



COMMISSION'S ORDER

ON

**TRUE- UP FOR THE FY 2014-15, ANNUAL (MID-YEAR) PERFORMANCE REVIEW
FOR THE FY 2015-16, REVISED AGGREGATE REVENUE REQUIREMENT
OF UHBVNL AND DHBVNL AND DISTRIBUTION & RETAIL SUPPLY TARIFF FOR
THE FY 2016-17**

CASE No's: HERC/PRO-35 of 2015 & HERC/PRO-33 of 2015

1st August, 2016

**HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS 33-36, SECTOR - 4, PANCHKULA - 134 112, HARYANA**

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IN THE MATTER OF

Petition for True-up of the ARR for the FY 2014-15, Annual (Mid-Year) Performance Review for the FY 2015-16 and determination of Revised ARR and Distribution and Retail supply tariff for the FY 2016-17 for Uttar Haryana Bijli Vitaran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitaran Nigam Limited (DHBVNL), under the provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012, read with section 45, 46, 47, 61, 62, 64 & 86 of the Electricity Act, 2003.

Present:

**Shri Jagjeet Singh
Shri M.S. Puri**

**Chairman
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 this Order determining the Truing-up of the ARR for the FY 2014-15, Annual (Mid-year) Performance Review for the FY 2015-16, revised Aggregate Revenue Requirements and distribution and retail supply tariff of UHBVNL and DHBVNL for their Distribution and Retail Supply Business under MYT framework for the FY 2016-17 in accordance with the provisions of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 (hereinafter referred to as MYT Regulations, 2012). The Commission, while passing this Order, has considered the Petition(s) filed by UHBVNL and DHBVNL for True-up for the FY 2014-15, APR for the FY 2015-16 and revised ARR for the FY 2016-17 along with subsequent filings/additional data provided by them including filings made by the two Utilities in response to the various queries of the Commission, objections received from various organisations and individuals and the reply / comments furnished by UHBVNL/DHBVNL thereto to as well as the suggestions of the SAC Members in the meeting held on 10.03.2016. All other relevant facts, data and information available on record of the Commission have been perused before passing this Order.

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Chapter 1

INTRODUCTION

1.1 Background

The Commission, on 5th December 2012, had notified the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012. Regulation 4.2 of the MYT Regulations, 2012 provides that **“the Commission shall adopt Multi Year Tariff (MYT) framework for determination of ARR / tariff for each year of the Control Period from FY 2014-15. However, there shall be annual determination of ARR/tariff for the utilities for FY 2013-14 for their respective businesses as per these regulations.”** Accordingly, the first Order of the Commission under the provisions of the MYT Regulations was issued on 29th May 2014. In the said Order, the Commission had determined ARR of UHBVNL and DHBVNL for the FY 2014-15, FY 2015-16 and FY 2016-17 and distribution and retail supply tariff for the FY 2014-15. In the present Order, the Commission has carried out True-up for the FY 2014-15 ARR and the approved trued-up amount has been included in the revised ARR for the FY 2016-17 for determining tariff(s) for the FY 2016-17. Additionally, the Commission, in accordance with the MYT Regulations, 2012, has also carried out Annual (Mid-Year) Performance Review of the Distribution and Retail Supply businesses of the two Distribution Licensees i.e. Uttar Haryana Bijli Vitran Nigam (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam (DHBVNL).

1.2 Application of the provisions of the MYT Regulations

The MYT Regulations, 2012 provides that the first control period for determination of ARR/Tariff under MYT framework shall be of three years i.e. from 1st April 2014 to 31st March 2017. The regulations 4.4 to 4.8 of the MYT Regulations, 2012 are reproduced below:-

4.4 Tariff during the control period: The Commission shall determine the ARR for each year of the control period and tariff for the first year of the control period separately for Generation Company (ies), transmission licensee(s) and distribution licensee(s).

- 4.5 The tariff applicable to each business in each of the remaining years of the control period shall be notified by the Commission through a separate order after taking into consideration the following:-
- a) Mid-year performance review;
 - b) Specified performance targets;
 - c) True-up of uncontrollable items as defined in regulation 8.3.
- 4.6 There will be no True-up of the controllable items except on account of Force Majeure events or on account of variations attributable to uncontrollable items. The variations in the controllable items, as defined in regulation 8.3, over and above the norms specified will be governed by incentive and penalty framework specified in these regulations.
- 4.7 The tariff determined by the Commission and the directions given in the MYT order shall be the quid pro quo and mutually inclusive. The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions by the generating company and the licensees to the satisfaction of the Commission. Non-compliance of the directions shall lead to such amendment, revocation, variations and alterations in the tariff, as may be ordered by the Commission. Further non-compliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 of the Act.
- 4.8 The tariff determined by the Commission shall continue to operate till it is modified or revised by the Commission.

The regulation 71.9 of the MYT Regulations, 2012 provides as under:-

71.9 Filing for Mid-year performance review, True-up and determination of tariff for ensuing year

The generating company and the licensees shall file their application for mid-year performance review of the current year, True-up of the previous year and tariff for the ensuing year along with requisite fee by 30th November of each year of the control period as per the details mentioned in the regulation 11 & 13 for the Commission's review, True-up of

uncontrollable / controllable items in accordance with regulation 8.3 and approval of tariff for the ensuing year.

In compliance to the above provision of the MYT Regulations, 2012, UHBVNL and DHBVNL had filed the Petitions no. PRO 35 of 2015 and PRO-33 of 2015 for APR of 2015-16, revised ARR for FY 2016-17 and True-up of ARR for FY 2014-15 on 15.12.2015. There has been delay of 15 days in filing of the True-up for the FY 2014-15, Annual (Mid-year) Performance Review for the FY 2015-16 and the revised ARR for the FY 2016-17 Petition by both the Discoms that was earlier allowed by the Commission vide its memo no. 2641-42 Dated 04/12/2015. The Commission has condoned the delay and has proceeded to examine the said Petitions on merit and in accordance with the MYT Regulations, 2012.

Further, as per past practice, the Commission has considered it appropriate to issue a single Order in respect of the present Petitions of UHBVNL and DHBVNL under consideration of the Commission. Accordingly, in the present Order, the common issues of the two Discoms have been dealt with together while the issues specific to UHBVNL and DHBVNL has been dealt with separately.

The Commission, in the present Order, has carried out True-up of ARR(s) for the FY 2014-15, Annual (Mid-Year) review for the FY 2015-16 and has determined the revised ARR(s) for the FY 2016-17 of UHBVNL and DHBVNL for their Distribution and Retail Supply Business as also the Distribution and Retail Supply tariff that shall be applicable for the FY 2016-17.

Chapter 2

PROCEDURAL ASPECTS OF THE ARR FILING

2.1 Filing of ARR Petitions by UHBVNL & DHBVNL

UHBVNL filed its True-up/ APR/ARR/ Petition (HERC/PRO-35 of 2015) for the FY 2016-17 of the Control Period from the FY 2014-15 to the FY2016-17 for its Distribution and Retail Supply business in the Commission vide Memo No. Ch-30/GM/RA/N/F-25/Vol.-59 dated 15.12.2015.

DHBVNL filed its True-up/APR/ARR/ Petition (HERC/PRO-33 of 2015) for the FY 2016-17 of the control period from the FY 2014-15 to FY2016-17 for its Distribution and Retail Supply business in the Commission vide Memo No. Ch-20/SE/RA-545 dated 15.12.2015.

The Petitions filed by UHBVNL and DHBVNL were scrutinised and preliminary observations of the Commission were communicated to the licensees vide Memo No. 3104/ HERC/ Tariff dated 01.01.2016 (UHBVNL) and Memo No. 3105/ HERC/ Tariff dated 01.01.2016 (DHBVNL). Replies in respect of various observations and deficiencies in the ARR petitions communicated to the Discoms were furnished by UHBVNL vide memo No. Ch-7/GM/RA/N/F-25/Vol-61 dated 19.02.2016 and vide memo no. Ch-82/SE/RA-545 dated 11.03.2016 by DHBVNL. The Commission reviewed the replies submitted by the Discoms and sought further information including non-compliance of some of the observations / directives of the Commission.

2.2 Summary of the Petitions filed by the Discoms

2.2.1 ARR of UHBVNL

The Petitioners has prayed that the Commission may approve the net revenue (gap) of Rs.1709.51 Crore on account of truing-up of the ARR for the FY 2016-17 along with suitable carrying/holding cost of Rs.104.71 Crore @12.25% to be recovered through the FY 2016-17 Distribution and Retail Supply tariff.

Capital Expenditure (Capex)

Regarding the Annual Performance Review (APR), the Petitioner has submitted that the Commission had approved Capex Plan of Rs.983.55 Crore for the FY 2015-16. It has been submitted that against the same, the estimated Capex to undertaken now is of Rs. 457.34 Crore based on the available half yearly details of capital expenditure

already undertaken. The capital expenditure projected by UHBVNL for the FY 2016-17 is Rs.1181.21 Cr. UHBVNL has further submitted that the funding of capital expenditure in the FY 2015-16 is being arranged by debt from REC, PFC and available equity support as well consumers contribution. Accordingly, the CWIP and Gross Fixed Assets have been re-estimated by the Petitioner based on the revised Capex and Capitalisation schedule thereto.

Assessment of Energy Sales for the FY 2015-16 and the FY 2016-17

UHBVNL has submitted that the sales for the FY 2015-16 have been arrived at by projecting the sales of the FY 2014-15 based on CAGR for the last five years. Similarly, the sales for the FY 2016-17 have been projected by applying the same CAGR over the estimated sales for the FY 2015-16. For projecting sales to the agriculture consumers (AP Tube-well supply) 5% growth has been considered in line with the methodology adopted by the Commission. Accordingly, energy sales for the FY 2015-16 and the FY 2016-17 have been projected as 14319.29 MUs and 15478.07 MUs respectively.

Energy Balance and Power Purchase for Haryana for FY 2015-16 and FY 2016-17

The Petitioner has submitted that the energy availability in the FY 2015-16 has been projected by taking into consideration the actual power received from all power stations from April, 2015 to September, 2015, i.e. the first six months of the current financial year as received from HPPC. The actual data for April, 2015 to September, 2015 was available from the HPPC. The annual power purchase for the FY 2015-16 has been projected based on this actual data as well as the MYT trajectory. The projections were done month wise and plant wise for the FY 2015-16. The ratio of power received from each station in the first six months of the current financial year i.e. percentage of units purchased with respect to total long term power purchase for first half of the FY 2015-16 from each generating station has been considered for plant wise projections in the FY 2015-16. The short-term power purchase has been retained at the same quantum as already purchased in the current year till September, 2015. Further, the power purchase quantum for UHBVNL and DHBVNL has been divided in the same proportion i.e. 44:56 as per the MYT tariff Order of the Commission.

The fixed cost for conventional long term power plants have been computed based on the normative fixed cost of each plant over its quantum while the actual

variable cost as paid by HPPC for the FY 2015-16 has been considered for the estimated quantum for the second half of the year.

The rate for power purchase for renewable and nuclear power plant have been assumed to be equal to the average rate of power purchased during first half of the FY 2015-16 as received from the HPPC. The Intra-State transmission charges have been considered as approved by the Commission vide the MYT tariff Order dated 29th May, 2014. The Inter-State transmission charges of Rs. 805 Crore have been approved in the MYT tariff Order dated 29th May 2014; and the same have been bifurcated in UHBVNL and DHBVNL in the ratio of the respective Inter-State power purchases of the two Utilities in the FY 2016-17.

For the FY 2016-17, the approved quantum for power purchase from various stations has been considered subject to variations in case of upcoming stations i.e. DVC Raghunthpur, Rampur H.E.P, Tersta III, Barh II and PTC Lanco Amarkantak

Additionally for the FY 2016-17, the power purchase quantum and rate for the following stations have been taken as equal to that projected for the FY 2015-16 as they are expected to provide power congruently in the FY 2016-17 as well. Consequently, the extra power purchase from HPGCL has been reduced, as the power from the following stations is comparatively cheaper.

1. PTC GMR Kamalganga
2. PTC Karchamwangtoo

For the FY 2016-17, approved quantum as per the MYT Order dated 29.05.2014 has been considered and multiplied with the summation of per unit normative fixed cost and actual variable cost escalated @ 3% as considered by the Commission in the MYT Order dated 29/05/2014. Energy balance for Haryana for FY 2015-16 and FY 2016-17 as proposed by UHBVNL is as under:-

Table 2.1 Energy Balance for Haryana for the FY 2015-16 and FY 2016-17

Particulars	Units	FY 2015-16	FY 2016-17
For Haryana		Estimated	Projected
Estimated sales (UH)	MUs	14319	15478
Distribution Losses (UH)	%	29.75%	22.67%
Energy Requirement at Distribution Periphery (UH)	MUs	20383	20015
Intra -state transmission losses (UH)	%	2.48%	2.46%
Energy requirement at State Boundary (UH)	MUs	20901	20520
Estimated sales (DH)	MUs	18971	19992
Distribution Losses (DH)	%	24.47%	21.70%
Energy Requirement at Distribution Periphery (DH)	MUs	25117	25533

Intra -state transmission losses (DH)	%	2.48%	2.46%
Energy requirement at State Boundary (DH)	MUs	25756	26177
Total Energy requirement (UH + DH)	MUs	46657	46696
Purchase within the State (UH + DH)	MUs	28092	37178
Gross Purchase outside the state (UH + DH)	MUs	22304	18105
Inter-state transmission losses (UH + DH)	%	3.82%	3.82%
Net Outside state Purchase after reducing inter-state losses (UH)	MUs	21452	17413
Total Power available at state boundary (UH + DH)	MUs	49545	54592
Surplus / (Deficit) (UH + DH)	MUs	2888	7895
Approved Power Purchase as per Tariff Order 2015-16 APR	MUs	52379.88	
Backing down Power Purchase	MUs	1983.1	

Transmission Losses

It has been submitted that the intra-state and interstate transmission charges have been considered by the Petitioner as approved by the Commission vide MYT tariff Order dated 29th May, 2014. The intra-State transmission losses and Inter-State transmission losses have been considered as 2.48% and 3.82% respectively for the FY 2015-16 and for the FY 2016-17 same have been considered as 2.46% and 3.82% respectively.

For the FY 2015-16, based on the current scenario, UHBVNL has considered backing down of 872.56 Mus (44% of total back down units of 1983 MUs) as per energy balance and for the FY 2016-17, no back down is considered by UHBVNL and the entire surplus power available has been considered to be sold as inter-state sale.

Based on the above methodology, UHBVNL has projected power availability to them in the FY 2016-17 as 24324.64 MUs at a cost of Rs.10, 925.47 Crore i.e. at an average rate of Rs.4.49/kWh inclusive of interstate and intrastate transmission charges.

Distribution Losses

The Petitioner, for the FY 2015-16 and the FY 2016-17, has proposed distribution losses of 29.75% and 22.67% respectively.

Interest and Finance Charges

UHBVNL has estimated interest and finance charges (inclusive of repayment of working capital loans and interest on consumer security deposit), net of capitalisation, at Rs.1801.91 Crore and Rs.1989.52 Crore for the FY 2015-16 and the FY 2016-17 respectively.

Depreciation

For the FY 2015-16 and the FY 2016-17, UHBVNL has estimated depreciation charges based on the estimated additions in GFA as per its Capital Investment plan for the FY 2015-16. The transfer of total Capex to the Fixed Asset has been considered as 70%. Based on the actual Capex from April, 2015 to September, 2015, the Capex is estimated at Rs.457.34 Crore in the FY 2015-16. The Capex in the FY 2016-17 has been considered by UHBVNL as approved by the Commission in the MYT Order dated 29th May, 2014. For the purpose of projecting depreciation charges for the FY 2015-16, the Petitioner has considered the category-wise actual depreciation rates (as a percentage of opening balance of asset-class-wise GFA for that year). Accordingly, UHBVNL has claimed Rs. 275.55 Crore and Rs. 299.30 Crore in FY 2015-16 and FY 2016-17 respectively towards depreciation charges.

Operation and Maintenance Expenses (O&M)

The Petitioner has submitted that they have calculated the various components of O&M expenses as per the methodology, including the indexation mechanism, as provided in the MYT Regulations, 2012. Accordingly, the Petitioner has claimed Rs. 746.76 Crore and Rs. 875.70 Crore towards O&M expenses for the FY 2015-16 and the FY 2016-17 respectively. The Petitioner has considered the indexation factor as 4.66% based on WPI/CPI indices for the FY 2013-14 and the FY 2014-15.

Non-Tariff Income

The Petitioner has projected non-tariff income in line with the approved non-tariff income by the Commission in the MYT Order dated 29.05.2014 i.e. Rs. 161.45 Crore and Rs. 174.43 Crore for the FY 2015-16 and the FY 2016-17.

Return on Equity (RoE)

UHBVNL, in its present Petition, has prayed that the Commission may allow RoE of Rs. 234.70 Crore for the FY 2015-16.

True-up of RE Subsidy

In addition to the above, the Petitioner has sought True-up of RE Subsidy based on the actual AP sales data based on the Commission's methodology of applying 16% losses on AP Feeder data for the FY 2014-15. Accordingly, the True-up amount for RE Subsidy for both the Discoms (UHBVNL and DHBVNL) has been worked out as Rs. 5692.14 Crore. for the FY 2014-15.

Revenue Estimation

UHBVNL has submitted that the revenue that is expected to accrue from sale of energy has been calculated by them based on the average-billing rate of the FY 2015-16 i.e. as per the category wise actual revenue collected and actual units sold in the first half of FY 2015-16. Accordingly, the revenue for Intra-State Sales have been estimated as Rs. 6619.96 Crore and Rs. 7238.99 Crore for the FY 2015-16 and the FY 2016-17 respectively after considering collection efficiency of 99%.

Revenue from Inter-State Sales

Additionally, the revenue from Inter-State sales projected for the FY 2015-16 and the FY 2016-17 has been considered at average power purchase cost including transmission charges. Accordingly, the Inter-State sales revenue has been considered as Rs. 265 Crore. for the FY 2015-16 and Rs. 1079 Crore for the FY 2016-17.

Subsidy (A.P. Tube-well Supply)

UHBVNL has submitted that the RE Subsidy has been worked out for the FY 2016-17 after adjusting the average rate of growth on the subsidy approved by the Commission for the FY 2015-16. The AP sales for the FY 2015-16 have been taken at 5% increase with respect to the AP sales in the FY 2014-15. Moreover, the effect of increase in the approved average cost of supply by the Commission in the MYT Order dated 29.5.2014 has also been considered. Accordingly, RE Subsidy for the FY 2016-17 have been calculated at Rs. 7422.82 Crore and for the FY 2016-17, petitioner requested the Commission to consider the combined agriculture subsidy of Rs.6196.91 Cr. as approved in Tariff order dated 07/05/2015 for both the Discoms. The Petitioner has further submitted that for the present petition the amount of subsidy allocation for UHBVNL has been taken as 59.92% of the total subsidy amount.

