level (F)	Rs per unit	7.33	
Adjusted Cost of Supply for AP consumers (G)	Rs per unit		6.55

AP sales for the FY 2020-21 (H)	Rs. Crore	9217.55	9051.86
Revenue from AP sales (I)	Rs. Crore	108.99	187.58
Subsidy for AP supply at LT COS (J= (H*G)-I)	Rs. Crore	6450.66	5739.36
Subsidy for other consumers (K, as per audited)	Rs. Crore	0	466.27
Total revenue incl Subsidy (C-J-K)	Rs. Crore	25348.48	28116.10
Revenue surplus/(Gap) for FY 2020-21 at current tariff	Rs. Crore	-2042.88	1196.13
Revenue surplus for FY 2018-19	Rs. Crore	817.09	817.09
Holding cost for 1.5 years @ 9.5%	Rs. Crore	120.72	120.72
Net Revenue Surplus/Gap for the FY 2020-21	Rs. Crore	-1105.07	2133.94

The Commission observes that there is a surplus of Rs. 445 crores excluding revenue from FSA amounting to Rs. 1169.20 Crore and the revenue from interstate sales of Rs. 519.79 Crore. Carrying cost, estimated at the rate of 8.5%, for 1.5 years works out to Rs. 56.74 Crore . Hence, the Commission has considered Rs. 501.74 Crore on true up for the FY 2020-21 from the purpose of the present order.

The Commission shall separately deal with the revenue from FSA amounting to Rs. 116.20 Crore and the revenue of Rs. 519.7913 Crore accrued from interstate sale as the revenue from FSA would be set – off against the un-addressed revenue gap in the earlier ARR order of the Discoms as well as enhanced liabilities on account of power purchase cost.

The Commission further observes that the financial impact of Covid -19 pandemic on the Discoms is yet to be quantified and in the absence of these figures, it would be appropriate to reserve the surplus as quantified above for adjustment against the certain financial impact of the decrease in revenue likely to be faced by the Discoms for the FY 2021-22 as well as additional liabilities against power purchase cost including arising out of relevant judgements of the Hon’ble CERC and the Appellate Tribunal for Electricity and un-addressed revenue gap in the ARR.

Annual Performance Review for FY 2021-22

Background

The petitioners have submitted that the Hon’ble Commission has issued the HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2012 on 5th December 2012 (hereinafter referred as “MYT Regulation 2012”) for Control Period of

FY 2014-15 to FY 2016-17. Further, the Hon'ble Commission with subsequent amendments has extended the Control Period of MYT Regulation, 2012 till FY 2019-20.

That the Hon'ble Commission on 31st October 2019 notified HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (hereinafter referred as "MYT Regulation 2019") for Second Control Period from FY 2020-21 to FY 2024-25. As per Regulation 11.6 "Mid- Year Performance Review and Tariff Setting" of MYT Regulation 2019, Annual Performance Review (APR) of FY 2021-22 is to be done in accordance with the Tariff Order of the relevant year. The relevant extract of the Regulation is provided as follows: -

"11. Mid -Year Performance Review and Tariff Setting

11.6 "The Commission shall review/consider, during the control period, the application made under this Regulation as also the application for trueing up of the ARR of the previous year, as per provision of the Regulation 13, on the same principles as approved in the MYT order on the original application for determination of ARR and tariff. The review / true-up for FY 2018-19 and FY 2019-20 shall, however, be done on the same principles as approved in the tariff order for FY 2018-19 and for FY 2019-20..."

Tariff Order on ARR and Retail Supply & Distribution Tariff for FY 2021-22 was issued by the Hon'ble Commission on 30th March 2021.

In line with the above, the petitioner has submitted the Annual Performance Review of ARR for FY 2021-22. Petitioner has considered actual available data for the first half of current financial year, pro-rata projections, and escalations as per principles defined in the MYT Regulations, 2019 to project the revised ARR for FY 2021-22.

Energy Sales FY 2021-22

UHBVNL

1. Revised estimates for energy sales have been considered on higher side than the approved energy sales for the relevant year. Total energy sales of 19,409.89 MUs is considered against 18,490.87 MU allowed in the tariff order dated 30.03.2021.
2. Hon'ble Commission has created new consumer categories by merging the previous categories. Due to non-availability of historical data of such consumer category, revised sales estimates has been made based on the previous consumer categories.

3. Previous year was largely impacted by COVID-19 pandemic resulting skewed variation in business-as-usual activities, thus the same has been considered as zero year as recognised by the Hon'ble Commission in the Tariff Order dated 30.03.2021. Accordingly, projections are made keeping FY 2019-20 as base year.
 4. Revised estimates are made based on the actual data of first half and projected figures for second half estimated based on 2 to 7 year CAGR on the actual data of corresponding period.
 5. The domestic category consumption is normalised keeping in view the impact of COVID-19 pandemic last year. Thus, the sales for second half is accordingly adjusted with 7 year CAGR having 8.00% growth rate.
 6. Non-Domestic category sales is projected based on 5 year CAGR with 5.90% growth rate.
 7. HT category sales is affected even in first quarter, thus considering recovery trend, a moderate 5 year CAGR of 9.17% has been considered. Besides, LT industry category also have similar pattern, thus, 5 year CAGR of 4.38% growth rate is considered for the same.
 8. Agriculture sales has shown significant growth in second half, thus, 3 year CAGR of 6.49% is considered on AP feeder input energy to project sales of the FY 2021-22 H2 on normative basis.
 9. Bulk supply consumption has been affected due to COVID-19 pandemic, accordingly the sales for second half is projected with 3 year CAGR having moderate growth rate of 3.05%.
 10. PWW category sales is projected based on 7 year CAGR of 3.86% growth rate.
- Revised estimates of category wise energy sales vis-à-vis approved for UHBVN for FY 2021-22 are tabulated as follows:

Category wise Energy Sales for FY 2021-22 (in MUs) UHBVNL

Category	2021-22				
	Approved	Actual (H1)	CAGR	Proj. (H2)	Total
Domestic	5,260.78	3,219.81	8.00%	2,275.95	5,495.76
Non-Domestic	1,551.77	315.79	5.90%	734.00	1,049.79
HT Industry	5,456.03	2,932.38	9.17%	3,079.67	6,012.05
LT Industry	1,134.42	937.08	4.38%	550.19	1,487.28
Lift Irrigation	66.2	27.06	4.52%	35.78	62.84
Agriculture	4043.21	2473.79	6.49%	1,854.13	4,327.93
Bulk Supply	340.65	161.75	3.05%	155.39	317.14
Railways	8.25	4.56	1.00%	2.50	7.06
Streetlight	86.61	0.06	1.00%	4.18	4.23

Category	2021-22				
	Approved	Actual (H1)	CAGR	Proj. (H2)	Total
MITC	0.72	32.30	10.16%	45.52	77.82
PWW	542.23	296.95	3.86%	271.05	568.00
Total	18,490.87	10,442.03		8,675.69	19,409.89

DHBNL

1. Energy Sales of 25,652.04 MUs was approved for DHBNL as per Tariff Order dated 30th Mar 2021. DHBNL on the basis of actual sales of first six months 13,867.89 MUs estimates total energy sales of 25,691.71 MUs for FY 2021-22.
2. DHBNL has estimated the revised sales for FY 2021-22 on the basis of actual sales for the first half and projected sales of the second half.
3. Hon'ble Commission in Tariff Order FY 2021-22 has merged NDS category (up to 50 kW) & LT Industry (up to 50 kW) into LT supply. Further, NDS category (above 50 kW), LT Industry (above 50 kW) & Metro Supply into HT supply. Since, the historical data is not available in the newly formed categorisation, hence, the projections have been made based on the previous year categorisation.
4. The projections for the second half of FY 2021-22 have been projected on the basis of 2 to 7 years CAGR of actual sales of corresponding period in the past years. Previous year was largely impacted by COVID-19 pandemic resulting screwed variation in business-as-usual activities, thus the same has been considered as zero year as recognised by the Hon'ble Commission in the Tariff Order dated 30.03.2021. Accordingly, projections are made keeping FY 2019-20 as base year.
5. The consumption of Domestic category is normalised in comparison to FY 2020-21 which was a COVID-19 pandemic year, hence for projecting domestic consumption in FY 2021-22 for H2, a moderate rate of 5-year CAGR of 8.92% has been considered.
6. With respect to Non-Domestic category, 2-year CAGR of 6.85% has been considered for H2 of FY 2021-22.
7. For HT category, the consumption has impacted mostly in the 1st quarter of FY 2021-22, considering the recovery trend, a moderate 7-year CAGR of 5.99% has been considered for H2 of FY 2021-22.
8. The trend for LT sales is similar to HT sales, hence, 7-year CAGR of 6.21% has been considered for H2 of FY 2021-22.
9. For Lift Irrigation category, 7-year CAGR of 4.61% has been considered for H2 of FY 2021-22.

10. Agriculture sales are largely dependent on ground water table, strength of monsoon and urbanisation. In the first half of 2021, decrease in AP Sales has been observed due to good monsoon season, therefore, a nominal rate of 3.38% increase has been considered to project sales of the FY 2021-22 H2.
 11. For Bulk Supply category, a 7-year CAGR of 7.65% has been considered for H2 of FY 2021-22.
 12. As Metro has started running and sales has recovered, an estimate increase of 5% has been considered for H2 of FY 2021-22.
 13. For Street Light & PWW categories which are very less affected, 3 year & 5 year CAGR of 6.14% & 8.82% respectively has been considered for H2 of FY 2021-22.
- Category wise energy sales approved vis-a-vis revised projection of DHBVN for FY 2021-22 are tabulated as under: -

Category wise Energy Sales for FY 2021-22 (in MUs) DHBVN

Category	FY 2020-21			FY 2021-22				
	H1	H2	Total	Approved	Actual (H1)	CAGR	Proj. (H2)	Total
Domestic	3,637.87	3,033.34	6,671.21	7,085.55	4,094.93	8.92%	3,026.53	7,121.46
Non-Domestic	1,345.77	1,300.35	2,646.12	3,532.12	1,637.47	6.85%	1,605.39	3,242.87
HT Industry	2,231.63	3,337.20	5,568.83	6,425.24	3,515.14	5.99%	3,184.48	6,699.62
LT Industry	419.61	511.45	931.06	999.87	540.79	6.21%	511.61	1,052.40
Lift Irrigation	96.53	84.01	180.54	208.33	102.36	4.61%	112.08	214.44
Agriculture	2,906.20	3,490.12	6,396.32	5,383.21	2,628.39	3.38%	2,697.61	5,326.00
Bulk Supply	576.24	465.61	1,041.85	1,104.18	605.57	7.65%	499.90	1,105.47
Metro	11.79	30.94	42.73	90.60	32.89	5.00%	32.99	65.88
Streetlight	50.89	55.11	106.00	114.46	119.82	6.14%	60.31	180.13
PWW	357.42	353.91	711.34	708.48	313.06	8.82%	370.38	683.44
Total	11,633.95	12,662.04	24,295.99	25,652.04	13,590.43		12,101.28	25,691.71

Revised Aggregate Revenue Requirement for the FY 2021-22:

The revised estimate of Aggregate Revenue Requirement of the Discoms, as proposed, for FY 2021-22 is tabulated as under:-

UHBVN Proposed Aggregate Revenue Requirement for FY 2021-22 (Rs. Crores.)

Sr. No	Particulars	Approved	Revised Estimates
1	Total Power Purchase Expense	10,670.57	11,525.28
1.1	Power Purchase Expense	8,908.55	9,763.26
1.2	Interstate transmission Charge	890.77	890.77
1.3	Intrastate transmission charges and SLDC charges	871.25	871.25
2	Operations and Maintenance Expenses	1,606.25	1,573.52
2.1	Employee Expense	829.39	819.56
2.2	Administration & General Expense	114.56	107.63

Sr. No	Particulars	Approved	Revised Estimates
2.3	Repair & Maintenance Expense	162.30	146.33
2.4	Terminal Liability	500.00	500.00
3	Depreciation	353.71	399.28
4	Total Interest & Finance Charges	287.99	368.40
4.1	Interest on CAPEX loans	149.28	127.55
4.2	Interest on WC loans including CC/OD limits	65.12	157.76
4.3	Interest Cost on Consumer Security Deposit	73.59	65.85
4.4	Other Interest & Finance Charges	-	17.56
5	Return on Equity Capital	214.10	322.98
6	Other Expenses	-	-
7	Total Expenditure	13,132.62	14,189.47
8	Less: Non-Tariff Income	221.56	221.56
9	Net Aggregate Revenue Requirement	12,911.06	13,967.91

The revised estimate of Aggregate Revenue Requirement of DHBVN for FY 2021-22 is tabulated as under:

DHBVNL Proposed Aggregate Revenue Requirement for FY 2021-22 (Rs. Crores.)

S.No.	Particulars	APR	
		FY 2021-22	
		Approved	Projected
1.0	Power Purchase Expenses	14,696.82	15,261.21
1.1	Power Purchase Cost	12,358.66	12,923.05
1.2	Transmission Charges	1,305.26	1,305.26
1.3	Transmission Charges & SLDC	1,032.90	1,032.90
2.0	Operation & Maintenance Expenses	1,830.95	1,770.92
2.1	Employee Expenses (net)	1,059.17	1,015.07
2.2	Administration & General Expenses (net)*	132.71	139.02
2.3	Repair & Maintenance Expenses	196.17	173.92
2.4	Terminal Benefits	442.90	442.90
3.0	Depreciation	355.02	396.05
4.0	Interest & Finance Charges	280.30	420.79
4.1	Interest on Long Term Loan	93.75	179.28
4.2	Interest on Working Capital	57.37	131.39
4.3	Interest on UDAY Bonds		-
4.4	Interest on Consumer Security Deposit	106.10	82.71
4.5	Other Interest & Finance Charges	1.00	4.32
4.6	HVPNL Bond Charges	0.08	0.08

S.No.	Particulars	APR	
		FY 2021-22	
		Approved	Projected
4.7	MDR Charges/ Digital Payment Transaction Cost*	8.00	
4.8	LC Charges	4.00	6.00
4.9	Guarantee Fee	10.00	17.00
5	Return on Equity Capital	219.87	300.59
6	Prior period expenses & other expenses		-
7	Other Debts, (including wealth tax)		-
8	Provisions for bad and doubtful debt		
9	Aggregate Revenue Requirement	17,382.96	18,149.56
10	Less: Non-Tariff Income	307.66	307.66
11	Net Aggregate Revenue Requirement	17,075.30	17,841.90

*Included in A&G Expenses

Revenue Gap Proposed for the FY 2021-22

Based on the revised estimates submitted above, the revenue surplus/(gap) summary for Haryana Discoms for FY 2021-22 is tabulated as under:-

Revenue Gap for FY 2021-22(Rs. Crores)

Sr. no	Particulars	Approved	Revised Estimates		
			UHBVN	DHBVN	Haryana
1	Aggregate Revenue Requirement	29,986.36	13,967.91	17,841.90	31,809.81
2	Revenue for Discoms	29,905.26	13,275.41	17,305.45	30,580.86
2.1	Sale of Power	23,051.79	9,479.57	13,390.14	22,869.71
2.2	Inter State Sales		369.11	488.57	857.68
2.3	Subsidy	6,853.47	3,426.74	3,426.74	6,853.47
2.3.1	-Subsidy-AP	6,393.47	3,196.74	3,196.74	6,393.47
2.3.2	-Subsidy-Dom	460.00	230.00	230.00	460.00
3	Revenue Surplus/(Gap)	(81.10)	(692.50)	(536.45)	(1,228.95)
4	FSA		186.01	251.18	437.19
5	Net Revenue Surplus/(Gap)	(81.10)	(506.49)	(285.27)	(791.76)
6	Revenue surplus for FY 2019-20	210.00			210.00
7	Holding cost for 1.5 years @ 9.5%	29.93			29.93
8	Revenue Surplus/(Gap) to be carried over	158.83			(551.83)

The petitioners have submitted that the above revenue gap is proposed to be met from efficiency improvement in subsequent year and thus, requests before the Hon'ble Commission that aforesaid revenue gap for APR year may kindly be allowed and adjusted appropriately in the relevant year.

The Commission has considered the prayer of the Discoms for revision of ARR for the FY 2021-22 as a consequence of the APR for the FY 2021-22 and observes that the

expenditure incurred during the APR period is not final and also not based on the audited accounts and hence the same do not warrant any revision as such at this stage.

Accordingly, in view of the regulations occupying the field, the Commission is of the considered view, as also observed in the past, that it would not be appropriate to replace one set of estimated figures with another set of estimates for a small amount. Further, in view of the fact that the year is now almost over and it would be appropriate to examine the financial impact of mid-term performance review for the FY 2021-22 only once the Audited Accounts for the year are available. Hence, at this point of time the Commission is not inclined to revise the ARR for the FY 2021-22 as prayed for by the petitioner(s).

Chapter 4

Determination of ARR for FY 2022-23

Background

The Aggregate Revenue Requirement (ARR) for Second Year of the MYT Control Period i.e. FY2020-21 to FY 2024-25 was filed by the Discoms on 29.11.2020. After following the due process the Commission issued a Tariff Order 30.03.2021.

The petitioner has submitted that the Aggregate Revenue Requirement (ARR) for the FY 2022-23 has been prepared as per the approach specified under the Regulation 8.3, 11 & 13 of MYT Regulations, 2019. The various components of ARR are projected based on the past trend, regulatory norms, activities planned & undertaken for ensuing years and other policy interventions initiated by central and state government.

The petitioner has submitted that the COVID-19 Pandemic has adversely impacted the gross domestic production in last year, the same is yet not over and may also have some impact on business-as-usual in the ensuing year. Accordingly, the effect of same is considered in energy sales, revenue stream and financial projections in ensuing year. Thus, in order to mitigate the financial risk of the Discoms, certain relaxations from the MYT principles and directions given in by the Hon'ble Commission in the tariff orders have been sought in ARR filing for FY 2022-23. The petitioners prayed before the Commission that the same may be allowed in the backdrop of COVID-19 pandemic. Accordingly, the detail projections of the financial parameters of the Aggregate Revenue Requirement for FY 2022-23 are elaborated in the subsequent sections.

Assessment of Energy Sales for FY 2022-23

The petitioner submitted that in FY 2020-21, business-as-usual was severely impacted due to COVID-19 Pandemic which has disturbed the energy consumption pattern and sales mix of the consumers. Thus, considering FY 2020-21 as zero-year, energy sales for ARR year are projected based on the category wise consumption mix of FY 2019-20.

Also, the Commission in the Tariff Order dated 30.03.2021 has recognised FY 2020-21 as a zero year for approving the distribution losses for FY 2021-22.

The Commission in Tariff Order of FY 2021-22 has merged NDS category (up to 50 kW) & LT Industry (up to 50 kW) into LT supply. Further, NDS category (above 50 kW), LT Industry (above 50 kW) & Metro Supply has been merged into HT supply. Since, the

historical data is not available in the newly formed categorisation, hence, the projections have been made based on the previous year categorisation.

Accordingly, category wise energy sales are projected based on 3 year to 7 year Compound Annual Growth Rate (CAGR) on energy sales of FY 2019-20 as per previous tariff categories.

UHBVNL

Category wise CAGR of energy sales, as submitted by the licensee, is tabulated as follows: -

CAGR for projecting Energy Sales (%age)					
Category	2 years	3 years	5 years	7years	Selected CAGR
Domestic	11.26%	12.92%	11.02%	8.95%	8.95%
Non - Domestic	6.02%	5.88%	5.82%	7.37%	5.88%
HT Industry	9.54%	14.39%	9.03%	11.31%	6.00%
LT Industry	6.64%	7.82%	6.42%	6.41%	6.42%
Lift Irrigation	-4.73%	11.69%	3.07%	17.05%	3.07%
Agriculture	6.47%	3.72%	5.64%	2.73%	1.43%
Bulk Supply	5.08%	3.14%	0.49%	1.12%	5.08%
Railways	-69.54%	-62.25%	-42.48%	-28.74%	5.00%
Streetlight	79.03%	-25.24%	37.89%	-11.12%	5.00%
MITC	0.68%	17.96%	15.03%	10.24%	10.24%
PWW	8.71%	9.18%	3.63%	2.13%	8.71%

- In true-up year, domestic category consumption has significantly increased due to COVID-19 pandemic. Thus, keeping in view business-as usual in ARR year the energy sales for domestic category is normalised by considering 7-year CAGR having 8.95% growth rate.
- Energy sales for Non-Domestic category sales is also normalised by considering 3-year CAGR with 5.88% growth rate.
- Energy sales for HT category is severely impacted even in FY 2020-21, however considering the recovery trend in current year, moderate growth rate of 6.00% has been considered. Also, similar growth is considered for projecting energy sales of LT industry category thus 5-year CAGR with 6.42%.
- Government of Haryana has promoted various schemes for diversification of crops due to which growth in agriculture sales is recorded, despite COVID-19 Pandemic and mandatory use of energy efficient pump sets for release of new connections. Accordingly, nominal growth of 2.17% based on 2-year CAGR is considered for projecting agricultural sales for ARR year.

- Energy sales of Bulk supply category has affected due to COVID-19 pandemic; thus 2-year CAGR of 5.08% is considered for projections.
- Energy sales is increasing consistently over past 4 years for PWW category, accordingly 2-year CAGR of 8.71% is considered.
- In view of above, the category wise energy sales (MUs) for the ensuing year, i.e. FY 2022-23 are as under:

Category	CAGR	FY 2022-23 (Proposed)
Domestic	8.95%	5,519.96
Non - Domestic	5.88%	1,651.68
HT Industry	6.00%	6,088.62
LT Industry	6.42%	1,215.78
Lift Irrigation	3.07%	68.04
Agriculture	1.43%	4,422.29
Bulk Supply	5.08%	365.83
Railways	5.00%	10.71
Streetlight	5.00%	104.25
MITC	10.24%	5.35
PWW	8.71%	605.31
Total		20,057.82

DHBVNL

Category wise CAGR (%) of energy sales is tabulated as follows: -

Category	2 years	3 years	5 years	7 years	CAGR
Domestic	13.33%	11.68%	10.39%	11.10%	8.00%
Non – Domestic	7.30%	9.59%	9.19%	8.98%	7.30%
HT Industry	2.68%	11.61%	4.46%	7.08%	4.46%
LT Industry	1.25%	3.61%	4.05%	6.46%	3.61%
Lift Irrigation	2.10%	11.99%	6.48%	5.25%	5.25%
Agriculture	1.21%	-1.13%	0.69%	3.06%	3.06%
Bulk Supply	13.83%	14.33%	8.57%	10.70%	8.57%
Railway Traction/Metro	8.04%	4.56%	20.10%	21.63%	4.56%
Street Light	7.81%	3.86%	12.92%	13.47%	3.86%
PWW	5.10%	8.68%	8.35%	10.13%	8.35%

- In true-up year, domestic category consumption has significantly increased due to COVID-19 pandemic. Thus, keeping in view business-as usual in the ARR year the energy sales for domestic category is Energy sales of domestic category an increase of 8.00% is expected in the ensuing year. Since the CAGR of 2 year, 3 year, 5 year & 7 year is on the higher side therefore manual growth rate of 8% has been considered.

- In the ensuing year, Non-Domestic energy consumption may increase with 2 years CAGR, i.e. 7.30%.
- Energy sales of Industry category has been recovered in compare to the COVID-19 pandemic year FY 2020-21. Based on the increase in the number of connections over the period of two years, starting from FY 2019-20, CAGR of 5 years & 3 years i.e 4.46% and 3.61% has been considered for HT & LT industries respectively.
- Government of Haryana has promoted various schemes for diversification of crops due to which growth in agriculture sales is recorded, despite COVID-19 Pandemic and mandatory use of energy efficient pump sets for release of new connections. Accordingly, agriculture sales have been projected by 7 year of CAGR of 3.06%.
- Metro has resumed its services in FY 2021-22 to its full capacity, hence CAGR of 3 years i.e 4.56% has been considered for projection.

In view of the above, the following category wise energy sales is projected for the FY 2022-23:

Statement of sales for FY 2021-22 (MUs) DHBVNL

Sr. No.	Category	CAGR	FY 2022-23
1	Domestic	8.00%	7,455.68
2	Non – Domestic	7.30%	3,861.99
3	Industry HT	4.46%	6,860.50
4	Industry LT	3.61%	1,073.29
5	Lift Irrigation	5.25%	230.70
6	AP Sales	1.83%	5,514.16
7	Bulk Supply	8.57%	1,191.81
8	Railways/Metro	4.56%	97.11
9	Street Light	3.86%	110.94
10	PWW	8.35%	790.86
	Total		27,187.04

The petitioners- UHBVNL and DHBVNL prayed that the Commission may approve the category wise energy sales for FY 2022-23.

Agriculture Pump (AP) Sales- FY 2020-21, FY 2021-22 (revised) & FY 2022-23 (projected).

The Commission has examined the submissions of the DISCOMS' (UHBVNL and DHBVNL) for the AP sales and is of the considered view that the methodology, based on 11 KV AP segregated feeders data, is appropriate for assessing AP sales as majority of the AP tubewell connections continues to be unmetered and a large percentage of meters are defective, dead or not regularly read.

True up of AP Sales for FY 2020-21 (True-up of RE Subsidy).

The petitioner(s), based on actual AP sales, have prayed for approval of Rs. 5099.93 Crores as revised RE Subsidy for the FY 2020-21. The Commission in the Tariff order dated 01.06.2020 and subsequent ARR review order dated 29.12.2020 had approved Rs. 6450.66 Crores as RE Subsidy for FY 2020-21. The data submitted regarding AP sales for the FY 2020-21 is reproduced below:-

Sr. No.	AP sales	FY 2020-21
1	UHBVNL	3734.40
2	DHBVNL	5317.46
3	Total AP Sales for two DISCOMs (1+2)	9051.86

Based on above data submitted by the petitioner(s), the AP consumption of the two Discoms (in MUs) as estimated by the Commission is as under:-

AP Sales as Trued up by Commission for FY 2020-21 (MU)

AP consumption	UHBVN (2020-21)	DHBVN (2020-21)
AP units as recorded on segregated AP feeders	4407.61	6124.84
Loss @ 16%	705.22	979.97
Net consumption from AP feeders	3702.39	5144.87
Add AP units on other feeders	46.46	235.97
Less Consumption of other category consumers on segregated AP feeders	14.45	63.37
Total AP consumption	3734.40	5317.46
Total AP consumption of two DISCOMs (rounded off)		9051.86
Total AP consumption approved by Commission in Tariff Order dated 01.06.2020.		9217.55

It is evident from the table above that the actual AP consumption was 9051.86 MU in the FY 2020-21 as reported by the Discoms, is lower than the AP sales approved by the Commission in the Tariff Order dated 01/06/2020. Accordingly, the total AP sales in respect of both the DISCOMs, is trued up as 9051.86 MU for the FY 2020-21 (UHBVNL 3734.40 MU and DHBVNL 5317.46 MU).

Additionally, the Commission in its Tariff Order dated 01.06.2020 and subsequent review order dated 29.12.2020 had approved subsidy of Rs. 6450.66 Cr. for both Discoms for AP sales of 9217.55 MU for FY 2020-21.

Accordingly, for Trueing up of FY 2020-21 on account of lower AP Sales, revised RE subsidy of Rs. 5099.93 Cr is approved for both the Discoms.

The Commission, vide tariff order dated 30.03.2021 directed the DHBVN to analyse the aberration pointed out in AP consumption data and submit a report after analysing and

authenticating its AP sales of FY 2017-18, FY 2018-19 and FY 2019-20 from a third party, as directed in previous Tariff Orders, within 3 months.

In compliance to the aforesaid directive, DHBVN intimated that M/s Pranat Engineering Pvt. Ltd. 91, Kiran Vihar, Karkardooma, Delhi was engaged for authentication of AP consumption of 11 selected AP feeders. However, no specific report, as per directive of the Commission, has been received from DHBVN. During discussions with the Managing Director of the Nigam, it was intimated one AP feeder in each circle was selected for analysis and meters on unmetered AP/other connections were provided and defective meters were replaced. Thereafter, the readings of feeder meters and all consumers meters were got recorded on the first day of February, March, April and June 2021 to ascertain the actual input and consumption of electricity on the selected feeders.

Accordingly, the firm has submitted a report in which the Transmission and Distribution Loss on selected AP feeders had been found to be 15.05% from Feb 2021 to May 2021. Further, the 3rd party submitted that exact authentication of T&D loss on selected feeders for the FY 2017-18, 2018-19 and 2019-20 is not possible due to the following reasons:-

1. Approximate 98% meters were defective/burnt.
2. For more than 50% connections billing was being done on flat rates.
3. Connections other than AP category were not included in billing of AP feeders.
4. Approx. 12 % consumers increased their load without intimation to the department.
5. Due to fall in water level, consumers increased the depth of their tube well/borewell due to which motors consume more units, but the billing was done as per sanctioned load and the exact consumption of these meters cannot be ascertained due to defective meters/flat rates.

Nonetheless, the firm had calculated the T&D losses (based on empirical formulae) as 15.15%, 15.56% and 16.10 % for FY 2017 2018-19 and 2019-20 respectively. It has been submitted by DHBVN that for the month of Feb to May 2021, the Transmission and Distribution loss is 15.05% which is less than 16% as permitted by HERC. The calculated T&D loss for FY 2017-18, 2018-19 is less than 16% whereas it is marginally higher than 16% for FY 2019-20. Further M/s Pranat Engineers would continue taking readings to complete the analysis and shall submit the final report in 2 months' time.

The Commission has considered the submissions and observes that on the one hand the firm engaged for the purpose has in unequivocal terms said that it is not possible to authenticate the underlying data, while on the other hand it has calculated Transmission and Distribution Losses based on empirical formula. The Commission has serious doubts on the

analysis and inference drawn by the said firm. Further, this Commission was concerned with the distribution losses between the 11 KV AP Feeders and AP consumers and not transmission and distribution (T&D) losses. Further a formula cannot be verifiable by observations (empirical); it has to be based on logic and theory.

UHBVN had submitted the report prepared by M/s EESL engaged for analysing the T&D losses of AP feeders. The said report has pegged losses at approximately 16%, and has claimed that it is in sync. with loss allowed by the HERC. Further, it has been submitted that M/s Pranat Engineers will continue taking further readings to complete the analysis and shall submit a final report in 2 months' time. The above report was also apprised and submitted to the Commission in the meeting held on 14.07.2021. The Commission has perused the T&D (sic) loss estimated by both the Discoms and is constrained to observe that in both the cases the figures are near about 16% fixed by the Commission many years back. It defies all logic that the overall distribution loss has reduced from about 30% to about 15%, and the AP Loss despite segregation of AP Feeders and other efforts to rein in losses including theft, continue to be around 16%. The Commission further observes that the DHBVN Agriculture sales for FY 2020-21 is 6396.32 MU whereas energy of 5317.46 MU recorded on the agriculture feeders, which indicates a significant difference of 1078.86 MU and is unrealistic.

The Commission observed the similar difference of 999.57 MU and 1210.58 MUs in ARR Orders dated 01.06.2020 and 30.03.2021 respectively. DHBVN has not submit any report /justification of the same.

In view of the above, the Commission again directs UHBVN and DHBVN to submit the reasons for aberrations pointed out earlier and fine tune the study/analysis and submit a report within two months.

AP sales for FY 2022-23.

UHBVN has submitted that AP sales have shown a significant growth in the second half and accordingly considered a 3-year CAGR of 6.49% on AP feeders input energy to project sales in 2nd half of 2021-22 on normative basis. UHBVN has further projected AP sales for the FY 2022-23 by considering CAGR of 1.43%.

DHBVN has submitted that AP sales largely depend on the ground water table, strength of monsoon and urbanization. In the first half of 2021, decrease in AP sales has been observed and due to good monsoon and nominal rate of 3.38% increase has been considered to project the sale of 2nd half of 2021-22. The DHBVN has considered CAGR of 1.83% to project the sales of FY 2022-23.

AP Sales Projected by DISCOMs for FY 2022-23 (MU)

Sr. No.	AP sales	FY 2022-23
1	UHBVNL	4422.29
2	DHBVNL	5514.16
3	Total AP Sales of DISCOMs (1+2)	9936.45

a) AP Sales Estimation for FY 2021-22

The Commission, in its tariff order dated 30.03.2021, for maintaining parity in projections, for both the DISCOMs, had computed/projected AP sales for the FY 2020-21, considering the actual consumption up to January 2021 and included projection for February & March 2021 on the basis of the same period in the previous years. The Commission has analysed AP Sales projections on the basis of actual sales of the FY 2015-16 to FY 2020-21 provided by the Discoms and CAGR of 3/4/5 years. The calculations are tabulated below:

AP Sales Projection FY 2021-22 of UHBVNL (MU)

AP Sales Projections	H2 (Oct-March)						CAGR)			FY 2021-22		
	FY	FY	FY	FY	FY	FY	5 yr	4 yr	3 yr	H2 (Proj)	H1 (Actual)	Total (H1+ H2)
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21						
AP consumption of segregated AP feeders	2,056.70	1,866.83	1,690.99	1,385.81	1797.01	2042.24	0.14 %	2.27 %	6.49 %	2,088.60	2365.37	4,453.97
Normative AP consumption considering 16% of loss	1,727.63	1,568.14	1,420.43	1,164.08	1509.49	1715.48	CAGR (considered) =2.27%			1,754.42	1986.91	3,741.33
AP Billing of consumers on feeder other than AP feeder	19.46	27.29	24.79	20.61	22.83	30.39				31.08	16.07	47.15
Consumption of other category consumers on AP Feeders	7.51	10.01	17.37	9.75	6.56	7.09				7.25	7.36	14.61
Net Normative AP Consumption	1,739.58	1,585.42	1,427.85	1,174.94	1525.76	1738.78				1,778.25	1995.62	3,773.87

AP Sales Projection FY 2021-22 of DHBVNL (MU)

AP Sales Projections	H2 (Oct-March)						CAGR			FY 2021-22		
	FY	FY	FY	FY	FY	FY	5 yr	4 yr	3 yr	H2 (Proj)	H1 (Actual)	Total (H1+ H2)
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21						
AP consumption of segregated AP feeders	2,929.79	2,897.18	3,082.35	2,797.36	2491.11	2989.80	0.41%	0.79%	-1.01%	3013.42	3135.04	6148.46

Normative AP consumption considering 16% of loss	2,461.02	2,433.63	2,589.17	2,349.78	2092.53	2511.43	CAGR (considered) = 0.79%	2531.27	2633.43	5164.7
AP Billing of consumers on feeder other than AP feeder	46.66	62.2	71	110.33	121.80	124.43		125.41	111.54	236.95
Consumption of other category consumers on AP Feeders	53.29	44.76	30.14	33.57	32.71	30.65		30.89	32.72	63.61
Net Normative AP Consumption	2,454.39	2,451.07	2,630.03	2,426.54	2181.62	2605.21		2625.79	2712.25	5338.04

The Commission observes that for UHBVN, AP sales considering 5-year CAGR for second half (H2), works out to a negative (-0.41%) whereas 5-year CAGR for DHBVN for second half is marginally positive (0.14). However, 4-year CAGR is 2.27% and 0.79% for UHBVN and DHBVN respectively. The Commission has considered 4 years CAGR of 2.79% to project the 2nd half AP sales for FY 2021-22 for UHBVN and 0.79% for DHBVN. The AP sales for FY 2021-22 are calculated by taking actual sales of H1 of the FY 2021-22 and adding projected sales of H2.

b) AP Sales Estimation for FY 2022-23.

The DISCOMs have submitted that the Haryana Government has promoted various schemes for crop diversification due to which there will be growth in usage of electricity in the agriculture sector, despite mandatory use of energy efficient pumps-sets for release of new connections. UHBVN has projected AP sales by considering 2 year CAGR of 2.17% and DHBVN has projected the same on the basis of 7 year CAGR of 3.06%.

The Commission observes that 2.17% and 3.06% growth rate considered by the UHBVN and DHBVN is on the higher side as the same are not supported by the linear trend. The Commission has analysed 3/4/5 year CAGR for the period from FY 2015-16 to FY 2020-21 and is of the view that this methodology is more realistic and scientific in approach. The relevant calculation is tabulated as under:

AP Sales Projection FY 2022-23 of UHBVNL (MU)

Consumption	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	CAGR			Projected
								5 yr	4 yr	3 yr	FY 2022-23
AP consumption of segregated AP feeders as per CMRI (MU)	4,650.09	4,795.75	4,688.38	4222.50	4721.80	4407.61	4453.97	-1.47%	-1.27%	1.79%	4,533.69

Normative AP consumption considering 16% of loss	3,906.07	4,028.43	3,938.24	3546.90	3966.31	3702.39	3741.33	CAGR (considered)=1.79%	3,808.30
AP Billing of consumers on feeder other than AP feeder (MU)	45.98	56.67	48.18	44.53	47.36	46.46	47.15		48.00
Consumption of other category consumers on AP Feeders (MU)	15.96	18.42	22.95	19.23	13.79	14.45	14.61		14.87
Net Normative AP Consumption (MU's)	3,936.09	4,066.68	3,960.48	3572.20	3999.88	3734.40	3773.87		3,841.43

AP Sales Projection FY 2022-23 of DHBVN (MU)

Consumption	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	CAGR			Projected FY 2022-23
								5 yr	4 yr	3 yr	
AP consumption of segregated AP feeders as per CMRI (MU)	5,916.52	5,950.72	6,336.73	5,979.70	5,864.32	6,124.84	6154.74	0.68%	-0.73%	0.97%	6214.44
Normative AP consumption considering 16% of loss	4,969.87	4,998.60	5,322.86	5,022.95	4,926.02	5,144.87	5169.98	CAGR (considered)=0.97%			5220.13
AP Billing of consumers on feeder other than AP feeder (MU)	106.6	129.4	134.44	187.14	235.25	235.97	237.21				239.51
Consumption of other category consumers on AP Feeders (MU)	105.83	93.05	68.21	61.02	69.41	63.37	63.68				64.30
Net Normative AP Consumption (MU's)	4,970.65	5,034.95	5,389.09	5,149.05	5,091.86	5,317.46	5343.51				5395.34

The Commission observes that 3 Year CAGR of UHBVN and DHBVN is 1.79% and 0.97% respectively. Accordingly, CAGR @ of 1.79% and 0.97% has been considered for projecting AP Sales for the FY 2022-23 for UHBVN & DHBVN respectively. It needs to be noted that, (as evident from the table above), in the case of UHBVN 4/5 years CAGR are in negative. While in the case of the DHBVN, 5 years CAGR is marginally positive and 4-year CAGR is in the negative. Consequently, given the release of new AP connections and the

aberrations in the time series data due to year to year variation in the timings, adequacy and distribution of monsoon rains in Haryana, the Commission has considered it appropriate to base its projection on 3/4 years CAGR which is comparative more on the positive side.

In view of the foregoing facts, the Commission has considered it appropriate to approve **AP sales of DISCOMs for the FY 2022-23** as tabulated below:-

Sr. No.	DISCOM	AP sales (MU)
1	UHBVN	3,841.43
2	DHBVN	5395.34
	Total AP Sales of DISCOMs (1+2)	9236.77

Sales Projections (Other than Agriculture Tube-Well Supply)

The Commission has considered the sales projection methodology adopted by the Discoms and observes that the quantum of consumer category wise sales has almost returned to the normal levels post COVID – 19. Hence, continuing with the CAGR methodology, as also proposed by the Discoms, is expected to yield fairly reliable estimates of sales during the ensuing financial year. However, while estimating CAGR the consumer category wise sales for the FY 22 has been omitted due to the fact that in a few category the same was returning a negative figure. Thus, to normalise the data such figures were omitted.

Additionally, the Commission has agreed to sales as projected by the Discoms in a few consumer category as the CAGR used by them returned a better fit to the time series data on consumer category wise sales. Consequently, as against intra state sales of 47,244.86 MUs, projected by the Discoms the Commission has approved 46,260.89 MUs i.e. a reduction of 984 MUs mostly due to lesser AP Sales allowed by the Commission as per the methodology of AP sales projection adopted by the Commission and some reduction in the DS sales. **Accordingly, the sales projected by the Discoms and that approved by the Commission in line with the methodology followed by the Commission till the FY 2019-20 (FY 21 and FY 22 being exceptional years) are as under:**

	UHBVN(Proj.)	HERC Approved	DHBVN(Proj.)	HERC Approved	Discoms (Proj.) (Combined)	HERC Approved (Combined)
	MU	MU	MU	MU	MU	MU
Domestic	5519.96	5573	7455.68	7456	12975.64	13029
Non Domestic	1651.68	1652	3861.99	3314	5513.67	4966
HT Supply	6088.62	6096	6860.5	6861	12949.12	12957
LT Supply	1215.78	1508	1073.29	1052	2289.07	2560
Lift	68.04	64	230.7	218	298.74	282

Irrigation						
Agriculture Tube Well	4422.29	3841	5514.16	5395	9936.45	9236.43
Bulk Supply	365.83	322	1191.81	1180	1557.64	1502
Railway Traction / DMRC	10.71	11	97.11	97	107.82	108
Street Lighting	104.25	105	110.94	114.46	215.19	219.46
Minor Irrigation (MITC)	5.35	4	0	0	5.35	4
Public Water Works (PWW)	605.31	606	790.86	791	1396.17	1397
Total	20058	19782	27187.04	26478.46	47244.86	46260.89

In order to meet the aforesaid consumer category wise projected sales, the Commission has perused the availability of long term power sources with generators / traders, their expected generation schedule adjusted for actual availability in the FY 2021- 22 and Haryana's allotted share in the same, to estimate the power availability to the Discoms for onward sales to the electricity consumers.

Additionally, to meet with the anticipated power shortage during the peak demand months of the FY 2022-23, in view of non-availability of power from some generators, surrender of allocated share from a few expensive gas based generators in pursuance of the Ministry of Power, GoI notification, the Commission, on a separate petition filed by the Discoms, has approved 750 MW round the clock power on a short term basis at a rate discovered through a transparent process of bidding (DEEP Portal) as per the Standard Bidding Documents at a weighted average landed cost of about rupees five per / kWh. Hence, the Commission expects that the electricity consumers of Haryana will not face the harassments and loss of productivity or the need to resort to diesel generators adding substantially to the cost of power and pollution as well during the months from May to October. Needless to say that the farmers in Haryana would also get adequate power supply for their tube-well as required for paddy cultivation. Nonetheless, in order to manage day to day exigencies in power demand and supply, the Discoms may take appropriate steps to arrange additional power at a reasonable rate

Power Purchase Quantum and Cost

Projections by the Discoms for the FY 2022-23 :- The Discoms have worked out power purchase quantum and cost based on the total energy availability from the tied-up capacity with existing generating sources approved by the Commission and upcoming plants to be

commissioned in the ARR year. The average energy generation from the existing tied up plants such as NTPC, NHPC, NPCIL, UMPPs, IPPs, BBMB, SJVNL, THDC, DVC & renewable sources and normative availability of HPGCL & upcoming plants is considered to calculate the total energy availability in ARR year.

- Based on the total energy demand assessed from the projected sales, proposed distribution losses and normative transmission losses, the total power purchase requirement from the long term tied up plants is calculated for the ARR year. The left-over part of energy availability from the tied-up generating sources, primarily created due to the limitation of minimum technical permission of the thermal generating, is considered to be traded in exchange to optimise the power purchase cost for ARR year.
- Energy available from nuclear, hydro and renewable generating stations is considered as must run power, while generation from thermal plants is estimated from Merit Order Despatch on annual basis. Further, energy from upcoming plants is assessed on normative basis as per planned COD.
- Variable component of power purchase cost is calculated based on 5% escalation on average energy charges up to Sep'21 of FY 2021-22. Besides, 5% YoY escalation is considered on capacity charges paid in FY 2019-20 is considered to determine fixed component of power purchase cost for ARR year.
- Change in law and quoted tariff for generating plants such as Adani Power, CGPL, GMR Kamalanga and Sasan is considered for power purchase cost estimation in ARR year.
- Tariff approved by the Hon'ble Commission for the Cogen, Biomass, Biogas, Waste to Energy and Solar Plant under PM Kusum is considered to estimate power purchase cost in ARR year
- Under the Govt. of India ambitious plan to set up 500 GW of renewable capacity by 2030, accordingly the renewable capacity from SECI and other sources are tied up. These plants are sourced from competitive bidding, which eventually will reduce the average power purchase cost of Haryana Discoms.
- Energy availability from the long term tied up plants is shared between the Discoms in proportion to their energy requirement ratio at the state periphery.
- Total contracted capacity from existing and upcoming plants of different energy sources in ARR year is tabulated as follows:-

Capacity Addition for FY 2022-23 (MW)

Plant Type	Existing	FY 2021-22	FY 2022-23
Solar	370.80	1,205.57	1.00
Non-Solar	499.67	942.90	-
Hydro	2,237.81	45.00	399.15
Thermal	8,955.95	-	-
Nuclear	100.93	-	-
Total	12,165.17	2,193.47	400.15

- Inter State transmission charges for ARR year is calculated by escalating approved transmission cost of FY 2021-22 with CERC Annual escalation rate of 6.09% published on 14.10.2021.
- Intra-state transmission charges for ARR year are calculated by considering 5% escalation on the approved transmission cost for FY 2021-22.
- Total power purchase cost estimated for ARR year, inclusive of inter and intra-state transmission charges, is tabulated as follows:

Summary of Power Purchase (Rs Cr.)- UHBVNL

Particulars	FY 2022-23
Power Purchase cost	10,164.62
Interstate Transmission	945.02
Intra-state Transmission	914.81
Total Power Purchase cost	12,056.57
PP Quantum	26,521.36
Average power purchase cost	3.85

Summary of Power Purchase (Rs Crore)- DHBVNL

Particulars	FY 2022-23
Power Purchase cost	13,821.01
Interstate Transmission	1,384.75
Intra-state Transmission	1,078.35
Total Power Purchase cost	16,290.31
PP Quantum	35947.95
Average power purchase cost	3.84

Commission's Estimate of Power Purchase Quantum:

The Commission has taken note of the methodology for projecting availability of power by the Discoms for the FY 2022-23 as mentioned in the preceding paragraph based on haryana's share in the long term sources as well as the new power plants expected to be commissioned in the FY 2022-23 . The Commission has considered the submissions and is of

the view that the commissioning of new power plants may get delayed due to exigencies including the pandemic and disruption in supply chain. Hence, it would be appropriate to use more recent generation data. Resultantly, the Commission, as per past practice, is of the considered view that each year the Central Electricity Authority (CEA) publishes annual generation programme i.e. Gross Generation Program from conventional sources (Thermal, Hydro and Nuclear) stations which is also available in the public domain. The power plant wise monthly Generation Programme is prepared by CEA, based on the actual generation by the Stations during previous years, R&M of Units, annual overhaul / boiler, capital overhaul, units likely to be commissioned and other maintenance works furnished by the Generators. Despite the fact that there could be variations in the actual month wise actual generation vis-à-vis the targets due to various factors including forced shutdowns and changes in individual Station's actual maintenance schedules as well as actual commissioning of new capacities and constraints in availability of specific sources like hydro or gas etc. The Commission believes that the generation programme determined by the CEA is the most reliable option for estimating power availability in the present case and has also stood test of time. Hence, for estimating the power availability in Haryana for both the distribution licensees (UHBVNL and DHBVNL) in the FY 2022-23, the Commission has considered the following: -

- (a) Available CEA's generation targets net of normative auxiliary energy consumption and free power to home states in the HEPs, with appropriate adjustments, based on the actual energy scheduled in the FY 2021-22 wherever considered appropriate.
- (b) Allocated share of Haryana in the respective generating stations. Past trend of actual generation achieved vis-a-vis CEA's generation targets.
- (c) HPGCL's generation targets as approved by the Commission for the FY 2022-23.
- (d) Expected power availability from new generating stations as proposed by the Discoms.
- (e) Availability of power from RE Sources as proposed by the Discoms.

It is presumed that the Discoms have a valid PPA duly approved by the Commission for all the proposed sources of power for which approval has been sought. Hence, in no manner should the sources, as considered by the Commission, in its present Order, be construed as approval of PPA unless the Commission, vide a specific order, has accorded approval to the PPAs.

In line with the broad methodology set out above, the Commission, for the FY 2022-23, has proceeded as follows.

i) Availability of power from HPGCL

The Commission has considered power availability, at the bus bar from HPGCL sources, as per its order dated 22.02.2022 in petition number 44 of 2021 in the matter of HPGCL's petition on determination of HPGCL's Generation Tariff for the FY 2022-23. The details / assumptions of the same are mentioned in the said Order. Hence, for the sake of brevity, they are not being re-produced here. The power availability (ex-bus energy in MUs) from HPGCL's Power Plants, as determined by the Commission in ibid Order, is as under:-

HPGCL	15,845
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The power availability estimated by the Commission is on higher side vis-à-vis that projected by the Discoms for the reason that during the FY 2022-23 the Commission, as a consequence of the order passed by the Hon'ble APTEL that Fixed Cost has to be paid by the Discoms to HPGCL for PTPS Unit – 6, has determined availability as well as tariff for this Unit unlike the previous year.

ii) Availability of Power from Faridabad Gas (FGPP) of NTPC.

As FGPP is a generating station dedicated to Haryana, the Commission, based on generation target has considered 290 MUs to be available from this source during the the FY 2022-23 as against 348 MUs projected by the Discoms.

Non availability of comparatively cheaper APM gas and spike in RLNG price will make availing power from this source an expensive proposition. The approved quantum of power from FGPP is as under: -

NTPC- Faridabad Gas (CCPP)

Faridabad Gas CCPP	290
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iii) Availability of power BBMB (Bhakra, Dehar & Pong)

The Discoms have share (to the extent of shares owned by HVPNL) in capacity entitlement to the extent of 33.02% in Bhakra, 32.02% in Dehar, 16.67% in Pong (all BBMB stations). The Commission has considered the CEA's generation targets for the BBMB Stations, adjusted for auxiliary energy consumption, available separately for Bhakra & Up-ratings, Dehar and Pong, Accordingly, the Commission, for the FY 2022-23 approves as under:

Power Availability from BBMB

BBMB	2933
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iv) Availability of power from NTPC Power Stations

The Commission has considered the station wise gross generation targets fixed by the CEA and reduced the same by normative auxiliary energy consumption. Accordingly, corresponding to the allocated share of Haryana in the various power stations of NTPC, with a few adjustments for the actual drawl in the preceding years. The generating station wise quantum of power available from various source is approved as under: -

Power Purchase Quantum from NTPC

NTPC	(MU)
Singrauli STPS	1307
Rihand STPS I	409
Rihand STPS II	359
Rihand STPS III	353
Unchhahar TPS I	61
Unchhahar TPS II	126
Unchhahar TPS III	66
Unchhar TPS IV	215
Farakka STPS	67
Kahalgaon I STPS	109
Kahalgaon II STPS	331
Kol Dam HPS	310
Total (rounded off)	4004

v) Availability of Power from NHPC Power Plants

The Commission, for projecting power availability from NHPC sources in the FY 2022-23 has relied upon generation targets after adjusting the same for auxiliary energy consumption and free home state share as well as the actual availability from this source during the preceding year. The generating station wise power available from various source is approved as under:

Power Purchase Quantum from NHPC (Hydro)

Salal I HPS	509
Bairasiul HPS	111
Tanakpur HPS	22
Chamera I HPS	337
Chamera II HPS	49
Chamera-III HPS	80
Dhauliganga HPS	66
Dulhasti HPS	116
Uri HPS	137
Uri-II HPS	83
Sewa II HPS	28
Parbati II HPS	196.6
Parbati-III HPS	58
Total (rounded off)	1793

The total availability of power from NHPC as estimated by the Commission for the FY 2022-23 is 1792.97 MUs.

vi) Availability of Power from NPCIL sources

The power availability from NPCIL (NAPP and RAPP) have been approved as under:

Power Purchase Quantum from NPCIL

Particulars	HERC Approval (MU)
NAPP	196.52
RAPP	552.21
Total	748.73

The total quantum of power available from NPCIL sources in the FY 2022-23 works out to 748.73 MUs.

vii) Power Purchase from Other Sources

(a) Power Procurement from a few other sources proposed by the Discoms include CGPL, Mundra (UMPP), Sasan UMPP, APCL, DVC (Mejia B, Koderma & Raghunathpur), Adani Power Ltd., Mundra, THDC, MGSTPS (CLP), Lanco Amarkantak etc. The Commission has considered the CEA generation targets for the wherever available. In cases where generation targets are not available the proposals of the Discoms adjusted for the past trend of actual drawl of power from such sources has been approved.

(b) Availability of Power from IPPs/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, PTC Karcham Wangtoo and Lanco Amarkantak etc. The Commission has estimated availability of power from these sources as per the generation targets fixed by CEA. In case the same is not available for any generating station(s) the same has been taken as per Discoms projections / adjusted for the past trend. The generating station wise details approved by the Commission for the FY 2022-23 is as per the following table.

Availability of Power from PTC & Other Long-Term Sources

SJVNL	Million Units
SJVNL (Nathpa Jhakri) HPS	287
Rampur HPS	69
THDC	
Tehri (THDC) HPS	211
Koteshwar HPS	48
DVC	
Mejia TPS	491
Koderma TPS	417

Raghunathpur TPS	689
UMPP	
CGPL Mundra UMPP TPS	2399
Sasan UMPP TPS	3278
Other Long Term Power	
PTC Tala, HPS	44
PTC GMR Kamalanga TPS	1940
Baglihar HPS Stage 1 J&K	407
J&K PTC	271
PTC Lanco Amarkantak TPS	1818
PTC Karchamwangtoo HPS	1617
IGSTPP, Jhajjar (Aravali) TPS	2761
Pragati Power CCPP	256
Adani Power Ltd. Mundra TPS	8545
MGSTPS, CLP, Jhajjar TPS	3969
Gati HEP (Chuzachain Sikkim)	420
NEEPCO	65
Subhansari (Unit 1&2)	27
Baglihar HEP Stage II	342
Total (rounded off)	30,372

The total power availability in the FY 2022-23 from the above-mentioned sources, estimated by the Commission, is 30,372 MUs.

viii) Availability of Power from Renewable Energy Sources

The Commission, in line with the statute, and India's commitment to scale up renewable energy consumption in the energy mix to 50% by the year, 2030, is committed to encourage cogeneration and non-conventional fuel-based generation and consumption in Haryana. Hence, the power purchase volume from such sources has been determined keeping in view the power availability from renewable sources in the FY 2022-23 for which the Commission has approved PPAs. The Discoms should, however, meet the solar and non-solar RPO as provided in the HERC RE Regulations in vogue. The power availability from renewable energy sources approved by the Commission is per details provided in the table that follows:-

Availability from Renewable Energy Sources (MUs)

Bhoruka HPS	29
P&R Gogripur HPS	5
Puri Oil Mill HPS	16
Shahbad Sugar Mill	49
Naraingarh Sugar Mill	46
Ch. Devi Lal Sugar Mill	2

Haryana Co. Sugar Mill	26
Hafed Sugar Mill	3
Starwire (biomass)	66
Gemco (biomass)	41
AB Grain (Co-gen)	18
Sri Jyoti (biomass)	53
Mor Bio (biogas)	8
Sainsan Paper (Biomass Co-gen)	22
RSL Distillery Pvt Ltd	19
Cleantech Power	13
JBM Processed MSW	33
Solar Projects / Wind / Hybrid	
SDS Solar (JNNSM)	1.4
C&S Solar (JNNSM)	1.2
Chandraleela Solar (JNNSM)	0.6
Sukhbir Solal (JNNSM)	1.1
Zamil Solar (JNNSM)	1.1
Siwana Solar	6.4
H.R. Mineral Solar (JNNSM)	1.3
Tayal & Co Solar (JNNSM)	1.3
VKG Solar (JNNSM)	1.1
Utrecht Solar (JNNSM)	1.5
Subhash Solar (JNNSM)	1.5
Balarch Solar (JNNSM)	1.2
JBM Solar	30
HPGCL Solar	16
Amplus Sun Solutions Pvt Ltd	81
LR Energy	32
Avaada Green HN Project Pvt Ltd	83
SECI Hybrid (Solar Component)	182
Solar Energy Corp. of India	133
Wind Power (SECI) 1000 MW P-II	298
Wind Power ISTS 200 MW P-III	913
SECI Hybrid (Wind Component)	87
Paddy Stubble PP Compt Bidding	246
New Plants (ISTS Wind & Hybrid)	5280
PM KUSUM Solar	10

Accordingly, the total energy available from RE sources as per the aforesaid approval for the FY 2022-23 works out to 7860.76 MUs.

4.1 Total Approved Power Purchase Quantum

As per the details in the preceding paragraphs, power availability from all the sources for the financial year 2022-23 is determined as 63,985 MUs as against 62,469.31 MUs projected by the Discoms.

4.2 Power Purchase Cost

The cost of power purchased by the Discoms is mostly a known parameter as the same is governed by the Power Purchase Agreement(s) with the IPPs/electricity traders. In the case of Central Power Sector Units (CPSU's) or generators supplying power to more than one State, the tariffs as approved by the Central Electricity Regulatory Commission (CERC) are applicable. While in the case of State Projects, i.e. HPGCL the generation tariff is determined by this Commission. 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 fair degree of accuracy.

In view of the above, the cost of allowed power purchase for the FY 2022-23 has been determined largely keeping in view the provisions 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, 2019.

- i. Generating Station wise fixed cost of power is based on the actual fixed cost incurred by the Discoms in the FY 22 with 3% escalation except for the sources where year to year tariff is mentioned in the PPA.
- ii. Generating Station wise Fuel / Variable Cost is based on the average of the actual variable charges / energy charges incurred by the Discoms in the recent past .
- iii. The cost of power purchase from HPGCL's power generating stations have been considered as per the Commission's Generation Tariff Order for the FY 2022-23.

The details of approved power purchase rates (Rs/kWh), cost (Rs. Million) and quantum (Million Units), from various sources for the FY 2022-23 is tabulated below.

It is observed that Average Power Purchase Cost (APPC), without adding cost of transmission, has been projected by the Discoms as Rs. 3.84 / kWh. Whereas, as per the quantum and cost projected by the Commission the same works out to Rs. 3.75 / kWh. The difference is primarily due to the additional quantum of power purchase approved by the Commission including from PTPS Unit-6, The average rate of power purchase (APPC), without transmission charges, for the FY 2022-23 is estimated at Rs. 3.75 / kWh.

It is reiterated that the Discoms should ensure that power is procured only from those sources for which the Commission has approved PPA's. Additionally, any power from Central Generating Stations, beyond the quantum for which the PPA has been signed and specifically approved by the Commission must be surrendered in case the Discoms have to back down any approved long-term source of power. It is made clear that any power procured from sources not specifically approved by the Commission and/ or excess quantum vis-à-vis the approved PPA purchased by the Discoms shall be disallowed by the Commission.

Summary of source wise power purchase quantum and cost approved by the Commission for the FY 2022-23 is presented in the table below: -

APPROVED POWER PURCHASE QUANTUM AND COST FY 2022-23					
Source	Quantum	ECR	ECR	Fixed Charge	Total
NTPC	MU	Rs / kWh	Rs. Million	Rs. Million	Rs. Million
Singrauli STPS	1307	1.51	1974	878	2851
Rihand STPS I	409	1.39	569	364	933
Rihand II TPS	359	1.40	503	294	797
Rihand III TPS	353	1.37	484	592	1075
Unchhahar TPS I	61	3.19	195	93	288
Unchhahar TPS II	126	3.22	406	182	587
Unchhahar TPS III	66	3.19	211	118	328
Unchhahar TPS IV	215	3.00	646	448	1094
Faridabad CCPP	290	5.29	1533	2541	4074
Farakka STPS	67	2.95	199	111	310
Kahalgaoon I STPS	109	2.17	236	195	431
Kahalgaoon II STPS	331	2.28	755	453	1208
Kol Dam HPS	310	2.45	759	937	1696
NHPC					0
Salal I HPS	509	0.62	315	411	727

Bairasiul HPS	111	0.80	89	225	314
Tanakpur HPS	22	1.65	35	53	89
Chamera I HPS	337	1.14	384	316	700
Chamera II HPS	49	1.01	50	57	107
Chamera-III HPS	80	1.97	157	223	380
Dhauliganga HPS	66	1.22	81	101	182
Dulhasti HPS	116	2.75	320	339	658
Uri I HPS	137	0.82	112	137	250
Uri-II HPS	83	2.13	176	198	373
Sewa II HPS	28	0.00	0	49.7	49.7
Parbati-II HPS	196.6	0.00	0	283	283
Parbati-III HPS	58	1.62	94	286	380
SJVNL					0
SJVNL (Nathpa Jhakri) HPS	287	1.14	328	382.7	710
Rampur HPS	69	2.15	148	226.6	375
THDC					0
Tehri (THDC) HPS	211	2.08	439	446.7	885
Koteshwar HPS	48	2.31	112	118.6	230
Nuclear Power Corp. (NPC)					0
NAPP (Narora) Hry 28 MW	197	3.00	590	0	590
RAPP (3-4) Hry 48	552	3.52	1944	9	1953
HPGCL	15845	3.58	56702	15256	71958
Shared Project					0
BBMB HPS	2933			1966	1966
DVC					0
Meija TPS	491	2.86	1406	1102	2508
Koderma TPS	417	2.68	1118	1271	2388
Raghunathpur TPS	689	3.08	2122	1259	3381
UMPP					0
CGPL Mundra UMPP TPS	2399	2.01	4822	2238	7060
Sasan UMPP TPS	3278	1.28	4196	573	4769
Other Long Term Power					0
PTC Tala, HPS	44	2.16	94	0	94
PTC GMR Kamalanga TPS	1940	1.69	3279	2683	5962
Baglihar HPS Stage 1 J&K	407	3.65	1486	0	1486
J&K PTC	271	3.65	990	0	990
PTC Lanco Amarkantak TPS	1818	1.80	3272	3154	6426
PTC Karchamwangtoo HPS	1617	1.67	2700	3145	5845

IGSTPP, Jhajjar (Aravali) TPS	2761	3.43	9471	8382	17853
Pragati Power CCPP	256	2.53	648	1419	2066
Adani Power Ltd. Mundra TPS	8545	2.57	21960	8634	30594
MGSTPS, CLP, Jhajjar TPS	3969	3.43	13614	8158	21772
Gati HEP (Chuzachain Sikkim)	420	3.56	1494	0	1494
NEEPCO	65	4.00	261	0	261
Subhansari (Unit 1&2)	27	1.72	47	0	47
Baglihar HEP Stage II	342	3.55	1214	0	1214
RE Power					0
Bhoruka HPS	29	3.16	92	0	92
P&R Gogripur HPS	5	3.98	20	0	20
Puri Oil Mill HPS	16	3.67	59	0	59
Shahbad Sugar Mill	49	4.04	198	0	198
Naraingarh Sugar Mill	46	6.72	307	0	307
Ch. Devi Lal Sugar Mill	2	4.04	9	0	9
Haryana Co. Sugar Mill	26	6.62	175	0	175
Hafed Sugar Mill	3	4.05	13	0	13
Starwire (biomass)	66	8.54	567	0	567
Gemco (biomass)	41	8.56	349	0	349
AB Grain (Co-gen)	18	6.75	122	0	122
Sri Jyoti (biomass)	53	8.58	455	0	455
Mor Bio (biogas)	8	8.00	66	0	66
Sainsan Paper (Biomass Co-gen)	22	3.89	87	0	87
RSL Distillery Pvt Ltd	19	6.77	130	0	130
Cleantech Power	13	5.01	67	0	67
JBM Processed MSW	33	6.84	223	0	223
Solar Projects / Wind / Hybrid				0	0
SDS Solar (JNNSM)	1.4	5.67	8	0	8
C&S Solar (JNNSM)	1.2	5.67	7	0	7
Chandraleela Solar (JNNSM)	0.6	5.67	3	0	3
Sukhbir Solal (JNNSM)	1.1	5.67	6	0	6
Zamil Solar (JNNSM)	1.1	5.67	6	0	6
Siwana Solar	6.4	5.8	37	0	37
H.R. Mineral Solar	1.3	5.67	7	0	7

(JNNSM)					
Tayal & Co Solar (JNNSM)	1.3	5.67	7	0	7
VKG Solar (JNNSM)	1.1	5.67	6	0	6
Utrecht Solar (JNNSM)	1.5	5.67	8	0	8
Subhash Solar (JNNSM)	1.5	5.67	9	0	9
Balarch Solar (JNNSM)	1.2	5.67	7	0	7
JBM Solar	30	5.68	170	0	170
HPGCL Solar	16	4.88	79	0	79
Amplus Sun Solutions Pvt Ltd	81	2.48	200	0	200
LR Energy	32	2.54	82	0	82
Avaada Green HN Project Pvt Ltd	83	2.86	237	0	237
SECI Hybrid (Solar Component)	182	2.78	505	0	505
Solar Energy Corp. of India	133	1.97	262	0	262
Wind Power (SECI) 1000 MW P-II	298	2.44	727	0	727
Wind Power ISTS 200 MW P-III	913	2.44	2227	0	2227
SECI Hybrid (Wind Component)	87	2.67	232	0	232
Paddy Stubble PP Compt Bidding	246	5.65	1390	0	1390
New Plants (ISTS Wind & Hybrid)	5280	2.70	14257	0	14257
PM KUSUM Solar	10	3.52	36	0	36
TOTAL (rounded off)	63,556	2.63	168190	70306	238497
APPC (Rs/kWh)	3.75				

Interstate Transmission Charges & SLDC Charges

It has been submitted by the distribution licensees that Inter State transmission charges for ARR year i.e. FY 2022-23 has been calculated by escalating the approved transmission cost of FY 2021-22 with CERC Annual escalation rate of 6.09% published on 14.10.2021. The Commission has considered the interstate transmission charges proposed by the Discoms and finds the same in order and accordingly approves interstate transmission charges of **Rs. 945.02 crores and Rs. 1384.75 crores respectively for UHBVNL and DHBVNL.**

Intrastate Transmission Charges & SLDC Charges

The proposal of the petitioners for the Intra-state transmission charges for ARR the FY 2022-23 is based on the 5% escalation on the approved transmission cost of FY 2021-22.

The Commission has considered the above and observes that vide its Order dated 2nd March, 2022 on HVPNL's Transmission Tariff and SLDC charges petition for the FY 2022-23, the Commission has approved Transmission tariff and SLDC charges to be recovered by HVPNL from UHBVNL and DHBVNL besides other beneficiaries. The intrastate transmission charges approved include the line specific unitary charge for the transmission project implemented in Haryana through Public Private Partnership (PPP) between HVPNL and M/s Jhajjar KT Transco Private Limited. The details including monthly recovery of the transmission and SLDC charges from various beneficiaries including the Discoms are given in the said order. Hence, the same is not being reproduced here. The transmission and SLDC Charges, as determined by the Commission in the *ibid* Order is a pass through cost to the beneficiaries, hence, the same will form part of the ARR of the Discoms for the FY 2022-23.

Transmission losses

The Commission observes that the petitioners have based their power purchase cost projections by considering **Interstate transmission losses of 3.43%**, the said percent (%) is based on the average transmission losses for 52 weeks published by the POSOCO, and Intrastate transmission loss trajectory specified in Regulation 45.4 of MYT Regulation 2019 for ensuing year. The Commission observes that the data on all India average interstate losses for the month of March 2022 is **3.28%**. Hence, the Commission has considered the same for the purpose of the present order. Further, the **intra state transmission losses, is pegged at 2.05%** for the purposes of calculation of energy balance in line with regulation 45.4 of the HERC MYT Regulations, 2019. However, the transmission licensee / STU has been performing better by reining in the intra state transmission. It needs to be noted that interstate loss level is subject to truing – up on the availability of actual loss data for the FY 2022-23 as calculated by POSOCO based on the methodology notified by the Hon'ble Central Commission.

Energy Balance

Based on the above dispensation approved by the Commission, energy balance for the ensuing year is tabulated as under:-

Energy available for Sale to the Distribution Licensees for the FY 2022-23					
Sr. No.	Particulars	Units	UHBVNL	DHBVNL	Total
1	Gross energy procured from outside the state sources	MU	15513.12	21519.88	37033
2	Interstate sale / banking #	MU	2625.04	3641.67	6266.72
3	Energy procured from outside the state sources net of interstate sale / banking	MU	12,888.08	17878.21	30,766.29
4	Inter-state transmission losses	%	3.28%	3.28%	3.28%
5	Inter-state transmission losses	MU	422.73	586.41	1009.14
6	Net energy available from outside the state	MU	12,465.35	17,291.80	29,757.15
7	Add energy generated within the state	MU	11109.23	15,410.77	26,520
8	Energy available at Haryana Boundary (6+7)	MU	23,574.58	32,702.57	56,277.15
9	Intra-state transmission losses	%	2.05%	2.05%	2.05%
10	Intra-state transmission losses	MU	483.28	670.403	1153.68
11	Energy at Discom Boundary	MU	23,091.30	32,032.17	55123.47
12	Distribution loss	%	14%	14%	14%
13	Distribution loss units	MU	3232.78	4484.50	7717.28
14	Units available for sale to DISCOMS/ HERC approved Sales to the electricity consumers in FY 2022-23	MU	19782.43	26478.46	46260.89
	Total Energy Purchase		26622.35	36930.65	63553
	Power Purchase Cost	Rs. Mln	99906.39	138590.61	238497
15	Average rate	Rs / kWh	3.75	3.75	3.75
	Total power purchase cost				
	Fixed cost	Rs Mln			70306
	Variable cost of sold units by DISCOMS	Rs. Mln			144974.73
16	Cost of Power	Rs. Mln	90182.00	125099.63	215280.63
17	Total Transmission and SLDC Charges	Rs. Mln	19597.41	26009.79	45607.20
18	Total Cost (16+17)	Rs. Mln	109779.41	151109.42	260887.83
18A	Units purchased for units sold by Discoms	MU	23574.58	32,702.57	56,277.15
19	Average Power Purchase Rate (18/18A)	Rs/kWh	4.6567	4.6207	4.6357
20	Bulk Supply Rate at Discom Boundary (18/11)	Rs/kWh	4.7541	4.7174	4.7327

as it cannot be projected with any degree of certainties, presumptive figure retained at the quantum considered in the previous year.