Revenue from FSA

The Petitioner has submitted that the revenue from Fuel Surcharge Adjustment (FSA) has been calculated for the existing FSAs (except recovery from the quarterly FSA on account of power purchase cost during the FY 2015-16). The FSA recoveries vide the Commission's Order dated 19th March 2015 have been considered in the FY 2015-16 for the entire year and the balance recovery over the estimated sale is assumed to be recovered in the FY 2016-17. The recovery from the FSA for the FY 2014-15 has not been included in the revenue from FSA.

Revenue from Open Access Consumers

The petitioner has submitted that the Additional Surcharge (Rs. 0.50 per unit) was introduced in Haryana vide Commission's Order dated 29th May 2014. Accordingly, UHBVN is collecting the charges from Open access consumers, these consumers are currently classified as embedded consumers and hence the revenue accrued from open access charges (Cross Subsidy as well as Additional Surcharge) is classified as Sale of Power (SOP) charges in the Accounts. Hence, the estimated Average Billed Revenue (ABR) takes into account the applicable open access charges.

UHBVNL has further submitted that the Commission, vide Order HERC/PRO-05 of 2015 dated 16th November has approved Additional Surcharge, of Rs. 0.84 / kWh on the power drawn under the open access mechanism. The impact of Rs. 0.34 per unit of open access power (increase in additional surcharge from Rs. 0.50 to Rs. 0.84 per unit of open access power) for FY 2015-16 and FY 2016-17 has been estimated as Rs.6.74 Crore for the FY 2015-16 and Rs.21.15 Crore for the FY 2016-17.

2.2.2 Proposed ARR (UHBVNL)

The summary of the aggregate revenue requirement, proposed by UHBVNL, is as per table 2.2.

Table 2.2 Summary of ARR for FY 2014-15 to FY 2016-17 of UHBVN (Rs. Crore)

Particular	FY 2014-15 (Actual)	FY 2015-16 (Estimated)	FY 2016-17 (Projected)
Power Purchase Cost	9831.73	9772.00	10925.00
O&M Expenditure	668.41	747.00	875.00
Depreciation	225.38	276.00	299.00
Interest & Finance Charges (Net)	1425.00	1802.00	1990.00
RoE	228.94	235.00	250.00
Miscellaneous Expenditure	7.80		
Aggregate Revenue Req.	12387.00	12831.00	14340.00
Non Tariff Income (-)	206.35	161.00	174.00
Net ARR	12181.00	12669.00	14166.00
Revenue	7334.79	6892.00	8339.00
Gross Regulatory Gap	(4846.10)	(5777.29)	(5826.70)
RE Subsidy	3136.59	3713.19	4447.75
Carrying Cost	(104.71)	(348.67)	
Net Regulatory Gap	(1814.22)	(2412.77)	(1378.95)
Less:			
Depreciation		276.00	299.00
FSA Income		1634.00	118.00
Add:			
Loan Repayment -Capex		215.83	237.27
WC Changes		(100.79)	(155.59)
Loan Repayment-WC		234.10	581.00
Net Cash (Gap)/Surplus	(1814.22)	(1053.73)	(1935.45)

Table 2.3 Wheeling and Retail Supply ARR of UHBVN (at MoP Losses)

ARR of UHBVN	Criteria		FY 2015-16		FY 2016-17	
	Wheeling	Retail	Wheeling	Retail	Wheeling	Retail
Power Purchase Cost	0%	100%	-	9772	-	10925
Employee Cost	48%	52%	258	279	310	336
A&G Expenses	42%	58%	34	46	35	49
R&M expenses	70%	30%	75	32	83	36
Terminal Liability	48%	52%	11	12	13	14
Depreciation	82%	18%	226	50	245	54
Interest on Long Term Loan	90%	10%	77	9	98	11
Interest on Short Term Loan	10%	90%	162	1455	181	1627
Interest on security Deposit	10%	90%	10	90	7	66
ROE	90%	10%	211	23	225	25
Non Tariff Income	11%	89%	18	144	19	155
Net ARR			1045	11624	1179	12987
Revenue (Interstate)	0%	100%	-	265	-	1079
Revenue (Interstate)	29%	71%	1922	4705	2105	5155
Agriculture Subsidy	0%	100%	-	3713	-	4448
Interest from FSA	0%	100%	-	1634	-	118
Carrying Cost				(349)		
Total Revenue			1921.75	9968.80	2105.44	10799.22
Gap to be addressed (After considering FSA Income)			876.67	(1655.22)	926.83	(2187.71)

The Petitioner has estimated the cumulative revenue gap from the FY 2014-15 to FY 2016-17 at Rs.5605.94 Crore after taking into account the revenue gaps, holding costs and available subsidy and excluding FSA income. The net cash gap in the FY 2016-17 is estimated at Rs.1935.45 Crore.

2.2.3 ARR of DHBVNL

Summary of ARR

The Petitioner i.e. DHBVNL, has followed similar methodology as adopted by UHBVNL (as discussed above) for proposing various components of True-up for the FY 2014-15, Annual Performance Review for the FY 2015-16 and revised ARR for the FY 2016-17. Hence, for the sake of brevity, the same are not being reproduced here.

DHBVNL has claimed Rs. 1318.97 Crore towards True-up for the FY 2014-15 and has submitted that they may be allowed carrying cost of Rs. 80.79 Crore on the trued-up amount in the ARR and tariff(s) for the FY 2016-17.

The power purchaser quantum (including Jind Circle) has been projected by the Petitioner at 28,222.18 MUs and 30958.63 MUs at a cost of Rs. 12261.67 Crore and 13730.20 Crore for the FY 2015-16 and the FY 2016-17 respectively inclusive of transmission charges. Accordingly, the average power purchase cost has been projected at Rs. 4.34 / kWh and Rs. 4.44/kWh for the two financial years respectively.

Transmission Losses

For the FY 2015-16, the Inter-State transmission losses and the Intra-State transmission losses have been considered by DHBVNL as 3.82% and 2.48% respectively. However, for the FY 2016-17, the Inter-State transmission losses and the Intra-State transmission losses have been considered as 3.82% and 2.46% respectively i.e. as approved by the Commission in its MYT Order.

Distribution losses

DHBVNL has projected Distribution Losses for the FY 2015-16 and the FY 2016-17 at 24.47% and 21.70% respectively. Accordingly, DHBVNL has estimated the energy available to them at its periphery at 25,755 MUs and 26,176 MUs in the two financial years respectively.

Non-Tariff Income

The Petitioner has projected the non-tariff income in line with the approved non-tariff income by the Commission in the MYT Order dated 29.05.2014 i.e. Rs. 149.83 Crore and Rs. 170.01 Crore for the FY 2015-16 and the FY 2016-17.

The Petitioner has further submitted that the delayed payment surcharge is collected against the receivables from the consumers that are not received in time. As there is a delay in receiving the revenue, the Nigam has to raise additional working capital. Therefore, the revenue received on account of delayed payment surcharges is not an income of the Nigam, rather it is a carrying cost recovered from consumers to pay for the interest on the increased portion of the working capital requirement on account of the delay in recovering the revenue for sale of power to the consumers. Therefore, the Petitioner has requested that the revenue from delayed payment surcharge may not be considered as part of the income of the Nigam.

Capital Expenditure

In addition to the above, DHBVNL has submitted the revised Capex for the FY 2015-16 and the FY 2016-17 as Rs. 701.35 Crore and Rs. 1431.50 Crore respectively. DHBVNL has further projected all other components of the ARR on the same methodology as adopted by UHBVNL. The aggregate revenue requirement for the FY 2015-16 and the FY 2016-17 including its disaggregation into Wheeling and Supply business filed by DHBVNL is as under:-

Table 2.4 DHBVNL Proposed ARR for FY 2015-16 and FY 2016-17

Particulars	FY2014-15	FY2015-16	FY2016-17
Power Purchase Cost		12262	13730
O&M Expense		1110	1305
Depreciation		296	348
Interest & Finance Charges (Net)		1283	1515
ROE		210	237
Other Miscellaneous			
Expenses (ARR)		15161	17136
Non-Tariff Income		150	170
Net ARR		15011	16966
Income / Receipts @ Revenue		9319	10553
Aggregate Revenue Requirement (Expenses-Income)	(1318.97)	(5691.79)	(6413.37)
Income from FSA			
Subsidies		2483.72	2983.52
Carrying Cost	(80.79)	(367.96)	
Gap to be addressed	(1399.76)	(3576.04)	(3429.85)
Less :			
Depreciation		296	348
FSA Income		2261	161
Add:			
Loan Repayment - Capex		230.06	277.35
WC Changes		(381.84)	(172.13)
Loan Repayment- WC		144.78	484.42
Net Cash Gap / (Surplus)		(1775.78)	(3854.87)

Table 2.5 Wheeling and Retail ARR for FY 2015-16 and FY 2016-17 ARR of DHBVNL

Wheeling and Retail ARR for FY 2015-16 and FY 2016-17 ARR of DHBVN	Criteria		FY 2015-16		FY 2016-17	
Particulars	Wheeling	Retail	Wheeling	Retail	Wheeling	Retail
Power Purchase Cost	0%	100%	-	12262	-	13730
Employee Cost	48%	52%	301	326	362	392
A&G Expenses	42%	58%	32	44	33	46
R&M expenses	70%	30%	81	35	96	41
Terminal Liability	48%	52%	140	152	161	174
Depreciation	82%	18%	243	53	286	63
Interest on Long Term Loan	90%	10%	90	10	113	13
Interest / Repayment on Short Term Loan	10%	90%	110	992	127	1139
Interest on security Deposit	10%	90%	8	73	12	112
ROE	90%	10%	189	21	213	24
Non Tariff Income	11%	89%	16	133	19	151
Net ARR			1177	13834	1384	15582
Revenue (Interstate)	0%	100%		587		
Revenue (Intrastate)	29%	71%	2532	6200		
Agriculture Subsidy	0%	100%		2484		
Interest from FSA	0%	100%		2261	161	
Carrying Cost				368		
Total Revenue			2532.29	11163.67	2667.65	11029.50
Gap to be addressed			1354.9	(2669.8)	1283.44	(4552.78)

The Petitioner has estimated the cumulative revenue gap from the FY 2014-15 to the FY 2016-17 at Rs 8405.64 Crore after taking into consideration the revenue gaps, holding costs and available subsidy in the respective financial years.

2.3 Public Proceedings

In accordance with the provisions of Section 64 (2) of the Electricity Act, 2003, UHBVNL & DHBVNL published their petitions, in abridged form, in order to ensure public participation. The Public Notice was issued by UHBVNL in the Dainik Tribune (English) dated 30.12.2015 & Dainik Bhaskar (Hindi) dated 30.12.2015 and by DHBVNL in The Tribune (English) on 22.12.2015 and Dainik Bhaskar(Hindi) on 22.12.2015, inviting objections / suggestions / comments from the stakeholders. The petitions were also hosted by UHBVNL & DHBVNL on their respective websites i.e. www.uhbvn.com and www.dhbvn.com.

The Commission also issued Public Notice in the Hindustan Times (English) and Dainik Jagran (Hindi) dated 6.2.2016 inviting objections and intimating the date of hearing the Petition(s). Since the hearing of the Petition filed by DHBVNL was rescheduled to 1.3.2016, Public Notice for the hearing was again published in the same newspapers on 24.2.2016 intimating the stakeholders and general public regarding the change in the date of public hearings. The Public Notice was also hosted on the website of the Commission under the heading "Schedule of Hearings".

Public hearings, as per the aforesaid notice, were scheduled to be held on 23.03.2016 at 10:30 A.M. in respect of MYT APR/ ARR/Tariff petitions of UHBVNL and 01.03.2016 at 11:15 A.M. in respect of MYT APR/ ARR/Tariff petitions of DHBVNL in the Conference Hall of the Commission. The Public hearing of UHBVNL was held as per the schedule. However, in view of widespread unrest due to Jat Arakshan Aandolan in State of Haryana, the public hearing for DHBVNL was rescheduled to 1.3.2016 at 11 A.M. in the Conference Hall of the Commission.

The Discoms i.e. UHBVNL and DHBVNL made detailed presentations of their respective ARR proposals in the hearings wherein they highlighted their various achievements and initiatives to improve efficiencies besides dwelling on the projections/proposals made in their respective Petitions under consideration of the Commission.

A summary of the objections filed by the stakeholders and the replies filed by the Discoms thereto is as under:-

2.4 Objections from Stakeholders and Discoms Reply thereto

In response to the Public Notice issued by the Commission in the present case, the stakeholders/general public as listed below filed objections/comments:-

1. Faridabad Industries Association, FIA House, Bata Chowk, Faridabad.
2. Yamuna Nagar-Jagadhri Chamber of Commerce & Industry.
3. Indus Towers Limited, tower F, 3rd Floor, DLF IT Park, Chandigarh.
4. Delhi Metro Rail Corporation Limited, Metro Bhawan, Fire Brigade Lane, New Delhi.
5. Chief Electrical Distribution Engineer, Northern Railway, Baroda House, New Delhi.
6. M/s Jindal Stainless Limited, Hisar.
7. Laghu Udyog Bharti, Plot No. 214, Industrial Area, Phase-I, Panchkula.
8. Senior Citizen Council, Sector 15, Panchkula.
9. Citizens Welfare Association (Regd.), Panchkula.
10. Sh. Dharmvir Goyat, # 31 Sector 15-A, Hisar.
11. Sh. B. K. Aggarwal, D-503 Park View City-I, Sohna Road, Sector 48, Gurgaon.
12. Sh. Mahesh Kumar S/o Sh. Om Prakesh Singh, Village Adhiyar Dist. Mahendergarh, Haryana.
13. Shri Sampat Singh, Hisar.

A few stakeholders filed their objections / comments / suggestions after the cut – off date of filing objections as notified by the Commission and they did not forward a copy of the same to the Discoms concerned to enable them to file their reply. Nonetheless, all the objections received in the Commission have been included in the present Order.

A brief summary of the objections and Discoms replies thereto is as under:-

2.4.1 Northern Railways

a) Cost of Supply

Para 8.3 (2) of National tariff Policy has not been followed in the ARR. Discom should work out the cost of supply & cross subsidy for railway traction and reduce cross

subsidy as per the National Tariff Policy. Further, the Railway (traction) tariff should be reduced suitably to reduce cross subsidy as per National Tariff Policy.

b) Power Purchase Cost

Average power purchase cost for DHBVN for 2015-16 & 2016-17 is Rs. 4.34/unit and Rs. 4.44/unit respectively, whereas the average revenue realization for railway traction supply for 2015-16 (up to Nov.'15) is Rs.7.94/unit. The average unit realization should be commensurate with average power purchase cost after adding reasonable wheeling and transmission charges.

c) Distribution Losses

For the FY 2015-16 and the FY 2016-17, the distribution losses of DHBVN have been proposed as 29.75% and 22.67% respectively. The proposed distribution losses are very high compared to the neighbouring states. Therefore, DHBVNL should make extra efforts to reduce the distribution losses and AT&C losses and pass its benefit to the consumers by way of reduction in tariff.

d) Railway (Traction) Tariff

That the current effective rate, considering all the charges is about Rs. 7.94 per unit to Railways. The energy charges should not be at such high rates & should be linked to cost of supply for Railway Traction. Northern Railway has been making timely payment, drawing uninterrupted uniform supply day/night, contributing negligible transmission & distribution loss etc. & is a public utility functioning in the interest of the Nation. It is requested that traction tariff be reduced suitably so that economical mode of transport could be provided to the general public.

e) Demand Charges

The demand charges @ Rs. 160/- per kVA are being levied for railway traction. It should be fixed at a lower level as Northern Railway avails supply at 66 kV. Railway erects and maintains the infrastructure created to supply at 25 kV to traction network. Railways also provide capacitor banks to improve power factor. All such investments add additional heavy cost per kWh to the Railways besides tariff, whereas utility is not required to invest any extra amount on infrastructure for giving supply to Railway.

f) Penalty on over drawl

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

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

In both the cases, the limiting maximum demand is beyond the control of Railways and it had to pay penalty charges at very high rates. Therefore, Railways may be completely exempted from payment of load violation charges as a special case.

g) Power Factor Rebate for Railway (Traction) Supply

With the introduction of kVAh based tariff since the FY 2014-15, power factor rebate for all categories of consumers has been discontinued. It has been submitted that Railways' traction' load is inductive in nature and without adequate capacity of capacitor banks, inherent power factor of traction load is around 0.70 lagging. Therefore, Railways have spent substantial amount on providing capacitor banks to attain the level of high Power Factor of 0.95 and above. This arrangement also compensates the low power factor of other loads connected to the Grid, thereby, increasing Grid stability and reducing the requirement of reactive power as well as Line losses. During the off-peak period, when other types of HT loads reduce considerably, the Railways' traction load on the Grid remains almost constant. This helps to improve the system plant load factor. Further, Railways has incurred substantial amount in provision of capacitor banks which is beneficial to grid also. Railways requested to reinstate the incentive for maintaining high power factor rebate for railway traction category.

h) Incentive from Timely Payment.

That the Railways have never defaulted in payment of its energy bill(s). Therefore, some incentive for timely payment may be considered. Such practices are being adopted to encourage the consumers for voluntarily making timely payment.

i) Metering for Railways

That the meter for railway traction should be provided at railway Traction Substation (TSS) instead of Grid Substation (GSS) to minimize line losses. Punjab State Power Corporation Ltd. (PSPCL) has already shifted the energy meters for railway traction from GSS to TSS.

j) Payment of ACD/ Consumption Security Deposit

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

It has been further submitted that the Department of Economic Affairs, Ministry of Finance has conveyed its No Objection to changing the nomenclature from “Letter of Guarantee” to “Letter of Assurance” for the purpose of submission of Security Deposit to State Electricity Boards (SEBs)/Discoms. In addition, the Reserve Bank of India has confirmed that they will issue “Letter of Assurance” in lieu of “Letter of Guarantee” to Railways.

k) Provision of alternative supply arrangement for Railway Traction and levy of load violation charges.