In addition to the above and keeping in view the generally surplus power availability scenario prevailing in Haryana, the Commission directs that the Discoms shall not procure any additional power, except 750 MW RTC power approved by the Commission during the months of May 2022 to October 2022, over and above the quantum approved in the PPA that may be available to it from the un-allocated share / share relinquished by any other State in the Central Generating Power Stations in case it does not fall in the merit order despatch. The Commission shall disallow all such power procurements and the cost thereto.

Additionally, it is reiterated that while resorting to bidding or calling for expression of interest for power procurement the Discoms must ensure that the power under PPAs, already approved by the Commission, materialises and also the intra-State generator, subject to MoD in vogue are dispatched.

The DISCOMs are directed to perform a cost benefit analysis including trade-off between purchase of REC and RE Power before considering proposal to procure RE Power. Procurement proposal submitted to the Commission shall be strictly in line with the HERC RE Regulations, especially in the cases where tariff is to be determined by the Commission u/s 62 of the Act. The Discoms shall submit such proposal with a complete justification including as to why procurement was not done through competitive bidding, details of prevailing market trend in tariff and a ceiling tariff agreed upon by the parties.

As per Commission estimates, the availability of energy, in certain months and time periods, may be in excess, Hence, the Discoms must make efforts to dispose of the same at the best possible rate.

Operation & Maintenance Expenses

The Operation and Maintenance expenses comprise Employee Expenses, Repair & Maintenance expenses and Administration & General expenses. O&M expenses for MYT Control Period are projected as per Regulation 57.4 of MYT Regulations 2019. The relevant extract of the Regulations is reproduced as under:

“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 Employee costs and Administrative and General Costs for the base year of the control period. The O&M expenses for the nth year of the control period shall be approved based on the formula given below”.

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

Where,

R&M_n – Repair and Maintenance Costs of the Distribution Licensee(s) for the nth 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 n th 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) + $A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1})$

Where,

$INDX_n$ – 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.

Note 7: Source for CPI and WPI calculation as under:

Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year

Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year

(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.

Computation of Inflation Factor

As per Regulation 57.4 of MYT Regulation 2019, Indexation Factor is calculated for ARR year. In September'20, the base year of CPI has changed from 2001 to 2016 for which linking factor of 2.88 as specified by the Labour Bureau of India is considered for determination of indexation factor.

Details of relevant indices for requisite period are tabulated as follows:

Inflation factor for WPI & CPI

Consumer Price Index (CPI)

Month	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
April	277.00	288.00	312.00	329.00	345.89
May	278.00	289.00	314.00	330.00	347.33
June	280.00	291.00	316.00	332.00	350.50
July	285.00	301.00	319.00	336.00	353.66
August	285.00	301.00	320.00	338.00	354.24
September	285.00	301.00	322.00	340.13	355.10
October	287.00	302.00	325.00	344.16	
November	288.00	302.00	328.00	345.31	
December	286.00	301.00	330.00	342.14	
January	288.00	307.00	330.00	340.42	
February	287.00	307.00	328.00	342.72	
March	287.00	309.00	326.00	344.45	
Average	284.42	299.92	322.50	338.69	351.12

Wholesale Price Index (WPI)

Month	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
April	113.20	117.30	121.10	119.20	132.00
May	112.90	118.30	121.60	117.50	132.90
June	112.70	119.10	121.50	119.30	133.70
July	113.90	119.90	121.30	121.00	135.00
August	114.80	120.10	121.50	122.00	135.90
September	114.90	120.90	121.30	122.90	136.00
October	115.60	122.00	122.00	123.60	
November	116.40	121.60	122.30	125.10	
December	115.70	119.70	123.00	125.40	
January	116.00	119.20	123.40	126.50	
February	116.10	119.50	122.20	128.10	
March	116.30	119.90	120.40	129.90	
Average	114.88	119.79	121.80	123.38	134.25

On the basis of CPI and WPI indices of the current and previous year, the Inflation factor for the present ARR year is calculated as per the methodology specified in the HERC MYT Regulations, 2019. Calculation details are tabulated hereunder.

Inflation Factor for FY2022-23

Particulars	WPI	CPI	Total
Weightage	0.45	0.55	1.00
Avg Indexation for FY 2021-22	134.25	351.12	
Avg Indexation n (Index * Wt.)	60.41	193.12	253.53
Avg Indexation for FY 2020-21	123.38	338.69	
Avg Indexation n-1 (Index * Wt.)	55.52	186.28	241.80
Combined Inflation (Indxn/Indxn-1)	4.85%		

The Commission has examined the calculations and approves as the same being in line with the MYT Regulations in vogue.

Employee Expenses

Employee Expenses of UHBVN

It has been submitted that the employee expense comprises of salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits are in the form of pension, gratuity etc.

That the employee expense for ARR year is calculated by considering the revised estimated employee expenses for APR year and inflation factor @ 4.85% as calculated above.

Besides terminal benefits as approved by the Hon'ble Commission in its Tariff Order dated 30.03.2021 is considered for ARR year.

That the Nigam has planned to scale up its existing IT infrastructure to strengthen IT backbone for robust distribution network. Capital works are being undertaken to digitalize the business processes as well as improve the quality of services and system reliability of the network. Special focus is also kept in standardizing business processes, minimizing lead time in administrative approval/works, improving consumer satisfaction rate, implementation of smart metering and digitalization of payment. Thus, to upkeep the Discom with rapid changing technology in distribution sector specialized manpower to the tune of 500 new employees are recruited by the Discom in FY 2021-22. The impact on employee cost due to addition of new employees is incorporated in APR year by considering basic salary of Rs 25,500 per month for each employee. Thus, employee expenses for APR year are indexed to estimate corresponding expense for ARR year.

That Dearness allowance of 11% is additionally disbursed by the Haryana Government in the APR year, the same is indexed for calculation of corresponding expenses for ARR year i.e. FY 2022-23.

Employee expenses for ARR year on the basis of above details is tabulated as follows:

Employee Expenses for FY2022-23 (In Cr.)	
Particulars	FY 2022-23
Salaries	599.85
Dearness Allowance	137.27
Other Allowances	127.29
Terminal benefits	500.00
Gross Employee Expense	1,364.40
<i>Less Expenses Capitalised</i>	5.00
Net Employee Expenses	1,359.40

The distribution licensee i.e. UHBVN has requested that the Commission may kindly allow the projected employee cost for ARR year FY2022-23.

Employee Expenses of DHBVN

DHBVNL, in its projections, has also escalated the employees Expense of APR year FY 2021-22 as computed in above sections by indexation factor of 4.85% to project the Employee Expenses for the FY 2022-23.

That the Nigam has planned to scale up its existing IT infrastructure to strengthen IT backbone for robust distribution network. Capital works are being undertaken to digitalize the

business processes as well as improve the quality of services and system reliability of the network. Special focus is also kept in standardizing business processes, minimizing lead time in administrative approval/works, improving consumer satisfaction rate, implementation of smart metering and digitalization of payment. Thus, to upkeep the Discom with rapid changing technology in distribution sector specialized manpower to the tune of 284 are planned to be recruited in FY 2022-23. Considering the basic salary of Rs. 25,500/- and applicable dearness allowance, employee cost for these planned new recruitments is included over and above the employee cost estimation explained in previous point.

That the Terminal benefits for ARR year is kept equivalent to the values approved by the Hon'ble commission for APR year FY 2021-22 in tariff order dated 30.03.2021. Summary of employee expenses is tabulated as follows: -

Employee Expenses for FY 2022-23 (Rs Crores)	
Particulars	FY 2022-23
Salaries	536.10
Dearness Allowance	144.96
Expenditure on Employees Engaged on Contractual Basis	259.97
Other Allowances	146.11
Terminal Benefits	442.90
Gross Employee Expense	1,530.04
<i>Less: Expenses Capitalised</i>	14.26
Net Employee Expenses	1,515.78

The Commission has examined the projections of the employee cost by UHBVNL and DHBVNL for the FY 2022-23 and observes that the proposed cost on account of employee cost are higher as compared to the MYT proposal submitted by the licensees. **The licensees are directed to analyze and explain the aberrations in the MYT projections and that proposed in the present petition i.e. map all the factors for the increase including number of employees, contractual employees, DA, inflation factor etc.**

The Commission has considered the employee cost, including terminal liabilities, for the FY 2022-23 as estimated by the licensees based on the audited accounts and inflation factor of 4.85% . The methodology, being in line with the Regulations in vogue as well as this Commission's previous order during the MYT control period, approves the employees cost as proposed by the Discoms.

Repair & Maintenance (R&M) Expenses

It has been submitted by the petitioners herein that the R&M expenses are projected by them in accordance with the Regulation 57.4 of the HERC MYT Regulations, 2019, as amended from time to time, for ARR year FY 2022-23 by considering 1.65% of the Average GFA with the applicable inflation factor i.e. 4.85%.

R&M Expenses for ARR year FY2022-23 (Rs Crores) proposed by UHBVNL

Particulars	FY 2022-23
Average GFA	9,172.54
K factor	1.65%
Indexation %	4.85
<i>Less: expenses capitalized</i>	0.00
R&M Expenses	158.69

R&M Expenses for FY 2022-23 (Rs Crores) proposed by DHBVNL

Particulars	FY 2022-23
Average GFA	11,238.39
K factor	1.65%
Indexation %	4.85%
R&M Expenses	194.43

The Commission has examined the proposed R&M expenses of UHBVNL and DHBVNL at length. As the proposed R&M expenses are in accordance with the MYT regulations vogue, the Commission approves the proposed R&M expenses of the Discoms as the same are as per the HERC MYT Regulations. .

Administration & General (A&G) Expenses

A&G Expenses of UHBVN

The petitioners have proposed A&G expenses for FY 2022-23 by escalating the expenses of APR year FY 2021-22 with the combined inflation calculated at 4.85%.

A summary of A&G Expenses for ARR year i.e. FY 2022-23, is tabulated below:

A&G Expenses for FY2022-23 (Rs Crores) proposed by UHBVNL

Particulars	FY 2022-23
Gross A&G Expenses	113.64
<i>Less: Expenses Capitalised</i>	0.79
Net A&G Expenses	112.85

A&G Expenses for FY 2022-23 (Rs Crores) proposed by DHBVNL

Particulars	FY 2022-23
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Gross A&G Expenses	141.03
Indexation (%)	4.85%
A&G Expenses	147.87
<i>Less: Expenses Capitalised</i>	2.10
Net A& G Expenses	145.77

The Commission has examined the projections of A&G expenses by UHBVNL and DHBVNL for the FY 2022-23 and observes that the escalation and indexation factors used by the licensees are in order and accordingly approves the A&G expenses as proposed. The capitalization of expenses is based on the ratio as evident from the latest available audited accounts of the licensees i.e. FY 2020-21.

Summary of O&M Expenses

As discussed in the preceding paragraphs, the proposed and approved O&M expenses for UHBVNL and DHBVNL for the FY 2022-23 are summarised in the following table: -

Summary of O&M Expenses for ARR year FY2022-23 (Rs Crores)

Particulars	Proposed		Approved	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
Employee Expense	859.4	1,072.88	859.40	1,072.88
A&G Expense	112.85	145.77	112.85	145.77
R&M Expense	158.69	194.43	158.687	194.43
Terminal Benefits	500	442.9	500.00	442.9
Total O&M Expenses	1630.94	1,855.98	1630.94	1855.98

It is pertinent to note that the Commission in its tariff order dated 30.03.2021, had directed the petitioners to propose an appropriate efficiency factor after studying similar provisions in other states and submit the same along with the next ARR.

In response to this, UHBVNL conducted a study and concluded that despite having comparatively higher O&M expenses in the states of Maharashtra and Punjab, the respective state commissions have approved O&M expenses without considering any efficiency factor as such. Thus, the Nigam has submitted that the same dispensation may be considered for allowing the O&M expenses for the balance control period. The detailed reply filed by the UHBVNL is reproduced hereunder:-

In compliance to the said direction, Nigam has analysed MYT regulations prevailing in other states of India and identified that similar provision of efficiency factor for O&M expenses is prevailing in Maharashtra and Punjab only under respective MYT regulations.

It is imperative to mention here that the Haryana discoms are efficiently serving its consumers at optimum O&M expenses by adopting best practices in the sector and are

incurring lowest O&M expenses among the aforesaid states, same is apparent from the per unit trued-up O&M expenses detailed as follows:

(in Rs/kWh)

FY	Haryana			Maharashtra	Punjab
	UHBVN	DHBVN	Total		
2017-18	0.95	0.69	0.80	0.70	0.88
2018-19	0.69	0.59	0.63	0.71	0.88
2019-20	0.73	0.66	0.69	0.77*	0.90

* The MERC has trued-up O&M expenses for FY 2019-20 provisionally

In addition to above, Nigam would like to submit here that the normative O&M expenses are prone to the inflation factor (INDXn), i.e., 55% of CPI and 45% of WPI under the HERC MYT regulations, 2019. In case consumer base increases demanding increased activities pertaining to offices, sales, distribution network, etc., the determined normative O&M expenses may not reflect the actual audited O&M Expenses of the licensee in that corresponding year. Despite having lowest and optimum O&M expenses among aforesaid states, further applying efficiency factor in such case may result in determination of normative O&M expenses lower than the actual audited O&M expenses which is not in line with the true spirit of cost reflective tariff. Situation may worsen in the case when derived normative O&M expense for a year may be lower than the O&M expenses for the preceding year. Similar issue have been addressed by the MERC in its order dated 23.10.2017 in the Case no. 123 of 2016 wherein the MERC has concluded to revisit/amend the MERC MYT Regulations, 2015 (prevalent at that time) pertaining to O&M expenses norms depending on characteristics of generation, transmission and distribution activities.

In continuation to the above, Nigam would like to submit here the details of the aforesaid states in the matter as follows:

1. MAHARASHTRA

The MERC in its MYT Regulations 2019 has provisioned for 1% as efficiency factor to be considered while determining normative O&M expenses. However, the MERC in its MYT Tariff Order dated 30.03.2020 has considered zero efficiency factor while projecting O&M expenses for the control period from FY 2020-21 to FY 2024-25 under the proviso of regulation 75.3 of the MERC MYT Regulations 2019, relevant excerpts are reproduced here as follows:

Regulation 75.3 of the MERC MYT Regulations 2019:

“75.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor

with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:

Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), as reduced by an efficiency factor of 1% or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year:

Provided further that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers connected to the Distribution Wires of at least 2 percent annually over the last 3 years:

Provided also that in case such increase in the number of consumers is lower than 2 percent annually over the last 3 years, then the reduction in efficiency factor shall be considered in proportion to the percentage growth in the number of consumers.”

Clause 6.8.8 of the MERC MYT Order dated 30.03.2020 for the Control Period FY 2020-21 to FY 2024-25:

“6.8.8 The Commission, for projecting the O&M Expenses for future years has considered the efficiency factor to be equal to zero for computing the escalation rate, since the growth of consumers of MSEDCL for the past three years is more than 3% as per the proviso of Regulation 75.3.....”

2. PUNJAB

The PSERC has to determine the efficiency factor in its MYT order for the control period in line with the regulation 26.1 (iii) of the PSERC MYT Regulations 2019, Relevant excerpt is reproduced here as follows:

“(iii) X_n is an efficiency factor for n th year

The Value of Xn shall be determined by the Commission in its MYT order for the Control Period.”

However, PSERC in its MYT Order dated 01.06.2020 (from page 135 to 145) has approved normative O&M expenses for the control period FY 2020-21 to FY 2022-23 under the respective regulations without incorporating efficiency factor.”

Approved Capital Expenditure and additions to Gross Fixed Asset

The Commission, after careful examination of the proposed capital expenditure for the FY 2022-23, has approved Rs. 970 crores and Rs. 1380 crores as the capital expenditure for UHBVNL and DHBVNL respectively which is inclusive of deposit works on account of tubewell connections of Rs. 37.50 crores and Rs 29.98 crores respectively. Since the deposit works are neither included in the final GFA nor are required to be funded through equity or loans, the same are excluded from the calculations of ARR. The capitalization/ transfer to GFA is in the same ratio as proposed by the licensees i.e. 60:40. The retirement/ disposal of assets is also in the same ratio as proposed by the respective licensees as part of the MYT petition.

The Commission has approved the consumer contribution to the amount proposed by the respective Discoms as part of the MYT petition. Equity is pegged at 20% of the approved capital expenditure for each licensee and the remaining balance of capital expenditure is assumed to be funded by long term loan.

The calculation of approved capital expenditure, additions to GFA and funding thereto is given in the following tables:-

Approved Capital Expenditure, GFA and Funding for the FY 2022-23 (Rs. Crores)

Capital Work in Progress (CWIP)	UHBVNL	DHBVNL
Opening CWIP	340.00	1431.64
Addition	932.50	1350.02
Capex Capitalized	899.50	1398.99
Closing CWIP	373.00	1382.67
Gross Fixed Assets (GFA)		
Opening GFA	9846.16	11517.74
Add: Trf from CWIP	899.50	1398.99
Less: Retirement/Disposal of Assets	308.40	41.33
Closing GFA	10437.26	12875.40
Average GFA	10141.71	12196.57
Source of Funding for additions and IDC		
Consumer Contribution	37.50	29.98
Equity	186.50	270.00
Debt	708.50	1050.04

Total	932.50	1350.02
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Interest & Finance Charges

Interest on loans for Capital Investment Plan for ARR year is projected as per Regulation 21 of MYT Regulations 2019. Interest on long-term borrowing is computed on loan-wise basis as per the applicable interest rate. The relevant excerpt of the MYT Regulations, 2019 is reproduced as under:

“Regulation 21.1 Existing loans

(i) Interest on loan capital shall be computed loan-wise for existing loans arrived in a manner specified in Regulation 19 and shall be as per the rates approved by the Commission.

(ii) The loan outstanding as on 1st April of each financial year shall be worked out as the gross loan in accordance with Regulation 19 by deducting the cumulative repayment as admitted by the Commission up to 31st March of previous financial year from the gross normative loan;

(iii) The rate of interest shall be the weighted average rate of interest on institutional loans calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project. In case the weighted average rate is not available, the interest rate approved by the Commission in its earlier tariff order shall be allowed.

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating plant/project does not have actual loan, then the weighted average rate of interest of the generating company/licensee as a whole shall be considered.

(iv) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest;

(v) The generating company and the licensee shall from time to time review their capital structure i.e. debt and equity and make every effort to restructure the loan portfolio as long as it results in net savings on interest. The costs associated with such re-financing shall be borne by the beneficiaries and the net savings (after deducting the cost of re-financing) shall be subjected to incentive / penalty framework as mentioned in

the Regulation 12 which shall be dealt with at the time of mid-year performance review/true-up.

(vi) The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries;

(vii) In case of any dispute relating to re-financing of loan, any of the parties may approach the Commission with proper application along with all the relevant details. During the pendency of any dispute, the beneficiaries shall not withhold any payment on account of orders issued by the Commission.

(viii) In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

Provided that the repayment for each year of the control period shall be deemed to be equal to the depreciation allowed for the corresponding year.

Regulation 21.2 New Loans (on or after 1st April 2020)

(i) Rate of interest on new loans i.e. on or after 01.04.2020 shall be equal to the marginal cost of funds-based lending rate (MCLR) of the SBI plus a maximum of 150 basis points w.r.t.1st April of the relevant financial year. They shall however, be required to submit due justification to the Commission for the terms and conditions of the loans raised by them including the loan sanction letter from the banks/ lending institutions, indicating the applicable rate of interest.

Provided that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost;

Provided further that neither penal interest nor overdue interest shall be allowed for computation of Tariff

(ii) Any variation above or below the allowed interest rate shall be subject to the incentive and penalty framework specified in Regulation 12. The incentives on refinancing should be net of costs.

(iii) The amount of loan shall be arrived in the manner as specified in Regulation 19 and shall be based on the approved capital investment plan.

(iv) In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.”

Interest on Long Term Loan of UHBVN

Term loans are largely funded from PFC and REC. The new receipts in term loans are also considered to be funded from these institutions. Thus, the financing cost of new receipts during the ARR years is calculated based on the average interest rate of existing PFC and REC loans.

Repayment of term Loan is considered equivalent to the depreciation claimed during the ARR year.

Interest on CAPEX loans is projected for ARR year FY 2022-23 in accordance with the estimated receipt and repayment of Capex loans.

The Commission has considered the calculations submitted by UHBVNL and the opening balance of loan, interest rate on existing borrowings and percentage of IDC (Interest During construction) as per the audited accounts for the FY 2020-21. And Interest on these loans is as proposed by the licensee @9.67%. **The Commission observes that the interest on term loan, as proposed by the Licensee, is in line with the MYT Regulations, and approves the same as under:-**

HERC approved Interest on long term loans of UHBVNL for FY2022-23:-

Particulars	Approved (Rs Crores)
Opening Balance	2,115.62
Projected addition during the year	869.16
Repayments of Loan	432.51
Closing Balance	2,552.27
Average balance during the Year	2,333.95
Interest Rate (%)	9.67%
Interest Payment	230.47
Less: Interest Capitalized	70.86
Net Int. on Capex Loans	159.61

Interest on Long Term Loan of DHBVN

DHBVNL submitted that Long term borrowings for Capital Expenditure Plan for ARR year FY 2022-23 is mainly from REC Ltd. & Commercial bank loans. Accordingly, the interest cost on Capex loan is projected by considering the interest rate of 10.00% & 8.00%

on REC Ltd. & FI/Banks respectively on new receipts and average interest rate on existing loans.

Normative repayment of CAPEX Loan for ARR year FY 2022-23 is proposed as per tentative repayment schedule during the year. Capitalization of interest cost is projected on average capital work in progress and average interest rate on capex loans.

The Commission has considered the opening balance of loan, interest rate on existing borrowings and percentage of IDC (Interest During construction) as per the audited accounts for the FY 2020-21. And average interest on these loans is as proposed by the licensee @8.77%. The Commission has taken the closing balance as proposed by licensee for FY 2021-22 as opening balance of FY 2022-23 and accordingly recalculated the approved interest on long term loans as under:

Particulars	Approved (Rs Crores)
Opening Balance	3,059.74
Deemed Addition during the year	1,169.10
Repayments of Loan	279.95
Closing Balance of Deemed Loan	3,948.89
Average balance during the Year	3,504.31
Interest Rate (%)	8.77%
Interest Payment	307.32

Interest on Consumer Security Deposit:-

- i. Interest on consumer security deposits for ARR year FY 2022-23 is calculated in accordance to Regulation 21.4 of MYT Regulations 2019. The relevant excerpt of the regulation is reproduced as under:

“Interest shall be allowed on the amount held as security deposit held in cash from Transmission System Users, Distribution System Users and Retail consumers, at the Bank Rate as on 1st April of the financial year in which the petition is filed provided it is payable by the transmission/distribution licensee.

- ii. Hence, the bank rate notified by RBI on 1st April 2021 is 4.25%, which is considered for calculating interest on consumer security deposit.
- iii. Receipt of consumer security deposit for ARR year FY 2022-23 is projected by the petitioners escalating the receipt of consumer security deposit during the previous year with the growth in consumer load considered for the respective year.

Details of interest on consumer security deposit for ARR year FY 2022-23 is tabulated as under:

Interest on Consumer Deposit for ARR year FY2022-23 (Rs Crores)

Particulars	UHBVNL	DHBVNL
Opening balance	1,593.93	1,991.33
Receipt during the year	92.45	94.44
Closing balance	1,686.37	2,085.77
Average security deposit	1,640.15	2,038.55
Interest rate	4.25%	4.25%
Interest on CSD	69.71	86.64

The Commission has examined the calculations of interest on consumer security deposit for the FY 2022-23 as proposed by the Discoms and approves the same.

Interest on Working Capital Loan

Interest on working capital loans of UHBVN

1. Interest on working capital loans is projected for ARR year FY2022-23 in accordance with the estimated receipt and repayment of working capital loans.
2. Revenue gap during the ARR year, if any, is planned to be met from the deficit financing. Interest cost for the same is calculated based on the interest rate allowed normatively.
3. Guarantee fees for ARR year is estimated by considering @ 2% interest rate on the loan receipt during the year.

Net Interest & Finance Charges for FY2022-23 (Rs Crores) (UHBVNL)

Particulars	FY 2022-23
Gross Int. on Capex loans	230.48
<i>Less: Interest Capitalized</i>	70.86
Net Int. on Capex Loans	159.61
Interest on WC loans	198.74
Interest on Security Deposits	69.71
Guarantee Fees/Other Interest and Finance Charges	34.90
Net Interest & finance charges	462.44

4. UHBVN has requested that total estimated interest cost including interest cost for deficit financing during ARR year may be allowed by the Hon'ble Commission.

Interest on working capital loans of DHBVN

1. Interest on working capital loans is projected for ARR year FY2022-23 in accordance with the estimated receipt and repayment of working capital loans.

2. Further, in addition to the working capital interest expenses, other interest and finance charges and guarantee fee to the State Government on account of payment of guarantee fee for new loans have also been considered in the ARR for MYT control period on the basis of expenses incurred during FY 2020-21.
3. The summary of net Interest & Finance charges for FY 2022-23 is tabulated as under:

Net Interest & Finance Charges (in Crores)	
Particulars	FY 2022-23
Gross Int. on Capex loans	315.55
<i>Less: Interest Capitalized</i>	106.88
Net interest on Long Term CAPEX loans	208.67
Interest on WC loans	155.70
Interest Cost on Consumer Security Deposit	86.64
Other Interest & Finance Charges (including LC to Power Generators charges)	11.00
Guarantee Fee	24.00
Net Interest & Finance Charges	486.01

DHBN has requested that the projected interest cost for ARR year FY 2022-23 may be allowed by the Commission in the ARR of the relevant year.

The Commission has examined the interest on working capital borrowings as projected by the licensee and observes that the same are not in accordance with the MYT Regulations, 2019, which provides for a specific methodology for calculation of interest on working capital borrowings for the Distribution and retail supply business as under:

22. INTEREST ON WORKING CAPITAL

22.1 Components of working capital:

Distribution licensee

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) month of wheeling charges.

less

Amount held as security deposits in cash from Distribution System Users :

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up before sharing of gains and losses

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) Uncollected revenue to be calculated as: Revenue billed for the relevant year * (1 – Normative Collection efficiency)*
- d) Receivables equivalent to 2 (two) months' of billing less consumers' security / advance consumption deposit.*

Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

22.2 Rate of Interest

Rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of 150 basis points. However, while claiming any spread, the generator and the licensees shall submit loan sanction letter from the banks/ lending institutions, indicating the applicable rate of interest.

The Commission has calculated the amount of allowed working capital borrowings in accordance with the MYT Regulations i.e. MCLR rate of 7%, plus a margin of 150 basis points i.e. 1.50%. Thus, the Commission approves the rate of interest on working capital borrowings for both the Discoms @ 8.50% as under:

Working Capital interest for UHBVNL for the FY 2022-23 (Rs. Crores)

Interest on working capital	
O&M expenses for 1 month	135.91
Maintenance spares 1% of opening GFA	98.46
2 months receivables	2231.39
Uncollected revenue	66.94
Total	2532.70
Less	
ACD	1686.37
Net working capital	846.33
Interest rate	8.50%
Interest cost	71.94

Working Capital interest for DHBVNL for the FY 2022-23 (Rs. Crores)

Interest on working capital	
O&M expenses for 1 month	154.66
Maintenance spares 1% of opening GFA	115.18
2 months receivables	2961.66
Uncollected revenue	88.85
Total	3320.35
Less	2085.77
Net working capital	1234.58
Interest rate (%)	8.50
Interest cost	104.94

The Discoms have also proposed to recover certain other finance charges, guarantee fee, MDLR charges and maintenance charges for HVPNL bonds and the same are allowed as proposed, in the original petition, subject to true up. In light of the above discussion, the approved interest cost of UHBVNL- and DHBVNL for the FY 2022-23 is summarised as below:

Approved Interest cost FY 2022-23 (Rs. Crores)

Particulars	UHBVNL	DHBVNL
Gross Interest on Capex Loans	230.47	307.32
Less: IDC	70.86	106.88
Net Interest on CAPEX Loan/ Interest on Long Term Loan	159.61	200.44
Interest on Security Deposit	69.71	86.64
Other Interest & Finance Charges	-	4.92
<i>HVPNL Bond Charges</i>	-	0.08
<i>LC Charges</i>	-	6
Guarantee Fee	-	24
Interest on Working Capital Loan	71.94	104.94
Total Interest & Finance charges	230.40	427.02

Depreciation

Depreciation for the MYT Control Period is projected in accordance with Regulation 23 of the MYT Regulation 2019. The relevant excerpt is reproduced as under: -

“....

- The value base of asset shall be the historical capital cost of the asset as admitted by the Commission. The historical capital cost shall include additional capitalization including foreign exchange rate variation, if any already allowed by the Commission up to 31st March of the relevant year.*
- The residual value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset;*

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.

- (c) Depreciation shall be calculated annually over the useful life of the asset at the rates specified in Appendix II up to 31st March of the 12th year from the date of commercial operation of the asset. From 1st April of 13th year from the commercial date of operation of the asset, the remaining depreciable value if any out of the 90% of the capital cost of the asset shall be equally spread over the balance useful life of the asset.

The deprecation rates given in Appendix-II will be applicable w.e.f. 1.04.2020 only. The depreciation, in case of existing assets, up to 31.03.2020 shall be considered as already allowed and shall not be re-visited. The deprecation rates as per Appendix-II for such assets shall be applicable w.e.f 1.04.2020 up to 12th year from the date of COD.

Provided that the rate provided in Appendix II, are the upper ceiling of the rate of depreciation to be provided up to 12th year from the date of COD and the developer shall have the option of indicating, while seeking approval for tariff, lower rate of depreciation, subject to the aforesaid ceiling.

- (d) Land shall not be considered as a depreciable asset and cost shall be excluded from the capital cost while computing depreciable value of asset.
- (e) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the financial year, then the depreciation shall be charged on pro rata basis;
- (f) Depreciation shall not be allowed on assets (or part of assets) funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue) and capital subsidies / grants. Provision for replacement of such assets shall be made in the capital investment plan.”

1. Based on the asset class wise depreciation rates specified in MYT Regulations, 2019 and Opening GFA, depreciation is estimated for ARR year. Estimated depreciation is further reduced by the depreciation assessed on the assets created from the consumer contribution.
2. Calculation of depreciation for ARR year FY2022-23 is provided in the tables below:

Proposed Depreciation for FY 2022-23 UHBVNL (Rs Crores)

Particulars	Opening GFA	Opening Accumulated depreciation	Rate of dep. (%)	Depreciation during the year	Closing accumulated depreciation
Land & Land Rights	59.58	-		-	-
Buildings & Civil Structure	501.63	131.00	3.34	16.75	147.75
Plant & Machinery	8,819.23	3,241.38	5.28	465.66	3,595.59
Vehicles	13.75	13.08	9.50	1.31	14.32
Furniture & Fixture	98.10	41.87	6.33	6.21	48.03
Software	17.27	8.02	15.00	2.59	10.61
Less: Depreciation on assets contributed by Consumers and grants		110.77		60.00	170.77

Particulars	Opening GFA	Opening Accumulated depreciation	Rate of dep. (%)	Depreciation during the year	Closing accumulated depreciation
Total	9,509.56	3,324.57		432.51	3,645.53

The Commission has examined the calculations of depreciation for the FY 2022-23 submitted by UHBVNL and observes that the Discoms have assumed that the additions to different class of assets in the MYT period would be in the same ratio as additions in the FY 2020-21. The Commission, however, observes that the additions to individual class of fixed assets in a particular year may not be fully representative of the total requirement of assets for the Discom and therefore it would be more appropriate to use total fixed assets as on 31.03.2021 as a composite base and accordingly have assumed that the additions to fixed assets and consequently the depreciation in the MYT period would also be in the same ratio. The depreciation calculations for the FY 2020-21 are used to arrive at a composite depreciation rate which is applied on the estimated opening GFA of the FY 2022-23 to arrive at estimated depreciation for the year. The rate of depreciation on the assets funded through consumer contribution is also based on the rate as per audited accounts for the FY 2020-21. Based on the approved capital expenditure for the FY 2021-22, the approved depreciation for the FY 2022-23 for UHBVNL (in Rs. Crores) is as under.

	UHBVNL
Depreciation Particulars	
Opening GFA	9846.16
Rate of Depreciation	4.78%
Total Depreciation	471.05
<i>Less: Depreciation on assets contributed by Consumers and grants</i>	56.53
Approved Depreciation cost	414.53

The Commission has examined the calculations of depreciation for the FY 2022-23 submitted by the DHBVNL and observes that the DHBVNL has assumed that the additions to different class of assets in the MYT period would be in the same ratio as additions in the FY 2020-21. The amount proposed by DHBVNL (in Rs. Crores) is as under:

Particulars	Opening GFA	Accumulated depreciation at the beg. of the year	Additions during the year		Total depreciation at the end of the year
			Rate of dep. (%)	Depreciation during the year	
Land & Land Rights	28.38	0.00	0.00%	0.00	0.00
Buildings & Civil Structure	368.30	98.81	3.34%	13.41	112.23
Plant & Machinery	10,276.96	4,188.75	5.28%	593.04	4,781.79
Vehicles	18.72	17.10	9.50%	-	17.10
Furniture & Fixture	24.40	16.86	6.33%	1.59	18.45
Intangible Assets	19.92	5.92	14.85%	5.16	11.08

Less: Depreciation on assets contributed by Consumers and grants				166.29	
Total	10736.69	4,327.44		446.92	4,940.65

The Commission observes that the normative computation of depreciation is marginally higher at Rs 448.31 crore, than the amount proposed by DBVNL of Rs 446.92 crore. **Hence, the Commission approves the depreciation amount proposed by the licensee DHBVNL i.e Rs. 446.92 Crore for the FY 2022-23.**

Return on Equity

Return on Equity for MYT Control Period is projected in accordance with the Regulation 20 of the HERC MYT Regulations 2019 and its subsequent amendments. The relevant excerpt of the MYT Regulations is reproduced as under: -

“20. RETURN ON EQUITY

20.1 RoE for generation transmission and distribution, shall be allowed, after adding a premium over the 'Base Rate (BR)' based on the performance (both financial as well as operational parameters) of the power utilities, subject to a cap as under: -

- a) Hydro Generators: $BR + 6.5\% = \text{up to } 13\%$ Provided that the HEP with pondage or pump storage (PSP) will be eligible for an additional 1% RoE.*
- b) Generators other than Hydro: $BR + 5.5\% = \text{up to } 12\%$*
- c) Distribution Business: $BR + 7.5\% = \text{up to } 14\%$*
- d) Transmission Business: $BR + 4.5\% = \text{up to } 11\%$.*

Provided that the Base Rate (BR) in these Regulations shall be construed as last 2 years average rate (as on 1st April of the relevant financial year) of 10 years Government of India bond. Provided, that the RoE for generation, transmission and distribution businesses, shall be allowed, after adding a premium over the 'Base Rate (BR)'.