At times in case of incoming supply failures, Railway have to extend the feed of Ballabgarh/TSS in the feeding zone of failed TSS of other Discom and have to pay load violation charges for exceeding the sanctioned contract demand for the circumstances which are beyond the control of the Railways. It is submitted that whenever there is a supply failure from other Discom, then till such time the supply failure persists, the instances of maximum demand exceeding contract demand due to feed extension of Ballabgarh/TSS should be ignored & no load violation charges should be levied for that period.

l) Revenue Gap

DHBN has projected total cumulative gap of Rs 8405.64 Crore for the period from the FY 2014-15 to the FY 2016-17. To cover this revenue gap, DHBN has not proposed any increase in tariff across all the categories. It is submitted that the revenue

gap of DHBVN should be supported by the government subsidy, there should not be any tariff hike for genuine consumers like railway.

m) Non Traction Electric Supply to the Railways

1. That there is single point metering at all the Northern Railways connections receiving supply from DHBVN and maintenance of total infrastructure of sub stations, distribution network, individual metering/billing, internal recoveries etc. is Railway's responsibility. Even distribution losses on this network are Railway's liability, which is a substantial part of the energy supplied. Railways requested that a rebate of 15% may be given over total energy bill towards maintenance and operation of distribution network, billing, metering, financial recovery and distribution losses as given by NDPL (Delhi), BSES (Delhi) etc.
2. That the Railway normally provides one standby transformer at each of the sub-station and as such the sum of the rated capacity of 11 kV transformers should not be taken as contract demand for the purpose of levy of monthly minimum charges. Other State Electricity Boards do consider the Contract demand/ Maximum demand for this purpose (and not the connected load) and the same practice should be followed by DHBVN also.
3. That time limit for the repair and installation of kWh/ kVAh/ MDI meter by DHBVNL may be fixed.
4. That the Northern Railway is having number of connections at various locations. Separate bills are being issued by different Executive Engineers having different bills recovery points. A consolidated single bill can be issued incorporating consumption of all such connections to Railway. This shall avoid passing of each and every bill and their delivery to different agencies and shall therefore enable payment in time.
5. That revision of contract demand should be made effective from the date of application without linking it with other issues.
6. That minimum time should be fixed for release /enhancement of the connections.

7. That no meter testing charges should be levied for new connections/ enhancement of the load.

Discoms Reply (UHBVNL)

On the issue of CoS and power purchase cost, the Nigam reiterated the observations of the Commission in its Order dated 29.05.2014 in the matter of ARR/Tariff Order of UHBVNL and DHBVNL for the FY 2014-15 wherein, while realigning the traction tariff it was held that the cross-subsidy has to continue for some more time and CoS has gone up. Hence, it has been submitted by the Nigam that the tariff applicable for the Railways has not only been within the limits of NTP but also lower than the average cost of supply. The effective tariff, excluding Electricity Duty and FSA for the FY 2015-16 at all voltage levels is lower than the average cost of supply of Rs. 7.16/kWh. Thus, given the nature of load, non applicability of peak load restrictions, supply on Independent Feeders, harmonics generated in the system, no power cuts, low load factor and increasing average Cost of Supply, the traction tariff is justified.

Further, on the issue of Distribution losses, the Nigam has replied that they have achieved significant loss reduction in past few years through bifurcation and trifurcation of Feeders. However, due to the revision of sales to the AP consumer category in the FY 2011-12 based on feeder data, the distribution losses have gone up. To 31.20%. Additionally, it has been submitted that the Discoms have increased the supply hours in rural areas from 11 hours to 14 hours which by itself leads to an increase of about 2.8% in the overall average losses because of over 60% losses in the rural areas. In order to rein in the losses the Discoms have constituted theft detection teams and special drives have been undertaken for recovery of arrears.

In order to justify the Traction tariff vis-à-vis average cost of supply that the Discoms have placed reliance on the Hon'ble APTEL's judgments dated 7th May, 2014 and 7th January 2014 in Appeal No. 209 of 2012 and Appeal No. 248 of 2012.

On the issue of demand charges, the Nigam has replied that they incur demand related cost for maintaining a system so as to meet each customer's fixed demands and that this cost has to be borne by the customers who demand such capacity. Further, considering the techno-economic reasons that higher load should be fed at

high voltage level in order to maintain balance in the system topology, reliable supply of power and lower overall system loss level, the supply to the Railway Traction is provided at 132/220 kV, hence, the claim of the Railways for exemption of demand charges is not justifiable. Additionally, it has been submitted that the Nigam is not charging any associated cost in respect of the capital investment made by the Railway traction. This issue has been settled by the Hon'ble APTEL in its judgment dated 23.05.2016 in Appeal No. 75 of 2011. Reliance was also placed on Section 62(3) of the Electricity Act, 2003.

It has been submitted that the penalty for over drawl is being imposed to manage the load on the distribution system and transmission system. When over drawl takes place there is a load staring on the system and the Discoms have to manage the load at an extra cost. Additionally, over drawl can damage the transmission equipments and also the Discoms have to bear additional expenses over any deviation from the schedule of power drawls that are levied by the Grid Operators in order to maintain system stability.

On the issue of power factor rebate, the Nigam has replied that the Commission has already introduced kVAh billing for the Railways which provides for inbuilt incentive for maintaining better power factor. Further, it has been replied that there is no policy for providing incentive/penalty for making timely payments as the same will increase the financial cost due to reduction in revenue from the consumers.

The Nigam, on the issue of metering traction supply, has submitted that the Railways are given supply at 132/220 kV at which the Nigams hands over the responsibility to the Railways. Hence, the present metering done at Nigam's sub-station is pragmatic and in line with the commercial principles. It has been further, replied that the issue of payment of ACD/Consumption Security deposit has already been settled by the Commission vide order dated 6.12.2012.

The Nigam had also replied to other issues raised by the Railways for non traction supply i.e. 15% rebate towards O&M of the distribution network, basis for considering the contract demand, time limit for repair and installation of meters, rationalization of bills, revision of contract demand, minimum time to be fixed for

release/enhancement of connections and meter testing charges. Since, all these issues are not very relevant to the present Order, the same are not being reproduced here.

2.4.2 Objections filed by Faridabad Industries Association and Shri Dharmvir Goyat, # 31, Sector 15-A Hisar, Haryana, Laghu Udyog Bharti (identical objections).

a) CoS Voltage wise and Consumer category wise distribution and AT&C Losses.

That the Licensee has once again failed to comply with the repeated directions of the Commission and the legal provisions stipulated in the Regulations as well as the judgment of the Hon'ble APTEL by not submitting voltage wise CoS and consumer category wise distribution and AT&C Losses. The relevant extract of the Hon'ble Appellate Tribunal for Electricity judgment dated 28th February 2014 in Appeal No. 109 of 2012 given in Para 61 is reproduced below:-

“The State Commission has to make a beginning for determination of voltage wise cost of supply. We accordingly direct the State Commission to determine the voltage wise cost of supply and cross subsidy with respect to voltage wise cost of supply for the FY 2012-13. This would be used as a base for comparison of cross subsidy in future tariff determination. We are, however not inclined to set-aside the impugned Order on account of non-determination of voltage wise cost of supply in the circumstances of the present case. However, the State Commission should take immediate action with respect to carrying out the exercise for determination of voltage wise cost of supply. The Distribution licensees are also directed to submit to the State Commission the category wise/voltage wise cost of supply at the earliest. The issue is decided accordingly”

In view of the above, the Commission has been requested to set aside the present ARR petition till the requisite data / details are made available by the Discoms and directions of HERC and APTEL are complied with.

Discom's Reply

The Discoms are in the process of preparing the consumer category wise CoS. and substantial progress has been made. A presentation on the progress of CoS has been given to the Commission on 22nd December, 2015. Further, the distribution licensees are in the process of undertaking individual consumer indexing and feeder indexing and the same is taking sometime. It is submitted that non-submission of category wise cost to serve will not invalidate the tariff fixation exercise by the

Commission. The Commission is empowered to determine tariff on a suo-moto basis as well. It is no-longer res-integra that even on a suo-moto determination of tariff; the HERC is empowered to revise the tariff.

Moreover, the Discoms have relied on the following judgments of the Hon'ble APTEL on the issue of tariff revision:-

- a) Judgement dated 11.08.2011 in Appeal No. 204 of 2010, FIA & Ors. v. HERC & Ors. -Para 6.8, 7.10 and 7.14-The State Commission can increase tariff even in a suo moto proceedings.
- b) Judgement dated 11.11.2011 in OP No. 1 of 2011, Tariff Revision-Para 21, 32-33, 56, 62, 65 (ii)-Commission can do suo-moto determination of tariff in absence of filing of tariff petitions by licensees and can take into account the average cost of supply. Also financial viability of the distribution licensees is to be maintained.
- c) Judgement dated 17.01.2012 in Appeal No. 11 of 2011, Northern Railways v. HERC & Ors., Para 49-non determination of category wise cost of supply will not make the tariff determination illegal.
- d) Judgement dated 31st May, 2013 in Appeal No. 179 of 2012, Kerala High Tension and Extra High Tension Industrial Electricity Consumer's Association v. KSERC & Anr.-Para 20,22,24, 30-32, 41-43, 47, 49 – Average cost of supply permissible. Principles reiterated.
- e) Judgement dated 28.11.2013 in Appeal No. 239 of 2012, Amausi Industries Association & Ors. v. UPERC & Ors. – Para 90-91 – Commission is not bound by the figures of the licensee.

b) Tariff Proposal

The licensee has once again failed to submit tariff proposal to enable stakeholders to consider the same and raise objections where necessary. It appears to be a practice with the licensee to reflect huge gaps and leave it to the Commission to work out a tariff plan which incidentally the stakeholders are not able to contest before the order is finalised.

In this connection Para 5.1.3 of the main petition of DHBVN is reproduced below:-

“The implementation of UDAY would lead to changes in the projections of interest and finance charges for the Discoms which will further change the revenue requirement of the Discoms. It has been decided in – principle to

implement the UDAY scheme in Haryana Discoms, However, the details of the same are still being worked upon by the Discoms and State Government. Thereafter, the same shall be placed before the State Cabinet for approval, Subsequently, the Discoms shall submit revised numbers before the Hon'ble Commission once decision on UDAY scheme has been taken.”

The above also reflects the uncertainty of the final revenue gaps that could accrue after implementation of UDAY.

In view of the above, the Commission has been requested to direct the licensee to submit a specific tariff proposal and pending that the ARR be kept in abeyance.

Discom's Reply

DHBVN has already submitted in its APR (FY 2015-16) and ARR (FY 2016-17) tariff petition to HERC, as per the HERC MYT tariff Regulations, 2012. DHBVN has claimed each component and cost pertains to tariff genuinely and presented in its tariff petition after proper analysis.

DHBVN has duly considered all the current and actual scenarios as well as the assumptions set in the approved MYT Order by the HERC and approved FRP Scheme from State Government, while proposing the tariff hike for FY 2015-16.

All the loss and operational funding of Nigam has been scheduled in accordance with Scheme in order to achieve financial turnaround of Nigam. The same assumptions have been duly considered by State Government while approving this FRP Scheme which is also in principle approved by HERC.

Hence, it has been submitted that DHBVN has not proposed any tariff hike across the consumer categories. Further, it is the prerogative of the HERC to address the levels of cross-subsidization of tariff among the consumer categories while determining the effective tariff for the FY 2016-17.

c) Industrial Tariff in Haryana

The cost of power supplied to the Industries in has gone up exponentially in the last 4-5 years, which has adversely affected the industries. The Commission may kindly appreciate that with such high Power tariffs the industries in Haryana loses out to the competitors both in the domestic and International markets.

The industries have always maintained that such high cost of power is directly attributable to various malpractices/mismanagement/inefficiency and incompetency of the Power Utilities which should not be allowed to be passed on to the consumers in Haryana.

FIA has requested that the Power tariff should be reduced particularly for the industrial consumers so that they are able to survive in a globally competitive environment.

Discom's Reply

That the industrial tariff rationalization is based on the overall approved annual revenue requirement of the Discoms. The Commission has a two-sided responsibility to protect the financial interests of the distribution licensees and to balance the interests of various stakeholders.

The power utilities are in financial distress owing to the following reasons:-

- No increase in consumer tariff from 2001 to 2010 in spite of continuous increase in cost of power purchase and average cost of supply. This has led to increase in the losses of the Discoms over the years.
- Significant disallowance of costs by HERC in the ARR orders. (~only 36% of Interest & Finance charges allowed by Commission during 2011-12 to 2013-14).
- Deficit in the revenue requirement (ARR) was bridged through creation of Regulatory Assets/acknowledgement of uncovered revenue gap rather than tariff increase. The borrowings against this regulatory asset/gap further increased the debt servicing cost.
- Inadequate RE subsidy due to disallowance of Agricultural sales.

Tariff Comparison for the neighboring state for industrial category is provided below:-

Tariff for HT Industry at 11 KV			
Name of the States	FINANCIAL YEAR	TARIFF/UNIT (with FSA)	TARIFF/UNIT (without FSA)
Delhi (Large Industrial Supply)	2015-16	10.01	9.52
Haryana	2015-16	9.1	7.46
Punjab	2015-16	8.79	8.77
Rajasthan	2015-16	7.54	7.48

** Assumed Load for Calculation Purposes is 500 KVA and load factor 80%*

From the table above it is evident that industrial tariff of States like Punjab, Delhi, Rajasthan is higher as compared to that of Haryana excluding Fuel Surcharge Adjustment (FSA).

d) Distribution Losses

DHBVN has projected distribution losses for the FY 2015-2016 and the FY 2016-17 as 24.47% and 21.7% respectively. However, according to the approved trajectory by HERC as specified in Para 3.28 of Commissions Order dated 7th May 2015, it should be 17.7% and 16.7% for FY 2015-16 and 2016-17 respectively.

In view of the above, it has been submitted that the Commission must not allow distribution losses for the FY 2015-16 and 2016-17 beyond the already decided trajectory which is as per the statutory provisions.

Discom's Reply

As per the FRP approved by State Government as well as the HERC, the distribution loss trajectory approved for DHBVNL for the FY 2015-16 and the FY 2016-17 was 17.7% and 16.7% respectively taking in to account Jind circle as a part of UHBVN. However, Jind circle has been transferred to DHBVN, as per the Transfer Scheme, dated, 3rd July, 2013. Thus, considering the effect of losses of Jind Circle, the loss trajectory, as approved, has been re-stated by DHBVNL with due treatment of actual losses of Jind which is in tune of ~ 50% of total power supplied to Jind Circle along with projected collection efficiency as per the MYT Regulations. Accordingly, the re-stated distribution losses are 24.47% for the FY 2015-16 and 21.7% for the FY 2016-17.

It has been submitted that DHBVN is continuously in pursuit of reducing line loss under its operation areas and it has achieved significant loss reduction in past few years through bifurcation and trifurcation of Feeder Program as under:-

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Distribution Losses (%)	7.54	25.19	6.97	22.95	3.71	2.38	23.66	24.47
<i>*Losses for FY 15 has been increased due to impact of Jind Circle from UHBVN to DHBVN</i>								

However, due to the revision of sales to Agriculture category in the FY 2011-12 (as per the methodology bases on the AP feeder input units), the distribution losses had gone up to 23.71 %. Further, DHBVNL has increased the supply hours in rural areas from 11 hours to 14 hours which itself leads to an increase in the overall average losses because of the fact that over 60% losses is in the rural areas. Higher loss for FY 14 and FY 15 has been reported due to transfer of Jind circle from UHBVN to DHBVN. Historically Jind circle has higher line loss to the tune of ~50%. Further it is submitted

that DHBVN has taken various steps to reduce losses of Jind circle and remarkable progress has been recorded as under:-

Jind	FY 14	FY15	FY 16 (up to Sep)
Distribution Losses (%)	55.96	50.69	41

e) Collection Efficiency

The circle wise collection efficiency in the FY 2014-15 and the 2015-16 is not available in the public domain; this may be provided by the Discoms as it will highlight the performance levels of the Discoms in each Circle.

Discom's Reply

Circle wise collection efficiency is as under:-

Name of Circle	Audited							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
FARIDABAD PALWAL	100.80%	100.54 %	99.94%	97.68%	100.29%	99.62%	101.47%	98.55%
GURGAON	100.19%	102.72 %	104.01%	99.85%	100.92%	100.54%	99.79%	99.30%
NARNAUL REWARI	119.50%	96.95%	103.46%	94.63%	98.69%	98.85%	97.82%	95.60%
BHIWANI	106.75%	110.33 %	87.87%	86.18%	85.66%	81.13%	93.12%	92.37%
HISAR	98.49%	97.19%	97.92%	98.04%	98.11%	99.59%	97.62%	96.55%
SIRSA	101.70%	99.31%	98.93%	99.36%	100.55%	101.18%	99.12%	98.09%
JIND							91.15%	89.90%
DHBVN	102.21%	101.07 %	100.50 %	97.68%	99.26%	98.83%	99.22%	97.83%

f) O & M Expenses

That the HERC had approved an amount of Rs. 888.10 Crore on account of O&M expenses for the FY 2015-16 which has been exceeded by about 25%. It has been submitted that this should not be approved because year after year, the licensee has got in to the habit of over shooting the approved budget and then seeking sanction for additional payment at the cost of the poor consumers.

Similarly, the projected figure of Rs. 1305.31 cr. for FY 2016-17 that is nearly 45% over the approved figures for 2015-16 reflects a sharp increase which is unjustified and therefore should not be approved. This increase is particularly surprising since the Sales Projection for FY 2016-17 (19992 MU) is nearly 1170 less than the approved for FY 2015-16 (21471 MU).

As per Commissions Order dated 29th May 2014 the energy balance table reflects the estimated sales for DHBVN as under:-

- FY 2013-14 – 16405 (Estimate)

- FY 2014-15 – 17901 (Projection)
- FY 2015-16 – 19686 (Projection)
- FY 2016-17 – 22247 (Projection)

However, the Sales figures for DHBVN reflected in the ARR for 2016-17 are as under;-

- FY 2015-16 – 18971 (Estimate)
- FY 2016-17 – 19992 (Projection)

The above reflects drop in sales by nearly 11% whereas the O & M expenses being projected for the FY 2016-17 are nearly 25% more, this is completely unjustified and should not be accepted.

Discom's Reply

That the increase in O&M expenses is primarily on account of employee costs and terminal liabilities that are beyond the control of the Discoms. Hence, the same needs to be approved as the Commission has also agreed to consider the “*Terminal liabilities with regard to employees on account of changes in pay scales or dearness allowance due to inflation*” as an uncontrollable parameter vide the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012. Further, it is submitted that Commission had approved O&M of Rs. 888.10 Cr. for FY 2015-16 treating Jind Circle as a part of UHBVN; however, as per GoH notification dated 03rd July 2014 Jind Circle stands transferred from the UHBVN to DHBVN so the O&M expenses of Jind has been accounted for in the FY 15 under DHBVN.

In order to estimate the respective consumer category wise energy sales of DHBVNL for the FY 2015-16 and FY 2016-17, the DHBVN has relied upon the CAGR of previous year's data for connected load, sales and the resulting consumer category wise consumption per kW. Hence, after applying the projected load factor/ specific per kW consumption to the projected consumer category wise connected load, the consumer category wise sales for each year have been arrived at.