Provided further that RoE shall not exceed 14% in any case. SLDC business shall not be eligible for RoE.

Provided where the tariff is determined for the entire useful life of the project the RoE allowed shall not be normally re-visited during the entire tariff period. Hence, the same shall be determined at 13% with additional 1% for HEPs with pondage or pump storage (PSP) and 12% for generators other than HEPs.”

20.2 Return on equity shall be allowed on equity employed in assets in use considering the following and subject to Regulation 20.1 above:

- i. Equity employed in accordance with Regulation 19.1 and 19.2 on assets (in use) commissioned prior to the beginning of the year; plus*
- ii. 50% of equity capital portion of the allowable capital cost for the assets put to use during the year.*

Provided that for the purpose of truing up, return on equity shall be allowed from the COD on pro-rata basis based on documentary evidence provided for the assets put to commercial operation during the year.

Provided further that assets funded by consumer contributions, capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity

20.3 Return on equity invested in work in progress shall be allowed from the actual date of commercial operation of the assets.

20.4 There shall be no Return on Equity for the equity component above 30%. ”

The petitioners have proposed return on equity at a rate of 14% on the average equity during ARR year FY2022-23. Detailed calculations of Return on Equity for ARR year FY2022-23 is tabulated as under:

UHBVNL proposed Return on Equity for FY 2022-23 (Rs Crores)

Particulars	FY 2022-23
Opening Share Capital eligible for RoE	2,530.29
<i>Less: Equity in Opening CWIP (20%)</i>	140.36
Net Opening Share Capital	2,389.93
Add: Equity for Capex	226.66
Closing Equity	2,616.60
Average Equity for RoE	2,503.26
<i>Rate of Return on Equity</i>	14.00%
Total Return on Equity	350.46

DHBVNL Proposed Return on Equity for FY 2022-23 (Rs Crores)

Particulars	FY 2022-23
Opening Equity	2,454.97
<i>Less: 20% of Opening CWIP for assets not put to use</i>	210.66
Net Opening Equity	2,244.31
Add: Equity addition in capitalisation	246.31
Closing Equity	2,490.62
Average Equity	2,367.46
Rate of Return on Equity	14.00%
Return on Equity	331.44

The Commission has considered the submissions made by the licensee and observes that as per the MYT Regulations, 2019, and its subsequent amendment in 2022, ROE up to 14% can be allowed, based on performance, on the eligible Equity Capital in use.

The Commission, in the light of present economic scenario and considering the requirement of restoring the licensee to the status, prior to the pandemic, approves the rate of Return on Equity at 10% of average equity utilized in licensed business during the FY 2022-

23 to the two Discoms. The calculation of approved return on equity considering the approved capital expenditure and its funding thereto and the estimated retirement of assets, is given in the following tables:

HERC approved Return on Equity for FY2022-23 UHBVNL (Rs Crores)

Average Equity for RoE as proposed	2503.26	2503.26
Rate of Return on Equity	14%	10%
Return on Equity	350.46	250.33

HERC approved Return on Equity for FY2022-23 DHBVNL (Rs Crores)

Average Equity for RoE as proposed	2367.46	2367.46
Rate of Return on Equity	14%	10%
Return on Equity	331.44	236.75

Bad and Doubtful Debts

Provision for Bad and Doubtful debts for ARR year 2022-23 is estimated in accordance with Regulation 64 of MYT Regulation 2019. The relevant excerpt of MYT Regulations 2019 is reproduced as follows:

“64 BAD AND DOUBTFUL DEBTS

Bad and doubtful debts shall be allowed to the extent the distribution licensee has actually written off bad debts subject to a maximum of 0.5% of sales revenue. However, this shall be allowed only if the distribution licensee submits all relevant data and information to the satisfaction of the Commission. In case there is any recovery of bad debts already written off, the recovered bad debts will be treated as other income.”

In consideration to the situations looming under COVID-19 pandemic situation, the petitioners requested that provision estimated for bad and doubtful debts of Rs 49.75 crore for UHBVNL and Rs 71.66 Crore for DHBVNL may be allowed by the Hon’ble Commission for ARR year.

The Commission is of the view that bad and doubtful debts shall be allowed during true up only and to the extent the distribution licensee has actually written off bad debts subject to a maximum of 0.5% of sales revenue i.e. within the four corners of the HERC MYT Regulations in vogue.

Non-Tariff Income

The non-tariff income are the revenue generated from sources other than the tariff and charges determined for the sale of power by the distribution licensees. The petitioners have submitted that they have proposed Non-Tariff Income for the ARR year FY 2022-23 at the

same level as approved by the Commission for the FY 2021-22 in its Tariff Order dated 30.03.2021. **The Commission finds the proposed amount of UHBVNL and DHBVNL reasonable and approves the same.**

Aggregate Revenue Requirement

Based on the Commission's approved estimates of various components of the ARR, as discussed in the previous paragraphs, the approved Revenue Requirement (in Rs. Crores) for the FY 2022-23 for the two Discoms is as under:

UHBVNL

Sr. No	Particulars	Proposed	Approved
1	Total Power Purchase Expense	12,056.57	10,977.94
1.1	Power Purchase Expense	10,196.74	9018.20
1.2	Interstate transmission Charge	945.02	945.02
1.3	Intrastate transmission & SLDC	914.81	1014.72
2	Operations and Maintenance Expense	1,630.94	1630.94
2.1	Employee Expense	859.40	859.40
2.2	Administration & General Exp.	112.85	112.85
2.3	Repair & Maintenance Expense	158.69	158.69
2.4	Terminal Liability	500.00	500.00
3	Depreciation	432.51	414.53
4	Total Interest & Finance Charges	462.96	336.16
4.1	Interest on CAPEX loans	159.61	159.61
4.2	Interest on Working Capital incl. CC	198.74	71.94
4.3	Interest on Consumer Security Deposit	69.71	69.71
4.4	Interest on other bonds	34.90	34.90
5	Return on Equity Capital	350.46	250.33
6	Other Expenses	49.75	0
7	Total Expenditure	14,983.19	13,609.89
8	Less: Non-Tariff Income	221.56	221.56
9	Net Aggregate Revenue Requirement	14,761.63	13,388.34

DHBVNL

Sr. No	Particulars	Proposed	Approved
1.0	Power Purchase Expenses	16,290.31	15110.94
1.1	Power Purchase Cost	13,821.01	12509.96
1.2	Transmission Charges	1,384.75	1384.75
1.3	Transmission Charges & SLDC	1,084.55	1216.23
2.0	Operation & Maintenance Expenses	1,855.98	18,55.98
2.1	Employee Expenses (net)	1,072.88	1072.88
2.2	Administration & General Expenses (net)	145.77	145.77
2.3	Repair & Maintenance Expenses	194.43	194.43

2.4	<i>Terminal Benefits</i>	442.90	442.88
3.0	Depreciation	446.92	446.92
4.0	Interest & Finance Charges	486.01	427.02
4.1	<i>Interest on Long Term Loan</i>	208.67	200.44
4.2	<i>Interest on Working Capital</i>	155.70	104.94
4.3	<i>Interest on Consumer Security Deposit</i>	86.64	86.44
4.4	<i>Other Interest & Finance Charges</i>	4.92	4.92
4.5	<i>HVPNL Bond Charges</i>	0.08	0.08
4.7	<i>LC Charges</i>	6.00	6
4.8	<i>Guarantee Fee</i>	24.00	24
5	Return on Equity Capital	331.44	236.75
6	Provision for Bad & Doubtful Debt	71.66	0
7	Aggregate Revenue Requirement	19,482.31	18,077.61
8	Less: Non-Tariff Income	307.66	307.66
9	Net Aggregate Revenue Requirement	19,174.65	17,769.95

Revenue from inter-state sales

The Discoms have proposed to garner revenue from inter-state sale of power for the FY 2022-23 on the basis of average variable power purchase cost and the quantum of surplus power available during the respective year and the same is estimated to be Rs. 509.47 Cr for UHBVNL and Rs. 690.56 Cr for DHBVNL.

The Commission has considered the proposal and observes that as per the demand and supply projections approved by the Commission, the available power from the approved generators may not be as per the PPA due to the reasons explained earlier in this order and to bridge the gap during the peak demand months, this Commission, had separately, on a petition filed by the Discoms, had approved RTC power on a short term basis at a tariff discovered through a transparent process of competitive bidding on DEEP portal set up for the purpose.

The Commission is of the considered view that in case the Merit Order Dispatch principle is strictly followed and the energy which is surplus is contracted to be sold at its variable cost/ ECR, the revenue generated would be higher than the average variable power purchase cost and would ultimately go towards reducing the power purchase cost.

The Commission, instead of calculating revenue from interstate sale separately as a line item in the ARR, has preferred to calculate the power purchase cost only for the energy required for sale to the electricity consumers of Haryana. i.e. fixed cost for long term PPA's is considered to be pass through and the projected power purchase volume is allowed at the average variable cost.

Subsidy – AP Tube well Supply / Domestic Supply / MSME

The Commission has observed that the Discoms have projected Agriculture Subsidy for the FY 2022-23 equivalent to the subsidy allowed for the FY 2021-22 in Tariff Order dated 30.03.2021 and also that there is no projection for estimated subsidy for power supplied to either the domestic consumers, MSME or for that matter any other consumer category. In line with the provisions of section 65 of the Electricity Act, the Commission, vide a letter addressed to the Additional Chief Secretary / Power to Haryana Government had sought subsidy commitment, if any. However, the ACS / Power chose not to reply to the same. Consequently, the Commission, has not considered any subsidy available from the Haryana Government for any category of consumers as such. The subsidy of Rs. 460 Crore taken in to account in the previous year ,for the Domestic Supply, has not been considered available in the FY 2022-23. The revenue shortfall due to non-compensatory Domestic Supply tariff has been met from the cross-subsidy available from a few other consumer category, realignment of DS Supply tariff in the 0-150 Units slab in Category II and overall robust recovery in consumer category wise sales, reduction in distribution losses as well as reigning in of the average power purchase cost.

Based on the ARR and sales projections approved by the Commission in the preceding portion of this order, the Commission has, based on the sample voltage wise losses submitted by the Discoms, arrived at the estimated cost of service for supply at HT and LT voltage levels i.e. Rs. 6.38 / Unit for HT Supply and Rs. 6.67 / Unit for LT Supply. The calculation details have been provided in the present order.

In case the Government Haryana, as per past practice decides to provide RE Subsidy u/s Section 65 of the Act on the tariff determined by this Commission under Section 62 of the Electricity Act, 2003, under intimation to this Commission, it will have to pay in advance, on a quarterly basis i.e. in April for the first quarter, in July for the second quarter, in September for the third quarter and in December 2022 for the fourth quarter. Additionally, an unpaid subsidy (committed and not paid or paid partly) will also have to be paid without any further delay along with carrying cost for the period concerned at an interest rate as considered by this Commission for working capital borrowings by the Discoms.

Based on the cost of service of LT consumers as given above and the approved estimate of sales to AP consumers, the calculation of AP subsidy is as given below:-

	RE Subsidy calculation	unit	value
1	AP Tube-well sales approved for FY 2023	MU	9236.43
2	Cost/ Tariff per unit	Rs/kWh	6.67

3	Estimated cost of service	Rs. Crores	6160.70
4	Revenue at existing subsidised tariff	Rs. Crores	110.632
5	Subsidy required to keep the tariff at current levels = 3-4	Rs. Crores	6050.068

The petitioners are directed to ensure that supply of power to all categories of consumers, where the State Government has committed a subsidized tariff, is strictly in accordance with section 65 of the electricity act, 2003. It would be the responsibility of the distribution licensee to ensure that no violation of section 65 of the Electricity Act, 2003, takes place. **Accordingly, the tariff for supply to the eligible AP Tube wells in the licensed area of both the Discoms shall be as under:-**

Tariff for AP Tube well Supply Rs/kWh	
Metered Supply (Rs. kWh) - Rs.6.67 / kWh	MMC – Rs. 200 / BHP / Year

Revenue Gap for ARR year FY 2022-23

Based on proposed and approved Aggregate Revenue Requirement and Revenue from sale of Power and AP Subsidy, revenue (gap)/surplus for ARR year FY 2022-23 for Haryana Discoms is detailed as under:

Proposed Revenue Gap by Discoms FY 2022-23 (Rs Crores)

Sr. No.	Particulars	UHBVN	DHBVN	Haryana
1	Aggregate Revenue Requirement	14,761.63	19,174.65	33,936.28
2	Revenue for Discoms	13,885.72	18,448.52	32,334.24
2.1	Sale of Power	9,949.51	14,331.23	24,280.74
2.2	Inter State Sales	509.47	690.56	1,200.03
2.3	Subsidy	3,426.74	3,426.74	6,853.47
2.3.1	-Subsidy-AP	3,196.74	3,196.74	6,393.47
2.3.2	-Subsidy-Dom	230.00	230.00	460.00
3	Revenue Surplus/(Gap)	(835.60)	(726.13)	(1,561.74)
6	Revenue surplus for FY 2020-21			414.36
7	Holding cost for 1.5 years @ 8.5%			52.83
8	Revenue Surplus/(Gap) to be carried over			(1,094.54)

Recovery of Gap

The petitioners have submitted that Aggregate Revenue Requirement for FY 2022-23 is estimated based on the audited accounts for FY 2020-21. In accordance with the MYT principles, Haryana Discoms are expected to be in revenue surplus of Rs. 414.36 Crores for FY 2020-21, revenue deficit of Rs 551.83 Crores for FY 2021-22 and Rs 1094.54 Crore of accumulated deficit for FY 2022-23.

It has been submitted that based on the efficiency gain in ensuing years, Discoms will be able to bridge the estimated revenue gap. It is further submitted that impact of COVID-19 pandemic situation is yet not over and the financial position of the Discoms are still exposed to risk of unprecedented situation looming under COVID-19 pandemic. Hence, it is most respectfully prayed that keeping in view of the larger interest of consumers as well as Discoms, the existing level of retail supply tariff approved by the Hon'ble Commission in Tariff Order dated 30.03.2021 may allowed to be charged in the ensuing year to meticulously bridge the revenue gap for FY 2022-23.

The Commission has considered the aforementioned submissions of the Discoms. The Commission for the FY 2022-23, in line with the HERC MYT Regulations, earlier in this order, has approved the quantum and cost of power purchase, all other expenses, RoE, consumer category wise sales, system losses and amount to be true-up along with carrying cost. Accordingly, the revenue requirement and revenue available from intrastate sale of power at the revised tariff (DS Slab rate from Rs. 2.50 / kWh to Rs. 2.75 / kWh) has been estimated and approved by the Commission. Further, the Commission, while estimating the revenue gap, has not taken into account revenue from FSA before it was discontinued by the Commission as well as interstate sales revenue. Consequently, revenue balance for the FY 2022-23 is approved as under:-

Revenue Surplus/(Gap) for ARR year FY 2022-23 (Rs Crores)

Particulars	HERC Revenue Gap
Aggregate Revenue Requirement	31,158.29
-UHBVN	13,888.34
-DHBVN	17,769.95
Total Revenue	24,684.89
-Revenue from Interstate sale	-
-Revenue from Intrastate sale	24,684.89
Total Sales for FY 2022-23 (MUs)	46,260.46
Revenue Gap	6473.40
CoS at LT level	6.67
AP sales for the FY 2022-23 MU	9236.43
Estimated revenue from AP sales (assuming subsidised tariff)	110
AP Subsidy at LT CoS	6050.69
Domestic & other Subsidy	0
Total revenue including subsidy	30735.58
Total Revenue surplus/(Gap) for FY 2022-23 at current tariff	422.71
Surplus on true-up including holding cost	501.74
Distribution loss	14%
Revenue Surplus	79.03

Chapter 5

Capital Expenditure and Technical parameters

Capital Expenditure

True-up of Capital Expenditure for the FY 2020-21

UHBVNL

The petitioner i.e. UHBVNL, in its petition for true-up of FY 2020-21, APR of FY 2021-22 and ARR for FY 2022-23, has submitted that this Hon'ble Commission had approved a capital expenditure of Rs. 980 Cr. for FY 2020-21.

As per the audited accounts, the capital expenditure of UHBVN for the FY 2020-21 is **Rs.875.30 Cr.** Hence, UHBVN, has prayed that the Hon'ble Commission may approve the same. Accordingly, Commission approves the actual capital expenditure for FY 2020-21 as per the audited accounts. The details are presented in the following table:-

(Rs. in Crore)				
Sr. No.	Name of the Scheme	Approved Capex	Actual CAPEX incurred during FY 2020-21	Funding Agency
A	PD&C Wing			
1	Creation of new 33 kV sub-stations along with Spill Over and associated 33 kV & 11 kV lines including civil works/ Normal development (33 kV & 11 kV)	95.00	116.49	REC / JICA
2	Augmentation of existing 33 kV sub-stations including civil works	36.00		REC / JICA
3	Augmentation of existing 33 kV lines	4.00		REC / JICA
4	Bifurcation/Trifurcation of overloaded 11 kV feeders	25.00	224.11	JICA
5	Release of tube well connections on Turn Key Basis*	159.50		Consumer Cost / Deposit work
6	Capacitor Bank	30.00		REC/ Nigam's Funding
7	Strengthening of 11 kV lines, 11 kV Ring main System, New DTs & normal development	20.00		REC
8	Construction of UHBVN Head office Buildings	17.00	26.67	REC
9	Civil Works other than substation buildings	3.00	2.54	REC
10	Works to be carried out under IPDS scheme for system strengthening including 2 Nos. GIS substations	20.00	23.58	IPDS
11	LRP works (Urban sanitization) and works to be carried out under MGJG scheme	30.00	119.79	REC/ Nigam's Funding
12	Shifting of 11 kV lines passing over residential areas under UHBVN	10.00	10.00	State Fund (Grant)
13	Shifting of HT line (33 kV), passing over	10.00	4.00	State Fund

	authorized/un-authorized colonies under jurisdiction of UHBVN			(Grant)
14	AMC for 33 kV substations	1.00	0.00	Nigam's Funding
15	Creation of double supply source for 33 kV substations, 33 kV Ring main / Scada	10.00	0.00	REC
16	DDUGJY Scheme**	28.00	39.96	DDU
	Total A	498.50	567.14	
	**Initially expenditure under DDUGJY scheme was not proposed in CAPEX but now expenditure has been incurred/ intimated under this scheme, hence the scheme have been incorporated at Sr. No. 16 in FY 20-21 and corresponding fund under Tube well connection scheme have been utilized.			
B	IT Wing			
17	Smart City Karnal (HT < Lines, DTs, U/G Cables, RMU and FRTUs etc)	22.00	0.00	Nigam's Funding
18	Smart City Panchkula (HT < Lines, DTs, U/G Cables, RMU and FRTUs etc)	5.00	0.00	
19	Smart City Panipat (HT < Lines, DTs, U/G Cables, RMU and FRTUs etc)	3.00	0.00	
20	SCADA Implementation Industrial Area Kundli (HT & LT lines, DTs, U/G Cables, RMUs and FRTUs etc.)	7.40	6.30	
21	Scaling of IT project to Non-R-APDRP areas covering the following: - 1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.	1.80	0.46	IPDS
	2. Commercial Data Migration (IPDS & Balance Area)	0.36		
	3. GIS Indexing (IPDS & Balance areas)	3.37		
22	RT-DAS SAIFI/SAIDI Measurement System in Non- SCADA, R-APDRP, Non-RAPDRP and IPDS Towns of UHBVN	9.30	0.23	PFC
23	ERP Implementation	20.00	0.00	PFC/ REC/ Nigam's Funding
24	Smart Metering	168.27	0.63	REC/ Nigam's Funding
25	AMR of HT Industrial consumers	1.15	2.37	Nigam's Funding
	Total B	241.65	9.99	
C	MM Wing			
26	Procurement of single-phase meters for replacement of defective meters & release of new connections.	22.50	298.17	REC/ NABARD etc
27	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development	212.00		REC/ NABARD etc
28	Procurement of Power Transformers - 10 No. along with allied equipment such as 33 kV CTs - 30 No.	5.35		REC/ NABARD etc
	Total C	239.85	298.17	
	Gross proposed Capex (A+B+C)	980.00	875.30	

The Commission observes that the licensee has not been able to start 6 (six) important works at sr. no.14,15,17,18, 19 and 23 during the year for which an amount of Rs. 61 Cr. was approved by the commission. Further, in respect of the works mentioned at Sr. no. 8, 10 & 11, the expenditure has been incurred more than the approved expenditure. It has been

further observed that out of Rs. 241.65 Cr. amount approved for scaling up of IT based infrastructure in Non-RAPDRP Areas, only minuscule amount of Rs. 9.99 Cr. have been spent.

The Commission has further observed that the licensee has merged various schemes and shown the cumulative expenditure together (e.g. merged schemes at sr. no. 1 to 3, 4 to 7 and 26 to 28), against the individual scheme wise expenditure approved by the Commission. Further the license has incurred only **89.31 % expenditure of the approved capex for FY 2020-21**. It is a matter of concern that the licensee has not been able to utilize the capital expenditure even when the focus is primarily on system strengthening and creation of IT infrastructure under IPDS and DDUGJY schemes. Such a scenario defeats the very purpose of capital expenditure approval and objective of providing reliable and quality power to the consumers. There seems to be lack of proper planning and execution of the capital works on the part of the licensee. The licensee needs to exercise scheme wise proper monitoring of execution of capital works.

ii. DHBVNL

DHBVN in its petition for true-up of FY2020-21, APR of FY 2021-22 and ARR for FY 2022-23 submitted that the Hon'ble Commission had approved a revised Capital Expenditure of Rs. 1050 Cr. for DHBVN. However, as per the audited accounts of DHBVN, the actual capital expenditure incurred during the FY 2020-21 is Rs.958.37 Cr.

In view of the position stated above, DHBVN, has prayed that the Hon'ble Commission may approve the same. **The Commission approves the actual expenditure for the FY 2020-21 i.e. Rs. 958.37 Crore as per the following details.**

(Rs. in Cr.)			
Sr. No.	Description	Approved Capex	Actual CAPEX incurred during FY 2020-21
1	AT&C loss sustainable reduction plan		
a	Procurement of single-phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	21.82	23.83
b	Procurement of three phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	8.92	9.88
c	Power Factor Improvement (Providing automatic power factor correctors)	5	5.65
	Sub Total	35.74	39.36
2	Load Growth schemes		
a	Creation of new 33 kV sub-stations along with associated 33 kV & 11 kV lines	83.99	93.89
b	Augmentation of existing 33 kV sub-stations	10.3	15.95

c	Augmentation of existing 33 kV lines	5.32	7.45
d	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).	45	53.58
e	Material required for release of Non-AP connections & replacement of old assets	173.92	177.93
f	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.	73.29	85.65
g	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.	12.35	13.44
h	11 KV Lines	139.17	137.84
	Distribution Transformer (25, 63,100, 200 kVA)		
	LT line with ABC/XLPE Armoured Cable		
	Augmentation- DTR, Existing line on conductor to AB XLPE, Augmentation of 11kV lines		
	Metering (3 phase) , Solar Energy Meter		
	Solar Project		
	Sub Total	543.34	585.73
3	Other works		
a	Civil Works	15.22	11.65
b	Shifting of HT line (33 kv), passing over authorized/un-authorized colonies under jurisdiction of DHBVN.	7.88	5.12
c	Note: <u><i>-Hon'ble Chief Minister has made an announcement on the floor of Haryana Vidhan Sabha that all dangerous wires of 33 KV and above levels passing over the various colonies shall be removed. Accordingly, Worthy ACS/Power, Govt. of Haryana, Power Deptt. directed to prepare the detailed scheme in this regard. Also, Worthy ACS/Power, Govt. of Haryana, Power Deptt. has desired that it may be made part of the CAPEX Plan and approval of HERC be obtained.</i></u>		
d	Mahara Gaon Jagmag Gaon scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.	110	125.13
e	Other works for system improvement - Procurement of IT Equipment & Software's	0.07	0.92
f	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar	257.34	145.07
g	Shifting of 11 lines passing over residential areas under DHBVN.	22.45	20.27
h	Double Source of 33 KV Supply	6	9.15
i	Muffing of existing poles of 11 KV Lines	2.65	0.37
	Sub Total	421.61	317.68
4	R-APDRP Part-A (IT) Project	24.97	10
5	Scaling of IT project to Non-R-APDRP areas covering the following: -	19.53	5.6
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Centre.		
	2. AMR for HT consumer meters.		
	3. Engagement of an Agency for GPS based field survey activities & data digitization.		
	4. Engagement of SI for DM		
	5. Procurement of Computer Furniture (Computer		

	chair & table) for office under IPDS town and in balance non-R-APDRP areas		
6	Implementation of ERP application	3.38	0.00
7	RT-DAS (Real Time Data Acquisition System)	1.23	0.00
8	Laying of Infrastructure in Gurgaon (Sector-58 to 115 and Faridabad (Sector-75 to 89)	0.2	0.00
	Sub Total	49.31	15.6
	Grand Total	1050.00	958.37

The Commission observed that the DHBVNL was able to achieve the capex targets during FY 2020-21 to the tune of 91.27% of the HERC approved capital expenditure.

A perusal of the capital expenditure incurred by the licensee during the FY 2020-21, reveals that for the works mentioned at Sr. No.1(a to c), 2(a to g) and 3(d) the actual expenditure incurred has been more than the amount approved by the Commission. The distribution licensee has not provided any reason or justification for the deviations made from the approved Capex. It is further observed that no work has been started for capital works mentioned at Sr.no. 6, 7 and 8, relating to IT infrastructure which is required to enhance the efficiency of the system.

As per regulation 8.3 (b) 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, 2019, capital expenditure is a controllable item. As such the licensee should have exercised proper control over the item wise Capital Expenditure approved by the Commission.

It needs to be noted that the regulation 9.10 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, 2019 further provides as under: -

“In case the capital expenditure incurred for approved schemes exceeds the amount as approved in the capital expenditure plan, the generating company or the transmission or the distribution licensee, as the case may be, shall file an application with the Commission at the end of control period for truing up the expenditure incurred over and above the approved amount. After prudence check, the Commission shall pass an appropriate order on case to

case basis. The True-up application shall contain all the requisite information and supporting documents”.

Provided that any additional capital expenditure incurred on account of time over run and / or on unapproved schemes not covered under regulation 9.9 or unapproved changes in scope of approved schemes shall not be allowed by the Commission unless the generating company or the licensee, as the case may be, is able to give adequate justification for the same”.

The licensee is directed to adhere to the Regulations meticulously.

Review of Capital Investment Plan in progress for FY 2021-22:

Regulation 9.7 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, 2019, specifies that in the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the mid-year performance review and True-up, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure vis-a-vis the approved expenditure, the Commission may True-up the capital expenditure, subject to prudence check, as a part of annual True-up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and True-up filing.

Accordingly, both the DISCOMs, through filing of their Annual Performance Review petitions for FY 2021-22 and subsequent submissions, revised their capital investment plan for FY2021-22. After examining these, the Commission allows following revised capital investment plans.

i. UHBVN

UHBVN submitted that the Hon’ble Commission in Tariff Order dated 30.03.2021 has approved Capital Expenditure Plan Rs. 950 Crores for the year FY 2021-22. The petitioner has considered the approved Capital Expenditure Plan to calculate revised estimates of ARR for the year.

(Rs. in Cr.)

Sr. No.	Name of the Scheme	Revised Capex Cost	Tentative CAPEX incurred during FY 2021-22 (First Half)	Funding Agency
A	PD&C Wing			
1	Creation of new 33 kV sub-stations along with Spill Over and associated 33 kV & 11 kV lines including civil works / Normal development (33 kV & 11 kV)	130.00	85.55	REC
2	Augmentation of existing 33 kV sub-stations including civil works along with Spill Over	47.79		REC
3	Augmentation of existing 33 kV lines	7.11		REC
4	Bifurcation/Trifurcation of overloaded 11 kV feeders along with Spill Over	28.50	130.37	JICA
5	Release of tube well connections on Turn Key Basis*	100.00		Consumer Cost / Deposit work
6	Capacitor Bank (APFC)	40.00		REC
7	Strengthening of 11 kV lines, augmentation of HT line, 11 kV Ring main System, New DTs & normal development	90.00		REC
8	Construction of UHBVN office / residential Buildings	25.00	19.00	REC
9	Civil allied Works other than substation buildings	2.00		REC
10	Works to be carried out under IPDS scheme for system strengthening including 2 Nos. GIS substations	15.00	13.20	IPDS
11	LRP works (Urban sanitization) and works to be carried out under MGJG scheme	73.00	56.49	REC
12	Shifting of 11 kV lines passing over residential areas under UHBVN	2.00		State Fund
13	Shifting of HT line (33 kV), passing over authorized/un-authorized colonies under jurisdiction of UHBVN	2.00		State Fund
14	DDUGJY Scheme	12.00	10.16	DDU
15	Electric Vehicle Charging Station	2.00		Nigam's Funding
16	Mahatma Gandhi Gramin Basti Yojna Scheme (MGGBY)	5.00	2.89	REC
	Total A	581.40	317.66	
B	IT Wing			
17	Smart City Karnal (HT & LT Lines, DTs, U/G Cables, RMU and FRTUs etc)	15.00		Nigam's Funding
18	Smart City Panchkula (HT & LT Lines, DTs, U/G Cables, RMU and FRTUs etc)	15.00		Nigam's Funding
19	Smart City Panipat (HT & LT Lines, DTs, U/G Cables, RMU and FRTUs etc)	0.00		Nigam's Funding
20	SCADA Implementation Industrial Area Kundli (HT & LT lines, DTs, U/G Cables, RMUs and FRTUs etc.)	12.00	5.09	Grant under SIID Scheme
21	Scaling of IT project to Non-R-APDRP areas covering the following: -			
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.	6.48	1.41	MOP/PFC
	2. Commercial Data Migration (IPDS & Balance Areas)	0.53	0.12	MOP/PFC
	3. GIS Indexing (IPDS & Balance areas)	5.33		MOP/PFC
22	RT-DAS SAIFI/SAIDI Measurement System in Non- SCADA, R-APDRP, Non- RAPDRP	5.00	2.50	MOP/PFC

	and IPDS Towns of UHBVN			
23	EESL Smart Metering	17.00	2.86	PFC
24	ERP Implementation	18.00		R-APDRP
25	Smart Metering	0.00		
26	AMR of HT Industrial consumers	1.35	1.79	Nigam's Funding
	Total B	95.69	13.77	
C	MM Wing			
27	Procurement of single-phase meters for replacement of defective meters & release of new connections.	4.50	194.32	REC/ NABARD etc
28	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development	260.90		REC/ NABARD etc
29	Procurement of Power Transformers -8 Nos. along with allied equipment such as 33 kV CTs - 15 Nos.	7.51		REC/ NABARD etc
	Total C	272.91	194.32	
	Gross Capex (A+B+C)	950.00	525.75	

The Commission observes that no expenditure has been indicated for scheme at Sr. no. 12,13,15,17, 18, 21(3) and 24 for which an amount of Rs. 61.33 Cr. was approved by the commission. The licensee is required to give reasons for nil progress against these works during FY 2021-22. Further the licensee has merged the various schemes and shown the cumulative expenditure together (e.g. merged schemes at Sr. no. 1 to 3, 4 to 7 and 27 to 29), against the individual scheme wise expenditure approved by the Commission.

In view of above, MYT Regulation 2019 specifies *that in the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the mid-year performance review and True-up, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure vis-a-vis the approved expenditure, the Commission may True-up the capital expenditure, subject to prudence check, as a part of annual True-up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and True-up filing.*

The distribution licensee is directed to adhere the Regulation meticulously.

ii. DHBVNL

DHBVN submitted that the Commission in tariff order dated 30.03.2021 had approved Capital Expenditure Plan of Rs. 1125 Cr. for FY 2021-22. However, petitioner

expects Capital Expenditure of Rs. 1076.35 Cr. for FY 2021-22 and requested to approve revised capital expenditure of Rs. 1076.35 Cr. for FY 2021-22.

DHBVNL submitted that out of total capital expenditure, Rs. 459.34 Cr. expenditure has been incurred in the first half (up to Sept. 2021) and balance of Rs. 617.01 Cr. is likely to be incurred in the second half, in FY 21-22 as per the following details:

(Rs. in Cr.)					
S. No.	Categories	Proposed CAPEX for FY 2021-22	Expenditure incurred during current FY up to 30.09.2021 (i.e. from 01.04.2021 to 30.09.2021)	Likely expenditure to be incurred from 01.10.21 to 31.03.22 during FY 2021-22	Total CAPEX likely to be incurred during FY 2021-22
1	Plan for maintaining AT&C loss below 15%				
A	Procurement of single-phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	34.55	8.37	26.18	34.55
B	Procurement of three phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	8	4.47	3.53	8.00
C	Power Factor Improvement (Providing automatic power factor correctors)	10	4.50	5.00	9.50
	Total	52.55	17.34	34.71	52.05
2	Load Growth schemes				
A	Creation of new 33 kV sub-stations alongwith associated 33 kV & 11 kV lines	114.52	73.83	10.70	84.53
B	Augmentation of existing 33 kV sub-stations	28.55	6.40	15.75	22.15
C	Augmentation of existing 33 kV lines	10	5.10	3.50	8.60
D	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).	50	11.39	41.93	53.32
E	Material required for release of Non-AP connections & replacement of old assets	194.4	104.18	90.22	194.40
F	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.	90	64.38	45.63	110.01
G	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and	30	2.85	27.15	30.00

	11 kV VCBs, 33 kV Control and Relay Panels etc.				
	Total	517.47	268.13	234.88	503.01
3	Other works				
A	Civil Works (including cost of land for construction of new Central Store, DHBVN, Hisar as model store)	20.94	2.86	12.22	15.08
b	Shifting of HT line (33 kv), passing over authorized/un-authorized colonies under jurisdiction of DHBVN. Note:- <u>Hon'ble Chief Minister has made an announcement on the floor of Haryana Vidhan Sabha that all dangerous wires of 33 KV and above levels passing over the various colonies shall be removed. Accordingly, Worthy ACS/Power, Govt. of Haryana, Power Deptt. directed to prepare the detailed scheme in this regard. Also, Worthy ACS/Power, Govt. of Haryana, Power Deptt. has desired that it may be made part of the CAPEX Plan and approval of HERC be obtained.</u>	8.00	1.13	4.87	6.00
c	Mahara Gaon Jagmag Gaon Scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.	125.00	57.38	75.00	132.38
d	Other works for system improvement - Procurement of IT Equipment & Software's	0.53	0.00	0.40	0.40
e	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar	300	94.53	205.47	300.00
f	Shifting of 11 lines passing over residential areas under DHBVN.	9.65	7.10	9.75	16.85
g	Double Source of 33 KV Supply	20.00	5.10	9.90	15.00
h	Revamping of existing meter testing laboratories operating at 5 towns of Dadri, Sirsa, Hisar, Faridabad and Gurugram under jurisdiction of DHBVN			6.68	6.68
	Total	484.12	168.10	324.29	492.39
4	R-APDRP Part-A (IT) Project	14.97	4.91	10.06	14.97

5	Scaling of IT project to Non-R-APDRP areas covering the following: - 1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center. 2. AMR for HT consumer meters. 3. Engagement of an Agency for GPS based field survey activities & data digitization. 4. Engagement of SI for DM 5. Procurement of Computer Furniture (Computer chair & table) for office under IPDS town and in balance non-R-APDRP areas	14.88	0.86	3.00	3.86
6	Implementation of ERP application	27.01	0.00	0.00	0.00
7	RT-DAS (Real Time Data Acquisition System)	10	0.00	10.07	10.07
8	Laying of Infrastructure in Gurgaon (Sector-58 to 115 and Faridabad (Sector-75 to 89)	4			0.00
	Total	70.86	5.77	23.13	28.90
	Grand Total	1125.00	459.34	617.01	1076.35

The Commission observes in case of DHBVN, there is no indication of expenditure on the works mentioned in CIP at Sr. No. 3 (d), 6 and 7 for first half. Further no expenditure i.e. neither in first half nor in the 2nd half has been shown for the capital works mentioned at Sr. No. 6 and 8 and expenditure at Sr. No. 3(h) has been proposed as a new scheme. **The licensee is required to give reasons and justification for no progress against these works during FY2021-22.**

Capital Investment Plan for FY 2022-23

The licensees, through their petitions for true up of FY2020-21, annual performance review for FY 2021-22 and ARR for FY 2022-23, has submitted the capital investment plan for FY 2022-23 as per the following details: -

i. UHBVNL

UHBVNL has submitted that in order to achieve the load growth activities, strengthening of distribution network, reduction of distribution losses, improvement of system reliability, release of AP tube well connections, implementation of smart metering, SCADA and others the loss targets & strengthening the power system, it proposed to incur a Capital Expenditure of Rs 1133.32 Cr. in the FY 2022-23.