Agriculture consumption for the FY 2015-16 and FY 2016-17 is calculated by assuming a growth rate of 5% in actual sales over the FY 2014-15 reported by the feeder level data and as per the methodology adopted by the Commission in its previous tariff Orders.

g) Recovery from Fuel Surcharge Adjustment (FSA)

That at present the licensee has levied FSA to the tune of Rs. 1.64/unit for HT Consumers amongst others, which is nearly 27% of the energy charges, as per Regulations, maximum of 10% can be charged which mean it should not exceed Rs. 0.60 Paisa. It is pertinent that to the best of our knowledge no State in the northern region is charging FSAs.

The stakeholders are completely unaware of the authenticity & justification of the FSA being calculated and levied with no sunset clause. As a matter of fact the licensee had levied FSA @ 17 paisa/unit and recovered from the consumers without any orders of the licensee during the period November 2014-March 2015. The Commission is required to direct the licensee to refund the amount with 18% interest. We earnestly appeal that the freedom given to the licensee to levy FSA at WILL should be withdrawn. In future it should be approved by the Commission who would be in the right position to examine the data being submitted by the Licensee.

Discom's Reply

It has been submitted that the Commission 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, 2012 dated 5th December 2012 vide Regulation No. HERC/26/2012. The said Regulations provides that the Discoms shall collect Fuel and Power Purchase Cost Adjustment (FSA) on a quarterly basis in a way that FSA accrued during a quarter is recovered in the following quarter. The FSA shall be calculated on the approved power purchase volume including short-term purchase from all approved sources based on the approved loss levels.

Hence, the Nigam is recovering FSA as per the FSA Regulations, notified by HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 on a quarterly basis. Nigam submits the desired workings along with data pertaining to current FSA as well as for FSA True-up, as defined under the relevant Regulations. Further, HERC also considers the same and issues the effective FSA Order from time to time. Hence, the Nigam levies FSA for from the consumers as allowed by the HERC.

h) Peak Load Hours (PLH)

That at present PLH restrictions have been imposed for 3 hours and 30 minutes daily from 1830 hours to 2200 hours. This imposition has been continuously in vogue for the last 4 years. The plea taken by the licensee for not reducing the peak load hours in spite of being power surplus is of system constraints.

It has been submitted that the Commission had accorded approval of Rs. 2388.05 Crore for capital investment plan for the control period from the FY 2014-15 to FY 2016-17. Similar amounts also stood sanctioned prior to the year 2014. In the FY 2015-16, Rs. 87.50 Crore was specifically sanctioned for system strengthening works. With such huge investment plans, the system should have been strengthened and logically constraints removed.

In view of the above, FIA has requested the Commission to direct the licensee to remove PLH restrictions immediately. It has been suggested that all critical areas should be identified and only those areas where there are system constraints should have Peak Load Exemption Charges (PLEC).

Discom's Reply

The Discoms have submitted that the Peak Load Exemption Charges (PLEC) were introduced in the FY 2000-01 to control power drawl during the peak load hours. Peak load restrictions are imposed on HT Industrial Consumers keeping in view the demand supply position during peak load hours and in order to ensure electricity consumption during these hours that it minimized. Thus, levy of PLEC is made to flatten the load curve of the State.

The Commission has issued an amendment to Open Access Regulations on 3rd December 2013. Regulation 2.3 of the Open Access provides for Levy of peak load exemption charges (PLEC) on energy drawn through open access during peak load hours (PLHs). In the said amendment of the Regulations, the Commission has observed that, reasons for imposition of peak load restrictions are primarily non availability of sufficient power during peak load hours, as well as system constraints, because if unhindered drawl is resorted to by consumers during PLHs, the stability of the entire grid may be in jeopardy and it may lead to collapse of the system.

Accordingly, PLEC is levied keeping in view these two factors i.e. to compensate the licensee for scheduling costlier power during PLHs and secondly to contain the demand within available peak capacity. As far as

readiness of the DHBVN to implement and charge on ToD basis we would like to submit that all HT meters are capable to record energy on ToD basis.

DHBVN would like to submit that the main thrust over the capital expenditure for the sector is to improve efficiency and meet the growing demand from the existing and new consumers; meet the requirement of strengthening of the system and to meet the Standards of Performance (SOP) laid down by the Commission. Hence, in order to ensure that their consumers are benefitted by the various schemes adopted by the Discom; a meticulous planning and analysis is required before finalizing the expenditure over the areas like bifurcation of overloaded transformers, segregation of 11 KV AP feeders & investment for loss reduction.

i) Cross Subsidy

That in the absence of voltage wise technical losses it is difficult to offer any comments on the cross subsidy issue. It would be suffice to state that as per Electricity Act, 2003, this was to be gradually reduced over a period of 5 years. The Commission vide its Tariff Order dated 07th May 2015 had reduced it for HT Industry from 1.09/kWh to 0.93/kWh but had introduced cross subsidy on LT Industry at 0.57 Paisa/Kwh.

In view of the above, it has been requested that keeping in view the provisions of the Act, the cross subsidy should be further reduced both in HT and LT industry in the new tariff Order.

Discom's Reply

That as per National Tariff Policy (NTP), the Discom can levy cross subsidy up to a limit of $\pm 20\%$ of the average cost of supply. Furthermore, the decision regarding the same is taken by the Commission; also the cross subsidy charges applied are within the limits as defined under NTP. Further, as per HERC tariff order for FY 2015-16, HERC has worked out the cross-subsidy surcharge based on the voltage wise calculation of CoS by apportioning the power purchase cost at different voltage levels taking into account the distribution losses at the relevant voltage level and the upstream system, as suggested by the Hon'ble Appellate Tribunal for Electricity. Further, the cross subsidy surcharge on open access power availed by HT Industrial unit has been substantially reduced from Rs. 2.02/unit in FY 2014-15 to Rs0.93/unit in FY 2015-16 in the Tariff order approved by HERC for FY 2014-15 & FY 2015-16, respectively which in itself is a major relief to the industrial units availing open access power.

Further it has been submitted that determination of tariff is the prerogative of the Commission and the Commission determines tariff after prudent check of Discom's submissions.

j) Additional Surcharge

The Licensee has conveniently considered the revenue on account of Additional Surcharge at 0.50 paisa/unit as SoP charges and has also projected an amount of Rs. 25.88 Crore on account of Additional Surcharge increase of 0.34 paisa (from 0.50 to 0.84 paisa/unit of Open Access Power).

Additional Surcharge has to be justified every six months by the licensee in accordance with the laid down procedures of the Commission. Since there is no justification in the public domain and no data is available for scrutiny which merits levy of Additional Surcharge, it is requested that the amount of 0.84 paisa/unit as Additional Surcharge should not be considered by the Commission.

Discom's Reply

That in accordance with the provisions of the Electricity Act, 2003, the distribution licensees have an obligation to supply power to all the consumers under the respective areas of supply; and correspondingly they have to enter into long term agreements for purchase power from various generating stations.

As such, when these embedded consumers draw power from elsewhere apart from the licensee under open access, the fixed cost of the supply taken by these consumers from elsewhere is still payable by the licensee, making it a stranded capacity for the distribution licensee.

The additional surcharge is payable for the stranded capacity of the distribution licensee. In the event of the open access consumers moving out of the system of the distribution licensee, the distribution licensee has to bear stranding of assets which causes financial loss to the distribution licensees and the same needs to be compensated by way of additional surcharge, as allowed by the HERC vide MYT tariff order dated 29.5.2014.

The Commission vide order dated 16th November, 2015 has allowed an additional surcharge of Rs. 0.84 per unit.

k) Additional Submissions by Licensee

The licensee vide Ch-6 of the ARR has made some submissions on which comments/objections of the stakeholders and members of public are as under:-

- (a) Levy of Surcharge at 0.20 paisa/unit on furnaces used for Aluminum metal. The furnaces used in Aluminum metal are different than those used in ARC/Induction/Steel Rolling processes and therefore we request that 0.20 paisa/unit surcharge should not be levied on furnaces used for Aluminum metal.
- (b) The request of the licensee to allow the concession of 0.10 paisa/unit in Domestic tariff rates to women in the tariff order should not be entertained. It is a fact that the Haryana tariffs are amongst the highest and therefore there is no scope for accepting further burden. We feel that this amount should instead be subsidized by the State Government.
- (c) Additional loss to Discom due to Open Access. The justification of the licensee to request the Commission to allow deduction of percentage loss instead of compensation through wheeling charges will be counterproductive and against the norm of encouraging Open Access and providing a level playing field to such consumers. It is requested that this should not be entertained.
- (d) New Power Purchase Agreement (PPA) should not be implemented till such time as the earlier agreement is not properly investigated because the new PPA imposes heavy expenditure on the consumer. The new agreement is indicative of the wrongdoings on part of the DISCOMS and which would result in unnecessary burden on the public. While signing the new PPAs it is pertinent to exercise due diligence about the factors such as requirement of power and purchasing cost of the unit besides following the policy of the neighboring states for that matter. Existing PPAs must also be revisited for their merits especially about financial impact on the consumers at large.
- (e) The solar incentive of Rs. 0.25 is on lower side and it should be increased.
- (f) The consumer should be allowed to inject as much solar energy as he is producing and he should be compensated accordingly.
- (g) The new Power Purchase Agreement (PPA) is illogical and not justified in any way as under this agreement the power is to be purchased at Rs. 8 per unit whereas the Solar light is available at Rs. 4.34 and power from Jhadli Plant is available at Rs. 5. It is clearly visible that the present agreement is made with ulterior motives.

- (h) The present agreement reflects the lack of economic sense or logic and it is against the spirit of Constitution of India. Public money is wasted in a huge way under this agreement without any justification. The new agreement is made due to hidden reasons which would harm public good, if implemented.

Discom's Reply

- (a) M/s SRS Die-casting Pvt. Ltd., 132, Roz-Ka- Meo, Industrial Estate, Sohna, Distt., Mewat has got an electricity connection bearing A/C No. G41-INTH-0051 RLS-75 under Operation Sub-Division, DHBVN, Sohna. The consumer had filed a case before Consumer Grievance Redressal Forum, Hisar regarding charging of furnace charges by the respondent Nigam as per Sales Manual, 2013 (Fifth Edition) of DHBVN, instruction No. 5.5, (iii) on page No.102 (Annexure-A) as they do not melt steel but they melt aluminum in the furnace. The complainant has deposited the amount under protest and requested for refund the same.

The Forum concluded and decided that as per instruction No. 5.5 (iii) on Page No. 102 of the DHBVNL Sales Manual, 2013 (fifth edition) furnace charge is leviable only for "all Arc furnaces, mixed load of Arc furnaces and steel rolling mills, all other steel furnaces (including induction furnaces and stainless steel furnaces), Steel Rolling Mills (including cold rolling/re-rolling, steel/stainless steel mills), mixed load of such steel furnaces and steel rolling mills, which are being given supply on 11 KV".

It has been found & verified that SRS Die-casting Pvt. Ltd. Unit-II, 132, Roz-Ka-Meo, industrial Estate, Sohna, Distt. Mewat (HR.)-122103 is not engaged in any of the activities mentioned in the above sales instruction viz.

1. Consumer does not have any arc furnaces.
2. Consumer is not engaged in steel rolling/re-rolling.
3. Consumer does not have any induction and/or stainless steel furnaces.
4. Consumer is not engaged in cold rolling/re-rolling steel/stainless steel

Main difference between Aluminum Melting & Steel Melting.

Sr. No.	Aluminium	Steel
1.	Low melting temp.(650°C)	High melting temp. (1500°C)
2.	Zero inductive load	Very high inductive load
3.	Low peak load	Very high peak load

Due to this difference in physical properties of steel as compared to aluminum, special high load furnaces are unused for processing steel. Due to this, DHBVN has made special provision for steel melting/processing alone. Aluminum processing does not fall under this category.

Instead of opting for a standard furnace, the consumer has purchased a "thyristor" controlled furnace. The biggest advantage is, unlike the ON/OFF function of thermostat, these furnaces remain ON continuously and use power based on the melting speed required. The respondent SDO in his reply has charged the furnace charges due to the use of furnace only which is not accepted by the Forum.

Thus as per above findings, the Forum decided vide order dated 26.05.2014 that the consumer should be exempted of these charges as they do not fall under this category. All charges paid under this should be reversed immediately and it should be ensured that these charges are not put in any future bills from now onwards.

In this context, the consumer filed a case before Electricity Ombudsman, Haryana regarding non-implementation of order of CGRF vide Appeal Case No. 22/2015. Which has been decided by The Electricity Ombudsman vide order dated 27.07.2015, the operating part of which is reproduced as under:-

"Before the above appeal is considered on merits, it would be worthwhile if we understand the provision of extra surcharge on Arc Furnaces in the tariff structure. Heating/melting of metals in industry is a normal phenomena. Heating can be done by induction furnaces, Arc furnaces and simple resistance furnaces. In case of arc furnaces, as the name suggests, the heating is achieved by producing arc in the electric circuits. In induction type heating is achieved by way of transferring energy through induction wherein

the charge is a part of the electro- magnetic circuit. Eddy currents are produced in the Charge due to induction which leads to heating of the mass of the metal. In case of the resistance furnaces heating is achieved by simple conduction from the heating elements to the metal held in crucibles. Arc furnace loads are jerking loads and lead to generation of harmonic currents, thereby straining and spoiling the quality of grid supply. Only because of this reason, an extra surcharge is levied on arc furnaces. Similarly, induction furnaces are hugely inductive in nature and draw lot of reactive power.

In the instant case, the appellant consumer has installed small 60 kW purely resistive load furnaces and do not come under the category of arc furnaces. The contention of the respondents department before CGRF that 'furnace is a furnace' as such surcharge is applicable cannot be accepted. The resistance furnaces do not have jerk load nor inductive load and do not lead to straining of the system unnecessarily like Arc Furnaces and Induction loads. The CGRF has rightly allowed the complaint and ordered "that the appellant consumer should be exempted of these charges and do not fall under the category of arc furnace. All charges paid under this should be reversed immediately and it should be ensured that these charges are not put in any future bills from now onwards".

In view of the above facts, it may please be clarified whether surcharge approved by Commission from time to time for arc/ and steel rolling induction furnaces is leviable on all type of furnaces including such type of furnaces used for melting of aluminum metal, in case consumer is receiving supply at 11kV.

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- (b) In view of decision taken by the Government of Haryana, it has been notified by DHBVN vide Sales Instruction No. 37/2005 to give concession of 10 paisa per unit for domestic electricity connection in the name of woman in case that property is owned by woman w.e.f 22.08.2005. The Commission may consider and allow the concession in the Tariff order with appropriate directions.

- (c) In the tariff order dated 07.05.2015, the Commission had allowed 7.55% distribution losses on open access units for using distribution network. This loss is compensated by way of wheeling charge from the open access consumers at normative cost of power purchase. In DHBVN, distribution losses are more than normative distribution losses and further increased cost of power purchase on such units (7.55% loss) is not recovered through the FSA mechanism resulting loss to be DHBVN at the cost of open access consumers.

Hence, the Commission is requested to allow DISCOMS to deduct % loss as estimated by the Commission for FY 2016-17 from the open access unit instead of its compensation by way of wheeling charge or some other mechanism of such recovery from open access consumer may be provided.

I) Compliance of Directives

The compliance status by the licensee are as under:-

- (a) Feeder Loses (Serial 5)** – The licensee has only outlined the measure being adopted whereas the Commission had directed them to achieve targets with the proviso that failure will attract penal action. This direction be implemented.
- (b) Defective Meters (Serial 9)** – The licensee has failed once again to achieve the targets for replacement of defective meters. The Commission is requested to take appropriate action under Section 142 of the Electricity Act 2003 as given in the directions.
- (c) Cost of Service (Serial 12)** – The directions to submit Cost of Service has been made by the Commission year after year and therefore, notwithstanding the plea of the licensee that the exercise is cumbersome, it is requested that in the absence of the Cost of Service, the ARR should be kept in abeyance.
- (d) PLEC on LT Consumers (Serial 13)** – The Commission had approved billing of LT Consumers on KVAh basis without all such consumers having LT/CT meters with TOD facility. These caused tremendous harassment and excessive billing since the licensee did not create proper awareness amongst the LT industrial Consumers. Further, we wish to emphasize that

with surplus Power there is no justification to impose Peak Load Hours. The plea of the licensee of system constraints is baseless because sufficient funds have been used under Capital Expenses to strengthen the systems over the past many years. The failure of the licensee to manage its Power should not be passed on as burden on the hapless consumer.

- (e) **Recovery of Over dues (Serial 15)** – The licensee needs to spell out the outcome of the audit and action taken in the matter as directed by the Commission. We wish to highlight the directive of the Commission which inter alia states “not allow any additional working Capital and interest thereto (if any) on this account”.
- (f) **Intimation/bill through email & SMS (Serial 22)** - The facility was a “jerk start” and is not working presently. The failure on the part of the licensee to collect data should not be accepted by the Commission. It is requested that a cutoff date be specified by the Commission for commencement of the scheme.
- (g) **Interest on Security Deposit (Serial 27)** – The ground reality is that the interest is not adjusted in the first billing cycle of the ensuing FY in large number of cases. We request that the Commission may consider payment of interest @ 18% by the licensee to those consumers in whose case they fail to pay the said security in the first Quarter of the ensuing FY.
- (h) **‘Time of Use’ Implementation (Serial 32)** - The apprehension of the licensee regarding unjust enrichment of industrial units if “time of use” tariff is implemented is unfounded. This concept is in vogue in many States and should be introduced in Haryana; this will help reduce the cost of Power inputs incurred by the industries.

Discom's Reply

- (a) **Feeder Losses:** It is submitted that all CEs/Op and SEs/Op have been instructed to ensure meticulous compliance of ibid directions issued by HERC vide Sales Instruction No. 10/2015 issued on 30.06.2015. Some of the measures being adopted for reduction of losses are as under:-
 - a. Replacement of Defective Meter /Electro Mechanical Meter.
 - b. Bifurcation/trifurcation of overloaded/lengthy feeders.
 - c. Relocation of meters outside the consumer premises.

- d. Organizing special drives for detection of thefts.
- e. Incentive scheme 'Mera Gaon Jagmag Gaon' with provision of increasing the duration of power supply based on certain parameter has been launched.

The above status already stands intimated to HERC vide office Memo No. Ch. 50/SE/RA- 500/Vol-I/Loose dated 17.07.2015

- (b) Replacement of Defective meters:** In order to remove/ replace all the defective meters as per the given direction, Discom put every possible and necessary step. But due to some practical and existing conditions, there are some defective/ faulty meters still exists, as per the below tabulated status, as on 30th September 2015.