The Capital Investment plan for FY 2022-23 is planned to be funded from equity infusion by Government of Haryana/Discoms, debt funding by financial institutions such as REC & PFC, NABARD, NCPRB and corporate banks such as SBI, CANARA and Indian Overseas and consumer contribution paid for release of new connection. The details of Scheme wise CAPEX for the FY 2022-23 has been given in the table below:

(Rs. in Cr.)			
Sr. No.	Name of the Scheme	Qty	Cost (Rs Crs)
1	Creation of new 33 kV sub-stations along with Spill Over and associated 33 kV & 11 kV lines including civil works / Normal development (33 kV & 11 kV)	44 Nos	176.00
2	Augmentation of existing 33 kV sub-stations including civil works	67 Nos.	67.00
3	Augmentation of existing 33 kV lines	80 km	6.48
4	Bifurcation/Trifurcation of overloaded 11 kV feeders	45	6.75
5	Release of tube well connections on Turnkey Basis	3000 Nos.	37.50
6	Construction of UHBVN office / residential buildings		20.00
7	Civil allied Works other than substation buildings		2.00
8	LRP works (Urban sanitization) and works to be carried out under MGJG scheme		30.00
9	Strengthening of 11 kV lines, 11 kV Ring main System, New DTs & normal development		80.00
10	Creation of double supply source for 33 kV substations, 33 kV Ring main / SCADA	80 km	32.00
11	Revamped Distribution Strengthening Scheme (RDSS)		100.00
12	Smart City Karnal & Panchkula (HT & LT Lines, DTs, U/G Cables, RMU and FRTUs etc)		100.00
13	Smart City Panipat (HT & LT Lines, DTs, U/G Cables, RMU and FRTUs etc)		0.00
14	Scaling of IT project to Non-R-APDRP areas covering the following: -		
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.		4.80
	2. Commercial Data Migration (IPDS & Balance Areas)		0.40
	3. GIS Indexing (IPDS & Balance areas)		0.00
15	RT-DAS SAIFI/SAIDI Measurement System in Non- SCADA, R-APDRP, Non- RAPDRP and IPDS Towns of UHBVN		14.44
16	ERP Implementation		20.00
17	Smart Metering		100.00
18	AMR of HT Industrial consumers		1.65
19	Procurement of single-phase meters for replacement of defective meters & release of new connections.		25.17
20	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development		338.08
21	Procurement of Power Transformers- 15 Nos. along with allied equipment such as 33 kV CTs - 45 Nos.		8.55
22	Work to be Carried out at customer cost		37.50
	Total		1,133.32

ii. DHBVNL

DHBVNL has submitted that Capital Expenditure Plan for FY 2022-23 is proposed with a focused approach to strengthen the distribution network, reduce distribution losses and

increase IT implementation. Major expenditure is proposed towards creation of new sub-stations, bifurcation/trifurcation of 11 KV feeders, feeder sanitisation, IT Implementations such as SCADA and other works. CAPEX would be funded mostly through debt sourced from REC & PFC, equity support from the State Govt. and consumer contribution. Scheme Wise Capital Expenditure Plan of DHBVN for is tabulated as under:

(Rs. in Cr.)			
S. No.	Categories	Quantity (in Nos/KMs.)	Proposed CAPEX for FY 2022-23
1	Plan for maintaining AT&C loss below 15%		
a	Procurement of single-phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	470000 Nos.	37.32
b	Procurement of three phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	70000 Nos.	11.68
c	Power Factor Improvement (Providing automatic power factor correctors)		25.00
	Total		74.00
2	Load Growth schemes		
a	Creation of new 33 kV sub-stations along with associated 33 kV & 11 kV lines	30 Nos.	175.00
b	Augmentation of existing 33 kV sub-stations	50 Nos.	50.00
c	Augmentation of existing 33 kV lines	50 KMs	10.00
d	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).		110.00
e	Material required for release of Non-AP connections & replacement of old assets		209.95
f	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.		150.00
g	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.	10 MVA- 40Nos. 12.5 MVA- 8 Nos.	40.00
	Total		744.95
3	Other works		
a	Civil Works (including cost of land for construction of new Central Store, DHBVN, Hisar as model store)		70.75
b	Mahara Gaon Jagmag Gaon scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.		150.00
c	Other works for system improvement - Procurement of IT Equipment & Software's		1.00
d	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar		375.00
e	Shifting of 11 lines passing over residential areas under DHBVN.		9.76
f	Double Source of 33 KV Supply		20.00
g	Muffling of existing poles of 11 KV Lines		6.89
h	Revamping of existing meter testing laboratories operating at 5 towns of Dadri, Sirsa, Hisar, Faridabad and Gurugram under jurisdiction of DHBVN		7.48
	Total		640.88
4	Scaling of IT project to Non-R-APDRP areas covering the following:		16.02

	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Centre. 2. AMR for HT consumer meters. 3. Engagement of an Agency for GPS based field survey activities & data digitization. 4. Engagement of SI for DM 5. Procurement of Computer Furniture (Computer chair & table) for office under IPDS town and in balance non-R-APDRP areas		
5	Implementation of ERP application		10.00
6	RT-DAS (Real Time Data Acquisition System)		13.00
	Total		39.02
	Grand Total		1498.85

The Licensees have not submitted the scheme wise details regarding financial tie ups to carry out the proposed Capital Expenditure plan and has not given the status of NITs/ tenders and activities undertaken to implement the CIP during FY 2022-23.

UHBVNL, has proposed a capital expenditure plan of Rs. 1133.32 Cr. The Commission feels it is on the higher side in view of their past experience/progress. As UHBVNL had only been able to incur an expenditure of Rs.887.11, Rs. 864.57 Cr. and Rs. 875.30 Cr. during FY 2018-19, FY 2019-20 and FY 2020-21 respectively and expected to incur an expenditure Rs. 950 Cr. during FY 2021-22. The Commission, however, feels that adequate capital expenditure shall be required to meet the loss reduction targets and to strengthen the distribution system. The Commission also observes that proposed expenditure to the tune of 100 Cr. (at sr. no. 17) for smart metering, Rs. 100 Cr. (at Sr. no. 12) for smart City Karnal and Panchkula and 100 Cr. at sr. no. 11 for Revamped Distribution Strengthening Scheme (RDSS) and creation of 33 kV Substations and release of tube well connections appears to be optimistic targets. Keeping in view of the above facts, **the Commission approves an overall Capital Expenditure plan of Rs. 970 Cr. for UHBVNL for FY 2022-23.**

The Licensee is directed to revise its Capital expenditure plan accordingly and submit the scheme wise details of the proposed expenditure to the Commission within one month of the Order.

Further, in the case of DHBVNL, the actual capital expenditure for FY 2018-19, FY 2019-20 and FY 2020-21 has been 839.30 Cr., Rs.1101.61 Cr. and 958.37Cr respectively.

The Commission approved the overall capital expenditure plan for Rs. 1125 Cr. for FY2021-22 wherein the Licensee has submitted that expenditure of Rs.459.34 Cr. only has been incurred in first half of FY 2021-22 ending to Sept, 2021 and further Rs. 617.01 Cr. is likely to be spent during Oct, 2021 to March, 2022. Keeping in view of the past performance of DHBVN on capital expenditure, **the Commission approves the capital expenditure of**

Rs. 1380 Cr. for FY 2022-23 and further directs the licensee to revise its capital expenditure plan accordingly and submit the scheme wise details along with funding details of proposed expenditure to the Commission within one month from the date of issue of this Order.

Both the licensees are further directed that they shall regulate their capital expenditure plans for FY 2022-23 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, 2019.

Review of Technical Parameters

The Commission has reviewed the performance of distribution system of the DISCOMs on the basis of details furnished for FY 2020-21 & FY 2021-22 and examined the projections for FY 2022-23 on the basis of True up for FY 2020-21, Revised Aggregate Revenue Requirement for 2021-22 & proposed Aggregate Revenue Requirement for FY 2022-23 and subsequent submissions as per Multi Year Tariff Regulations. The observations of the Commission are as under: -

Distribution Losses

The year-wise distribution losses as per the information provided by DISCOMs is tabulated below:

Distribution Losses		
Financial Year	UHBVNL	DHBVNL
2015- 2016	31.49%	24.47%
2016-2017	29.86%	22.49%
2017- 2018	24.81%	19.16%
2018- 2019	22.04%	15.34%
2019- 2020	19.01%	14.37%
2020-2021	17.21%	16.93%
2021-22 (Projected)	15.00%	15.00%

It indicates that distribution loss of UHBVN & DHBVN has decreased from FY 2015-16 onwards. The Commission observes that distribution loss reduction is one of the key factors for financial turnaround of Distribution Licensee(s) and expects that the Distribution Licensee(s) will make concerted efforts to achieve the distribution loss targets as prescribed by the Commission by capital expenditure on system strengthening/up gradation, installation of smart energy meters, IT interventions etc.

On the basis of line losses on 11kV rural and urban feeders, position of feeders with losses below 25% and above 50% is tabulated below: -

a) Urban Feeders

Year	FY 2019-20		FY 2020-21		FY 2020-21 (Apr-Sept.)		FY 2021-22 (Apr-Sept.)	
DISCOM	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN
Total Feeders	738	854	758	934	753	912	809	952
No. of Feeders with losses > 25%	42	63	27	56	63	138	65	74
Percentage of Feeders with losses > 25%	5.69%	7.38%	3.56%	6.00%	8.36%	15.13%	8.03%	7.77%

b) RDS Feeders

Year	FY 2019-20		FY 2020-21		FY 2020-21 (Apr-Sept.)		FY 2021-22 (Apr-Sept.)	
DISCOM	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN
Total Feeders	971	1029	1009	1065	995	1048	1036	1097
No. of Feeders with losses >50%	463	380	278	350	353	395	253	332
Percentage of Feeders with losses >50%	47.68%	36.93%	27.55%	32.86%	35.48%	37.69%	24.42%	30.26%

The data in above table reveals that percentage/number of urban feeders having losses more than 25% and rural feeders having losses more than 50% for the FY 2020-21 vis-a-vis the corresponding period of FY 2019-20 have reduced in both UHBVN and DHBVN. However, DISCOMs are still away from achieving the target to bring all feeders in Urban areas with losses less than 25% and Rural area with losses less than 50%.

The Commission in tariff order dated 30.03.2021 directed the DISCOMs to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2021-22.

UHBVN, vide letter dated 03.06.2021, has submitted that earnest efforts are being made to reduce the line losses. Distribution losses in UHBVN have reduced by more than 15% over the period of five years i.e. from 31.77% in FY 2015-16 to 16.66% in FY 2020-21.

Most of feeders in which work of MGJG could not be completed are in hard-core rural villages. The residents are reluctant to adopt MGJG Scheme. Persistence efforts are

being made in these areas with the help of local administration and persuading the inhabitants to come forward for implementation of same.

The feeder sanitization work of MGJG Scheme on 103 RDS feeders is under progress, 39 RDS feeders have been initiated and the balance is yet to be initiated shortly. Keeping in view, reeling situations under COVID-19 pandemic, it is expected that feeder sanitization works on 120 feeders will get completed by FY 2021-22 and balance feeders (amounting 158) will get completed by FY 2022-23.

DHBVN vide letter dated 06.08.2021 submitted that the Nigam working on two schemes for loss reduction i.e. Loss Reduction Plan (LRP) for urban areas and Mhara Gaon Jagmag Gaon Scheme (MGJG) in rural areas. Both the schemes were started in the state in FY 2015-16. The targets set by Commission for loss reduction is being achieved through implementation of above schemes.

The Commission observes that despite the assurance given by the Discoms, they have failed to bring down the losses on Urban Feeders and Rural Feeders, below the level specified for the purpose.

The Commission again directs the DISCOMs to reduce AT&C losses bring all urban feeders below 25% and Rural feeders below 50% in FY 2022-23. Further, DISCOMs shall submit details of feeders with loss from 40-50%, 30-40%, 20-30% and 50 -60%, 60-70% and greater than 70% separately with a detailed action plan to reduce the count of high loss feeders in each category, within two months.

Loss Reduction Trajectory

The DISCOMs in their petitions for tariff determination for FY 2022-23, Annual Performance Review (APR) Petition for FY 2021-22 and True Up for FY 2020-21 as per Multi Year Tariff mechanism, submitted the progress (actual/projections) of distribution loss, collection efficiency (CE) and AT&C loss which is tabulated below: -

DISCOM	UHBVNL			DHBVNL		
Year	Distribution Loss (in %)	Collection Efficiency (in %)	AT& C Loss (in %)	Distribution Loss (in %)	Collection Efficiency (in %)	AT& C Loss (in %)
2017-18 (Actual)	24.81	98.91	25.62	19.16	101.55	17.90
2018-19 (Actual)	22.04	100.21	21.88	15.34	100.53	14.90
2019-20 (Actual)	19.01	99.26	19.61	14.37	98.79	15.41
2020-21 (Actual)	17.21	100.79	16.55	16.93	101.16	15.97
2021-22 (Projected)	16.00	99.50	16.42	16.53	99.50	16.94
2022-23 (Projected)	15.00	99.50	15.43	15.00	99.50	15.43

From the perusal of information on Collection Efficiency submitted by the Distribution Licensees in their True-up Petitions for FY 2020-21, the Commission observes that UHBVN and DHBVNL both have achieved more than the normative level of Collection Efficiency during the FY 2020-21 i.e. 100.79% and 101.43% respectively.

The Commission observes that the collection efficiency more than 100% imitates that arrear of past has been included while calculating the collection efficiency. However, from time to time it has been directed to calculate the collection efficiency for the current bills only and recovery of arrear be shown separately.

The Collection Efficiency in the following circles has been reported below the normative level for FY 2020-21: -

i)	Sonepat	UHBVN	98.65%
ii)	Jind	DHBVN	91.79%
iii)	Faridabad	DHBVN	96.44%
iv)	Palwal	DHBVN	97.58%
v)	Narnaul	DHBVN	98.80%

The Commission observes that the collection efficiency below normative level in one Circle of UHBVN and four Circles of DHBVN. Constant under recovery of revenue attributes to financial losses on account of additional borrowings to meet the revenue shortfall besides accumulation leads to bad debts.

In view of the above, **the Commission directs DISCOMs to improve collection efficiency in above circles by plugging revenue leakages.**

Actual AT&C Loss and actual Collection Efficiency along with the details of net Input Energy and net Billed Energy for FY 2020-21 as furnished by DISCOMs is tabulated below:

AT&C Loss Calculation for FY 2020-21

Particulars	UHBVNL	DHBVNL
Net Input Energy (In MU)	21208.98	29248.60
Net Billed energy (In MU)	17559.92	24296.00
Distribution Loss	17.20%	16.93%
Collection Efficiency	100.79%	101.16%
AT&C Losses	16.55%	15.97%

The Commission in its tariff order dated 1.06.202 for limited period i.e. FY 2020-21, had considered the distribution loss of 18.50% (21.23% for UHBVNL and 16.93% for DHBVNL) for the Haryana DISCOMs due to the un-precedented situation arising out of

COVID – 19 Pandemic leading to change in sales mix as low loss HT, NDS and LT sales was expected to witness negative growth over the sales figure of the FY 2019-20 while comparatively higher loss DS Sales was expected to register normal growth, thereby adding to the distribution losses during the period of FY 2020-21. UHBVN and DHBVN has achieved the distribution loss level of 17.20% and 16.93% as against the target of 21.23% and 16.93% respectively. UHBVN in the ARR petition submitted that power purchase cost of 310.30 Cr is saved due to reduction in distribution loss against the targeted level and the same is shared with consumer in 60:40 ratio and 186.18 Cr. is retained by DISCOMs as per regulations 12 of MYT regulations 2019 and requested for truing up the power purchase cost after considering the same.

The Commission observes that DISCOMs were able to restrict the distribution losses vis-à-vis much relaxed, due to the pandemic, benchmark set by the Commission. However, one should not lose sight of the fact that as per target of the aggregate technical and commercial loss (AT&C) under UDAY scheme, the DISCOMs were required to reduce AT&C losses to 15% by the 2018-19 and keeping in view the unprecedented COVID 19 situation, the Commission had set the tranquil target in the FY 2020-21. Therefore, the Commission does not find it appropriate to consider UHBVN for incentive as such and the relief, if any, ought to go to the electricity consumers of Haryana.

Further, the petitioners have submitted unaudited figures of AT &C loss and collection efficiency from April to September, 2021 as under: -

AT&C loss Calculation for FY 2021-22 (1st half Yr. i.e. April to September)

Particulars	UHBVNL	DHBVNL
Net Input Energy (In MU)	12668.030	16822.405
Net Billed energy (In MU)	10442.024	13867.949
Distribution Loss	17.57%	17.56%
Collection Efficiency	95.46%	96.09%
AT&C Losses	21.31%	20.78%

AT&C loss target for FY 2021-22 fixed vide Tariff Order dated 30.03,2021 is as under: -

DISCOMs	UHBVNL	DHBVNL
Distribution Loss	16.00%	14.00%
Collection Efficiency	99.50%	99.50%
AT&C Losses	16.42%	14.43%

It has been observed that the AT & C loss figures of DISCOMs for the first half (H1) of FY 2021-22 are on higher side. However, as per past trend AT& C loss in first half (H1) always remains on higher side as compared to 2nd half (H2).

The DISCOMs have proposed Losses in their ARR petition as under:

Particulars	FY 2021-22				(in %age)	
	UHBVN		DHBVN		Proposal for FY 2022-23	
	Approved	Revised	Approved	Revised	UHBVN	DHBVN
Distribution Losses	16.00	16.00	14.00	16.00	15.00	15.00
Collection efficiency	99.50	99.50	99.50	99.50	99.50	99.50
AT&C Losses	16.42	16.42	14.43	16.42	15.43	15.43

It is pertinent to note here that DHBVNL had attained AT&C Losses of 14.98% in FY 2019-20 which subsequently increased to 15.41% in FY 2020-21, along with distribution loss of 14.37%.

The Commission approves distribution loss of 14.00%, Collection Efficiency 99.50% and AT&C Losses of 14.50% for both the Discoms. With effective deployment of capital expenditure and strict control on commercial losses, it should be possible for both the Discoms to achieve 14% distribution loss levels. Further, with the transfer of Jind circle from UHBVNL to DHBVNL, to a certain degree the inherent constraints on UHBVNL vis-à-vis reining in distribution loss has evened out.

Distribution Transformers (DTs) failure rate:

The HERC, (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations, 2020 at regulation (6.1.e) specified that *Licensee shall have to maintain the transformer damage rate below 3% p.a. in urban area and 6% p.a. in rural area.* The year-wise status of damage rate of distribution transformers, as per the information provided by UHBVNL and DHBVNL is given as under: -

Distribution Transformers Failure Rate

Sr. No.	Year		UHBVNL		DHBVNL	
			Failure Rate excluding transformers damaged within warranty period (%)	Failure Rate including transformers damaged within warranty period (%)	Failure Rate excluding transformers damaged within warranty period (%)	Failure Rate including transformers damaged within warranty period (%)
7	2015-16	Urban	4.46	7.18	3.98	5.63
		Rural	5.38	9.3	6.14	9.70
		Overall	5.38	9.13	5.94	9.32
8	2016-17	Urban	1.69	4.62	3.26	4.96
		Rural	3.67	7.53	6.67	10.53
		Overall	3.50	7.27	6.31	9.95
9	2017-18	Urban	5.28	7.06	3.35	4.65
		Rural	6.65	9.84	5.90	9.41
		Overall	6.52	9.59	5.58	8.82

10	2018-19	Urban	3.96	5.64	3.90	5.66
		Rural	6.68	10.19	6.00	9.80
		Overall	6.43	9.77	5.74	9.28
11	2019-20	Urban	4.00	5.62	2.47	3.44
		Rural	6.48	9.60	3.56	5.45
		Overall	6.24	9.22	3.42	5.20
12	2020-21	Urban	4.04	5.12	3.44	4.71
		Rural	6.22	9.15	6.10	8.76
		Overall	6.01	8.75	5.75	8.23
13	2021-22*	Urban	3.20	4.31	2.41	3.36
		Rural	4.44	6.32	4.04	5.96
		Overall	4.32	6.12	3.83	5.62

* till Sep'

The DT damage rate is to be analysed on the basis of total number of DTs damaged, irrespective of the fact whether the transformer got damaged within warranty period or otherwise since all the DTs are part of the system. The high level of transformer damage rate not only affects the continuity of supply adversely but also reflects upon poor monitoring and maintenance of distribution system which in turn also impacts the finances of the distribution licensees.

From the analysis of the data indicated in the above table, it is observed that Failure Rate of DTs in urban and rural area of UHBVN and DHBVN during FY 2020-21 is 5.12% & 09.15% and 4.71 % & 8.76 % respectively indicating it is beyond maximum limit prescribed in both urban and rural areas as specified in Standard of Performance Regulations.

The Commission has analysed the submissions of the Petitioners and observed that for FY 2020-21, overall transformer damage rate of UHBVN has improved a little as compared to FY2019-20, but the DT damage rate for DHBVN has increased from 5.20% in FY 2019-20 to 8.76 % in FY 2020-2, which reflects poor maintenance and operation of distribution network on the part of DHBVN.

Further as per the data submitted by UHBVN and DHBVN for first half of FY 2021- i.e April to sept 2021 for both DISCOMs damage rate is higher than the maximum limit i.e. 4.31% and 6.32 % for UHBVN in Urban and rural area respectively and 3.36% and 5.96 % for DHBVN in urban & rural areas respectively. The higher rate of damage indicates mainly poor maintenance, installation of higher size fuses and not providing proper earthing of transformer in distribution network.

The Commission directs the licensees to bring down the distribution transformer damage rate within the prescribed limits in the FY 2022-23 and to provide the action plan to reduce rate of DT damage during the FY 2022-23, within two months.

As per MYT Regulations the distribution licensee shall maintain a proper record of failure of the distribution transformers in rural and urban category and submit the same in the quarterly report to the Commission and host the same on its website/portal on monthly basis without any failure. The DISCOMs are again directed to ensure that quarterly reports are submitted regularly and to host the circle wise information on its website regularly without any failure.

Non-replacement of Defective energy meters by the Distribution Licensees:

The DISCOMs, in the petitions for True up for FY 2020-21, APR for FY 2021-22 and ARR for 2022-23, submitted the following details subsequently regarding status of defective meters as on 31.03.2021 and 30.09.2021 as follows:

Meter category	No. of defective meters (as on 31.03.2020)			No. of defective meters (as on 31.03.2021)			No. of defective meters replaced during 2020-21		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
UHBVN									
Single Phase Meters	57002	14294	71,296	35,118	7,366	42,484	60,090	31,855	91,945
Three Phase Meters	1410	897	2,307	976	588	1,564	2,490	5,420	7,910
Total	58412	15191	73603	36,094	7,954	44,048	62,580	37,275	99,855
DHBVN									
Single Phase Meters	64,561	8,452	73,013	59,621	5,717	65,338	59,099	31,105	90,204
Three Phase Meters	49,357	2,222	51,579	63,804	2,124	65,928	4,900	8,611	13,511
Total	1,13,918	10,674	1,24,592	1,23,425	7,841	1,31,266	63,999	39,716	1,03,715
Grand Total	1,72,330	25,865	1,98,195	1,59,519	15,795	1,75,314	1,26,579	76,991	2,03,570

Status as on 30.09.2021

Meter category	No. of defective meters (as on 30.09.2020)			No. of defective meters (as on 30.09.2021)			No. of defective meters replaced during 4/2021 to 09/2021		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
UHBVN									
Single Phase Meters	51026	10728	61,754	63,116	9,247	72,363	11,734	7,389	19,123
Three Phase Meters	1008	478	1,486	0	0	0	2,482	2,232	4,714
Total	52034	11206	63240	63116	9247	72363	14216	9621	23837
DHBVN									
Single Phase Meters	62,642	6,747	69,389	1,05,328	26,808	1,32,136	27,529	20,299	47,828
Three Phase Meters	64,928	2,378	67,306	73,572	7,434	81,006	4,953	6,152	11,105
Total	1,27,570	9,125	1,36,695	1,78,900	34,242	2,13,142	32,482	26,451	58,933
Grand Total	1,79,604	20,331	1,99,935	2,42,016	43,489	2,85,505	46,698	36,072	82,770

It clearly indicates that no concrete steps have been taken by DHBVN to clear the backlog of defective meters whereas in UHBVN all the three phase defective meters have been replaced besides reduction in no. of single-phase defective meters.

It is needless to mention that accurate metering is a must for distribution business to ensure revenue realization by sale of electricity. Inaccurate metering not only causes harassment to the consumers but also reflects on poor performance of licensee. This is a matter of great concern and DHBVN is required to pay a special attention for replacement of defective meter.

DHBVN is directed to clear the backlog of defective metering and to ensure that at no point of time the percentage of defective meters to the total number of meters in service exceeds 2% limit as per SOP regulations in vogue. The Discoms are directed to submit, to the Commission, a status report of the backlog on a monthly basis.

Non-replacement of Electro-mechanical Meters:

The Commission in tariff order dated 30.03.2021 directed the DISCOMs to submit justification for increase in no. of electromechanical meters shown in March, 2020 within three months of issue of this order and to replace all the electromechanical meters at least in urban area before filing of next Tariff Petition.

UHBVN has submitted that the number of electromechanical meters was reconciled during the April 2020 and the target was refixed for FY 2020-21 on the basis of actual data. However, all the electromechanical meters of Ambala, Kurukshetra, Kaithal and Karnal circles have been replaced.

DHBVN has submitted that the MRBD representatives were directed to check the details of installed meter at the time of taking reading. As per this survey total 1,15,628 electromechanical meters were found during FY 2019-20 which is correct. The details of electromechanical meters existing during FY 2019-20 is as follows:

Particulars	Single Phase	Three Phase	Total
Rural	81,655	32,255	113,910
Urban	1630	88	1718
Total	83,285	32,343	1,15,628

The details of electro-mechanical meters which existed during FY 2020-21 is given below:

Particulars	Single Phase	Three Phase	Total
Rural	71,018	31,208	102,226

Urban	7	5	12
Total	71,025	31,213	102,238

DHBVN had assured that remaining electromechanical meters in urban areas shall be replaced before filing next ARR Petition.

Subsequently, DISCOMs have submitted the progress of electromechanical meters replacement along with latest status as on 30.09.2021 which is as follows:

Details of Electromechanical Meters Pending for Replacement

Meter category	No. of electromechanical meters replaced during FY 2020-21			No. of electromechanical meters as on 31.03.2021			No. of electromechanical meters pending for replacement as on 30.09.2021		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
UHBVN									
Single Phase Meters	48,983	17,651	66,634	2,09,688	23,636	2,33,324	1,60,705	5,985	1,66,690
Three Phase Meters	567	4,243	4,810	994	4,377	5,371	427	134	561
Total	49,550	21,894	71,444	2,10,682	28,013	2,38,695	1,61,132	6,119	1,67,251
DHBVN									
Single Phase Meters	4,514	7	4,521	71,018	7	71,025	66,504	0	66,504
Three Phase Meters	114	5	119	31,208	5	31,213	31,094	0	31,094
Total	4,628	12	4,640	1,02,226	12	1,02,238	97,598	0	97,598
Grand Total	54,178	21,906	76,084	3,12,908	28,025	3,40,933	2,58,730	6,119	2,64,849

The Commission observes that out of total electromechanical meters of 3,40,933 (2,38,695 in UHBVN and 1,02,238 in DHBVN) existing as on 31.03.2021, only 76,084 electromechanical meters (71,444 in UHBVN and 4,640 in DHBVN) were replaced. DHBVN has replaced all electromechanical meters in Urban area but UHBVN is yet to replace 6,119 meters in Urban area as per status report as on 30.09.2021.

The Commission observes that a large number of electromechanical meters in rural area as well as urban are pending for replacement in UHBVN in spite of MGJG Scheme for loss reduction in rural areas is near completion. Whereas, 97,598 single phase meters are pending in DHBVN for replacement. This further indicates that correct figures were not supplied by UHBVN and DHBVN.

The Commission directs DISCOMs to replace all electromechanical meters and submit compliance report within 3 months from date of this order failing which action for non-compliance of direction will be initiated.

Implementation of Smart metering Projects in Haryana:

The Commission tariff order dated 30.03.2021 directed the DISCOMs to submit a year-wise detailed plan to replace conventional energy meters with prepaid smart meters within three months of issuance of the Order. However, the DISCOMs in response have submitted the progress in respect of ongoing Smart metering Project under which 10 lac smart meters are to be installed in Gurugram Faridabad Panchkula, Karnal and Panipat but no year-wise detailed plan to replace conventional energy meters with prepaid smart meters has been submitted by DISCOMs.

The Commission taking into consideration the importance of Smart Meter Project that it will not only improve the efficiency of the DISCOMs but will also resolve the billing issues of electricity consumers, has taken up as Suo Motu proceeding vide PRO-29 of 2020.

DISCOMs are again directed to submit the detailed plan for installation of smart meters.

Pending electricity connection/load:

The DISCOMs, in the petitions for true up of FY 2020-21, Annual Performance Review for FY2021-22 and Annual Revenue Requirement for FY2022-23, have subsequently submitted information regarding release of connection/load during 2020-21 and pending connections thereafter as under:-

	Applications Pending as on 31.03.2020 (1)		Applications received during 2020-21 (2)		Connections released during 2020-21 (3)		Pending Applications as on 01.04.2021 (1+2-3- Cancelled)	
	Nos.	Load (KW)	Nos.	Load (KW)	Nos.	Load (KW)	Nos.	Load (KW)
UHBVN								
NON-AP	11,286	2,75,303	2,65,123	22,62,912	1,84,242	9,79,533	92,167	15,58,682
AP	41,227	3,33,247	9,953	99,949	5,670	50,730	45,510	3,82,466
Total	52,513	6,08,550	2,75,076	23,62,861	1,89,912	10,30,263	1,37,677	19,41,148
DHBVN								
NON-AP	12,607	5,08,955	3,70,726	42,72,494	2,28,548	13,57,870	1,54,785	34,23,579
AP	51,089	4,34,375	13,091	1,73,175	3,526	37,198	60,654	5,70,352

Total	63,696	9,43,330	3,83,817	44,45,669	2,32,074	13,95,068	2,15,439	39,93,931
Grand Total	1,16,209	15,51,880	6,58,893	68,08,530	4,21,986	24,25,331	3,53,116	59,35,079

From the data related to progress of electricity connection/load released in FY2020-21 by the DISCOMs, Commission observes that as on 31.03.2020 the number of pending applications with UHBVN were 52,513 (11,286 non-AP + 41,227 AP) with applied load of 608.550 MW (275.303 MW non-AP + 333.247 MW AP). Further the new applications received from 01.04.2020 to 31.03.2021 are 2,75,076 (2,65,123 non-AP + 9,953 AP) with total applied load of 2362.861 MW (2262.912 MW non-AP + 999.49 MW AP). Thus, UHBVN has released total load of 1030.263 MW (979.533 MW in non-AP + 50.730 MW in AP) from 1.04.2020 to 31.03.2021 against total pending load of 2971.411 MW (2538.215 MW non-AP + 433.196 MW AP).

Similarly, in DHBVN, the Commission observes that as on 31.03.2020 the number of pending applications with DHBVN were 63,696 (12,607 non-AP + 51,089 AP) with applied load of 943.330 MW (508.955 MW non-AP + 434.375 MW in AP). Further the new applications received from 01.04.2020 to 31.03.2021 are 3,83,817 (3,70,726 non-AP +13,091 AP) with total applied load of 4445.668 MW (4272.494 MW non-AP + 133.175 MW AP). Thus, DHBVN has released total load of 1395.068 MW (1357.870 MW non-AP +37.198 MW AP) against total pending load of 5388.998 (4781.449MW Non-AP + 607.549MW AP). DISCOMs has submitted the progress for release of connections/load upto 30.09.2021 which is as under:

	Applications Pending as on 31.03.2021 (1)		Applications received during 01.04.2021 to 30.09.2021 (2)		Connections released during 1.04.2021 to 30.09.2021 (3)		Pending Applications as on 01.10.2021 (1+2-3-Cancelled)	
	Nos.	Load (KW)	Nos.	Load (KW)	Nos.	Load (KW)	Nos.	Load (KW)
UHBVN								
NON-AP	14,160	3,41,313	1,35,123	21,35,421	1,10,161	6,24,253	39,122	18,52,481
AP	42,245	3,53,731	18,548	1,70,861	3,070	26,363	57,723	4,98,229
Total	56,405	6,95,044	1,53,671	23,06,282	1,13,231	6,50,616	96,845	23,50,710
DHBVN								
NON-AP	19,325	6,18,030	1,93,164	33,13,641	1,12,508	6,22,166	99,981	33,09,505
AP	55,154	4,82,058	19,027	1,94,179	2,260	25,709	71,921	6,50,528
Total	74,479	11,00,088	2,12,191	35,07,820	1,14,768	6,47,875	1,71,902	39,60,034
Grand Total	1,30,884	17,95,132	3,65,862	58,14,102	2,27,999	12,98,491	2,68,747	63,10,744

The Commission observes that although UHBVN have released total load of 650.616 MW against total application of 1,13,231 under various categories from 01.04.2021 to 30.09.2021, yet load of 2350.710 MW is pending for release. DHBVN has released total load

of 647.875 MW against total application of 114768 under various categories from 01.04.2021 to 30.09.2021, however still total load of 3960.034 MW is pending for release as on 01.10.2021.

From the data provided by the DISCOMs as above, the total pending load for release works out to 6310.744 MW which was 5935.078 MW as on 01.04.2021.

The Commission has taken serious note of the fact that on the one hand the Discoms are projecting surplus power during major part of the year and on the other hand there are pending applications for new connection and load enhancement adding up to substantial cumulative load. Timely release of pending connection could have taken care of the surplus power available to the Discoms to a certain extent, which otherwise is being sold in the inter-state market at below the average cost of power purchase and in turn adding to the financial losses on account of trading of surplus power.

The DISCOMs are therefore directed to make all out efforts to release all pending connections within the time frame as specified in various law/regulations in-vogue and submit a status report regarding release of Non-AP connections / loads, within three months.

CHAPTER 6

Wheeling Charges (FY 2022-23)

Wheeling Charges

At the onset the Commission observes that segregated accounts including voltage wise assets and losses for the distribution and retail supply business are a pre-requisite for determination of wheeling charges and cross-subsidy surcharge. The petitioners have submitted segregated costs for the FY 2021-22. The Commission observes that the network establishment and operation cost as distinct from retail supply business including the power purchase cost, is about 9.56% of the net ARR of the Discoms.

Accordingly, the same has been considered by the Commission for working out the wheeling tariff for the FY 2022-23. The calculations and the methodology, in line with the previous year order, is presented in the table that follows:

HERC approved Wheeling Charges (FY 2022-23)

1 Network expenses (per kWh)		
a.	Network establishment and operation cost (9.56% of the net ARR) (Rs.Million)	29787.32
b.	Allowed gross volume of power purchase by the Discoms at Discom Periphery (MUs) excluding inter-state sales.	55123.47
c.	Expenses (Rs / kWh) (a/b)	0.54
2.1 Cost of losses in the system HT		
a	Approved Energy available for sale to Discoms (MU)	55123.47
b	Distribution system losses (HT) (technical) %	6.35%
c	Losses (MU) (2.1a X 2.1b) Million Units	3500.34
d	Bulk supply power purchase rate for the Discoms (Rs. / kWh)	4.73
e	Total cost of losses (2.1dx2.1c) Rs. million	16556.61
f	Cost per unit of losses (Rs. /unit) (2.1e/1b)	0.30
2.2 Cost of losses in the system LT		
a	Approved Energy available for sale to Discoms (MU)	55123.47
b	Distribution system losses (technical) %	10.44%
c	Losses (MU) (2.2a X 2.2b))	5754.89
d	Bulk supply power purchase rate for the Discoms (Rs. / kWh)	4.73
e	Total cost of losses (2.2dx2.2c) Rs. million	27220.63
f	Cost per unit of losses (Rs. /unit) (2.2 e/1b)	0.49
3.1 Wheeling Charges HT (Rs. / kWh) (1c+2.1f) rounded off		0.84
3.2 Wheeling Charges LT (Rs. / kWh) (1c+2.2f) rounded off		1.03

The Commission observes that the embedded open access consumers of the Discom's drawing power at 66kV or above imposes cost which is being borne by the Discoms. **Hence besides the intra state transmission loss as determined by the Commission for FY 2022-23 in the ARR/Tariff order of HVPNL, such open access consumers shall also be liable**

to pay the distribution system network cost as determined above i.e. Rs. 0.54 per Unit, till such time they are consumers of the Distribution Licensees.

Cross-Subsidy Surcharge (CSS)

The regulation 63 of the HERC MYT Regulations, 2019 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.

The Cross-subsidy surcharge, as quantified by the Commission, shall also be payable by such open access consumer(s) 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.

Further, Section 42 of the Electricity Act, 2003 provides that the surcharge and the cross-subsidies shall be progressively reduced. The Commission has worked out CSS in line with the formula provided in the National Tariff Policy, 2016. The National Tariff Policy dated 28.01.2016 provides as under: -

“SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable”.

The above is subject to the proviso that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

The Commission has considered the methodology prescribed by the National Tariff Policy dated 28.01.2016, while working out cross-subsidy surcharge in the present Order. The relevant provision of the NTP is reproduced below: -

“Surcharge formula:

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

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation.

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation.

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level.

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level.

R is the per unit cost of carrying regulatory assets (emphasis added).

The above formula may not work for all distribution licensees, particularly for those having power deficit (emphasis added), the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee.

Provided that the **surcharge shall not exceed 20%** (emphasis added) of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall **exempt levy of cross subsidy charge on the Railways**, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.

No surcharge would be required to be paid in terms of sub-section (2) of Section 42 of the Act on the electricity being sold by the generating companies with consent of the competent government under Section 43(A)(1)(c) of the Electricity Act, 1948 (now repealed) and on the electricity being supplied by the distribution licensee on the authorisation by the State Government under Section 27 of the Indian Electricity Act, 1910 (now repealed), till the current validity of such consent or authorisation.

The surcharge may be collected either by the distribution licensee, the transmission licensee, the STU or the CTU, depending on whose facilities are used by the consumer for availing electricity supplies. In all cases the amounts collected from a particular consumer should be given to the distribution licensee in whose area the consumer is located. In case of

two licensees supplying in the same area, the licensee from whom the consumer was availing supply shall be paid the amounts collected”.

The Commission has, estimated cost of service based on the above formula, relying on the indicative voltage wise losses submitted by the two licensees.

The voltage wise technical losses filed by the Discoms as part of the additional information is as under: -

Voltage Wise Loss Estimation (as filed by the Discoms)

	UHBVNL	UHBVNL	UHBVNL	DHBVNL	DHBVNL	DHBVNL
	as per order dated 1.06.2020	upto 31.3.2020	upto 30.11.2020	as per order dated 1.06.2020	upto 31.3.2020	upto 30.11.2020
Voltage Levels	%	%	%	%	%	%
33 kV line losses	0.42	0.42	0.41	0.42	0.38	0.48
33 kV Transformation Losses	0.27	0.31	0.31	0.19	0.19	0.25
11 kV line losses	5.35	5.10	5.03	6.04	4.36	5.39
11 kV Transformation Losses	0.98	1.12	1.10	0.97	0.94	1.20
LT Line Losses	5.23	7.02	6.77	4.93	7.22	8.96
Total Losses upto LT Level	11.80	13.40	13.07#	12.41	12.60	15.52 #

13.21% up to 31.03.2021 i.e. a marginal increase (UHBVNL) Cf. Memo No.Ch-48/RA/F-25/Vol-(80) dated 1.02.2022.

17.16% up to 30.11.2020 i.e. inconsistent figures vis-à-vis earlier submissions (DHBVNL) figures not updated for the FY 2021 (Cf. Memo No. Ch-11/SE/RA-726 dated 28.02.2022

The Commission observes that the voltage wise losses are never submitted by the Licensees along with the main petition. They do so in compliance with the deficiency letter issued by the Commission. Further, the Licensees, as directed by the Commission, is yet to submit consumer category wise Cost of Service. Accordingly, the Commission has based its calculations on the voltage wise technical losses used in its order dated 01.06.2020. Based on the voltage-wise loss calculations on the data submitted by the Discoms, it is possible to work out the total losses up to 11 kV level and overall losses at LT levels. However, working out losses at different HT voltage levels i.e. 66 kV, 132 kV, 220 kV etc. is not possible till such time similar data is made available at these voltages by the Utilities. Hence, for calculating voltage wise losses, the Commission has broadly considered only two categories i.e. HT (11 kV level and above) and LT voltage levels.

In line with the National Tariff Policy, the Commission has calculated the voltage wise CoS and Cross Subsidy Surcharge. The difference between technical losses so determined and actual total distribution system losses are considered to be on account of

reasons other than technical losses and are therefore taken as commercial losses. The commercial losses so determined have been apportioned between HT and LT voltage levels in proportion to annual gross energy sales at these voltage levels. The annual gross energy sales at the given voltage levels has been taken as the sum of energy consumption of all consumer categories connected at that voltage plus the technical distribution losses corresponding to that voltage level as worked out in the voltage wise loss calculations as per the details provided in the table below: -

Calculation of Voltage wise losses for the FY 2022-23

		UHBVNL	DHBVNL	Total
1a	HT sales	8225	8801	17026.00
1b	LT sales	11557.73	17677.46	29234.89
1	Total Sales	19782.43	26478.46	46260.89
2	Losses %			
2a	HT	6.04	6.65	
2b	LT	11.80	12.41	
3	Loss units			
3a	HT	496.79	585.27	1082.06
3b	LT	1363.81	2193.77	3557.58
4	Sales grossed up by Technical losses (1+3)			
4a	HT	8721.79	9386.27	18108.06
4b	LT	12,921.54	19871.23	32792.77
5	Combined Technical losses			
5a	HT			6.35%
5b	LT			12.16%
5	Total			10.03%
6	Total Distribution Losses	2769.54	3706.98	6476.52
7	Total Commercial losses (6-3)	908.94	927.94	1836.88
8	Commercial losses allocated to HT and LT based on grossed up units (4)			
8a	HT	363.58	296.94	660.52
8b	LT	545.36	631	1176.36
9	Total Voltage level distribution losses (3+8)			
9a	HT	860.37	882.21	1742.58
9b	LT	1909.17	2824.77	4733.94
10	Combined Technical and Commercial losses at Distribution level			
10a	HT			10.44%
10b	LT			15.51%
10	Total			14.00%

In line with the voltage wise (HT and LT Voltages) the distribution losses as worked out above, the calculations for CSS as per National Tariff Policy formula for the FY 2022-23 is as under:-

Cost of Service for FY 2022-23

Cost of Service as per National Tariff Policy 2022-23		
	Elements of cost of service	
1	Per Unit Weighted average cost of power at State/ Discom periphery (Paisa/kWh)	431
2	Aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level	

	Intrastate Transmission cost at consumers end (Paise/kWh) (Transmission and SLDC cost/sales) Paissa / kWh	48
	Distribution (net of power purchase cost) and Wheeling cost at consumers end (Paise/kWh)	109
3	Aggregate of transmission distribution and commercial losses applicable to the relevant voltage level (%)	
	HT	10.44%
	LT	15.51%
4	Cost of Service	
	$C/(1-L/100)+D+R$	
	HT (Paise / kWh)	638
	LT (Paise / kWh)	667

The above loss allocation is reflected in the energy allocators at HT and LT voltage levels i.e. lower cost attributed to the HT consumers and higher cost attributed to the LT Consumers. Thus, the Cost of Service in the case of HT Consumers is comparatively lower than that of the consumers receiving electricity supply at LT voltage. The CSS has been worked out as the difference between the average consumer category-wise average revenue realisation per unit and the voltage-wise CoS of HT or LT as the case may be. The Cross-subsidy surcharge for the FY 2022-23 as per the NTP formula shall be as per the table that follows: -

Cross-subsidy surcharge for FY 2022-23 (Rs/kWh)

		CoS (Rs./kWh)	Tariff (FC + EC) (Rs./kWh)	Cross Subsidy Surcharge (Rs./kWh)	Limited to 20% of Tariff
		1	2	3= 2-1	
1	HT Supply	6.38	7.59	1.21	1.21
2	Bulk Supply (other than DS)	6.38	7.38	1.00	1.00
3	Railways (Traction)	6.38	7.24	0.86	0.86
4	LT Supply	6.67	7.63	0.96	0.96
5	NDS (HT Supply)	6.38	7.71	1.33	1.28

The applicable CSS has been restricted to 20% (+/-) limit in accordance with the National Tariff Policy.

CHAPTER 7

Renewable Purchase Obligation (RPO)

Section 61 (h) read with Section 86 (1) (e) of the Electricity Act, 2003 casts a statutory obligation on 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 pursuance to the above statute, the Commission notified the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021, on 30.04.2021. Regulation 62 of the ibid Regulations, has specified the RPO obligation, as under:-

Year	Solar RPO*	Non Solar RPO			Total RPO
		HPO**	Other Non-Solar RPO*	Total Non-Solar RPO *	
2021-22	8.00%	0.00	3.00%	3.00%	11.00%
2022-23	9.00%	0.35%	5.00%	5.35%	14.35%
2023-24	10.00%	0.66%	6.00%	6.66%	16.66%
2024-25	To be specified later	1.08%	To be specified later	To be specified later	To be specified later
2025-26		1.48%			
2026-27		1.80%			
2027-28		2.15%			
2028-29		2.51%			
2029-30		2.82%			

* HPO within Non Solar Renewable Purchase Obligation (RPO) means “Hydropower Purchase Obligation, to be met from purchase of power/Hydro Energy Certificates from Large Hydropower Projects having capacity of more than 25 MW (LHPs) which come into commercial operation after 08.03.2019.

However, the Commission, in its ARR Order dated 01.06.2020, considering the unprecedented situation caused by COVID-19 pandemic, had allowed the DISCOMs to carry forward RPO deficit of FY 2020-21, up to 31.03.2022.

The Commission had issued directives to Discoms, time and again, to comply with RPO targets assigned for the FY 2020-21 and FY 2021-22. However, Discoms have defaulted in compliance of RPO for the FY 2020-21 (Solar RPO shortfall: 1259 MUs and Non Solar RPO shortfall: 48 MUs), as is apparent from the report of the HAREDA submitted

vide letter no. DRE/HAREDA/2021/9762 dated 26.08.2021. The details of default are as under:-

Particulars		FY 2020-21
Approved Energy availability for sale to DISCOMS (in MUs) for FY 2020-21 as per HERC ARR Order dated 01.06.2020	1	47207 MUs
Power procured from Hydro and Renewable sources (in MUs) for FY 2020-21 as per HERC ARR Order dated 01.06.2020	2	10887 MUs
Energy consumption at DISCOMs periphery	3=1-2	36320 MUs
RPO Required (Solar %)	4	7%
RPO Required (Non Solar%)	5	3%
RPO Required (Solar units)	6=3*4/100	2542 MUs
RPO Required (Non Solar units)	7=3*5/100	1090 MUs
No. of units generated/ purchased from solar renewable energy sources	8	1283 MUs
No. of units generated/ purchased from non solar renewable energy sources	9	1042 MUs
Shortfall (solar)	10=6-8	1259 MUs
Shortfall (Non solar)	11=7-9	48 MUs

In addition to the shortfall in compliance of RPO for the FY 2020-21, Discoms have also defaulted in compliance of RPO for the 1st half of FY 2021-22 (Solar RPO shortfall: 2252 MUs and Non Solar RPO shortfall: 184 MUs), as is apparent from the report of the HAREDA submitted vide letter no. 11989 dated 27.10.2021. The details of default are as under:-

Particulars		FY 2021-22 (upto 30.09.2021)
Approved Energy availability for sale to DISCOMS (in MUs) for FY 2021-22 as per HERC ARR Order dated 30.03.2021	1	51932 MUs
Power procured from Hydro and Renewable sources (in MUs) for FY 2021-22	2	15660 MUs
Energy consumption at DISCOMs periphery	3=1-2	36273 MUs
RPO Required (Solar %)	4	8%
RPO Required (Non Solar%)	5	3%
RPO Required (Solar units)	6=3*4/100	2902 MUs
RPO Required (Non Solar units)	7=3*5/100	1088 MUs
No. of units generated/ purchased from solar renewable energy sources	8	650 MUs
No. of units generated/ purchased from non-solar renewable energy sources	9	904 MUs
Shortfall (solar)	10=6-8	2252 MUs
Shortfall (Non solar)	11=7-9	184 MUs

The Commission has observed that Discoms have become consistent defaulters of RPO. In the ARR petition, Discoms had not submitted any plan of RPO compliance. However, additional submissions were filed by UHBVNL, regarding RPO targets, vide memo no. Ch-57/RA/F-25/Vol-(80) dated 10.02.2022. UHBVNL, has submitted that DISCOMS/HPPC has made sincere efforts to achieve RPO targets during the FY 2021-22 and it is expected that solar and non-solar RPO shall be complied with to the extent of 1800 Mus and 1937 Mus, respectively. UHBVNL has further submitted that with the

available tie ups, non-solar RPOs including backlog of FY 2020-21 are expected to be achieved whereas shortfall in solar RPOs shall be there during the FY 2021-22 to the tune of 2362 MUs. In order to fulfil solar RPOs Discoms/HPPC would explore options of purchasing RECs and solar energy on short term basis. Delay in commissioning of RE projects due to COVID situation/force majeure has led to slippage of solar and non-solar RE power in FY 2020-21 to the tune of 562 MUs and 2976 MUs respectively. Slippage of solar and non-solar RE power to the tune of 2593 MUs and 3353 MUs respectively is further expected during FY 2021-22 due to delay in RE projects amidst COVID pandemic/force majeure conditions.

In view of the above, UHBVNL has prayed as under:-

- i) Allowing accounting of generation loss/slippage of solar and non-solar power against the PPAs/PSAs due to delay in commissioning of renewable energy projects in lieu of force majeure/non execution of project by the developers/conditions beyond the control of developer/change in law/policy etc. for the purpose of RPO compliance.
- ii) Allowing accounting of generation loss/slippage of solar and non-solar power amidst Covid/force majeure situation to the tune of 2592 Mus and 3353 Mus, respectively for RPO compliance with respect to FY 2021-22.
- iii) Allowing interchangeability between solar and non-solar RPOs so as resources be best utilized as per need besides meeting the overall objective of reducing carbon footprints.

The Commission has taken note of the letter from Ministry of Power, Government of India dated 25.01.2022, wherein it has been emphasised that implementation of the policy related to co-firing in coal based power plants including RPO compliance may be monitored by the State Commission.

The Commission observes that the prayer of the UHBVNL seeking interchangeability between solar and non-solar RPOs has already been addressed in the HERC RE Regulations, 2021 and has allowed it subject to the achievement of RPO to the extent of 80%, as against 85% specified by Ministry of Power in its order dated 29.01.2021. Thus, the interchangeability allowed by the Commission in the HERC RE Regulations, 2021 is lower and more congenial than that allowed by the Ministry of Power.

India's commitment at the COP26 held in Glasgow, Scotland, is also to be kept in mind by the Discoms. India has vowed to install non-fossil fuel electricity capacity of 500 GW by 2030. Along with this, 50% of the energy requirement is to be met from renewable energy sources by 2030. India has also vowed to become carbon neutral by

2070, which might seem like a long time but the steps to do so have to be taken now. Further, the Ministry of Power has framed draft Electricity (promoting renewable energy through Green Energy Open Access) Rules, 2021. Renewable purchase obligation of 21.18% has been specified by the Ministry of Power for the FY 2021-22, which is expected to further increase in the coming times. All these initiatives are likely to curtail the demand of fossil fuel-based power in general and coal fired power generation in particular. The Commission is of the view that in-order to achieve this, the traditional sources of electricity generation have to be gradually scaled down and ultimately phased out.

In this context, there is growing demand from environment conscious consumers for a rapid transition to a zero carbon economy. This is driving up the demand for renewable electricity and creating a shift in demand patterns away from fossil fuels across the global power system. Industrial consumers have the option to procure the green power under Open Access mechanism, from Green Term Ahead Market (G-TAM) or from Green Day Ahead Market (G-DAM). However, various consumers do not wish to avail this option because of lack of resources, expertise and various charges as well as the ‘hassles of procedures’ under Open Access Regulations. Such consumer may, if so desires, opt for entering into a contract with the Discoms for supply of 100% green power (Solar or Non-Solar) to them. The Discoms shall procure green energy (Solar or Non-Solar, as per the requirement of the consumers) and issue a monthly certificate to the “obligated embedded consumer” stating the quantum of renewable energy (Solar or Non-Solar) supplied, which will count towards their RPO obligations as well.

The Commission has perused that the average cost of Renewable Energy Certificate traded in the Indian Energy Exchange varies from Rs. 2/unit to 2.30/unit for Solar REC and Rs. 1/unit for Non-Solar REC. Further, Discoms may also have to procure RE power, at rates higher than its average variable power purchase cost. Accordingly, in order to bring equity on both sides, the Commission introduces “green energy premium” as the charge which such consumers opting for green energy will have to pay to the Discoms @ Rs. 2/unit for Solar energy and Rs. 1/unit for Non-Solar energy, over and above the normal tariff applicable for the respective consumer category to which such consumer belongs. This, charge will take care of the incremental cost of power purchase, which the Discoms will have to incur for procurement of green energy at a price higher than its average variable power purchase cost.

The Commission shall review the progress of the scheme at the time of ARR petition for the ensuing year.

The Commission has taken serious note of the RPO compliance status of Discoms and directs Discoms to submit a petition in the Commission within two months from the date of this Order, showing the compliance of RPO for the FY 2020-21 and FY 2021-22 and of the order of the Commission dated 01.06.2020 along with Regulations occupying the field. In case the default still persists, the DISCOMs may show cause as to why penalty should not be initiated under Section 142 read with Section 146 of the Electricity Act, 2003. Discoms may also submit its plan of action for RPO compliance including compliance of RPO from co-firing of biomass in coal based power plants, in the ensuing year.

In accordance with the provisions of the HERC RE Regulations in vogue, the RPO for the FY 2022-23 is **14.35%** of the total energy consumption of the Discoms. The approved RPO for the FY 2022-23 is as under:-

Energy Consumption for 2022-23 (MU)	%age of HPO of energy Consumption	HPO (MU)	%age of other 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)
38730*	0.35%	135.56	5.00%	1936.51	9.00%	3485.72	5557.78

** Energy available for sale by DISCOMs has been taken net of intra-state transmission losses, excluding energy purchased from RE sources and Hydro.*

The volume of energy to be purchased from renewable energy sources as per above table is the total RPO of the Discoms for the financial year 2022-23. DISCOMs are advised to ensure that the Solar RPO data provided by them to HAREDA includes energy generated by Rooftop solar Power also.

The State Nodal Agency i.e. HAREDA shall continue submitting 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 56 (3) of the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2017 in the format given below:-

Total no. of units generated/Purchased through Open Access (MTOA,LTOA)	1 MUs	-
Total No. of units utilized for captive consumption	2	-
Total	3=1+2	-
RPO Required (Solar %)	4	-
RPO Required (Non Solar %)	5	-

RPO Required (Solar - Units)	$6 = 3 \times 4 / 100$	-
RPO Required (Non Solar - Units)	$7 = 3 \times 5 / 100$	-
No. of units generated/purchased from solar renewable energy sources	8	-
No. of units generated/purchased from Non-solar renewable energy sources	9	-
Balance Units (Solar)	$10 = 6 - 8$	-
Balance Units (Non Solar)	$11 = 7 - 9$	-
No. of RE unit purchased (Solar)	12	-
No. of RE unit purchased (Non-Solar)	13	-
No. of REC purchased (Solar)	14	-
No. of REC purchased (Non-Solar)	15	-
Shortfall (Solar) Units	$16 = 10 - 12 - 14$	-
Shortfall (Non Solar) Units	$17 = 11 - 13 - 15$	-

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

The Discoms and other obligated entities are directed to provide requisite information to the State Agency i.e. HAREDA on a monthly basis by 10th of every month for the previous month to enable the State Agency to submit a quarterly report to the Commission.

CHAPTER 8

TIME OF DAY / USE TARIFF

8.1 ToD / ToU Tariff / Night-time Concessional Tariff for FY 2022-23

The Commission had introduced ToD tariff vide ARR/Tariff Order dated 30.03.2021. In amendment of the same, the Commission for the FY 2022-23 approves the ToD on the following terms and conditions to encourage consumption of power during off peak period(s). Such dispensation shall be a win-win situation for both the distribution licensee(s) as well as the electricity consumers of the Haryana. The former would benefit in terms of saving of additional power purchase cost during the peak months / hours as well as incurring cost on augmentation of transmission / distribution and wheeling network. While the latter will benefit in terms of reduction in energy bills by shifting their demand to off peak periods. Hence, the Commission has dispensed with public proceedings on the ToD / ToU proposal.

The distribution licensee i.e. UHBVNL, on behalf of both the Discoms, vide its Memo No. Ch-02/RA/F-25/Vol-81 dated 22.03.2022, with reference to the letter to the MDs of the Discoms, from the Govt. Haryana / Power Department Memo No. Ch-238/DSO-512 has made the following submissions:

That the Hon'ble Commission in the Tariff Order dated 30.03.2021 has approved the terms and conditions of the TOU/TOD tariff as under:

- i. Concessional Tariff or power drawn during off peak hours i.e. 21:00 to 05:30 hours in excess of normal consumption during the corresponding month in the preceding year will be optional and will be available only to HT Consumers, including furnaces, who opt for the scheme, during the period November to March.
- ii. The HT Consumer, desirous of availing this tariff as per the terms and conditions proposed by the Discoms, shall submit the application to the Chief Engineer / Commercial of respective Discom.
- iii. The Committee comprising of Chief Engineer/Commercial and SE / Metering & Protection shall clear the applications, as far as possible, within the same day. However, the decision shall in no case be delayed beyond three working days from the date of receipt of the application.
- iv. The Tariff, as given below, which shall be exclusive of FSA, ED and M. Tax, would be applicable for the energy drawn during off peak hours i.e. 21:00 to 05:30 hours over and above normal consumption in the corresponding month of the

preceding year. The energy drawn over and above the normal consumption, on which concessional tariff would apply, would be equal to lesser of, where

x= Cumulative change in consumption during night hours (21:00 Hrs to 05:30 Hrs) over the entire billing cycle.

y= Cumulative change in total consumption during the 00:00 to 24:00 hours over the entire billing cycle.

- v. The base consumption for working out the change in consumption would be decided by the Nigam on case-to-case basis keeping in view the factors like seasonality, load/CD extension etc.
- vi. The concessional tariff from November 2021 to March 2022 (for time slot of 21:00 to 05:30) shall be as under:

TOU/TOD Tariff

a)	HT Consumers on 11/33 kV	: Rs 4.25/kVAh
b)	HT Consumers on 66 kV and above	: Rs 3.75/kVAh

- vii. Once opting to avail concessional tariff, the consumer would continue to be charged concessional tariff for the entire duration of the Scheme from November to March. The billing under concessional tariff shall commence from start of billing period immediately following the date of acceptance of the application of the consumer.
- viii. Other terms & conditions of this tariff shall remain as per the ongoing approved concessional tariff scheme.
- ix. HT industry (including Arc furnace) HT NDS, Bulk Supply (other than Bulk Domestic). The approved ToD/ToU Tariff shall be as under:-

Period	Differential Tariff	Time
Off-Peak Hours	For incremental consumption: - HT Consumers on 11/33 kV- Rs 4.25/kVAh HT Consumers on 66 kV & above- Rs 3.75/kVAh	09:00 P.M to 05:30 A.M
Peak Hours	Normal Energy charges and applicable PLEC charges	5:30 P.M to 09:00 P.M
Normal Hours	Normal Energy charges determined by the Commission	05:30 A.M to 5:30 P.M
Demand Charges	As determined by the Commission - shall be the same for all categories of consumers.	

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2. It has been submitted by the distribution licensee that the State Government, vide Memo No. Ch. 238/DSO-512 dated 19.03.2022, has desired to encourage the electricity consumers of industrial installation to use more electricity during night hours. Accordingly, the State Discoms have been directed to make the amendment in existing terms and conditions of the TOU/TOD tariff for implementation of the same to the industrial consumers in the State.
 3. That the following amendments are desired to be considered by the state DISCOMs for implementation of terms and conditions of TOU/TOD tariff for industrial consumers:
 - i. The continuous running industrial installation should be provided with incentives against the additional energy drawn during night shift.
 - ii. The industrial installation which are running in shift should be provided with the incentives against the shifting of energy drawn from day shift to night shift.
 - iii. The industrial installation which are running in single shift should be provided with incentives against the additional energy drawn which they consume in the night shift.

Note: The above night-time concessional/incentive to be given to the industrial installation should be over and above normal consumption in the corresponding month of the preceding year.

4. That the amendment in the terms and conditions of TOU/TOD Tariff as specified above in Point No. 5, may adequately be incorporated in a revenue neutral manner in the TOU/TOD tariff structure (mentioned above in Point No. 3) approved for the FY 2022-23.

The Commission has considered the above and is of the view that given the surplus power during the off peak hours and the need to dispose off the same in an optimum manner instead of under-drawing and or selling in the day ahead market at an un-remunerative rate, it would be appropriate to incentivise use of such power during the night time as well as off peak hours of the day. This, the Commission feels would provide a big support to the industrial consumers who are making efforts to get back on a high growth trajectory post Covid-19 pandemic.

The Commission observes that the proposed amendment is already in vogue in Haryana. However, for giving more impetus to the dispensations on ToD / ToU, the

Discoms' proposal for continuous process industry, industrial installation running in shifts and able to shift their load(s) to night shift as well as the industrial units operating in single shift and are able to consume additional units during the night time, is allowed as prayed for by them, provided the incremental / additionalities in energy drawl is quantified on the basis of the energy recorded by the energy meter(s) .

The off peak charges between 9 P.M to 5.30 A.M shall be Rs. 4.25 / kVAh (11/33 kV supply) and RS. 3.75 / kVAh for supply at 66 kV and above. The demand charges shall be as per the schedule of tariff and charges approved by the Commission in this order.

The concessional off – peak tariff / night time concession shall be applicable for the EV Charging stations for the entire energy drawl during the off peak hours.

CHAPTER 9

DISTRIBUTION & RETAIL SUPPLY TARIFF

The Discoms / Distribution Licensees (UHBVNL and DHBVNL) have projected revenue surplus of Rs. 414.36 Crores for FY 2020-21, revenue deficit of Rs 551.83 Crores for FY 2021-22 and Rs 1094.54 Crore of accumulated deficit for the FY 2022-23. The Discoms have proposed that they may be allowed to continue with the current levels of Tariff and Charges.

The Commission observes that despite projecting a revenue gap, at the existing tariff, the Licensees have not proposed any methodology to bridge the said gap vis-à-vis the projected revenue requirement and revenue expected to be available at the current tariff and charges. The statement that the revenue gap will be bridged by way of efficiency gains is also un-substantiated. To the contrary, the Discoms have not proposed and quantified any efficiency vis-à-vis distribution loss i.e. reduction in the same and the additional revenue that will be garnered thereof.

Further, the Licensees have also not submitted any calculation of the cost of delivered energy to different consumer categories, which is a building block for rationalisation of tariff and charges as well as the tariff design.

In view of the above, the Commission directs that in the next ARR, the Discoms will submit a tariff proposal as well; it may not necessarily be for increase or decrease in tariff(s) but for improvement in tariff design, reduction in the number of category / sub-category, re-alignment of demand / fixed charges etc. The proposal should include its impact on a typical consumer.

Subsequent to the determination of the ARR for the FY 2022-23, the tariff now determined is placed at Annexure – A.

The tariff(s) shall be applicable w.e.f. 1.04.2022 and shall continue to be vogue till the same is amended / re-determined by the Commission.

ANNEXURE - A
SCHEDULE OF TARIFF AND CHARGES

Sr. No.	Tariff for 2021-22 (W.E.F. 01.04.2021)				Tariff for 2022-23 (W.E.F. 01.04.2022)			
	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load /per kVA of sanctioned contractdemand (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 up to 100 units per month)				Category I: (Total consumption up to 100 units per month)			
	0 - 50 units per month	200/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2kW	0 - 50 units per month	200/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW
	51-100	250/kWh	Nil		51-100	250/kWh	Nil	
	Category II: (Total consumption more than 100 units/month and up to 800 units/month))				Category II: (Total consumption more than 100 units/month and up to 800 units/month))			
	0-150	250/kWh	Nil	Rs. 125 up to 2 kW and Rs. 75 above 2kW	0-150	275/kWh	Nil	Rs. 125 up to 2 kW and Rs. 75 above 2kW
	151-250	525/kWh	Nil		151-250	525/kWh	Nil	
	251-500	630/kWh	Nil		251-500	630/kWh	Nil	
	501-800 and above	710/kWh	Nil		501-800 and above	710/kWh	Nil	
	Note: Benefit of Telescopic Tariff shall be restricted up to 800 Units / Months i.e. 801 and above flat rate of 710 / kWh shall be applicable for the entire consumption.				Note: Benefit of Telescopic Tariff shall be restricted up to 800 Units / Months for category II only i.e. 801 and above flat rate of 710 / kWh shall be applicable for the entire consumption.			
2	Non-Domestic (including Independent Hoarding / Decorative Lightning / DecorativeLightning / Temporary Metered supply and others)				Non-Domestic (including Independent Hoarding / Decorative Lightning / Decorative Lightning / Temporary Metered supply and others)			
	Merged with LT Supply Tariff				Merged with LT Supply Tariff			
	Merged with HT Supply Tariff				Merged with HT Supply Tariff			
	Merged with HT Supply Tariff				Merged with HT Supply Tariff			
3	HT Supply (above 50 kW) inc. Traction and DMRC				HT Supply (above 50 kW) inc. Traction and DMRC			
	Supply at 11 KV including NDS existing consumers above 50 kWand upto 70 kW (LT)	665 / kVAh 738 / kWh in case of supply continues to be at LT	165/kV A	Nil	Supply at 11 KV including NDS existing consumers above 50 kW and upto 70 kW (LT)	665 / kVAh 738 / kWh in case of supply continues to be at LT	165/kVA	Nil
	Supply at 33 KV	655/kVAh	165/ kVA	Nil	Supply at 33 KV	655/kVAh	165/ kVA	Nil
	Supply at 66 kV or higher	645/kVAh	165 / kVA	Nil	Supply at 66 kV or higher	645/kVAh	165 / kVA	Nil
	Supply at 220 kV	635/kVAh	165/ kVA	Nil	Supply at 220 kV	635/kVAh	165/ kVA	Nil
	Supply at 400 kV	625/kVAh	165/ kVA	Nil	Supply at 400 kV	625/kVAh	165/ kVA	Nil

Sr. No.	Tariff for 2021-22 (W.E.F. 01.04.2021)				Tariff for 2022-23 (W.E.F. 01.04.2022)			
	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load /per kVA of sanctioned contractdemand (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)
	Arc furnaces/ Steel Rolling Mills also applicable to Open Access	695 Paisa per kVAh if supply is at 11 kV (See note 1 below	165 / kVA	Nil	Arc furnaces/ Steel Rolling Mills also applicable to Open Access	695 Paisa per kVAh if supply is at 11 kV	165 / kVA	Nil
4	LT Supply - up to 50 kW				LT Supply - up to 50 kW			
	Upto 10 KW	635/kVAh or 705/kWh	Nil	Rs. 185/kW	Upto 10 KW	635/kVAh or 705/kWh	Nil	Rs. 185/kW
	Above 10 KW& upto 20 kW	665/kVAh or 738/kWh	Nil	Rs. 185/kW	Above 10 KW & upto 20 kW	665/kVAh or 738/kWh	Nil	Rs. 185/kW
	Above 20 KW and upto 50 KW	640/kVAh	Rs. 160 / kW of 80% of the Connected Load	Nil	Above 20 KW and upto 50 KW	640/kVAh	Rs. 160 / kW of 80% of the Connected Load	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	Merged with HT Supply			Existing consumers above 50 kW upto 70 kW (LT)	Merged with HT Supply		
5	Agro Indu.st / FPO Up to 20 kW							

Sr. No.	Tariff for 2021-22 (W.E.F. 01.04.2021)				Tariff for 2022-23 (W.E.F. 01.04.2022)			
	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)
10	Bulk Supply				Bulk Supply			
	Supply at LT	650/kVAh	160/kW or Rs. 160/kVA as applicable (see note 3)	Nil	Supply at LT	650/kVAh	160/kW or Rs. 160/kVA as applicable (see note 3)	Nil
	Supply at 11 kV	640/kVAh		Nil	Supply at 11 kV	640/kVAh		Nil
	Supply at 33 kV	630/kVAh		Nil	Supply at 33 kV	630/kVAh		Nil
	Supply at 66 or 132 kV	620/kVAh		Nil	Supply at 66 or 132 kV	620/kVAh		Nil
	Supply at 220 kV	615/kVAh		Nil	Supply at 220 kV	615/kVAh		Nil
11	Bulk Supply (Domestic)				Bulk Supply (Domestic)			
	For total consumption in a month not exceeding 800 units/ flat/dwelling unit (DU).	525/kWh	Rs. 90 / kW / month of the recorded demand	Nil	For total consumption in a month not exceeding 800 units/ flat/dwelling unit (DU).	525/kWh	Rs. 80 / kW / month of the recorded demand	Nil
	For total consumption in a month exceeding 800 units/flat/ DU.	620/kWh			For total consumption in a month exceeding 800 units/flat/ DU.	620/kWh		

Notes:

1. In case of Arc furnaces/ Steel Rolling Mills for supply at 33 kV and above, the HT Industrial tariff at the corresponding voltage level shall be applicable.
2. Fixed charges for HT supply and Bulk Supply category are in Rs./kVA of Contract Demand. For Railways and DMRC, the fixed charges shall be Rs./kVA of the billable demand.
3. In case of Bulk Supply Consumers (other than Bulk Supply – DS), the fixed charges are in Rs./kW of the connected load where contract demand is not sanctioned and in Rs./kVA of contract demand where contract demand is sanctioned.
4. Under Bulk Supply (Domestic) category, the fixed charge shall be reduced from Rs. 90/kW/month of the recorded demand to Rs. 80/kW/Month of the recorded demand.