Name of Circle	Balance meters lying defective at the end of September 2015					
	1Φ			3Φ		
	Rural	Urban	Total	Rural	Urban	Total
Faridabad	2467	3716	6183	948	969	1917
Palwal	3613	914	4527	2192	1257	3449
Gurgaon	980	2143	3123	3046	898	3944
Narnaul	2865	286	3151	4375	167	4542
Rewari	6651	1642	8293	3654	4	3658
Bhiwani	8246	871	9117	7829	406	8235
Hisar	43658	2795	46453	237	290	527
Sirsa	5330	706	6036	11110	255	11365
Jind	20010	407	20417	7165	68	7233
Total	93820	13480	107300	40556	4314	44870

Discoms are still in process of faulty meter removal/replacement and same efforts will be continued in near future.

- (c) PLEC:** The Nigam proposes to replace LT CT Meters without TOD facility in Urban/Industrial feeders as they are being provided unrestricted supply in view of ample availability of power. The matter is being examined and the details regarding compatibility of LT-CT meters installed at consumer premises has been received from concern offices and all the meters in present without KVAH and TOD facility and TOD facility not available shall be got replaced within 3-4 months time.
- (d) Recovery of over dues:** It is submitted that the Discoms have already proposed Mass drive for recovery of defaulting amount especially from connected consumers and disconnection of defaulters. Moreover, the state government has also been requested to release the outstanding subsidy along with releasing the Government department's electricity outstanding dues to the Discoms.

(e) Intimation/ bill through email & SMS: The facility of bill alerts via SMS exists for all the consumers of DHBVN, who opts for the service. The facility of bill delivery via e-mail exists for the consumers of R-APDRP areas, who opts for the service. Sales Circular incorporating the provisions stand issued vide S/C No. D-18/2015 dated 30.06.2015. Further the matter has been taken up with the field offices vide SE/IT, DHBVN, Hisar office memo no. Ch-55/IT-61 dated 27/05/2015 for collection of Mobile Numbers and e-mail ids of the consumer.

The above status already stands intimated to HERC vide SE/RA, DHBVN office Memo No. Ch. 50/SE/RA-500/Vol-I/Loose dated 17.07.2015

(f) Interest on security deposited: The Commission has clarified the interest to be paid to the consumer for the Security Deposit vide 'The Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 1st Amendment, 2014. Thus the objection is not justified.

(g) 'Time of Use' Implementation: The basic objective of implementing time of day tariffs is to flatten the load curve over a period resulting in a reduction in the peaking power requirement. Although, DHBVN does not have any provision for time of day tariffs as of now, but in order to mitigate the financial impact of peak power purchase, HERC has introduced Peak Load Exemption Charges (PLEC) on all industrial consumers.

2.4.3 Objections Filed Jindal Stainless Limited, Hisar

a) True-up of the FY 2014-15

That DHBVNL has submitted its application for truing up the financial results of the year 2014-15. The application shows a large variation in all important performance statistics as compared to the parameters approved by the Commission. For ready reference some of the important parameters are given hereunder:-

Parameter	Approved by HERC	Actual as per DHBVN	Variation (%)
Cost of power purchase (Rs. Crore)	9075.34	11681.24	28.75
O&M Expenses (Rs. Crore)	811.87	1,001.97	23.42
Employees expenses (Rs. Crore)	495.39	599.07	20.93
A&G expenses (Rs. Crore)	59.75	71.83	20.22
CAPEX (Rs. Crore)	519.47	953.05	83.47
Repair and Maintenance Cost	106.91	39.44	()171.07
Interest & Financing cost (Rs. Crore)	630.74	950.50	5070
Net Annual Revenue Requirement (Rs. Crore)	11,078.00	14,517.00	31.04

Total Income (Rs. Crore)	9,105.00	11,100.00	21.91
Revenue Gap (Rs. Crore)	(-) 1,973.00	(-) 3417.00	124.85

The Discom has approached the Commission to allow a True-up of revenue gap of Rs.3,417 Crore, which is nothing less than 73.19% of the total ARR approved by the Commission. It needs to be appreciated that if such huge variation is to be allowed, then the very purpose of the detailed exercise of approving ARR and other performance parameters becomes infructuous. Ultimately the consumers have to bear the difference by way of successive tariff increase. Moreover, these figures do indicate the lack of seriousness of the licensee to achieve the fixed parameters.

It would be recalled that every year such non-compliance of performance targets fixed by the Commission result in accumulation of losses of the Utilities which ultimately are to be made good from the corresponding tariff increase and ultimate financial burden to the electricity consumers.

We may like to quote from the approved ARR for the year 2014-15 wherein Hon'ble Commission had made following important observations,

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

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

b) Estimates for the Sale of Power to various Categories of Consumers

That energy sales projection is one of the most important elements of input for projecting the ARR of the Utility. Every year the Commission carries out a detailed analysis of the sales estimates submitted by the distribution licensees.

The future projections are generally made on the CAGR of each category of consumers. It has been noticed that every year the energy sales figures are exaggerated to get connected benefits and to enhance their Revenue Requirement projections.

The licensee has itself admitted in the True-up application that the energy sales projections for the year 2014-15 had recorded variation of (+) 31.63% for Agriculture consumers and (-) 8.77% for Non-agriculture consumers. The result is that the actual revenue realization reduces and the RE subsidy increases.

Even in the present ARR, it has been projected that the agriculture consumption would increase by only 4.99% and non-agriculture sales would increase by 5.24% over the years from 2015-16 to 2016-17.

c) Estimates for Energy Availability and Cost of Power Purchase

The Commission, while approving ARR for the year 2015-16 had approved the total power purchase volume of 28,222.18 MUs for the year 2015-16 with a cost of Rs.12261.67 million or average cost of power of Rs.4.34/unit and as per the latest ARR, the corresponding projections are, 30958.63 MUs and Rs.13730.20 million with an average cost of Rs.4.44/unit.

It is worth noting that the Utility has mentioned that it will sell the surplus power (estimated as 9543 MUs for the year 2015-16) through inter-State sales at 80% of the average power purchase cost i.e. a direct loss to the Utility and ultimate increase in revenue gap or increase in consumer tariffs. This goes to prove that the power procurement planning of the Utility needs to be improved to minimize inter-State sales.

d) Estimates for Capital Expenditure.

That the Utility has projected CAPEX requirement of Rs.1431.50 crore for the year 2016-17 against the approved figure of Rs.867.29 Crore (revised to Rs.701.35 i.e. enhancement of nearly 104%). The investment allowed to be made must be linked with the resultant targeted improvement in the performance parameters so that the investments are self-rewarding.

e) Interest & Financing Charges.

Objections:

The licensee has projected requirement of Rs. 1282.74 Cr. and 1515.43 crore as interest and financing charges for the years 2015-16 & 2016-17. We would propose that only the genuine portion of loans and interest thereon may please be allowed instead of financing for the in-efficiency of the licensee.

f) Projected Revenue Gap

That the licensee has projected an uncovered revenue gap of Rs.1775.78 Crore for the FY 2015-16 and a revenue gap of Rs.3854.97Crore for the FY 2016-17. Although no tariff revision has been proposed but it is evident that to meet the revenue gap the Commission has to go for suitable tariff hike.

2.4.4 Objections filed by Indus Towers Ltd., Chandigarh.

a) Rationalization of tariff for telecom towers in the state

That the tariffs for consumers with flat load profile and high power factor requiring electricity on a continuous basis be considered separately while tariffs are being determined for the current year. It is also humbly submitted that APTEL decisions (MERC Vs. Mumbai Airport and Tata Steel Vs. OERC) for tariff rationalization be taken as guiding factors in tariff determination process and tariff for the commercial category be considered be reduced with immediate effect.

Discom's Reply

The tariff charged by the Discom's across all consumer's categories is in accordance with the mandate of National Tariff Policy (NTP) and all the categories are charged within plus or minus 20% of the average cost of supply (ACoS), excluding DS categories. This is validated by the Commission's Order on Aggregate Revenue Requirement of UHBVNL & DHBVNL for FY 2015-16.

Further, Indus Tower has also requested to reduce the tariff applicable to commercial consumers but after analysing the cost of supplying power to consumers and the current financial situation of the Nigam which to a large extent is on account of static electricity tariff in the State, it is submitted to the Commission that the State cannot afford to reduce tariff for any consumer category.

b) Re-categorization of consumer category within existing Commercial category:

That the Commission may consider classifying telecom towers under a separate sub-category within the existing Commercial category taking a cue from the Section 62 (3) of the Electricity Act 2003, with a suitable relaxation in the applicable tariff given the socially favourable nature of telecom industry and the nearly flat load profile which leads to a lower cost of serve for such consumers.

Discom's Reply

Classification of consumer categories is the discretion of the Commission and its final decision shall be binding on the Nigam.

c) Implementation of Consolidated Billing & Roll out of AMR (Automatic Meter Reading) systems:

That the Commission is requested to direct the Utilities for supporting the proposal of installation of AMR meters and roll out of consolidated billing for large consumers with multiple connections. Such a measure would enhance the efficiency of the Discoms by way of savings in meter reading and billing cost while also ensuring accuracy. For consumers such as Indus Towers operating telecom towers in Haryana, each of which is billed separately, implementation of consolidated billing and AMR would be greatly beneficial.

Discom's Reply

Nigam welcomes the suggestions provided by Indus Tower. Implementing AMR on all HT consumers has already been started. LT consumers, especially tower connections etc. are located in scattered area and require huge capital expenditure for implementation of AMR, thus it would not be techno-economical to undertake the project in first phase. Rather, the work of AMR can be considered initially where concentration of LT connections is high.

Again, pass-through of the costs involved in this exercise (if undertaken) is at the discretion of Commission.

Further, Nigam has noted the point put forth by the consumer regarding the issue of consolidated bill and may consider the same in due course of time. However, provision has been made by Discom wherein the billing information of all the consumers is available online on a real time basis. The consumers can add their multiple bills and make single payments against all the bills. Individual receipts and posting in the consumer amount will be taken care by online system. This system of online billing has commenced from 9th Jan 2014.

d) Introduction of Time-of-Day Tariff scheme in the state

That the provision of world class telecommunications infrastructure & information is the key to rapid economic and social development of the state. Thus, the Commission may kindly study all points, and consider favourably for implementing the TOD tariff scheme already prevailing in multiple state in the country. The TOD tariff may be made applicable for all load categories of

consumers. The Commission may consider making it optional for certain willing consumers.

Discom's Reply

That the basic objective of implementing time of day tariff is to flatten the load curve over a period resulting in a reduction in the peaking power requirement. Although, DHBVN does not have any provision for time of day tariffs as of now, but in order to mitigate the financial impact of peak power purchase, HERC has introduced Peak Load Exemption Charges (PLEC) on all industrial consumers.

2.4.5 Objections received from Yamuna Nagar-Jagadhri Chamber of Commerce & Industry.

a) True-up of the FY 2014-15

That table 1 of the Petition for True-up of FY 2014-15 reflects that the licensee has exceeded the expenditure on almost all sub-heads against the approved allocation. A major component of the increased expenditure is on account of Interest & Finance charges (almost Rs. 500 cr) thus arriving at a gap of Rs. 1709.51 cr. There is also a short fall in the Govt subsidy amount received (Rs.560 cr). Further with the implementation of the UDAY scheme, debt of the Discoms would be taken over by the Govt. It is requested that this gap should not be approved.

b) Distribution Losses

That for FY 2015-16 and FY 2016-17, UHBVNL has considered distribution loss of 29.75% and 22.67% for FY 2015-16 and FY 2016-17 respectively. However, as per the order dated 29th May 2014, UHBVN had submitted the following loss trajectory, which was approved by the Commission as given below:-

Table 3.22: Distribution Loss trajectory for the Distribution licensees

DISCOM	FY 2013-14	FY 2014-15	FY2015-2016	FY 2016-17
DHBVNL	20.30%	19.01%	17.70%	16.70%
UHBVNL	27.50%	25.00%	23.00%	20.90%

It is prayed that the Commission may please allow distribution losses for FY 2015-16 and FY 2016-17 as per already approved distribution loss trajectory

as given above and which is in consonance with the provisions laid down in MYT Regulations 2012.

c) Power Purchase cost

That If the distribution losses are taken as per the approved trajectory, the power purchase cost as estimated and projected by UHBVNL for the FY 2015-16 and the FY 2016-17 respectively will be much less. The Commission may consider the approved trajectory figures while finalizing the petitioner's ARR.

As per petition, UHBVNL has requested for Non Tariff Income as Rs 161.45 cr and Rs 174.43 cr. for FY 2015-16 and FY 2016-17 respectively as approved by the Commission in its order dated 29th May 2014. However, the actual Non tariff Income of UHBVNL in previous years has been much higher than that projected by the petitioner in its respective APRs/ARRs. For the FY 2013-14 the non-tariff income was trued-up to be Rs 231 cr against the Commission approved figure of Rs 132 cr and the same is likely to be more than the approved figures for FY 2015-16 and 2016-17 as well.

In view of the above, the Commission is requested to re-estimate the non tariff income figures for FY 2015-16 and FY 2016-17 taking into consideration the actual figures of previous years as well as all elements of non tariff income viz. late payment surcharge collected, rebate/s availed for prompt payments for power purchase, recovery of theft power, interest on provident fund etc..

d) Revenue from FSA

That all recoveries from FSA including those of the year 2014-15 are considered while calculating the income of UHBVNL for the FY 2015-16 and FY 2016-17.

e) Subsidy

That as per the provisions of Electricity Act 2003 and subsequent policies, the Government grant against subsidized categories is to be taken up by the DISCOMS upfront and the same should not become a part of revenue gap of the Utility.

The Discoms have failed to submit the details of subsidy released by the State Government on a quarterly basis. As per earlier directions of the HERC,

the Nigam was to get the subsidy from the State Government at the start of the year so as to obviate the holding cost. This has not been done.

That the Commission is requested to direct UHBVNL to expedite measures for collection of State Government grant or else take necessary actions for disconnection of defaulting / non-paying consumers. Failing this, tariff (non-subsidized) as determined by the Commission should be applicable to all consumer categories. Further, the apportionment of subsidy between UHBVNL and DHBVNL as taken by the petitioner in their ARR is in the ratio of 60:40. This, itself adequately reflects on the efficiency of the petitioner DISCOM. Accordingly, the Commission is requested to direct the petitioner to take effective measures to reduce their AT&C losses to the targets fixed.

f) Return on Equity

That UHBVNL has asked for return on equity of Rs 234.70 cr and Rs 250.39 cr for FY 2015-16 and 2016-17 respectively. The Commission has approved zero ROE in its earlier orders and also in Tariff order dated 29th May 2014. The Commission has been consistently denying RoE to the licensee in the past, because of their poor performance and erosion of net worth due to accumulation of losses in its tariff orders. Despite being denied return on equity in the previous tariff orders, the licensee has again proposed ROE for FY 2015-16 and 2016-17 without any significant improvement in performance. It is extremely important to link the ROE with the improvement in efficiency of the licensee, failing which no ROE may be given to it. Passing on ROE without improvement in performance will put additional tariff burden on the consumers. Also regulation 20.1 of tariff regulations 2012 clearly stipulates that return on equity shall be decided by the Commission on the basis of overall performance of the licensee.

In view of the above, it has been prayed that the Commission should disallow the RoE for the FY 2015-16 and the FY 2016-17 in consonance with its own earlier tariff orders and the provisions given in the tariff regulations.

g) Proposed tariffs for various categories

That the Section 26 (7) of the Haryana Electricity Reforms Act 1997 requires that the licensee shall provide details of the proposed tariff or amendment to a tariff to the Commission. Also as per section 8.5 of HERC Tariff

regulations 2012, ARR shall include a statement of the expected revenue from tariff and charges, including a full statement of all applicable terms and conditions. This statement should be shown in a form appropriate to the proposed tariff structure. Details should also be supplied of the publicity intended to be given to new tariff options when they are to be implemented. Further, Section 2(3)(b) of the HERC guidelines for tariff filing dated 04th Dec 1998 provides that ARR must include a statement of the proposed tariff rates and charges, which have not been done by the petitioner.

That by not giving any proposal for a tariff for various categories/sub-categories/slabs, Discom is depriving various classes of consumers of an opportunity to air their views on the tariffs they would be asked to pay subsequently. Any subsequent hike would therefore, come as a shock to them and would only result in dissension and resentment.

h) Revenue Estimation vis-a-vis Cross subsidy

That the estimation of revenue collection for the FY 2015-16 and the FY 2016-17 has been done based on the average billing rate of 2015-16 as per the category wise actual revenue collected and actual units sold in first half of 2015-16.

That the industrial tariff estimated by the Discom heavily cross-subsidises some of the other consumer categories. 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.

The industries in Haryana have to compete in the National/International markets and they need to get assured, cheap, reliable and un-interrupted power at competitive rates. However, during last 3-4 years, the power cost in State of Haryana to industry has been enhanced exponentially as can be seen from the various orders of commission as given below:-

Year	AVG. Power purchase cost allowed (Rs/unit)	Basic Energy Charge for HT industry at 11KV (Rs/Unit) at power factor of 0.9	Avg. FSA Charged by utilities illegally or as per order of commission (Rs./Unit)	Avg. Fixed cost component Rs./unit	Avg. Other charges ED/MCD/PLEC	total Avg. cost to HT consumer at 11kV	Difference of all cost over the power purchase cost	Increase in cost over previous Year to HT consumer
2010-11	2.60	4.15	0.31	0.28	0.50	5.24	2.64	
2011-12	2.85	4.15	0.23	0.28	0.50	5.16	2.31	-2%
2012-13	3.16	4.70	0.57	0.26	0.50	6.03	2.87	17%
2013-14	3.38	5.89	1.24	0.32	0.48	7.93	4.55	32%
2014-15	3.82	6.44	1.24	0.32	0.41	8.41	4.59	6%

The energy cost to industry at 11 kV voltage level has increased from Rs. 5.2 to Rs. 8.4 (Increase of Rs. 3.2/unit; about 62%) whereas the power purchase cost has only increased by Rs.1.2/unit.

The power cost constitutes approx. 10-15% of manufacturing cost on an average for industry. Hence, this higher cost of power is resulting in industry of Haryana state becoming sick, non-competitive. The state of Haryana is witnessing very low industrial growth of <1% in last year compared to 5-10% being witnessed in 2006-10.

This high cost of power being charged to industry are attributable to mismanagement and inefficiency of power utilities which should not be allowed to be passed on to the consumers of Haryana, and especially the industry which are an engine of economic growth.