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5. The surcharge for arc furnace/ steel rolling mills shall be 25 Paisa / Unit in case the supply is at 11 kV including open access power.
6. Advocate's Chamber, shall be levied a single rate (tariff) equivalent to CoS of LT Supply as determined in the present order. There shall be no demand / fixed charges.
7. The electricity crematorium shall be levied a concessional tariff of Rs. 2.75 / Unit (kVA or kWh). No demand charges shall be levied.
8. In the Agro Industries / FPO up to 20 kW:- MMC of Rs. 235 / KW shall be discontinued. However, the Discoms are directed to conduct a load survey of the consumers falling in the concessional category and submit a report to the Commission within three months of the order.
9. The schedule of tariff and charges does not include Electricity Duty, Municipal Tax, Panchyat Tax (being levied as per the notifications issued by the State Government) and FSA as per MYT Regulations in vogue.
10. Tariff for the eligible Gaushalas shall be Rs. 2.0 / kWh subject to payment of subsidy by the State Government, in case of non-payment of subsidy a tariff equivalent to Domestic Supply tariff, as determined in the present order.
11. The tariff for electricity supply to the EV Charging station in Haryana shall be a single part tariff equivalent to the CoS of HT Supply and LT Supply, as determined in the present order. The off peak / night time concession benefits shall also be applicable. There shall be no fixed / demand charges. Further, the State Government may invite bids to determine the EV Charging rates, besides electricity tariff determined by the Commission, in Haryana. While doing so the State Government may keep in view the various subsidy / grants and concessions available for setting up an EV Charging Station.
12. In the case of the Existing consumers above 50 kW upto 70 kW (LT) that has been merged with HT Supply, that tariff shall be as per HT Supply. In the absence of a compatible meter standard power factor of 0.90 may be used. However, the Discoms shall ensure that a compatible meter of requisite accuracy is installed either by the Discoms or by the consumers themselves within six months from this order.
13. The tariff for places of worship shall be a single part equivalent to the Domestic Supply tariff(s).
14. The charges, other than energy and demand charges determined in the present order, for NDS category merged with HT / LT Supply shall be as per the charges applicable for erstwhile HT / LT Industry. The Discoms are directed to file a comprehensive proposal for amendment in general and miscellaneous charges as well as the relevant regulations such as the Duty to Supply Regulations.
16. The Temporary Supply Tariff shall remain unchanged i.e. as per the Commission's tariff order for the FY 2021-22.
17. The AP Supply tariff shall be Rs. 6.67 / kWh for metered supply and BHP (in the case of flat rate shall be converted to kW and units worked out by applying the average running

hours of the tube-wells. However, the State Govtt. may continue with the subsidized tariff provided advance subsidy, in the beginning of each quarter is paid by the State Government to the Discoms as per Section 65 of the Electricity Act, 2003.

18. It is clarified that the acceptance limit of cash will be Rs. 5000 (five thousand). However, the cash collection limit for theft penalty amount may be enhanced to Rs. 2,00,000 (two lakhs) ; submission of PAN Card shall be mandatory for any transaction exceeding Rs. 50,000 (Fifty Thousand). It is further made clear that the AEE / SDO concerned shall be fully responsible for cash collected and prompt remittance into the designated bank(s).

All the directives contained in the various chapters of the present order as well as the annexures, shall be complied with by the Discoms within the time line specified for the purpose.

This Order is signed dated and issued by the Haryana Electricity Regulatory Commission on 30th March, 2022.

Date: 30.03.2022

Naresh Sardana

R.K. Pachnanda

Place: Panchkula

(Member)

(Chairman)

ANNEXURE – B

Compliance monitoring of the directives issued in the Tariff order dated 30.03.2021

1. Expenditure due to other debits- FY 2019-20

UHBVNL: Compensation for injury, death and damage is allowed in order to enable the licensee to pay these amounts promptly. However, the petitioner is directed to provide details of penalty included in Rs. 4.34 crores (Compensation for injury, death and damage and penalty) so that appropriate decision in this regard can be taken.

Reply by UHBVNL:

UHBVNL submitted vide memo no. Ch-03/RA/F-173/Vol-XII dated 27.04.2021 as under:-

An amount of Rs. 4.34 Crore during FY 2019-20 has been paid on a/c of compensation for death/injury and no amount has been included on a/c of penalty in Rs. 4.34 Crore.

Commission's Observation:
Complied with.

2. AP Sales Third Party Authentication

DHBVNL: The Commission again directs DHBVN to analyse the aberration pointed out in AP consumption data and submit the report to Commission within one month of this order. Also, a report of third party engaged for analysing and authenticating its AP sales of FY 2017-18, FY 2018-19 and FY 2019-20 as directed in previous Tariff Orders need to be submitted within 3 months from the date of this order and to examine the AP sales data meticulously for FY 2020-21.

Reply by DHBVNL:

DHBVNL submitted revised reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

It is submitted that Nigam has submitted the report submitted by third party M/s Pranat Engineers Pvt. Ltd. for authentication of AP Sales for FY 2017-18, FY 2018-19 & FY 2019-20 during the meeting held with Hon'ble Commission on 14.07.2021. The losses for the period are as under:

Particulars	FY-2017-18	FY-2018-19	FY-2019-20
Aggregate T&D Losses	15.15%	15.56%	16.10%

Further, the detailed reply of the above has been submitted to Hon'ble Commission vide Memo No. Ch. 89/SE/RA-700 dated 06.08.2021.

Hon'ble Commission advised to calculate the losses in the selected feeders for another 2 months i.e. August'21 & September'21. The aggregated T&D losses for the month of Aug'21, Sep'21 & Feb'21 to Jan'22 is given below:

Particulars	Aug'21	Sep'21	Feb'21 to Jan'22
Aggregate T&D Losses	13.06%	9.64%	13.12%

The Circle wise details are attached with the reply.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

It is submitted as per direction of Hon'ble Commission in Tariff Order dated 01.6.2020, DHBVN has floated a tender vide NIT no. 01/SE/EA/HSR/2020-21 dated 18.09.2020 for engagement of a third-party agency to authenticate the AP sales data. The delay in floating the tender is due to COVID-19 pandemic. The price bid opened on dated 26.10.2020.

DHBVN issued LOI to M/s Pranat Engineers Pvt. Ltd. vide Memo No. 84/ EA-57/2019 dated 26.11.2020 and the same been informed to Hon'ble Commission Vide memo No. Ch. 85/SE/RA-675 dated 02.12.2020, thereafter work order no. Ch. 86/EA-57/2019 dated 10.12.2020 has been awarded to M/s Pranat Engineer Pvt. Ltd. for AP Sales Third Party Authentication on selected AP feeders of the DHBVN. The firm, initially, faced certain issues in completing the work due to agitation (Roadblock) by farmers (Kisan Andolan) in the month of December 2020 & January 2021. The repeated directions were issued by DHBVN vide memo. no. Ch. 102/EA-57/2019 dated 31.12.2020, Ch. 103/EA-57/2019 dated 07.01.2021, Ch. 106/EA-57/2019 dated 12.01.2021, Ch. 107/EA-57/2019 dated 15.01.2021 & Ch 108/EA-57/2019 dated 22.02.2021 to the firm to complete the work expeditiously.

After the above-mentioned issues were resolved, the work was initiated. Thereafter, reading of all the feeder meter and consumer meter were got recorded on first day of February, March, April, May & June-2021 to ascertain the actual receipt & consumption of electricity on the selected feeders.

Based on the analysis of the above readings, M/s Pranat Engineers Pvt. Ltd. submitted a report in which the aggregate T&D losses from February, 2021 to May, 2021 of selected AP feeders is 15.05%. However, the agency has submitted that the exact authentication of T&D losses of these selected feeders for the period 2017-18, 2018-19 & 2019-20 cannot be done due to the following reasons:

1. Approximate 98% meters were found defective/burnt.
2. More than 50% billing found on flat rate.
3. Connections other than AP category were not included in billing of AP feeders.
4. Approximately 12% consumers increased their load without intimation to the department.
5. Due to fall in water level, consumers increased the depth of their tubewells bore due to which some motors consume more units, but the billing was done as per their sanctioned load and exact consumption of those meters could not be ascertained due to defective meters/flat rate.

However, M/s Pranat Engineers Pvt. Ltd. calculated the losses for these years using Empirical formula. As per report furnished by the agency, the loss for the period FY-2017-18, 2018-19 & 2019-20 is as under:-

	FY-2017-18	FY-2018-19	FY-2019-20
Aggregate T&D Losses	15.15%	15.56%	16.10%

From the above, it can be fairly concluded that the aggregate T&D losses calculated for the month of February 2021 to May 2021 is 15.05% which is less than 16% as permitted by HERC for computation of AP feeders. Also, the calculated T&D losses for the financial year 2017-18 and 2018-19 is less than 16% and for the financial year 2019-20 approximately is 16.10% which is marginally higher.

Further, it is submitted that M/s Pranat Engineers would continue taking further readings to complete the analysis and shall submit the final report in 2 months' time. The above report was also apprised and submitted to the Hon'ble HERC during the meeting held on 14.07.2021.

Commission's Observation:

Delay in compliance by DHBVNL. AP Sales Third Party Authentication was supposed to be completed by 30th June 2021. The Commission has considered the submissions and observes that on the one hand the firm engaged for the purpose has in unequivocal terms said that it is not possible to authenticate the underlying data, while on the other hand it has calculated Transmission and Distribution Losses based on empirical formula. The Commission has serious doubt on the analysis / inference drawn by the firm herein. This Commission was concerned with the distribution losses between the

11 KV AP Feeders and AP consumers and not transmission and distribution (T&D) losses. Further a formula cannot be verifiable by observations (empirical), it has to be based on logic and theory.

DHBVNL had submitted the report prepared by M/s Pranat Engineers, engaged for analyzing the T&D losses of AP feeders. The said report has pegged losses at approximately 16%, and has claimed that it is in sync. with loss allowed by the HERC. Further, it has been submitted that M/s Pranat Engineers will continue taking further readings to complete the analysis and shall submit a final report in 2 months' time. The above report was also apprised and submitted to the Commission in the meeting held on 14.07.2021. The Commission has perused the T&D (sic) loss estimated by both the Discoms and is constrained to observe that in both the cases the figures are near about 16% fixed by the Commission many years back. It defies all logic that the overall distribution loss has reduced from about 30% to about 15%, and the AP Loss despite segregation of AP Feeders and other efforts to rein in losses including theft, continue to be around 16%. The Commission further observes that the DHBVN Agriculture sales for FY 2020-21 is 6396.32 MU whereas energy of 5317.46 MU recorded on the agriculture feeders, which indicates a significant difference of 1078.86 MU and is unrealistic.

The Commission observed the similar difference of 999.57 MU and 1210.58 MUs in ARR Orders dated 01.06.2020 and 30.03.2021 respectively. DHBVN has not submit any report /justification of the same.

In view of the above, the Commission again directs UHBVN and DHBVN to submit the reasons for aberrations pointed out earlier and submit a report after study / analysis of one feeder selected in each circle after installation of meter on DT / connection in the AP category.

3. Power Procurement Plan

- i. The Commission directs that the Discoms shall not procure any additional power over and above the quantum approved in the PPA that may be available to it from the un-allocated share / share relinquished by any other State in the Central Generating Power Stations in case it does not fall in the merit order despatch. The Commission thereto shall disallow all such power procurements and the cost thereto. Additionally,

while resorting to bidding or calling for expression of interest for power procurement the Discoms must ensure that the power under PPAs already approved by the Commission materialises.

- ii. The DISCOMs are directed to perform a cost benefit analysis including trade-off between purchase of REC and RE Power before rushing with proposal to procure RE Power.

Reply by UHBVNL:

UHBVNL submitted vide memo no. Ch-29/RA/F-173/Vol-XII dated 07.06.2021 as under:

Direction of Hon'ble Commission noted for compliance.

It is, however, intimated that despite unprecedented COVID-19 situation and suspension of REC trading, sincere efforts are being made by HPPC/Discoms to meet the RPO requirements mandated by the Hon'ble Commission. During FY 2020-21, solar power to the tune of 216 MUs has been purchased on short term basis against NIT no. 81/CE/HPPC/Solar/Short term dated 20.09.2019 with due approval of Hon'ble Commission vide order dated 24.07.2020. About 167 MUs of Solar power has been procured on short term basis from energy exchange through GTAM with an average landed rate of Rs. 3.47/unit. About 15 MUs has been arranged at a average tariff of Rs 2.70/- through bilateral arrangements on short term basis during FY 2020-21. In addition to the above, 246 MUs & 1035 MUs have been purchased from Solar and Non-Solar sources respectively through long term power purchase contracts besides energy generated from rooftop solar power projects during FY 2020-21

Reply by DHBVNL:

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Direction of Hon'ble Commission noted for compliance.

It is, however, intimated that despite unprecedented COVID-19 situation and suspension of REC trading, sincere efforts are being made by HPPC/Discoms to meet the RPO requirements mandated by the Hon'ble Commission. During FY 2020-21, solar power to the tune of 216 MUs has been purchased on short term basis against NIT no. 81/CE/HPPC/Solar/Short term dated 20.09.2019 with due approval of Hon'ble Commission vide order dated 24.07.2020. About 167 MUs of Solar power has been procured on short term basis from energy exchange through GTAM with an average landed rate of Rs. 3.47/unit. About 15 MUs has been arranged at a average tariff of Rs 2.70/- through bilateral arrangements on short term basis during FY 2020-21. In addition to the above, 246 MUs & 1035 MUs have been purchased from Solar and Non-Solar sources respectively through long

term power purchase contracts besides energy generated from rooftop solar power projects during FY 2020-21.

Commission's Observation:

Complied with.

The DISCOMs were directed to perform cost benefit analysis including trade-off between purchase of REC and RE Power before rushing with proposal to procure RE Power. However, since trading in REC has been suspended, hence, reply has been accepted.

4. Employee Expenses for FY 2021-22:

The Commission directs the licensees to ensure that the amount approved to be recovered in the ARR must be paid out in the same year itself and before the close of the Financial Year. A compliance report to this effect must be filed with the ARR petition each year. The petitioners are also directed to calculate and submit the projected per employee cost in future so as to ensure that each component of cost receives due attention.

Reply by UHBVNL

Reply submitted vide memo no. Ch-03/RA/F-173/Vol-XII dated 27.04.2021

The Salary paid to regular/contractual staff has been included in the employee expenses and Salary related to FY 2021-22 shall be included in the same Financial Year. Further, the projected per employee cost will be calculated and submitted in ARR.

Reply by DHBVNL

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Noted for Compliance.

Commission's Observation:

Not complied. Projected per employee cost was required to be filed with ARR petition. But Discoms have not filed the requisite data in the current ARR.

5. Proposal to submit an appropriate efficiency factor to calculate O&M expenses:

The Commission is of the considered view that it would be appropriate to introduce efficiency factor for determining the O&M expenses for the balance period of the control period, as sufficient time has elapsed since the MYT regime was introduced in the State. The Commission accordingly directs the petitioner to propose an appropriate efficiency factor after studying similar provisions in other states and submit the same along with the next ARR.

Reply by UHBVNL:

Reply submitted vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021

In compliance to the said direction, Nigam has analysed MYT regulations prevailing in other states of India and identified that similar provision of efficiency factor for O&M expenses is prevailing in Maharashtra and Punjab only under respective MYT regulations.

It is imperative to mention here that the Haryana discoms are efficiently serving its consumers at optimum O&M expenses by adopting best practices in the sector and are incurring lowest O&M expenses among the aforesaid states, same is apparent from the per unit trued-up O&M expenses detailed as follows:

FY	Haryana			(in Rs/kWh)	
	UHBVN	DHBVN	Total	Maharashtra	Punjab
2017-18	0.95	0.69	0.80	0.70	0.88
2018-19	0.69	0.59	0.63	0.71	0.88
2019-20	0.73	0.66	0.69	0.77*	0.90

* The MERC has trued-up O&M expenses for FY 2019-20 provisionally

In addition to above, Nigam would like to submit here that the normative O&M expenses are prone to the inflation factor (INDX_n), i.e., 55% of CPI_n and 45% of WPI_n under the HERC MYT regulations, 2019. In case consumer base increases demanding increased activities pertaining to offices, sales, distribution network, etc., the determined normative O&M expenses may not reflect the actual audited O&M Expenses of the licensee in that corresponding year. Despite having lowest and optimum O&M expenses among aforesaid states, further applying efficiency factor in such case may result in determination of normative O&M expenses lower than the actual audited O&M expenses which is not in line with the true spirit of cost reflective tariff. Situation may worsen in the case when derived normative O&M expense for a year may be lower than the O&M expenses for the preceding year. Similar issue have been addressed by the MERC in its order dated 23.10.2017 in the Case no. 123 of 2016 wherein the MERC has concluded to revisit/amend the MERC MYT Regulations, 2015 (prevalent at that time) pertaining to O&M expenses norms depending on characteristics of generation, transmission and distribution activities.

In continuation to the above, Nigam would like to submit here the details of the aforesaid states in the matter as follows:

3. MAHARASHTRA

The MERC in its MYT Regulations 2019 has provisioned for 1% as efficiency factor to be considered while determining normative O&M expenses. However, the MERC in its MYT Tariff Order dated 30.03.2020 has considered zero efficiency factor while projecting O&M expenses for the control period from FY 2020-21 to FY 2024-25 under the proviso of regulation 75.3 of the MERC MYT Regulations 2019, relevant excerpts are reproduced here as follows:

Regulation 75.3 of the MERC MYT Regulations 2019:

*“75.3 The Operation and Maintenance expenses for each subsequent year shall be determined by escalating these Base Year expenses of FY 2019-20 by an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years as per the Office of Economic Advisor of Government of India and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past five financial years as per the Labour Bureau, Government of India, **as reduced by an efficiency factor of 1%** or as may be stipulated by the Commission from time to time, to arrive at the permissible Operation and Maintenance expenses for each year of the Control Period:*

*Provided that, in the Truing-up of the O&M expenses for any particular year of the Control Period, an inflation factor with 30% weightage to the average yearly inflation derived based on the monthly Wholesale Price Index of the respective past five financial years (including the year of Truing-up) and 70% weightage to the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the respective past five financial years (including the year of Truing-up), **as reduced by an efficiency factor of 1%** or as may be stipulated by the Commission from time to time, shall be applied to arrive at the permissible Operation and Maintenance Expenses for that year:*

Provided further that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers connected to the Distribution Wires of at least 2 percent annually over the last 3 years:

Provided also that in case such increase in the number of consumers is lower than 2 percent annually over the last 3 years, then the reduction in efficiency factor shall be considered in proportion to the percentage growth in the number of consumers.”

Clause 6.8.8 of the MERC MYT Order dated 30.03.2020 for the Control Period FY 2020-21 to FY 2024-25:

“6.8.8 The Commission, for projecting the O&M Expenses for future years has considered the efficiency factor to be equal to zero for computing the escalation rate, since the growth of consumers of MSEDCL for the past three years is more than 3% as per the proviso of Regulation 75.3.....”

4. PUNJAB

The PSERC has to determine the efficiency factor in its MYT order for the control period in line with the regulation 26.1 (iii) of the PSERC MYT Regulations 2019, Relevant excerpt is reproduced here as follows:

“(iii) X_n is an efficiency factor for n th year

The Value of X_n shall be determined by the Commission in its MYT order for the Control Period.”

However, PSERC in its MYT Order dated 01.06.2020 (from page 135 to 145) has approved normative O&M expenses for the control period FY 2020-21 to FY 2022-23 under the respective regulations without incorporating efficiency factor.

It is evident from the above that despite having comparatively higher O&M expenses in the aforesaid states, the appropriate state commission has approved O&M expenses without or nil efficiency factor. Thus, it is submitted that the same as above may kindly be considered for allowing the O&M expenses for the balance control period.

Reply by DHBVNL:

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Noted for Compliance.

Commission’s Observation:

DHBVNL in its reply submitted that proposal will be filed with ARR petition, however no such information is filed with ARR. UHBVNL has submitted that nil efficiency factor be considered for allowing the O&M expenses for the balance control period.

6. Return on Equity

The Commission further directs that the RoE shall be adjusted against the subsidy to be provided by the State Government.

Reply by UHBVNL

Reply submitted vide memo no. Ch-25/RA/F-173/Vol-XII dated 03.06.2021.

ROE would be adjusted against the subsidy to be provided by the State Govt. in the FY 2021-22.

Reply by DHBVNL

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The matter shall be taken up with Hon'ble Commission along with Review Petition on Tariff Order FY 2021-22 dated 30.3.2021 which has been filed vide Memo No. Ch. 10/SE/RA-705 dated 05.7.2021.

Commission's Observation:

Matter to be dealt with while disposing of RA 8 of 2021 and RA 9 of 2021 i.e. the review petition (s) filed by the Discoms.

7. Reduction of equity on account of decapitalization or retirement or replacement of assets:

In view of the above provisions, the Commission directs the licensee to provide appropriate information in order to enable the Commission to adjust the equity component, if required, along with the next true up petition.

Reply by UHBVNL

Reply submitted vide memo no. Ch-25/RA/F-173/Vol-XII dated 03.06.2021.

The requisite Information will be provided along with next true up petition.

Reply by DHBVNL

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The requisite information will be provided along with next true up.

Commission's Observation:

Not complied. Requisite information was to be filed with ARR petition. But Discoms have not filed anything in current ARR.

8. Supply of power at subsidized tariff strictly in accordance with section 65 of the electricity act, 2003

The petitioners were directed to ensure that supply of power to all categories of consumers, where the State Government has committed a subsidized tariff, is strictly in accordance with section 65 of the Electricity Act, 2003. This would include the AP supply, certain categories of Domestic and Industrial supply, and power supplied to Gaushalas. Any violation of section 65 of the EA, 2003, may be brought to the notice of the Commission in addition to action mandated under the Act.

Reply by UHBVNL

Reply submitted vide memo no. Ch-25/RA/F-173/Vol-XII dated 03.06.2021.

The detail of Subsidy is as under:-

RE-Subsidy:- The State Govt. had released RE Subsidy of Rs. 5099.93 Crore in the FY 2020-21 against the approved subsidy of Rs. 6013.32 Crore (Rs. 6649.93 Crs less True Up

Subsidy of Rs. 636.61 Core). Matter for release of balance subsidy will be taken up with the State Govt. after the true up of RE Subsidy in the next ARR Order.

Domestic subsidy:- The State Govt. had released Domestic Subsidy of Rs. 465.39 Crore in the FY 2020-21 against the allowed subsidy of Rs. 465.40 Crore . However, information of actual allowed subsidy to Domestic consumer is under compilation and any excess/surrender of Subsidy will be made in the current financial year.

Industrial Subsidy:- The State Govt. had released Industrial subsidy of Rs. 11.37 Crore of the FY 2019-20 against the actual subsidy of Rs. 24.09 Crore allowed from Oct.-2018 to March- 2019. Industrial Department has been requested vide this office memo no. 264 dated 20.04.2021 to release the balance Industrial subsidy of Rs.12.72 Crore.

With regard to industrial Subsidy allowed in the FY 2020-21, it is intimated that accounts are under compilation and after completion of the same by the end of this month, matter for release of Industrial Subsidy of FY 2020-21 will taken up with the Industrial Department.

Reply by DHBVNL

DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

The provision of subsidy for Registered Gaushalas, Domestic Category, Industrial consumers under C & D category & AP supply has already been implemented in the billing system as per section 65 of the Electricity Act, 2003.

Commission's Observation:

Complied with.

9. Capex

- i. The licensee is directed to adhere to the Regulations occupying the field.
- ii. The Licensee is directed to revise its capital expenditure plan 2021-22 accordingly and submit the scheme wise details of the proposed expenditure to the Commission within one month of the Order.
- iii. Both the licensees are further directed that they shall regulate their capital expenditure plans for FY 2021-22 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, 2019.

Reply by UHBVNL

The detail submitted vide memo no. Ch- 8A/RA/ F-173/Vol-XI dated 20.04.2021.

Reply by DHBVNL

DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

Nigam has tied up with commercial banks other than REC at cheaper rates for funding of various works to be undertaken under CAPEX during FY 2021-22.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:-

The detail of Capital Investment Plan for FY 2021-22 is annexed with letter.

Commission's Observation:

Complied with.

10. Aggregate Technical & Commercial Loss of Feeders

The Commission again directs the DISCOMs to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2021-22. DISCOMs shall submit details of feeders as per above suggestions of SAC along with detailed action plan to achieve the target within two months of issuance of orders. Any slippage on account of the target shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder.

Reply by UHBVNL:

UHBVNL submitted vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021 as under:

Status of staggering of feeders with loss in 40-50%, 30-40%, 20-30% and 50-60%, 60-70% and greater than 70% and Feeder-wise detail are attached as Annexures.

UHBVNL submitted vide memo no. Ch-25/RA/F-173/Vol-XII dated 03.06.2021 as under:

It is submitted that earnest efforts have been made to reduce the line losses. Distribution losses of UHBVN have reduced by more than 15% over the period of five years i.e. from 31.77% in FY 2015-16 to 16.66% in FY 2020-21.

Various measures have been undertaken by UHBVN to minimize the line losses. Self-funded capex schemes like Mhara Gaon Jagmag Gaon (MGJG) and Loss Reduction Plan (LRP) had been rolled out to sanitize the 11 KV feeders in rural and urban areas respectively. Works of system strengthening like bifurcation and trifurcation of overload feeders, creation/augmentation of new substations, and installation of capacitor banks have aggressively been undertaken in various Central/State Govt. funded schemes. Besides, best practices like preventive maintenance of the distribution transformers & feeders before paddy season, timely replacement of defective/burnt meters, regular energy audit, aggressive vigilance drives, etc. have been implemented to minimize the line losses.

Concerted efforts for reduction of line losses of 11 KV feeders are being undertaken thorough feeder sanitization schemes under which works like replacement of bare conductor with armoured cable, replacement of defective/electro-mechanical meters, shifting of meters outside the premises, maintenance of DTs, maintenance of LD Systems, etc. are being carried out.

Feeders having high level of losses are selected under the schemes in a phased manner and on achievement of predefined AT&C losses, supply hours of the respective villages connected to the selected feeders were increased accordingly.

Significant achievement had been made in past years in terms of reduction of line losses of 11 KV Feeders. A brief detail of the progress achieved so far is tabulated as under:

Year	Urban Feeders		Rural Feeders	
	Feeders having losses above 25%	Total Urban Feeders	Feeders having losses above 50%	Total Rural Feeders
2018-19	68	726	612	933
2019-20	42	738	463	971
2020-21	27	758	2smart	1009

It can be seen from the above table that almost all the urban feeders have line losses within the range of their permissible limit. Work on the feeders having high line losses is under progress and expected to get completed by the end of this financial year (i.e. FY 2021-22).

Whereas, for the case of rural feeders, almost 27% of RDS feeders (i.e. 278 feeders) are beyond the range of their permissible limit. Most of these feeders are lying within the hard-core rural belts and villagers are reluctant to adopt MGJG Scheme and unwilling to make much changes with their service connection network. Persistence efforts with the help to local administration are being made in these areas to increase the scheme outreach among the public at large.

The feeder sanitization work of MGJG Scheme on 103 Nos of RDS feeders is under progress, 39 Nos of RDS feeders have been initiated and the balance is yet to be initiated shortly. Keeping in view, the past experience, progress achieved and reeling situations under COVID-19 pandemic, it is expected that feeder sanitization works on 120 Nos of feeders will get completed by FY 2021-22 and balance feeders (amounting 158 Nos) will get completed by FY 2022-23.

Reply by DHBVNL

DHBVNL submitted detailed reply as annexure vide Memo no. Ch.186 /SE/RA- 700 dated 28.02.2022 as under.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The Nigam has embarked upon two schemes for loss reduction i.e. Loss Reduction Plan (LRP) for urban areas and Mhara Gaon Jagmag Gaon Scheme (MGJG) in rural areas. Both the schemes were started in the state in FY 2015-16.

The no. of RDS feeders having Distribution losses above 50% and below 50% in DHBVN from FY 2017-18 to FY 2020-21 are as under:

Distribution Losses	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21	
	No. of feeders	%age	No. of feeders	%age	No. of feeders	%age	No. of feeders	%age
Below 50%	452	47.68%	551	56.05%	649	63.07%	715	67.14%
Above 50%	496	52.32%	432	43.95%	380	36.93%	350	32.86%
Total	948		983		1029		1065	

It is evident from the above table that the no. of RDS feeders having losses above 50% has been decreasing from FY 2017-18. The same has been achieved due to successful implementation of Mhara Gaon Jagmag Gaon Scheme (MGJG) in rural areas. On successful completion of the MGJG Scheme, the losses of all the rural feeders will come below 50%.

Similarly, the no. of Urban feeders having Distribution losses above 25% and below 25% in DHBVN from FY 2017-18 to FY 2020-21 are as under:

Distribution Losses	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21	
	No. of feeders	%age	No. of feeders	%age	No. of feeders	%age	No. of feeders	%age
Below 25%	652	87.63%	697	89.47%	791	92.62%	878	94.00%
Above 25%	92	12.37%	82	10.53%	63	7.38%	56	6.00%
Total	744		779		854		934	

On completion of the LRP Scheme, the losses of all the urban feeders are expected to come below 25%.

As such, the objectives of the Commission with respect to loss reduction are being achieved through the prevalent schemes.

Commission's Observation:

Earnest efforts are required to be continued to bring the losses of 11 kV Urban Feeders below 25% and Rural Feeders to below 50%.

11. DT Damage Rate

- i. The Commission again directs the licensees to bring down the distribution transformer damage rate below the prescribed limits in FY 2020-21 and FY 2021-22. Any slippage on account of the timeline shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder. Further Commission directs the licensee to provide the action plan to reduce DT damage during FY 2020-21 and FY 2021-22.
- ii. As per MYT Regulations 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. The DISCOMs are again directed to ensure that quarterly reports are submitted regularly without fail and to host the circle wise information on its website regularly.

Reply by UHBVNL

UHBVNL submitted vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021 as under:

The DT Damage Rate in Rural and Urban area of UHBVN for FY 2020-21 and 1st quarter of FY 2021-22 is attached as Annexure.

Reply submitted vide memo no. Ch-29/RA/F-173/Vol-XII dated 07.06.2021:

It is submitted that matter regarding high damage rate is being regularly deliberated in the meetings of WTDs/BODs and necessary directions are being issued to the field offices to reduce the DT damage rate where the rate is on higher side. Further the damaged rate has been decreased during FY 2020-2021 with comparison of the FY-2019-2020. The circle wise details is as under:-

Name of Circle	Damaged rate during 2019-20	Damaged rate during 2020-21
Ambala	11.91	10.89
Y.Nagar	12.33	9.79
Kurukshetra	9.70	9.06
Kaithal	9.71	10.16
Karnal	6.91	6.84
Panipat	8.80	9.58
Sonepat	8.60	7.57
Rohtak	11.52	9.54
Jhajjar	10.35	9.83
UHBVN	9.22	8.75

The following action plan has been prepared for reducing the damage rate of transformers:-

1. Additional transformers are being added in the system to avoid the overloading and night raids to detect theft of electricity.
2. Special preventive maintenance of DTs, replacement of defective blade of GO switch, set right of loose wires are being carried out.
3. All Xens have been advised that responsibilities be pin pointed against the delinquent officials whose damage rate is higher due to lack of preventive maintenance of DTs and charge sheet/show cause notices to the JEs/AFM are being issued accordingly.
4. Providing LT AB cable in theft prone area to avoid Kundi Connection.
5. The unbalanced load on the phases of transformer is being set right to avoid DT damage due to unbalancing.

Every effort has been made to bring down the damage rate within the permissible limit fixed by HERC.

The proper record of failure of distribution transformers has been maintained. The matter of damaged rate of distribution transformers has been regularly deliberated in the WTDs / BODs meeting.

The quarterly report of damaged transformers is being sent to commission and also circle wise detail has also been hosted on the website of the Nigam.

Reply by DHBVNL

DHBVNL submitted detailed reply as annexure vide Memo no. Ch.186 /SE/RA- 700 dated 28.02.2022 as under.

It is submitted that DT damage rate for of transformers excluding warranty period for FY 2020-21 is 6.10% & 3.44% for rural & urban respectively which is marginally above the allowable range of 6% (rural) & 3% (urban) in SOP Regulation.

With regard to DT damage rate of transformers including in warranty period is 8.76% & 4.71% for rural & urban respectively, it is submitted since the transformers are in warranty period, hence, they can be replaceable without any financial implication on Nigam.

The DT damage rate for FY 2021-22 (upto July) is attached with letter.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The details of damaged transformers in rural and urban is given below:

Year	Category	No. of Transformer installed	Transformers Damaged			% Damage rate excluding warranty period	% Damage rate including warranty period
			Out of Warranty Period	Within warranty period	Total		
2017-18	Rural	234467	13839	8231	22070	5.90%	9.41%
	Urban	33621	1124	441	1565	3.34%	4.65%
	Total	268088	14963	8672	23635	5.58%	8.82%
2018-19	Rural	246390	14792	9349	24141	6.00%	9.80%
	Urban	35604	1390	624	2014	3.90%	5.66%
	Total	281994	16182	9973	26155	5.74%	9.28%
2019-20	Rural	259582	15373	7896	23269	5.92%	8.96%
	Urban	37576	1411	548	1959	3.76%	5.21%
	Total	297158	16784	8444	25228	5.65%	8.49%
2020-21	Rural	265591	16193	7067	23260	6.10%	8.76%
	Urban	40027	1377	508	1885	3.44%	4.71%
	Total	305618	17570	7575	25145	5.75%	8.23%

Note: HERC norms for damage distribution transformers for Rural area 10% and Urban area 5%.

From the above table it can be seen that the DT damage rates for rural and urban areas has been within the HERC norms since 2017-18.

Further, the information related to the DT failure shall be published on the website on quarterly basis as directed by the Commission.

To control/reduce the damage rate following steps/action are being taken by the Nigam.

1. Instructions to the field offices have been issued that the maximum load on the distribution transformer shall be allowed 70% of the capacity so as to protect the distribution transformer from damage due to over loading.
2. The instructions have been issued to the field offices that the capacity of the existing over loaded transformer be augmented or additional transformers be installed to give relief.
3. The maintenance of all transformers is being carried out on special campaign programme under preventive maintenance programme.
4. To ensure the quality of the T/F being repaired inspection is being got carried out before accepting /issue.

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- | |
|--|
| 5. The field offices have been directed to have proper balancing of load on each phase to avoid the damage due to unbalancing. The record for balancing of load of distribution T/F shall be maintained at sub-division level. |
|--|

Commission's Observation:

Complied with. Efforts on a sustained basis is required to minimise the DT damage rate including fixing of responsibility for the damages due to negligence and failure to adhere to maintenance schedule .

12. Non-replacement of defective energy meters by the Distribution Licensees

DISCOMs are once again directed to clear the backlog of defective metering and to ensure the compliance of relevant provision of HERC, (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations, 2020 wherein the Distribution Licensee shall ensure that at no point of time the percentage of defective meters to the total number of meters in service exceeds 2% Limit.

Reply by UHBVNL:

Vide Memo no. Ch-78/RA/F-173/Vol-XII dated 27.08.2021, UHBVNL submitted as under:

As on 31.03.2021, there are 42484 no. single phase meters and 1564 no. three phase meters are lying defective out of total 3172857 no. metered connections, which is 1.39%.

Reply submitted vide memo no. Ch-29/RA/F-173/Vol-XII dated 07.06.2021

The direction have been issued to the field offices through D.O. letters by Director/Operation, UHBVN, Panchkula to replace the defective energy meters in the schedule time and to ensure that %age of defective meters should not exceed above 2 % as well as ensure the compliance of relevant provision of HERC standard of performance of distribution licensee. However, latest status of defective meters is enclosed as Annexure.

Reply by DHBVNL:

DHBVNL submitted detailed reply as annexure vide Memo no. Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

It is submitted that total no. of meters at the end of Mar'21 is 3720121. The detail of total meters, meter replaced and meter defective from FY 2018-19 to FY 2021-22 is given below:

Particulars	Total Meters	Defective meters	Replaced Meter
FY 2018-19	3428827	134407	146494
FY 2019-20	3582125	142624	174022
FY 2020-21	3720121	110389	103715
FY 2021-22 (upto July'21)	3774589	192334	33086

As per the table above the percentage of total defective meters during FY 2018-19, FY 2019-20 & FY 2020-21 is 3.92%, 3.98% and 2.97% respectively, hence, due to the rigorous efforts

of DHBVN, the number the defective meters are in declining trend. Further, Nigam submits that replacement of defective meter is a regular activity. The replacement of defective meter is higher during FY 2018-19 & FY 2019-20 while during FY 2020-21 the defective meters are more than the meters replaced which is mainly due to COVID-19 pandemic.

Further, Nigam vide Memo No. Ch. 88/SE/RA-714 has submitted the latest data for PRO-69 of 2020 as per which percentage of defective meters as on 26.8.2021 is 0.24% in urban area and 4.51% in rural area.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Nigam submits that replacement of defective meter is a regular activity. The replacement of defective meter is higher during FY 2018-19 & FY 2019-20 while during FY 2020-21 the defective meters are more than the meters replaced which is mainly due to COVID-19 pandemic.

The details of meter replaced & meter defective from FY 2018-19 to FY 2020-21 are given below:

Particulars	Defective meters	Replaced Meter
FY 2018-19	134407	146494
FY 2019-20	142624	174022
FY 2020-21	110389	103715

Commission's Observation:

Complied with. The Commission will continue to monitor replacement of dead / defective meters.

13. Non-replacement of Electro-mechanical Meters

The Commission directs DISCOMs to submit justification for increase in no. of electromechanical meters shown in March, 2020 within three months of issue of this order and to replace all the electromechanical meters at least in urban area before filing of next Tariff Petition.

Reply by UHBVNL

Vide Memo no. Ch-78/RA/F-173/Vol-XII dated 27.08.2021, UHBVNL submitted as under:

The number of Electromechanical meters was reconciled during April 2020 from all SEs Operation. On reconciliation, the actual no. of electromechanical meters were found in excess quantity and accordingly, the figures of number of Electromechanical meters has been reconciled.

UHBVNL submitted vide memo no. Ch-29/RA/F-173/Vol-XII dated 07.06.2021 as under:

The data regarding replacement of electro-mechanical meters is being monitored separately i.e. Urban area and Rural area. The number of Electromechanical meters was reconciled during April 2020 from all SEs Operation. The target for replacement of meters was re-fixed for FY 2020-21 on the basis of actual data and these meters are being replaced regularly.

It is submitted that there is no any electromechanical meter is pending for replacement in the circle Ambala, Kurukshetra, Kaithal & Karnal.

However, latest status of electromechanical meters is enclosed as Annexure.

Further, the directions have been issued to the field offices through D.O. by Director/Operation, UHBVN, Panchkula to replace all the electromechanical meters.

Reply by DHBVNL

DHBVNL submitted detailed reply as annexure vide Memo no. Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

The reason for increase in no. of electromechanical meters shown in March 2020 is as follows:

“The Nigam issued instructions to all field offices to obtain the status of meter installed at consumers premises through MRBD representatives. The MRBD representatives was directed to visit the premises physically to check the details of installed meter. As per this survey total 115,628 electromechanical meters were found during FY 2019-20 which is correct as per third party report”.

Further, the latest status of Electromechanical meter for FY 2021-22 (upto Aug) is given below:

Particulars	Single Phase	Three Phase	Total
Rural	67396	31105	98501
Urban	0	0	0
Total	67396	31105	98501

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The Nigam issued instructions to all field offices to obtain the status of meter installed at consumers premises through MRBD representatives. The MRBD representatives was directed to visit the premises physically to check the details of installed meter. As per this survey total 115,628 electromechanical meters were found during FY 2019-20 which is correct as per third party report.

The detail electromechanical meters exist during FY 2019-20 are as follows:

Particulars	Single Phase	Three Phase	Total
Rural	81,655	32,255	113,910

Urban	1630	88	1718
Total	83,285	32,343	115,628

The electro-mechanical meters existing during FY 2020-21 are given below:

Particulars	Single Phase	Three Phase	Total
Rural	71,018	31,208	102,226
Urban	7	5	12
Total	71,025	31,213	102,238

Further, Nigam assure that remaining electromechanical meters in urban areas shall be replaced before filing next ARR Petition.

Commission's Observation:

Complied with.

14. Implementation of Smart metering Projects in Haryana

DISCOMs are directed to submit year-wise detailed plan to replace conventional energy meters by prepaid smart meters within three months of issuance of the Order.

Reply by UHBVNL

Vide Memo no. Ch-78/RA/F-173/Vol-XII dated 27.08.2021, UHBVNL submitted as under:

Haryana Discoms are installing 10 lakh Smart Meters through EESL. So far, 3 Lakhs smart meters have been installed and balance are planned as under: -

Month	Guru-gram	Faridabad	Karnal	Panchkula	Panipat	Kalka	Pinjore	Gauraunda	Total MI of Month
Aug-21	4500	7000	4000	4000	5000	2500	2000	2000	31000
Sep-21	9500	11000	6500	6500	8000	3500	2500	2500	50000
Oct-21	10000	13000	7500	7500	8000	4000	3500	3000	56500
Nov-21	10000	13000	7500	7500	8000	4000	3500	3000	56500
Dec-21	13000	16445	8000	7000	8500	4500	4500	4000	65945
Jan-22	15000	18000	7000	6000	8000	3500	5000	5000	67500
Feb-22	15000	20000	7000	5000	8000	3000	5500	8000	71500
Mar-22	15000	25000	6000	5000	8000	2500	5000	7000	73500
Apr-22	15000	25000	4000	4026	8000	1700	4000	7000	68726
May-22	13000	25000	2616	0	8000	0	4000	7000	59616
Jun-22	12000	25000	0	0	7000	0	3500	6500	54000
Jul-22	10855	25000	0	0	6548	0	0	5000	47403
Total MI	142855	223445	60116	52526	91048	29200	43000	60000	702190

• **Plan to install smart meter to all consumers**

Ministry of Power, GoI has formulated the Revamped Distribution Sector Scheme - A Reforms Based and Result Linked Distribution Sector Scheme under which Prepaid Smart meters are to be installed for all connected consumers. In this regard, preparation of requisite Action Plan and DPR for installation of prepaid smart meters and associated works is in process. Post approval of DPR and Action Plan from the Monitoring Committed under the

Chairmanship of Secretary MoP, GoI, the year wise plan for installation of smart metering will be apprised to the Hon'ble Commission.

Moreover, the Govt. of India has recently notified the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019 on 17.08.2021 according to which smart meters with prepayment mode are to be installed for all consumer connections by March 2025. It is submitted that earnest efforts will be made by UHBVN to adhere the same.

Reply by DHBVNL

DHBVNL submitted revised reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

It is submitted that the work of smart meter installation in Faridabad has not been allowed as only 46% meters under 8 operation subdivisions of Gurugram have been replaced with Smart meters upto September 2021. The smart meter installation activity has not been completed by firm even for a single subdivision under Gurugram. The subdivision wise work completion status for Gurugram town is attached as Annexure-4. The firm has been impressed upon to allocate all resources for meter installation in Gurugram so that all subdivisions under Gurugram can be completed at the earliest. The progress of MI is increasing and 5583 no. smart meters have been installed in Gurugram during September 21 month against a target of 9500 (for Gurugram town).

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The year wise progress and roadmap of implementation of smart meter is attached as Annexure.

Commission's Observation:

The Commission by way of sou motu proceedings is monitoring the progress separately and according pass appropriate directives / orders in the matter.

15. Pending electricity connection/load

DISCOMs are directed to make all stern efforts to release all the pending applications/loads within the time frame as specified in various law/regulations in-vogue.

Reply by UHBVNL

Vide Memo no. Ch-78/RA/F-173/Vol-XII dated 27.08.2021, UHBVNL submitted as under:

The status of pending Non-AP applications as on 14.06.2021 are given under: -

Non-AP applications					
Type of Application	New Applications i.e. within Timelines	Applications within SOP	Overdue Applications	Compliance of demand notice	Total

New Connection	10403	554	136	11093
Extension of Load	1546	117	129	1792
Total	11949	671	265	12885

Only 671 applications are overdue

For AP category, 33307 applications for new connections of AP category are pending and 9504 applications for EOL are pending.

Improvement in delivery of service over the years :-The average time for release of connections over the years is given as under: -

(i) up to 20 KW

Year	New connection		Extension of load	
	% Released in 30 days	Avg. Time (days)	% Released in 30 days	Avg. Time (days)
FY 2017-18	24%	57	24%	66
FY 2018-19	56%	33	51%	36
FY 2019-20	88%	17	91%	12
FY 2020-21	74%	26	88%	14

(ii) Above 50 KW

Year	New connection		Extension of load	
	% Released in 80 days	Avg. Time (days)	% Released in 80 days	Avg. Time (days)
FY 2017-18	55%	94	60%	83
FY 2018-19	54%	94	65%	90
FY 2019-20	73%	77	76%	71
FY 2020-21	82%	60	87%	47

Reply by DHBVNL

DHBVNL submitted revised reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 and submitted the revised status of Pending connection as on 08.9.2021.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

The details of the Pending application as on 02.08.2021 is as follows:

Circle Name	With AP	Without AP
Bhiwani	14137	1767
Faridabad	4690	2733
Fatehabad	4245	777
Gurugram -I	2587	1794
Gurugram -II	3129	2054
Hisar	12340	2417
Jind	10305	1282
Narnaul	6099	1584
Palwal	9294	2502
Rewari	5353	1440
Sirsa	8922	1333
Grand Total	81101	19683

It is further added that the process of release of application is continuous in nature and general application (DS & LT Category) have time-lines of 30 days for release of connection.

Commission's Observation:

Complied with.

16. Renewable Purchase Obligation

The State Nodal Agency i.e. HAREDA shall continue submitting 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 56 (3) of the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2017 in the prescribed format.

The Discoms and other obligated entities are directed to provide requisite information to the State Agency- HAREDA on monthly basis by 10th of every month for the previous month to enable the State Agency to submit quarterly report to the Commission.

Reply by UHBVNL

UHBVNL submitted vide memo no. Ch-29/RA/F-173/Vol-XII dated 07.06.2021 as under:

Direction of Hon'ble Commission noted for compliance.

Reply by DHBVNL

DHBVNL submitted revised reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 that that RPO compliance of Discoms upto the month of July, 2021 submitted to HAREDA by HPPC on behalf of both the Discoms.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Direction of Hon'ble Commission noted for compliance.

Commission's Observation:

Complied with.

17. Conduct a study to justify peak load charges

The Commission is of the considered view that the peak load charges were introduced almost a decade ago, the Discoms must now justify its continuation with fresh data. There has been tremendous growth in the distribution system and it would be in the fitness of things to verify whether the CAPEX in the last 10 years has met its target or not. It may be that the supply constraints may now be restricted to a few areas only. Accordingly, the Discoms are directed to conduct a study of the area wise load constraints being faced by them which would help in restricting the peak load charges to appropriate areas of operation only. This would also help

in additional revenue generation in case there are no load constraints as more energy could be supplied, thereby leading to improved consumer satisfaction and also higher energy security.

Reply by UHBVNL and DHBVNL

UHBVNL submitted vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021 and DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

Peak Load Exemption Charges are levied to contain peaking demand within the optimum limit so that the mismatch in demand supply position can be managed economically during the peak hours. Power purchase cost during the peak hours shoots due to scheduling of power from the costlier plants. If the marginal increase in power purchase cost is not transferred to the concerned consumers having significant share in peaking load, then this would unreasonably burden the consumers of other categories who have their normal drawl from grid during such hours. This rationale has been accepted widely in all the states for implementation of time of Day/Use charges. Therefore, in view of the above the consumers having significant share in the peaking load should be charged with PLEC charges to nullify the impact of marginal increase in power purchase cost during the peak hours.

Further, the capital expenditure in previous years has been deployed to strengthen sub transmission & distribution network, metering and billing infrastructure, quality of supply and IT backbone. This has ensured right to assess electricity to consumers and achievement targeted AT&C losses in the past years. Had the capex been deployed to serve the maximum demand, then this would have either resulted in irrational tariff hike due to stranded capacity of network or failure in achievement of loss reduction trajectory approved by the Hon'ble Commission.

Distribution network has been planned meticulously to avoid the stranded cost. This is apparent from the past year data of maximum demand served and average demand realized. In the past financial year, the maximum demand of 10897 MW was served against the average maximum demand of 7169 MW. This shows that approximately 3000 MW of network capacity remain stranded for majority period of the year. Had there been no PLEC charges, the maximum demand would shoot by 200 to 500 MW resulting to increase in capital expenditure as well as the power purchase cost of the Discoms. Therefore, to strike a balance between these parameters, PLEC charges has been levied to manage the impact of increase in power purchase cost in peaking hours. The maximum, minimum and average demand of the last financial year is tabulated as follows:

Load profile for FY 2021-22

FY 2021-22	Max	Min	Average
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	Demand	Demand	Max Demand	Min Demand	Avg Demand
Apr	6,430	1,466	4,923	2,174	3,471
May	8,009	1,274	6,396	4,133	5,225
June	10,368	3,550	8,261	5,887	7,144
July	10,897	2,960	9,127	6,472	7,882
August	10,161	4,421	8,830	6,358	7,723
September	10,008	5,626	9,230	7,148	8,328
October	8,506	4,147	7,388	5,596	6,424
November	6,396	2,051	5,817	3,673	4,729
December	7,065	3,693	6,682	4,170	5,395
January	7,334	2,935	6,549	3,963	5,253
February	7,188	3,832	6,549	4,332	5,509
March	7,016	2,947	6,279	4,457	5,360
Total	10,897	5,626	7,169	4,864	6,037

As far as the restriction in energy demand during peak hours is concerned, it is submitted that no scheduled or unscheduled power cuts have been imposed on Industrial/ Independent feeders in previous and current years. Therefore, in view of the above PLEC charges may be allowed to be recover from those consumers who are having significantly proportion of the peaking power. This will not only optimize the power purchase cost but also safeguard the interest of consumer at large.

Commission's Observation:

Complied with.

18. Sales Circulars

All sales circulars/commercial circulars shall be issued by both the Distribution Licensees uniformly and in consonance with each other and shall necessarily be in line with the relevant Regulations / Orders of the Commission. Further, any sales circular having financial impact on the electricity consumers shall be issued with prior approval of the Commission unless the same is in line with the relevant Regulations / Orders.

Reply by UHBVNL

Reply submitted vide memo no. Ch-03/RA/F-173/Vol-XII dated 27.04.2021.

It is submitted that all the Sales Circulars are issued in line with the relevant regulations/orders of the Commission. Further, all the Sale Circulars having financial implications on the electricity consumers are issued with prior approval of the Commission unless the same is in line with the relevant Regulations/orders. As far as the circulars should be issued by both distribution licensees uniformly and in consonance with each other is concerned, it is submitted that both the utilities are separate entity having separate WTDs & BODs. Although every effort is made to issue the commercial circulars uniformly in both the utilities.

Reply by DHBVNL

DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

It is submitted that Sales Circular D-27/2021 dated 15.7.2021 regarding relief to Industries/businesses and other consumers in view of lockdown imposed to contain second surge of COVID-19 fixed charges waiver and extension of bill payment dates has been issued after the approval of State Government of Haryana. The copy of approval received from State Government of Haryana is attached with reply.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under:

Direction of Hon'ble Commission noted for compliance.

Commission's Observation – Complied with.

- 19. A serious issue was flagged by various HT/LT industrial consumers/Gurugram Industrial Association that various notices have been issued by the Discoms to deposit huge amounts on account of fractional use of power for NDS activity in HT industrial premises. In a nutshell, the grievance is summed up that the connection has been released in the industrial estate for HT industry consumers, however, some of the consumers have also established either offices or packaging unit ancillaries to their production houses. These ancillary activities carried out in the industrial estate having HT Industrial connection are being treated as unauthorised use of power because there is different category for HT NDS. The Commission has deliberated upon the issue and in furtherance of the policy of the Government for ease of doing business and no litigation policy, it has been decided to merge HT industry category and HT NDS category into one category i.e. HT supply as well as LT industry category and LT NDS category into one category i.e. LT supply. The Commission is of the view that two categories having been merged, the mandate given to the Commission for reducing the number of categories is also served. Since, during these testing times Covid-19 pandemic where the industrial consumers are fighting as Corona Warriors to revive the economy, such small steps would go a long way in strengthening the backbone of the industry and revival of the economy. Having said that it has been observed that there are large number of such cases across Haryana, the Commission has decided that as a one-time measure, this issue be settled by charging difference in the applicable tariff without levy of penalty on the date of issuance of notice. The Discoms are directed that list of all such cases, in which notices have been issued, for recovery of amount on this account, be prepared and report regarding settlement of the same be sent within 2 months of this order.**

Reply by UHBVNL

UHBVNL submitted vide memo no. Ch-25/RA/F-173/Vol-XII dated 03.06.2021 as under:

It is intimated that one time settlement scheme for change of category cases from HT/LT industrial to NDS on account of use of electricity for NDS activities was launched vide sales circular no. U-12/2021 dated 03.05.2021. The details regarding no of consumers opted the scheme be treated as nil as for as UHBVN is concerned.

Reply by DHBVNL

DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

The pending detail of one-time settlement scheme in Gurugram Circle-I is attached with the reply. Vide letter no CH20/SE-RA/716 dated 24.09.2021, DHBVNL has shared the information along with certificate of SE/Ops Circle-I, Gurugram stating that the issue of merging of HT supply & HT NDS has been settled by charging difference in the applicable tariff without levy of penalty. Further, it has been intimated by Xen 'Op' Manesar Division DHBVN, Gurugram that all the 15 No. cases have been settled and Xen 'Op' City Division DHBVN, Gurugram all the 4 No. Cases have been settled.

Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, DHBVNL replied as under: DHBVN vide Sales Circular No. D-09/2021 dated 20.4.2021 has notified one-time settlement scheme for change of category cases from HT/LT Industrial to NDS category on account of use of electricity for NDS Activity. The list of change of category cases from HT/LT Industrial to NDS category on account of use of electricity for NDS Activity & settlement amount is attached as Annexure.

Commission's Observation- Complied with.**20. Data of Gaushalas**

The tariff for the eligible Gaushalas shall be Rs. 2.0 / kWh subject to payment of subsidy by the State Government. The Discoms are directed to provide the number of such Gaushalas in their licensed area including their connected load and energy consumption as well as revenue realized in the FY 2020-21 and estimated revenue loss before subsidy.

Reply by UHBVNL

Reply submitted vide memo no. Ch-03/RA/F-173/Vol-XII dated 27.04.2021. The information has been arranged from the field offices which has been consolidated and is attached herewith as Annexure.

Estimated revenue loss on account of subsidy towards Gaushalas.

The average LT supply tariff for slab having load 10 KW to 20 KW (being most of the Gaushala connections are upto 20 KW) is 738 P/kWh+37 P/FSA+10 P/ED+2% M.Tax or Panchayat Tax= Approx. Rs. 8/kWh.

As the Gaushala tariff is capped at Rs.2/unit.

As the energy consumed for FY 2020-21 as received from the field offices is 2004684 units.

Therefore, the estimated revenue loss for the energy consumed for FY 2020-21 comes to $2004684 \times 6 = \text{Rs. } 1,20,28,104/-$.

Reply by DHBVNL

DHBVNL submitted reply vide Memo no.Ch.186 /SE/RA- 700 dated 28.02.2022 as under:

The Circle wise details of Gaushalas are as follows:

Circle	No. of Gaushalas	Connected Load (kW)	Energy Consumption (kWh)	Revenue Realised (Rs)	Revenue Loss before subsidy (Rs)	Amount Due from consumer (Rs)
Bhiwani	21	88	69845.67	55005	816.5	54188.5
Fatehabad	43	267.2	527804	3130696	684814	1137207
Hisar	29	275.3	406549	2102428	90618	438588
Jind	13	138.8	134579	671992	178339	398408
Sirsa	66	441.585	517454	2706270	446844	694109
Gurgaon-I	8	76	149393	166103	247550	730297
Gurgaon-II	11	51	5529.18	816952	0	131473
Palwal	8	23	1481.15	4449.43	2893.071	7180.18
Narnaul	16	125.59	254050	224907	362000	78579
Faridabad	5	83.9	147890	485388	0	1173157
Rewari	4	16	4092	17708	111775	111775
Total	224	1586.375	2218667	10381898	2125650	4954962

Commission's Observation:

Complied with.

- The Discoms are directed to examine the feasibility of introducing kVA / kVAh based billing for such consumer category where kW/kWh-based billing exists as per the schedule of tariff approved by the Commission. Additionally, the Commission is of the considered view that the MMC is redundant as well as counterproductive. Hence, MMC ought to be replaced by an appropriate demand charge. It has also been brought to the notice of the Commission that instead of applying the charges determined by the Commission in terms of Rs. / kW or kVA per month the same is being interpreted in terms of 30 days, whereas different months may have different number of days. It is also observed that in the present schedule of tariff there are large number of consumer categories / sub-categories, the Commission intends to

reduce the categories and hence the need to identify categories / sub-categories that can be merged without significantly disturbing the revenue balance.

The Discoms shall examine the aforesaid issues and submit a report to the Commission within three months of the present Order.

Reply by UHBVNL & DHBVNL

UHBVNL submitted the reply vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021 and DHBVNL Vide Memo No. Ch.89/SE/RA-700 dated 06.08.2021, replied as under:

Regarding introduction of KVA/kVAh based billing, it is submitted that most of consumer categories have already been shifted into KVA/kVAh based billing. At present only Domestic, Agriculture, Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC are being billed on KW/kWh basis. In this regard, UHBVN has examined the retail supply tariff of different states. It has been observed that consumer categories like Domestic and Agriculture are invariably billed on kW/kWh basis. Whereas the same is not the case in the consumer categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC. Yet there are some exceptions in tariff type but still these categories are being billed on KW/kWh basis in most of the states.

Further, it is submitted that primary reason to bill Domestic and Agriculture categories on KW/kWh basis is their nature of use. If these consumer categories shifted into KVA/kVAh based billing, then such consumers would burden unreasonably. Therefore, keeping in view the uniformity in type of billing for these consumer categories in different states, it is requested that prevailing mode of billing may please be continued for these consumer categories.

Moreover, shifting of consumer categories like Street Light, Public Water Works, Lift Irrigation, MITC and Bulk Supply (Domestic) into KVA/kVAh billing, it is submitted that Discoms are carrying out due diligence with the State Govt. and other key stakeholders and on reaching some consensus suitable proposal may accordingly be submitted before the Hon'ble Commission. It is also pertinent to mention here that the existing meters installed at the consumer premises uniformly don't have functioning of KVA/kVAh billing. In view of the same installation of smart meters has been initiated by the Discoms, once a major chunk of smart meters may get installed, a suitable tariff proposal for shifting of consumers categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and

MITC into KVA/kVAh billing will be submitted accordingly before the Hon'ble Commission.

Comparative statement highlighting the billing structure for above discussed categories in different states is tabulated as under:

Tariff type in Different States

Category	HR	PB	DL	UP	GJ	MH	AP
Domestic	kWh	kWh	kWh	kWh	kWh	kWh	kWh
Agriculture	kWh	kWh	kWh	kWh	kWh	kWh	kWh
Streetlight	kWh	kWh	kVAh	kWh	kWh	kWh	kWh
Bulk Supply	kWh	kVAh	kWh	kWh	kWh	kVAh	kVAh
PWW	kWh	kWh	kVAh	kWh	kWh	kVAh	kWh
Lift Irrigation	kWh	kWh	kWh	kWh	kWh	kVAh	kVAh

Therefore, keeping above in view it is submitted that the reasonable time may kindly be allowed to Discoms so that suitable tariff proposal may kindly be submitted before the Hon'ble Commission.

In view of replacement of MMC with appropriate demand charges, it is submitted that these charges have been levied to consumer to ensure a minimum monthly drawl from the grid against their connected load. Adequate generating sources and other associated facilities on long term basis have been tied by the Discoms to ensure uninterrupted supply of power at consumer doorstep. So, if in case such facilities get underutilized, then Discoms will be bound to pay deviation settlement charges and other associated charges as per their contracted capacity. Therefore, to safeguard the larger interest of consumers, MMC charges are recovered from those consumers who have failed to fulfil their minimum energy drawl from the grid against their applied load.

Moreover, these charges have been kept top romote the per capita consumption of consumers and waived off once the consumption of consumer reaches the threshold limit. Thus, this allows the Discoms to maintain adequate pool of cross subsidization within the respective consumer category, by incentivizing the consumers for their higher consumption. If such charges replaced with the demand charges, it might distress the higher paying consumers as they will be bound to pay fixed charges along the higher electricity tariff. This might disturb the tariff balance of the category and consequently may either burden the poor economic strata or increase the cross-subsidy burden on HT category to retain the tariff balance.

It is pertinent to mention here that in some states consumers to take advantage of the net metering and net billing facilities block the available capacity of the distribution network by the taking the benefit of lower fixed charges. This thereby discriminate the right to electricity of other consumers and restrict the Discoms to get adequately compensated for the long term tied up assets. As the Retail supply Tariff of Haryana specifically in the Domestic category is lowest among the neighbouring and other power intensive states, any under recovery of the charges for the long term tied up assets from the respective consumer, will lead to severe imbalance in the overall financial health of the Discoms as well as the larger interest of the consumers. Thus, it is request that these charges may be reviewed critically before replacement of the same with the demand charges.

It is submitted that currently installation of 10 lakh smart meters is underway, once this process get completed, Discoms will be in stage to capture the relevant details and other criticality of the tariff like connected load vs consumption of consumers, impact of seasonable variation and others to conduct the comprehensive study of tariff restructuring. Hence, it is most respectfully submitted that keeping above in view Discoms may be allowed adequate time to submit the appropriate proposal for replacement of MMC with demand charges before the Hon'ble Commission.

Regarding charging of fixed charges, it is submitted that the tariff is implemented in the same letter and spirit as notified by the Hon'ble Commission. However, to capture the variation in number days of each billing cycle, annual fixed charges are computed on per day basis and charged accordingly to the consumers for the respective billing period. Thus, the net impact of the fixed charges gets nullified in 6/12 billing cycles on computation of fixed charges on annual basis. With respect to the merging of categories and subcategories, it is submitted that most of the existing categories have already been merged into voltage wise supply categories in the recent tariff order. As discussed above, remaining consumer categories cannot be remerged into voltage wise supply categories because of their nature of use. It is worth to mention here that consumer categories in Haryana are relatively lower than the states undertaken for study to shift billing from kW/kWh to KVA/kVAh based billing.

Commission's Observation - Complied with.

ANNEXURE – C

Directives issued in the present ARR / Tariff order:

1. The Discoms must ensure that all distribution system loss figures including Feeder (Urban / Rural) Aggregate Technical & Commercial (AT&C) must be posted on its website and updated quarterly.
2. The State Government may appoint a committee to delve in to the allegations made by the intervener herein (HPGCL) to resolve inter utility issues between HPGCL and HPPC / Discoms.
3. The Discoms are directed to conduct a load survey of Agro-Industries / FPO to establish the actual load at the consumers end and report the extent to which such consumers were paying on MMC basis in the FY 2021-22.
4. The Commission again directs UHBVN and DHBVN to submit the reasons for aberrations (in AP Sales) pointed out earlier and fine tune the study/analysis and submit a report within two months.
5. The DISCOMs are directed to perform a cost benefit analysis including trade-off between purchase of REC and RE Power before considering proposal to procure RE Power. Procurement proposal submitted to the Commission shall be strictly in line with the HERC RE Regulations, especially in the cases where tariff is to be determined by the Commission u/s 62 of the Act. The Discoms shall submit such proposal with a complete justification including as to why procurement was not done through competitive bidding, details of prevailing market trend in tariff and a ceiling tariff agreed upon by the parties.
6. The licensee is required to give reasons and justification for no progress (Capex) against the capital works approved by the Commission for the FY2021-22.
7. The Licensee is directed to revise its Capital expenditure plan accordingly and submit the scheme wise details of the proposed expenditure to the Commission within one month of the Order.

8. The Commission approves the capital expenditure of Rs. 1380 Cr. for DHBVNL for the FY 2022-23 and further directs the licensee to revise its capital expenditure plan accordingly and submit the scheme wise details along with funding details of proposed expenditure to the Commission within one month from the date of issue of this Order. Both the licensees are further directed that they shall regulate their capital expenditure plans for FY 2022-23 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, 2019.

9. The Commission again directs the DISCOMs to reduce AT&C losses bring all urban feeders below 25% and Rural feeders below 50% in FY 2022-23. Further, DISCOMs shall submit details of feeders with loss from 40-50%, 30-40%, 20-30% and 50 -60%, 60-70% and greater than 70% separately with detailed action plan to reduce the count of high loss feeders in each category within two months.

10. The Commission directs DISCOMs to improve collection efficiency in the circles where the collection efficiency is lagging behind the norms by plugging revenue leakages.

11. The Commission directs the licensees to bring down the distribution transformer damage rate within the prescribed limits in the FY 2022-23 and to provide the action plan and the action taken to reduce rate of DT damage during the FY 2022-23, within two months.

12. DHBVN is directed to clear the backlog of defective metering and to ensure that at no point of time the percentage of defective meters to the total number of meters in service exceeds 2% limit as per SOP regulations in vogue. The Discoms shall submit, to the Commission, a status report of the backlog on a monthly basis.

13. The Commission directs DISCOMs to replace all electromechanical meters and submit compliance report within 3 months from date of this order failing which action for non-compliance of direction will be initiated.

14. DISCOMs are directed to make all out efforts to release all pending connections within the time frame as specified in various law/regulations in-vogue and submit a report regarding release of Non-AP connections / loads within three months.

15. The Commission has taken serious note of the RPO compliance status of Discoms and directs Discoms to submit a petition in the Commission within two month from the date of this Order, showing the compliance of RPO for the FY 2020-21 and FY 2021-22 and of the order of the Commission dated 01.06.2020 along with Regulations occupying the field. In case the default still persists, the DISCOMs may show cause as to why penalty should not be initiated under Section 142 read with Section 146 of the Electricity Act, 2003. Discoms may also submit its plan of action for RPO compliance including compliance of RPO from co-firing of biomass in coal-based power plants, in the ensuing year.

16. The Discoms and other obligated entities are directed to provide requisite information to the State Agency i.e. HAREDA on a monthly basis by the 10th day of every month for the previous month to enable the State Agency to submit a quarterly report to the Commission.

17. The Commission, from a report appearing in the Newspapers, observes that embezzlement to the tune of a few crores has been detected in Yamunanagar circle by preparing payment vouchers against forged / bogus gratuity payment order(s). Similarly, cash embezzlement has been detected in various sub-divisions in the past. This is failure of the accounting system even when various checks including internal audit are in place. The Discoms are directed to investigate the issue threadbare and submit a report to the Commission within two months from this order including the steps taken to avoid occurrence of such embezzlements in future.

18. It has come to the notice of the Commission that the residents of GHS etc. under Single Point Supply connection are not being charged as per the tariff(s) approved by the Commission for respective category. The Discoms are directed to conduct an audit of the charges recovered by the RWAs and file a quarterly report in the Commission in case tariff charged is more than the tariff determined by the Commission.

19. The Commission directs that in the next ARR, the Discoms will submit a tariff proposal as well; it may not necessarily be for increase or decrease in tariff(s) but for improvement in tariff design, reduction in the number of category / sub-category, re-alignment of demand / fixed charges etc. The proposal should include its impact on a typical consumer also.

20. The Discoms are directed to replace all dead / defective and electro-mechanical meters in a time bound manner and to ensure that the percentage of defective meters, in all the operation circles, are not more than 2%.

21. The Discoms are directed to ensure that the percentage of bills requiring modifications to the total number of bills issued does not exceed 0.1% and that there should be no bill issued on 'average basis' for more than two billing cycles.

22. The Discoms are directed to make efforts on a proactive basis to ensure that the meetings of the District Electricity Committee(s) (DECs) constituted u/s 166 (5) of the Electricity Act, 2003, are held at least once in three months. A monthly report shall be given by the first week of every month by both the Discoms on the number of meetings held.