The Commission is requested to take necessary steps to rationalize the charges for industrial power.

i) Non compliance to the directives of the Commission

That the directives issued by the Commission are not complied with by the Utilities, time and again. Directives are essential and integral part of the orders issued by the Commission and any non-compliance should be viewed seriously by the Commission. As there has been repeated flouting of the directives of the Commission by the utilities, the Commission may take stringent view and may consider taking punitive action against the concerned official by holding him personally guilty for non-compliance and may also consider imposing penalty by invoking Section 142 of the Electricity Act 2003.

Discoms Reply (UHBVNL)

The point-wise response to objections raised by Yamuna Nagar-Jagadhri Chamber of Commerce & Industry over the ARR for FY 2015-16 filed by UHBVN are given below:

True-up of FY 2014-15

It is submitted that the True-up petition for yearly True-up purpose for FY 2014-15 has been submitted by "Uttar Haryana Bijli Vitran Nigam Limited" considering Audited Annual Accounts for the period from 1st April 2014 to 31st March 2015.

It is thereby submitted that the approved figures presented in the True-up petition for FY 2014-15 are taken from the HERC Order on Distribution & Retail Supply ARR & Tariff of UHBVN for FY 2014-15, and accordingly, revised actual figures of expenditure, Aggregated Annual Revenue Requirement, Revenue and Consequent Gap for the period of FY 2014-15 are provided for the True-up exercise in accordance with the HERC MYT Regulations 2012.

Table 1 of the True-up petition filed by the discom provides an overview of the difference between the approved expenditure for FY 2014-15 under consideration vis-à-vis the actual expenditure incurred by the Nigam, under all heads. Thus, all calculations have been clearly and legitimately been shown in the ARR petition and thus the same have been submitted to the Hon'ble Commission for humble approvals. Nevertheless validations for all expenditure parameters have already been provided for the various expenses and revenue parameters in the said True-up petition filed by the Discom.

APR of 2015-16 & ARR of FY 2014-15 Distribution Losses

At pg.30 under para 3.5 and also at para 3.6 (Energy Balance) of the petition for FY 2015-16 and FY 2016-17, UHBVNL has considered distribution loss of 29.75% and 22.67% for FY 2015-16 and FY 2016-17 respectively. However, as per 2.1.2 and 3.1.33(b) of the order dated 29 May 2014, UHBVN had submitted the following loss trajectory which was approved by the Commission as given below:-

“ Table 3.22: Distribution Loss trajectory for the Distribution licensees

	<i>FY 2013-14</i>	<i>FY 2014-15</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>
	<i>27.50%</i>	<i>25.00%</i>	<i>23.00%</i>	<i>20.90%</i>

It is prayed that the Commission may please allow distribution losses for FY 2015-16 and FY 2016-17 as per already approved distribution loss trajectory as given above and which is in consonance with the provisions laid down in MYT Regulations 2012.

UHBVN Reply

The Nigam submits that it has achieved significant loss reduction in past few years through a bifurcation and trifurcation of Feeder Program as shown in the table below:-

Particular	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Distribution Losses (%)	28.56%	27.02%	25.92%	24%	31.20%	31.26%	32.40%	30.58%

However, due to the revision of sales to Agriculture category in FY 2011-12 (as per the methodology bases on the AP feeder input units), the distribution losses had gone up to 31.20%. Further the Discoms increased the supply hours in rural areas from 11 hours to 14 hours which by itself leads to an increase of about 2.8% in the overall average losses because of over 60% losses in rural areas.

It is pertinent to mention that the Commission has already been very stringent towards allowed distribution losses every year and thus the expenses allowed by the Hon'ble Commission every year while approving the annual revenue requirement are based on targeted loss levels approved by the Hon'ble Commission, and accordingly the disallowed loss levels if any are not considered for calculation of ARR.

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

the Government of India, the State of Haryana and the Discoms of Haryana (Uttar Haryana Bijli Vitran Nigam Ltd. and Dakshin Haryana Bijli Vitran Nigam Ltd.) signed the tripartite Memorandum of Understanding (MOU) under the Scheme UDAY – “Ujwal DISCOM Assurance Yojana” on 11th March, 2016 for operational and financial turnaround of the Accordingly, the provisional Loss levels as projected in MOU signed under UDAY scheme has been considered.

Power Purchase cost

If the distribution losses are taken as per the approved trajectory, the power purchase cost as estimated and projected by UHBVNL for FY 2015-16 and 2016-17 respectively will be much less.

It is prayed that the Hon'ble Commission may please consider the approved trajectory figures while finalizing the petitioner's ARR.

UHBVNL's Reply

The reply towards considering the distribution losses has already been submitted in the submissions given for the earlier points and are not repeated here for the sake of brevity.

Non-Tariff Income

As per petition, UHBVNL has requested for Non Tariff Income as Rs 161.45 cr and Rs 174.43 for FY 2015-16 and FY 2016-17 respectively as approved by commission in its order dated 29 May 2014. However, the actual Non tariff Income of UHBVNL in previous years has been much higher than that projected by the petitioner in its respective APRs/ARRs. For the FY 2013-14 the non-tariff income was trued-up to be Rs 231 cr against the Commission approved figure of Rs 132 cr and the same is likely to be more than the approved figures for FY 2015-16 and 2016-17 as well.

In view of the above, the Hon'ble Commission is requested to re-estimate the non tariff income figures for FY 2015-16 and FY 2016-17 taking into consideration the actual figures of previous years as well as all elements of non tariff income viz. late payment surcharge collected, rebate/s availed for prompt payments for power purchase, recovery of theft power, interest on provident fund etc.

UHBVNL's Reply

The Discom has projected the non-tariff income, in line with the approved figures for FY 2015-16 by Hon'ble Commission. The approved figure of NTI by the Hon'ble Commission is considered to be Rs. 161.45 Crores and Rs. 174.43 Crores FY 2015-16 and FY 2016-17 respectively; and hence UHBVN considers the same for APR for FY 2015-16. The Petitioner prays the Hon'ble Commission to approve non-tariff income for FY 2015-16 and FY 2016-17.

Regarding Delayed payment surcharge, it is pertinent to mention that the Hon'ble Commission allows interest on working capital considering Normative O&M expenses for retail supply business for 1 (one) month and Receivables equivalent to 2 (two) months of billing less consumers' security/advance consumption deposit. Thus on the event that the consumer does not pay bills on time, the Discoms have to procure

short term borrowings in order to carry on the operational expenses on a daily basis; at interest rates existing thereon.

It is submitted that the licensee will be having only a much lesser amount of working capital after deduction of the consumer security deposit and thus the licensee have been getting only the interest cost on such reduced amount in their Annual Revenue Requirement and in case the licensee is not in a position to collect the billed amount to the fullest owing to a large consumer mix from rural areas, as is happening in the last few years, there is bound to be default by the Discoms in payment of interest and principal installments due. Further the Discoms have been claiming huge amounts as penal interest and overdue interest; which however has not been allowed by the Hon'ble Commission.

The Hon'ble Commission does not consider poor collection by the licensee is uncontrollable but it expects the licensee to collect 100% of the billing in view of various provisions available in The Electricity Act, 2003. While calculating tariff under multi-year principles, the loans are expected to be paid back as per the loan agreements along with the interest and the interest liability is calculated for the period on the remaining amounts only every year and that this is the principle being followed by the Central Electricity Regulatory Commission also. In view of the fact that the collection efficiency is practically not possible to be cent-percent, there is bound to be increase in receivables (Arrears on account of current demand) and defaults can occur in payment of interest and principal installments due and that the default will result in payment of overdue/penal interest by Discoms and will also increase the interest cost in the following year and that this situation requires to be avoided while calculating tariff in a Multi Year frame work and that in view of this it is justified that surcharge on delayed payments is not considered in the ARR.

The excerpts from the judgement of the Hon'ble Tribunal over the Appeal No. 223 of 2006 dated October 4, 2007 have been given below:

“ **Analysis and Decision:**

13. On a consideration of contentions of all parties, we are inclined to agree with the decision of the Commission to not include delayed surcharge revenue in the ARR in view of the fact that the working capital amount has been reduced to the bare minimum, 100% collection is

not happening as of now, and therefore, to meet its cash requirements, the Discoms will have to borrow from Banks to compensate for the outstanding payments from consumers.”

Revenue from FSA

It is requested that all recoveries from FSA including those of the year 2014-15 be considered while calculating the income of UHBVNL for the FY 2015-16 and FY 2016-17.

UHBVNL's Reply

It is submitted that the Haryana Electricity Regulatory Commission has formulated HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 dated 5th December 2012 vide Regulation No. HERC/26/2012. The HERC regulation directs Discoms to collect Fuel and Power Purchase Cost Adjustment (FSA) on a quarterly basis in a way that FSA accrued during a quarter is recovered in the following quarter. The FSA shall be calculated on the approved power purchase volume including short term purchase from all approved sources based on the approved loss levels. The detailed excerpt of the HERC MYT Regulation follows:

“...66. FUEL AND POWER PURCHASE COST SURCHARGE ADJUSTMENT (FSA)

66.1 The distribution licensees shall recover FSA amount on account of increase in fuel and power purchase costs from the consumers on a quarterly basis so as to ensure that FSA accrued in a quarter is recovered in the following quarter without going through the regulatory process i.e. FSA for the quarter “July to September” is recovered in the following quarter “October to December”.

66.2 FSA shall be calculated only in respect of approved power purchase volume including short term power purchase cost, if any, for the relevant year from all approved sources. Drawl of power under UI mechanism, if any, shall be allowed only when it is not in violation of grid discipline and shall be subject to a price cap of average revenue realisation from all consumer categories for that year.

Average revenue realisation = (Total revenue assessed for electricity supply in Rs + Government Subsidy in Rs) / Total sales in Units.

66.3 For the purpose of recovery of FSA, power purchase cost shall include all invoices raised by the approved suppliers of power and credits received by the distribution licensees during the quarter irrespective of the period to which these pertain for any change in cost in accordance with tariff approved by any regulator/ government agency mentioned in regulation 59.4. This shall include arrears/refunds, if any, not settled earlier. In case data of the last month in a quarter is not available for calculating FSA to be levied in the following quarter, the licensee shall use an estimate based on available data of the first two months of the quarter. On availability of the actual figures, the difference on this account shall form part of FSA of the subsequent quarter. If the actual data for any quarter is not made available by the licensee before the end of the following quarter for this adjustment, the FSA finally allowed for that quarter based on actual figures supplied after the prescribed date shall be limited to the earlier estimated amount or the amount based on the actual figures, whichever is lower.

66.4 In case of negative FSA, the credit shall be given to the consumers by setting off the minus figure against the positive figure of FSA being charged from the consumers. In other words, credit of FSA shall be given only against FSA being charged so that the base tariff determined by the Commission remains unchanged.

66.5 Only the allowed percentage of transmission and distribution losses for the relevant year as per the approved ARR shall be taken into account for working out FSA.

66.6 The amount of FSA shall be recovered by each distribution licensee by charging a uniform FSA (per kWh) across all consumer categories in his area of license.

66.7 For moderation purposes, the recovery of per unit FSA shall be limited to 10% of the approved per unit 'average power purchase cost' or such other ceiling as may be stipulated by the Commission from time to time. For calculating FSA, variations in quarterly purchase volume from an approved source are allowed subject to an overall ceiling of annual approved volume from

that source. In case a portion of the FSA for any quarter is not recovered due to the ceiling of 10%, the under recovered amount shall be added to the FSA for the next quarter.

66.8 Per unit rate of FSA (paisa/kWh) shall be worked out after rounding off to the nearest paisa;

66.9 The distribution licensee shall submit details relating to FSA recovery to the Commission for each quarter in the following format by the end of the following quarter.

Table 2: Methodology for FSA Calculation as per HERC

Sl No	Description
(i)	Approved power purchase volume from approved sources (MU)
(ii)	Approved power purchase cost (Rs. million)
(iii)	Actual power purchase volume (MU)
(iv)	Power purchased (MU) from sources not covered under regulation 66.2 giving source wise details and in case of UI the frequency at which UI draws were made. (disallowed power purchase)
(v)	Actual cost of power purchase from all sources except (iv) (Rs. million)
(vi)	Actual cost of disallowed power purchase relating to (iv)(Rs. million)
(vii)	Total FSA estimated to be recovered for the quarter(Rs. million)
(viii)	FSA per unit (Rs/kWh)being recovered during the following quarter

(ix)	<i>Actual FSA recovered/estimated to be recovered out of estimated FSA till the end of the following quarter (Rs. million)</i>
(x)	<i>Under/ over recovered FSA (vii-ix) (Rs. million)</i>
(xi)	<i>Approved sales (Consumer category wise / month wise) for the quarter (MU)</i>

Note:

1. All the source-wise details should be supported with requisite documentary evidence / invoices raised by the generators / suppliers of the power.

2. Actual sales to AP consumers are to be calculated in accordance with the methodology approved by the Commission in the ARR for the relevant year. ...”

Hence, it is submitted that Nigam has claimed FSA claim as per the FSA regulations, notified by HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 on a quarterly basis. Nigam submits the desired workings along with data pertaining to current FSA as well as for FSA True-up, as defined under the regulations.

It is submitted hereby that Nigam only levies the FSA to be recovered from the consumers in line with the methodology notified in HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

Subsidy

As per the provisions of Electricity Act 2003 and subsequent policies, the Government grant against subsidized categories is to be taken up by the DISCOMS upfront and the same should not become a part of revenue gap of the Utility.

The Discoms have failed to submit the details of subsidy released by the State Government on a quarterly basis. As per earlier directions of the HERC, the Nigam was to get the subsidy from the State Government at the start of the year so as to obviate the holding cost. This has not been done.

Hon'ble Commission is requested to direct UHBVNL to expedite measures for collection of State Government grant or else take necessary actions for disconnection of defaulting / non paying consumers. Failing this, tariff (non-subsidized) as determined by the Hon'ble Commission should be applicable to all consumer categories. Further, the apportionment of subsidy between UHBVNL and DHBVNL as taken by the petitioner in their ARR is in the ratio of 60:40. This itself adequately reflects on the efficiency of the petitioner DISCOM. Accordingly, the Hon'ble Commission is requested to direct the petitioner to take effective measures to reduce their AT&C losses to the targets fixed.

UHBVNL's Reply

It is submitted that the Discoms have always been requesting the state government regarding the RE subsidy and FSA subsidy (pertaining to the power supplied to the agricultural consumers) at appropriate times. However, appropriately releasing the required quantum of subsidy from time to time is a matter of decision of the state government.

Moreover, it is pertinent to mention here that the calculation of RE subsidy is done based on the ever increasing average cost of supply and sales for the agricultural consumers. For e.g. The detailed calculations for RE subsidy Projections for FY 2016-17 have also been given in the APR filings done by the Discoms, which are in line with the methodology considered by the Hon'ble Commission.

It is submitted that the state government has already been requested to release the outstanding RE subsidy and FSA subsidy in order to ensure that the Discoms are able to run their day to day operations without being further dependent on the short term borrowings; which has already lead to the condition of increased financial distress.

Return on Equity

In its petition, UHBVNL has asked for return on equity of Rs 234.70 cr and Rs 250.39 cr for FY 2015-16 and 2016-17 respectively. The Commission has approved zero ROE in its earlier orders and also in Tariff order dated 29 May 2014.

The Commission has been consistently denying ROE to the licensee in the past, on account of their poor performance and erosion of net worth due to accumulation of losses in its tariff orders. The relevant text from the order dated 30 March 2013 is reproduced below:

“3.16 Return on Equity

The accumulated losses of the two distribution licensees i.e. UHBVNL and DHBVNL have completely eroded their net worth including equity capital deployed in the business. The Commission, on several occasions, has emphasized the need for recapitalization of the state owned distribution companies and infusion of fresh equity by the State Government over and above the equity component of the annual incremental capital expenditure to be undertaken by the distribution companies to modernize and augment the distribution system to meet the increasing load and consumer base of the power utilities as well as their obligations to meet the standard of performance specified by the Commission in order to better serve the electricity consumers in Haryana. However, no progress seems to have been made in this direction. The return on equity either comes from the profit earned from the business in the form of dividend or from the accumulated reserves and surplus. In the present case there is neither any profit nor reserves and surplus. Further due to accumulated losses the equity capital stands completely eroded.

In view of the above facts, the Commission does not consider it appropriate to allow any return on equity in the FY 2013-14, as in the past, to the distribution licensees.”

Despite being denied return on equity in the previous tariff orders, the licensee has again proposed ROE of Rs 234.70 cr and Rs 250.39 cr for FY 2015-16 and 2016-17 respectively without any significant improvement in performance. It is extremely important to link the ROE with the improvement in efficiency of the licensee, failing

which no ROE may be given to it. Passing on ROE without improvement in performance will put additional tariff burden on the consumers. Also regulation 20.1 of tariff regulations 2012 clearly stipulates that return on equity shall be decided by the Commission on the basis of overall performance of the licensee, the extract are reproduced below :-

“ 20.1 The rate of return on equity shall be decided by the Commission keeping in view the incentives and penalties and on the basis of overall performance subject to a ceiling of 14% provided that the ROE shall not be less than the net amount of incentive and penalty.”

In view of the above, we request the Commission to disallow the RoE for FY 2015-16 and FY 2016-17 in consonance with its own earlier tariff orders and the provisions given in the tariff regulations.

UHBVNL's Reply

The norms set by MYT Regulations, notified by the Hon'ble Commission dated 05.12.2012, with a maximum limit 14% yearly.

The relevant extracts from MYT Regulations, in the concerned matter are as follows:

“ 20. RETURN ON EQUITY

20.1 The rate of return on equity shall be decided by the Commission keeping in view the incentives and penalties and on the basis of overall performance subject to a ceiling of 14% provided that the ROE shall not be less than the net amount of incentive and penalty .

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.

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%”.

It is submitted that Equity is very vital source of funding a portion of Capital Expenditure planned by the Utilities in order to improve the system and to achieve further loss reduction. Disallowing RoE on the context of financial performance deprives the utilities of an indispensable source of internal accrual which is more significant in view of the financially constrained position that creates a very difficult situation while endeavoring to infuse funds to fund basic capital expenditure.

Moreover, it is significant from the fact that signing of MOU under the UDAY scheme envisages recapitalization resulting in recouping of negative net worth over the turnaround period. Not allowing ROE would further delay the turnaround as envisaged under UDAY scheme for the power Discoms of Haryana. Thus in order to ensure the efficient development as well as financial viability of DISCOM, the Hon'ble Commission must allow at least a minimum percentage of return on equity to the distribution companies.

Proposed tariffs for various categories

Section 26 (7) of the Haryana Electricity Reforms Act 1997 requires that the licensee shall provide details of the proposed tariff or amendment to a tariff to the commission. Also As per section 8.5 of HERC Tariff regulations 2012, ARR shall include a statement of the expected revenue from tariff and charges, including a full statement of all applicable terms and conditions. This statement should be shown in a form appropriate to the proposed tariff structure. Details should also be supplied of the publicity intended to be given to new tariff options when they are to be implemented. Further section 2(3)b of the HERC guidelines for tariff filing dated 4 Dec 1998 provides that ARR must include a statement of the proposed tariff rates and charges, which have not been done by the petitioner.

By not giving any proposal for a tariff for various categories/Sub-categories/slabs, Discom is depriving various classes of consumers of an opportunity to air their views on the tariffs they would be asked to pay subsequently. Any subsequent hike would therefore, come as a shock to them and would only result in dissension and resentment.

UHBVNL's Reply

In the current petition, the Licensee has not claimed any revision in tariff for any category of consumers and the tariff currently being levied on various consumer categories has been decided by the Hon'ble Commission vide its Order dated 15th October, 2015.

Further, the tariff rationalization is based on the overall approved annual revenue requirement of the Discoms. The Hon'ble Commission has a two-sided responsibility to protect the financial interests of the distribution licensees and to balance the interests of various stakeholders. It is understood that the Hon'ble Commission being the most competent authority to decide an appropriate mechanism to bridge the proposed revenue gap has devised the best tariff proposal which is being implemented and is beneficial for the consumers and the Utility as well.

Revenue Estimation vis-a-vis Cross subsidy

At para 3.19 of the APR/ARR petition by UHBVNL, the estimation of revenue collection for FY 2015-16 and 2016-17 has been done based on the average billing rate of 2015-16 as per the category wise actual revenue collected and actual units sold in first half of 2015-16.

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 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 2012 provide the following provisions for 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.”

As can be seen from table 29 at pg 49 of the ARR petition, the industrial tariff estimated by the DISCOM heavily cross-subsidises some of the other consumer categories. 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.

The Commission would kindly appreciate that as the State industries have to compete in the National/International markets, they need to get assured, cheap, reliable and uninterrupted power at competitive rates. However, during last 3-4 years, the power cost in State of Haryana to industry has been enhanced exponentially as can be seen from the various orders of commission as given below:

Year	AVG. Power purchase cost allowed (Rs/unit)	Basic Energy Charge for HT industry at 11KV (Rs/Unit) at power factor of 0.9	Avg. FSA Charged by utilities illegally or as per order of commission (Rs./Unit)	Avg. Fixed cost component Rs./unit	Avg. Other charges ED/MCD/PLEC	total Avg. cost to HT consumer at 11kV	Difference of all cost over the power purchase cost	Increase in cost over previous Year to HT consumer
2010-11	2.60	4.15	0.31	0.28	0.50	5.24	2.64	
2011-12	2.85	4.15	0.23	0.28	0.50	5.16	2.31	-2%
2012-13	3.16	4.70	0.57	0.26	0.50	6.03	2.87	17%
2013-14	3.38	5.89	1.24	0.32	0.48	7.93	4.55	32%
2014-15	3.82	6.44	1.24	0.32	0.41	8.41	4.59	6%

The energy cost to industry at 11 kV voltage level has been increased from Rs. 5.2 to Rs. 8.4 (Increase of Rs. 3.2/unit; about 62%) whereas the power purchase cost has only increased by Rs.1.2/unit.

The power cost constitutes approx. 10-15% of manufacturing cost on an average for industry. Hence, this higher cost of power is resulting in industry of Haryana state becoming sick, non-competitive. The state of Haryana is witnessing very low industrial growth of <1% in last year compared to 5-10% being witnessed in 2006-10.

This high cost of power being charged to industry is attributable to mismanagement and inefficiency of power utilities which should not be allowed to be passed on to the consumers of Haryana, and especially the industry which are an engine of economic growth.

Hon'ble Commission is requested to take necessary steps to rationalize the charges for industrial power.

UHBVNL's Reply

In the current petition, the Licensee has not claimed any revision in tariff for any category of consumers and the tariff currently being levied on various consumer

categories has been decided by the Hon'ble Commission vide its Order dated 15th October, 2015.

The tariff rationalization is the prerogative of the Hon'ble Commission and is based on the overall approved annual revenue requirement of the Discoms. Further, The Hon'ble Commission has a two-sided responsibility to protect the financial interests of the distribution licensees and to balance the interests of various stakeholders. It is understood that the Hon'ble Commission being the most competent authority to decide an appropriate mechanism to bridge the proposed revenue gap has devised the best tariff proposal which is being implemented and is beneficial for the consumers and the Utility as well.

Non compliance to the directives of the Commission

It has been observed that the directives issued by the Commission are not complied by utilities time and again. Directives are essential and integral part of the orders issued by the Commission and any non-compliance should be viewed seriously by the Commission. As there has been repeated flouting of the directives of the Commission by the utilities, the Commission may take stringent view and may consider taking punitive action against the concerned official by holding him personally guilty for non-compliance and may also consider imposing penalty by invoking section 142 of the electricity act 2003

UHBVNL's Reply

The Hon'ble Commission had given some directions to the Discoms and consequently, the Discoms have been providing details to the Hon'ble Commission regarding compliance of the directives. The replies to the HERC directives have been timely submitted to the Hon'ble Commission from time to time except in certain case when owing to genuine reasons the replies have been furnished with some delay. The references of the compliance of the directives have already been submitted to the Hon'ble Commission vide the APR filings.

2.4.6 Objections filed by the Citizens Welfare Association (Regd.), Panchkula.

1. That the Discom(s) should be advised to improve their working conditions in these days of Technology since the working is still not found to be improved or satisfactory. It would increase the efficiency & the public would be get relief rather the electricity tariff could be reduced accordingly.

2. That there are two Discoms & two other companies in addition to Power purchase Chairman/Bijli Board having lot of separate establishment, furniture, fixture & buildings which need not required so much huge expenditure and should be reviewed to avoid over-staffing and un-necessary expenditure. Financial implications should be reduced to the minimum. There is great shortage of Technical-staff to maintain & monitor the system while other establishments (clerical & non-technical) are over-staff & needs retrenchment / reshuffle. Such reshuffling will improve the financial involvements and the necessary relief could be given to the consumers instead.
3. That there are only two maximum companies working in States like Punjab, Rajasthan, Uttaranchal Pradesh etc but Haryana has 5 companies to handle the state because of which there is over-burden; over-staff & un-necessary financial implications rather burden the consumers. There should be only two companies while the gained-relief should be account for to consumers instead.
4. That there are so many other burdens which have been put on the consumers rather most of those have not been got approved from the Haryana Electricity Regulatory Commission (HERC) like PPA, FCR, FSA etc which should be stopped to charge from consumers immediately & the necessary relief be given to the consumers accordingly.
5. That the Fuel-Surcharge is increased almost during every bill-cycle or two. As and when FSA are decreased but no refund is made to the consumers, which should be charged lesser rates.
6. That the Central Commission of India has approved the specific Billing-Performa for consumers which should be introduced to enforce in Haryana, as per Government of India guidelines.
7. That there are so many building have been occupied on rent by Discoms at different stations and lot of Government revenue has goes waste every month and Nigam goes under loss and this loss is recovered from the consumers directly or indirectly through the electricity-bills.
8. That there are so many Staff-Training-Centers which have been operated in entire state, on rent while the Discom has its own Training Center at Madanpur (near Panchkula) which is lying un-used quite for the last so many years. The existing Training Institutions should be regulate & monitored from the existing building owned by the Discom, instead to incurred undesirable

expenditure on rent or wasting the govt revenue un-necessarily. Such type of expenditure should be curtailed and the benefit should be transfer towards consumer's accounts.

9. That the State Advisory Committee (SAC) HERC has recommended so many decisions for implementation by the Discoms for the benefits of the public but the Discoms have never been serious about implementing decisions quickly eg. replace the defective-meters around one lac rather more but no action has so far been taken as yet. Such instances create loss to Discom(s) while consumers are burdened un-necessary.
10. That the HERC had advised the Discoms to go ahead with banking/trading in sale & purchase of Electricity and the staff posted should be answerable under such process of Bank-Trading but Discoms are not enforcing the decisions. It would be better to re-shuffle the entire staff posted for Purchase / Sale of Power and to which highly qualified appropriate staff should be posted to look into and those should be answerable also.
11. That the Agriculture Connections are lying pending (around one lac) since long but Discoms do not care to release, which itself is also loss to Discom(s) and burden goes over the consumers. Those consumers having the connection to use then the revenue will automatically come back accordingly to the Discom.
12. That E-tendering should be enforced also through the leading newspapers for public information and not to sent only in small-newspapers for publication, as per present practice.
13. That it is also requested feeder-wise Fixed Chart Report (FCR) should be submitted every week by the Discoms which includes power supplied & sale of power rather misuse, theft or losses accordingly.
14. That no interest on the 'security-deposited' is paid by the Discom(s) to the consumers since 2000 onwards, although Sales Circulars have been issued every years, which should be given to the consumers as their rights benefits, too The Discom(s) are availing monopoly-attitude by not releasing the interest every year worth crores of rupees, which is quite unfair.

Discoms Reply

The point-wise response to objections raised by Citizens Welfare Association (Regd.)

over the ARR for FY 2015-16 filed by UHBVNL are given below:-

UHBVN Reply:

- a. It is hereby submitted that the tariff is allowed by the Hon'ble Commission based on the T&D losses approved. Therefore the additional cost of power is not passed on to the consumers of the Discom. Moreover, the other costs such as O&M cost, Depreciation and Interest cost are also allowed on the normative Basis only. Therefore, only legitimate expenditure of discom after prudence check subjected to the norms is passed on to the consumers. Moreover, the Discom is making endeavors to improve the operational efficiency of the Nigam by the way of introducing spot billing, AMR etc. In order to facilitate the consumers of the discom a Centralized consumer call center with Toll free No.1800-180-1550 has been set up for all power supply related problems.
1. *There are 2 Discoms & 2 other companies in addition to Power purchase Chairman/Bijli Board having lot of separate establishment, furniture, fixture & buildings which need not required so much huge expenditure and should be reviewed to avoid over-staffing and un-necessary expenditure. Financial implications should be reduced to the minimum. There is great shortage of Technical-staff to maintain & monitor the system while other establishments (clerical & non-technical) are over-staff & needs retrenchment / reshuffle. Such reshuffling will improve the financial involvements and the necessary relief could be given to the consumers instead.*

It is submitted that any expenses proposed to be passed on to consumer is filed before by the Hon'ble Commission in line with various Regulations. The Hon'ble Commission after due diligence and prudence check approves the cost that is to be passed on to the consumers by way of Tariff and other charges. Further, it is submitted that the Nigam is trying its best to operate with maximum efficiency given the constraints faced by it thereby working cautioning that no burden due to operational efficiency is passed on to the consumers.
2. *There are only two maximum companies working in each state like Punjab, Rajasthan, Uttaranchal Pradesh etc but Haryana has 5 companies to handle the state because of which there is over-burden; over-staff & un-necessary financial*

implications rather burden the consumers. There should be only two companies while the gained-relief should be account for to consumers instead.

UHBVN Reply

It is submitted that different states have different demography, different consumer mix, and different infrastructure which become an important factor for deciding the number of establishments required to run the business. It is submitted that States Like Uttar Pradesh, Rajasthan, Gujarat etc have more than at least 5 Utilities engaged in the operations of Generation, Transmission and Distribution of Electricity in the State depending upon the demography. It is therefore submitted that comparison of number of establishments operating in other States will not be justifiable.

3. *There are so many other burdens which have been put on the consumers rather most of those have not been got approved from the Haryana Electricity Regulatory Commission (HERC) like PPA, FCR, FSA etc which should be stopped to charge from consumers immediately & the necessary relief be given to the consumers accordingly.*

UHBVNL's Reply

It is submitted that any cost passed on to the consumers by way of Tariff, FSA or any other charges are levied on the consumer only after approval of the Hon'ble Commission. It is submitted that the power generation companies pass on the increase of cost of power (produced due to increase in coal/fuel prices on monthly basis based on demand and supply of coal) to the distribution companies which gets legitimately passed on to the consumers as per the MYT Regulation, 2012.

Further, the Utility submits the expenses likely to be incurred by it under various heads in the ARR Petition alongwith the estimated revenue generated. Based on the prudence check of the above the gap / surplus thus generated, the same is pass on to the consumers by way of Tariff hike or any other charges deemed fit by the Hon'ble Commission. It is further submitted that the component wise True-up of expenses and income is done based on the audited accounts of the relevant year, the gap / surplus thus generated is accordingly passed on to the consumers. Thus, it is most respectfully submitted that the

Utility does not charge the consumers on its own and any charge being recovered from the consumers prudence check and approval of the Hon'ble commission.

4. *The Fuel-Surcharge is increased almost during every bill-cycle or two. As and when FSA are decreased but no refund is made to the consumers, which should be charged lesser rates.*

UHBVNL's Reply

It is submitted that the power generation companies pass on the increase of cost of power (produced due to increase in coal/fuel prices on monthly basis based on demand and supply of coal) to the distribution companies which gets legitimately passed on to the consumers.

SERCs of various states revises the tariffs for electricity periodically (every year or once in every two to three years). The new tariff is set based on the cost of production and distribution of electricity. But the prices of fuel or coal changes throughout the year and the utilities have to manage these uncontrollable cost variations by legitimately passing them to the consumers

The amount of FSA is generated due to variation in increase in the power purchase cost.

Postulates on FSA as per the HERC MYT Regulations 2012 are as follows:

- Recovery of FSA amount on Quarterly basis so as to ensure that FSA accrued in a quarter is recovered in the following quarter without going through the regulatory process.
- The FSA up to 10% of the approved cost of power purchase for the respective financial year is automatically passed through to the consumers; on a quarterly basis by the Discoms.
- FSA calculations only in respect of approved power purchase volume including short term power purchase cost from all approved sources at approved losses.
- However since the FSA amount is more, the recovery spills over a period of 3-4 years. The HERC also in the past when the FSA was levied after the end of the year after HERC approval allowed the recovery of FSA over 3-4 years; though the Discoms incurred and paid the entire cost of power purchase on a regular basis during the year itself. However the True-up of the recovery is being filed on a periodic basis to the HERC.

5. *The Central Commission of India has approved the specific Billing-Performa for consumers which should be introduced to enforce in Haryana, as per Government of India guidelines.*

UHBVNL's Reply

It is submitted the CERC has not approved any Billing formats for the state Discoms.

6. *There are so many building have been occupied on rent by Discoms at different stations and lot of Government revenue has goes waste every month and Nigam goes under loss and this loss is recovered from the consumers directly or indirectly through the electricity-bills.*

UHBVNL's Reply

It is hereby submitted that the Nigam has proposed construction of building in panchkula with an expenditure of Rs 32 Crore. Moreover, The Nigam has been filing the Expenditure incurred on account of Rent Paid in the petition for determination of ARR which is in turn duly approved after the prudence check by the Hon'ble Commission.

7. *There are so many Staff-Training-Centers which have been operated in entire state, on rent while the Discom has its own Training Center at Madanpur (near Panchkula) which is lying un-used quite for the last so many years. The existing Training Institutions should be regulate & monitored from the existing building owned by the Discom, instead to incurred undesirable expenditure on rent or wasting the govt revenue un-necessarily. Such type of expenditure should be curtailed and the benefit should be transfer towards consumer's accounts.*

UHBVNL's Reply

It is submitted that BODs in its meeting held on 30.09.2015 has ordered to dispense with the training centre at Delhi. However, concurrence has already been conveyed to HVPNL, Panchkula vide memo No. Ch-39/UH/P-285/Loose-III dated 15.10.2015 for training being conducted by HPTI, Madanpur w.e.f. 02.11.2015 for six months.

8. *State Advisory Committee (SAC) HERC has recommended so many decisions to implement by the Discoms for the benefits to the public but it is very sorry state that Discome(s) has never been serious to implement decisions quickly. Such as in case to replace the defective-meters around one lac rather more but no action*

has so far been taken as yet. Such instances create loss to Discom(s) while consumers are burdened un-necessary.

UHBVNL's Reply

The Nigam is targeting replacement of all defective meters as soon as possible and accordingly procurement process of single phase and 3 phase meters have been initiated.

Name of Sub-divn. /Divn. /Circle	Meters lying defective at the beginning of the Year (March-15).			Meters became defective during the Year (April-15 to Feb-16)			Meters replaced during the Year (April-15 to Feb-16)			Meters lying defective ending Feb-2015.		
	1Φ	3Φ	Total	1Φ	3Φ	Total	1Φ	3Φ	Total	1Φ	3Φ	Total
Ambala	1974	180	2154	19306	4091	23397	19241	3972	23213	2039	299	2338
Karnal	4346	229	4575	11243	1649	12892	12618	1751	14369	2971	127	3098
Kurukshetra	3915	132	4047	7453	1151	8604	7929	1234	9163	3439	49	3488
Rohtak	5132	84	5216	14869	513	15382	15305	577	15882	4696	20	4716
Sonepat	4220	0	4220	15398	1084	16482	14334	959	15293	5284	125	5409
Y. Nagar	3197	8	3205	13022	1241	14263	13426	1214	14640	2793	35	2828
Panipat	7215	65	7280	9425	1020	10445	9414	1041	10455	7226	44	7270
Jhajjar	3392	122	3514	5624	380	6004	6349	428	6777	2667	74	2741
Kaithal	11708	19	11727	9252	77	9329	8402	82	8484	12558	14	12572
Total	45099	839	45938	105592	11206	116798	107018	11258	118276	43673	787	44460

The progress of replacement of electromechanical meters is shown in the table below:

Sr. No.	Name of S/Divn. /Divisions/Circles	Number of Electromechanical meters pending for replacement at the end of January 2016		Number of Electromechanical meters replaced during the month of February 2016		Number of Electromechanical meters pending for replacement at the end of February 2016	
		Single Phase	Three phase	Single Phase	Three phase	Single Phase	Three phase
UHBVN							
1	Ambala	28268	673	1425	81	26843	592
2	Yamunangar	64304	49	516	12	63788	37

Sr. No.	Name of S/Divn. /Divisions/Circles	Number of Electromechanical meters pending for replacement at the end of January 2016		Number of Electromechanical meters replaced during the month of February 2016		Number of Electromechanical meters pending for replacement at the end of February 2016	
		Single Phase	Three phase	Single Phase	Three phase	Single Phase	Three phase
3	Kurukshetra	40994	139	815	2	40179	137
4	Kaithal	23121	0	651	0	22470	0
5	Karnal	70214	1022	765	3	69449	1019
6	Panipat	38561	259	600	33	37961	226
7	Sonepat	74171	211	428	33	73743	178
8	Rohtak	71597	35	216	0	71381	35
9	Jhajjar	62767	213	230	6	62537	207
	Total UHBVN	473997	2601	5646	170	468351	2431

Further, a team from UHBVN head office under CGM- Commercial has been constituted to supervise the progress of replacement of electromechanical meters with electronics meters. It is expected that the balance electromechanical shall be replaced within a span of next 3-4 months.

9. HERC had advised the Discoms to go ahead with BANKING-TRADING in sale & purchase of Electricity and the staff posted should be answerable under such process of Bank-Trading but Discoms are not enforcing the decisions. It would be better to re-shuffle the entire staff posted for Purchase / Sale of Power and to which highly qualified appropriate staff should be posted to look into and those should be answerable also.

UHBVNL's Reply

It is submitted that the Discoms are already doing Banking/ Trading of power. With regards to the staff it is submitted that the staff posted for Purchase / Sale of Power is appropriately qualified and experienced in the relevant field and are capable to handle the responsibilities given to them.

It is further submitted that the details of actual power purchased, sale of Power, losses etc. are duly submitted before the Hon'ble Commission for

approval and the same is allowed by the Hon'ble Commission after due prudence check.

10. *Agriculture Connections are lying pending (around one lac) since long but Discoms do not care to release, which itself is also loss to Discom(s) and burden goes over the consumers. Those consumers having the connection to use then the revenue will automatically come back accordingly to the Discom.*

UHBVN Reply

A large number of applications were lying pending so in compliance to the HERC Order on ARR dated 29.05.2014, UHBVNL has introduced Tatkal Scheme (Sales Circular No. U -37/2014) under which pending connections for different categories are being released including HT Industrial connections where there are no system constraints.

The progress of release of pending Tube well connections is given as under:-

Number of connections released under Departmental/Turnkey

Name of Circle	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
Ambala	8	4	9	21	22	3	15	32	53	25	29	42	263
Yamunanagar	81	34	57	21	12	0	21	12	14	10	25	104	391
Kurukshetra	0	2	8	21	0	9	18	16	20	13	11	12	130
Kaithal	1	4	20	65	102	17	5	2	17	14	1	43	291
Karnal	26	22	65	2	33	7	10	2	4	2	5	8	186
Panipat	0	0	0	0	0	48	0	0	17	0	44	62	171
Sonepat	12	75	89	114	27	26	21	53	21	47	57	48	590
Rohtak	74	0	0	0	0	4	14	3	53	4	21	7	180
Jhajjar	0	4	10	9	2	1	3	2	40	25	16	11	123
Total	202	145	258	253	198	115	107	122	239	140	209	337	2325

Number of connections released under Self Execution Scheme

Name of Circle	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
Ambala	8	0	1	0	1	0	0	0	0	0	0	0	10

Name of Circle	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
Yamunanagar	0	0	10	0	14	0	0	0	0	0	0	0	24
Kurukshetra	0	0	0	0	0	0	0	0	0	0	0	0	0
Kaithal	0	0	1	0	0	0	0	0	0	0	1	0	2
Karnal	0	0	6	5	0	0	0	1	0	2	0	0	14
Panipat	0	0	6	0	0	0	9	0	0	0	0	0	15
Sonepat	78	100	135	143	137	21	5	9	26	2	2	6	664
Rohtak	0	0	0	0	0	0	0	0	0	0	0	0	0
Jhajjar	0	0	1	5	5	0	0	0	0	0	0	0	11
Total	86	100	160	153	157	21	14	10	26	4	3	6	740

Total Number of connections released during FY 2015-16

Name of Circle	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
Ambala	16	4	10	21	23	3	15	32	53	25	29	42	273
Yamunanagar	81	34	67	21	26	0	21	12	14	10	25	104	415
Kurukshetra	0	2	8	21	0	9	18	16	20	13	11	12	130
Kaithal	1	4	21	65	102	17	5	2	17	14	2	43	293
Karnal	26	22	71	7	33	7	10	3	4	4	5	8	200
Panipat	0	0	6	0	0	48	9	0	17	0	44	62	186
Sonepat	90	175	224	257	164	47	26	62	47	49	59	54	1254
Rohtak	74	0	0	0	0	4	14	3	53	4	21	7	180
Jhajjar	0	4	11	14	7	1	3	2	40	25	16	11	134
Total	288	245	418	406	355	136	121	132	265	144	212	343	3065

The main reason attributable for pending connections is, connections where there are system constraints like low network capacity, congestion etc. once the same is addressed the remaining connections will also be released accordingly.

11. *E-tendering should be enforced also through the leading newspapers for public information and not to sent only in small-newspapers for publication, as per present practice.*

UHBVN Reply

It is submitted that e-tendering has been made functional in the utility. The State Government has created a common portal for e-procurement for all the departments from M/s Nextenders. All the tenders by Head office, CEs (OP) & SEs(OP) offices for procurement of store items, turn key projects, civil works and outsourcing are being undertaken through e-procurement portal of M/s Nextenders. Further all other tenders being undertaken by field offices (XEN & below) will be brought under the ambit of e-tendering by 30.9.2015 for which the necessary instructions are being issued by concerned tender issuing authority to local bidders for having digital signatures as well as to the tender issuing offices to have digital signature by 30.9.2015.

It is further submitted that the directions have been given to all the offices and Public Relation office to publish the NIT in shortest possible format as per the sample attached as Annexure-II. The same is being implemented by most of the offices and the public relation office will ensure in future that no descriptive NIT will be published by any office.

As per the directions of the Commission, all the NITs are being published in leading national dailies. The public relation office has been directed ensure the directions of Hon'ble Commission in future. Further, with the implementation of e-procurement, it has been observed that there are no restrictions and generally very good response from the bidders have been received from bidders located across the country.

12. *It is also requested feeder-wise Fixed Chart Report (FCR) should be submitted every week by the Discoms which includes power supplied & sale of power rather misuse, theft or losses accordingly.*

UHBVN Reply

It is submitted that the details of actual power purchased, sale of Power, losses etc are duly submitted before the Hon'ble Commission for approval and the same is allowed by the Hon'ble Commission after due prudence check.

- *No interest on the 'security-deposited' is paid by the Discom(s) to the consumers since 2000 onwards, although Sales Circulars have been issued every years, which should be given to the consumers as their rights benefits, too The Discom(s) are availing monopoly-attitude by not releasing the interest every year worth crores of rupees, which is quite unfair.*

UHBVN Reply

It is submitted that the detailed instructions have already been issued to the field offices in this regard vide Sales Circular No. 11/2015 and a copy of the same has also been submitted to the Hon'ble HERC. Further, all the field offices have been requested to provide circle wise details of the total interest accrued for the consumer security deposit for the FY 2014-15, actual interest adjusted and pending amount, if any. The Discoms have been endeavoring to release pending interest for the consumers at the earliest.

Name of Circle	No. of LT/HT Connections	Amount of Interest for consumer deposits in FY 2014-15 in lacs	Amount of Interest accrued that was adjusted in the first bill cycle of 2015-16 in lacs	Amount pending to be adjusted	Reason
Panipat	7465	383.11	383.11	0	-
Kaithal	376	50.89	50.89	0	-
Rohtak	19107	262.3	121.76	140.54	Due to issuing bill through RAPDRP Scheme. The pending amount shall be adjusted in the next month
Kurukshetra	61868	109.88	51.05	37.02	Interest for FY -2013-14 has been given and for FY 2014-15 will be given in the next bill.
Yamuna Nagar	798	171.40	84.91	56.47	Under process, will be adjusted in next billing cycle.

Name of Circle	No. of LT/HT Connections	Amount of Interest for consumer deposits in FY 2014-15 in lacs	Amount of Interest accrued that was adjusted in the first bill cycle of 2015-16 in lacs	Amount pending to be adjusted	Reason
Jhajjar	2352	232.13	221.9	10.23	
Karnal	1448	394.89	339.48	55.41	PAN Card of all consumers of LT/HT has been demanded .
Sonepat	1761	336.34	336.34	0	
Ambala	5634	740.96	605.42	135.54	
Total UHBVN	100809	2681.9	2194.86	435.21	

2.4.7 Objections filed by Shri Mahesh Kumar S/o Sh. Om Prakesh Singh, Village Adhiyar Dist. Mahendergarh, Haryana:-

a) Pending Electricity Bills

That as per the Discoms, the major portion of the defaulting amount is pending against rural consumers. In the rural area it is seen that the consumers do not pay bills due to waiver of electricity bills by the government and wait for such schemes. Haryana Government had approved one time settlement scheme which was circulated by DHBVN vide Sales Circular No. D 2/2014 dated 10.01.2014 but the same was not widely publicized.

That during the last year's Public Hearing on ARR, the Discoms stated that they are implementing "Pillar Box Scheme" on voluntary basis and those villages which are willing to adopt the scheme a rebate of 20% will be given in the bills to the consumers having "Pillar Box Scheme".

My village Adhiyar had given the consent for the Pillar Box Scheme but the benefits under the scheme had not been passed on to the consumers.

b) Transformer Damage

That the Discoms face financial losses due to faults in the transformers and the consumer also faces the problems. Transformer gets damaged due to lack of proper maintenance and to avoid the damage to transformer each transformer should have "Transformer Maintenance Card" which should be handed over to the consumer. Further, transformer oil should be got checked once in two year and this will reduce the damage rate considerably.

c) Consumer Identification

That there are many domestic connections which are getting electricity but the person in whose name the connection was taken had died but the change of name has not been done for those connections. The change of name for such connection should be done by making the rules easy and KYC norms should be followed.

d) Theft of Transformers

That many transformers are installed at far off places in the fields near tube wells and are prone to theft. Presently 50% of the cost of transformer is borne by the consumer in case of theft of transformer. The transformer should be insured so that in case of theft of transformer the 50% cost is not recovered from the farmer.

That the transformers having copper windings are prone to theft. It is suggested that the transformers having copper windings should be installed in urban areas and the transformers having aluminum windings should be installed in rural areas.

e) Technical losses

That dedicated Transformer Scheme was launched by the Nigam to provide better voltage but the same was discontinued. Presently, there are consumers having the tube well connections at a distance of more than 2000 feet from the transformer due to which they are not getting proper voltage and their motors are getting damaged. In such cases, the voltage variations are around 40%. The Commission had sought a report from the Discoms regarding Technical Losses. The copy of the report be provided.

f) Consumer Indexing

That the Managing Director, DHBVNL, in the State Advisory Committee meeting held on 26.02.2015 had informed that major steps were taken by

them to reduce losses and bring in efficiency and the Nigam had started consumer indexing which was likely to be completed by December, 2015.

That there are transformers in DHBVN which were installed 8 years back but have not been energized till date and are lying idle. No action has been taken in this regard despite repeated requests. It is requested that necessary steps be taken in this regard.

That the Commission in its ARR Order for the FY 2012-13 and the FY 2015-16 had sought a report in this regard but no action has been taken till date. The action taken report be made available to the public.

g) Penalty on bills after due date

That the amount of penalty levied on a consumer if he deposits his electricity bills one day after due date and on any other day after due date, is the same. It is requested that the penalty be imposed on a daily basis so that if a person pays early after due date, he pays less penalty.

h) Release of power connection to the tube wells under AP category – Condition regarding holding of minimum 2 acres of agriculture land

That for the release of new AP connections, the Nigam is insisting on minimum two acres of agriculture land and if a farmer has 1.95 acre of land his application is not accepted. This condition should be removed and the application for release of AP connection be accepted irrespective of area of land.

Further, the Commission had ordered for accepting online application for release of new connections but the same has not been implemented by the Nigam.

i) Direct subsidy to AP Consumers

That the electricity supply to AP consumers is presently subsidized and paid by the State Government to the Nigam. The subsidy should be transferred to the AP consumers on the pattern of LPG subsidy. This will benefit the consumers, Nigam and the Government. At present, the AP consumer keeps his connection running even when there is no requirement of water due to which electricity is being wasted. When the subsidy will be directly transferred into the account of the consumer, he will be more aware about his bill and this will also help Nigam in Energy Audit and Gram Panchayat in Social Audit. Further, AP subsidy to those consumers should be stopped whose annual income of more than Rs. 20 lacs on the pattern of LPG.

j) Release of Domestic connections on AP feeders

That many AP consumers are dwelling near their tube well connections and also pursuing livestock farming. The domestic connection to these people should be released as they play important role in agriculture and livestock growth of the State. Further, PAT transformers are being installed on the AP feeders so that the AP consumers do not get supply during evening. It is requested that domestic connections be allowed on AP feeders.

k) Prepaid meters.

Objection

That presently people are not disturbed with the increase in the electricity tariff but with the errors made while meter reading and wrong billing. For rectification of these errors the consumers have to face a lot of inconveniences. To do away with all these difficulties prepaid meters should be installed, especially in rural areas. Further, with the installation of prepaid meters in rural areas, the rural consumers will not be held guilty of nonpayment of electric bills and the village can be modeled as smart village. It is requested that prepaid/smart meters may be got installed at the earliest.

2.4.8 Objections filed by Shri Sampat Singh, Ex-Minister, House No. 112, Sector-15, Hisar, Haryana:-

I have read through newspapers that Chief Minister Haryana has directed to the Discoms to file a application before the commission to reduce the fuel surcharge adjustment (FSA). It is a decided rule of the Electricity Act 2003, passed by the Parliament that any application regarding tariff on FSA is filed by Discoms then it is mandatory that stake holder must be heard. The commission invites the suggestion, objections & comments of the Electricity consumers in written.

After receiving the suggestions of the consumers and the submission by the Discoms, the commission decides a date for public hearing in his court. After hearing the seller and the buyer i.e. Discoms & consumers, the commission issues the tariff or the FSA order.

I have also read in the Newspapers that the Discoms on the direction of the Chief Minister have filed the application before the commission to reduce the FSA at the rate of 25 paisa per unit. So it is most important that suggestions may be invited from the consumers and after that the Discoms again may file their submission.

Ultimately the commission invites both the parties for public hearing on a fixed date and time.

There is a lot of clash of interests between the Discoms and the Electricity user. The Discoms always try to raise high revenue and in-turn the consumers want to pay less for the Electricity they consume.

Discoms issued sales circular no. D-33/2015 dated 24.09.2015 that the FSA from Rs.1.17 to Rs. 1.69 per unit will be levied on the consumers according to their consumptions up to September, 2015. Unfortunately, the term of the FSA to be charged was extended up to 31.12.2015 vide sales circular number D-35/2015. The Discoms further issued a sales circular number D-1/2016 by which the time was extended from 1.1.2016 till further orders i.e. infinity which is against the natural law of justice.

On above said facts and reasons I would request the Honorable commission to withdraw the FSA raising from Rs. 1.17 to Rs. 1.72 per unit with effect from 01 July, 2015 and the arrears may be adjusted in the future electricity bills.

I would again request the Hon'ble commission that a notice of public hearing on the application filed by Discoms may be issue. Consumers and I may be called in that hearing to enable us for putting our views before taking any final decision. This application may be treated as petition.

2.4.9 Objections filed by Shri Ajay Parkash Sharma

1. A rebate of 4% at 11 KV and 5% on high voltage has been admissible by the Commission on the Single Point Connection. We request that this rebate should be 15% as 4% only barely cater the transmission losses whereas the developer has to repair, maintain and upgrade the whole inside site at his own cost. A rebate of 4% is very less. Moreover, in Punjab a rebate of 12% is allowed. So, a suitable rebate may please be granted.
2. It has been noticed that street light tariff are very high they are even much higher with respect to Non Domestic Supply Tariff (NDS). Commission will appreciate that particularly in residential township and in Group housing, street light has no commercial uses as this is for the benefit for the general public at large. So, you are requested to please consider a rebate of the street light tariff equal to the domestic tariff.

3. Need to clarify that for which purpose this bulk supply connections has to be used and secondly, if somebody has taken a bulk supply connection say for the commercial establishment and he has to further bill his client at which category he should charged from them. Since, if a bulk supply consumer charges at a NDS rates, he will loose on account of fixed charges which are not applicable on NDS upto 20KW connection and 99% connections are less than 20 KW.

2.4.10 Objections filed by Shri Col. S Kapoor, Executive Director, Faridabad Industries Association, Faridabad:-

The supplementary submissions filed by DHBVN have been perused and objections are given below:-

1. It is observed that the revised estimates of sales for FY 2016-17 has been increased from 19992 to 20155 (MU); there is no justification for this particularly because UDAY scheme should not have affected the Sales Projection.
2. The per/unit cost of Power purchased has been raised from Rs. 4.44 given in the initial submissions to Rs. 4.48. Similarly UHBVN has shown an increase for Rs. 4.49 to Rs. 4.54 for the FY 2016-17; this also is not justified.
3. DHBVN has reflected intra-state transmission charges for FY 2016-17 as Rs. 704.40 crores against the earlier submissions as Rs. 644.24 crores, this needs elaboration.
4. The bulk supply tariff for DHBVN has been hiked for FY 2016-17 from 4.60 to 4.68, which is again not justified.
5. Under Capital Expenditure projected for the FY 2016-17, it is not understood why the figure under implementation of SCADA under R-APDRP (Part B) in Faridabad town has been reduced from 80.00 to 45.00?
6. DHBVN has very interestingly shown the format on existing working capital, operation loss and REC/PFC for FY 2016-17 as 1264.1 which just about matches with the earlier submissions as 1265.08, there by trying to project that notwithstanding the UDAY scheme which has taken away 75% of their debt, there is no impact on the working capital. This is basically incorrect and we request the Hon'ble Commission to reject the same and the benefit of the UDAY scheme be passed down to the consumer with a considerable reduction in the existing tariff.

It is for information of the Hon'ble Commission that its counterpart in Bihar has reduced the tariff by nearly 0.60 paise after the implementation of the UDAY scheme.

7. The format showing Interest & Finance charges for FY 2015-16 & 2016-17 reflects an increase of 2178.43 crores in 2015-16 and a reduction of 241.29 crores in 2016-17 which also includes a 44.11 crores guarantee fee which needs explanation.
8. Inter State Sales for 2016-17 has been reduced from 4395.19 million units as given in the initial submission to 4018.10 MU in the supplementary submissions, which is not elaborated.

This is surprising considering the fact that they have surplus power and are levying peak load restrictions which is not justified.

9. It is ironical that DHBVN is reflecting a cumulative cash gap of Rs. 3816.20 crores from FY 2014-15 to FY 2016-17 in spite of the UDAY scheme.
10. The demand of the Discoms to seek the allowance of actual AT & C loss levels is preposterous and should not be allowed. It would not be out of place to state that the Discoms continue to perform in a manner they deem fit irrespective of the Orders and strictures of the Hon'ble Commission.
11. Both the Discoms are showing carrying cost which do not seem to be justified and therefore it should not be accepted.

12. **FSA**

In the supplementary submissions of UHBVN, Chapter 2 deals with recoveries of FSAs; we wish to place on record the following:-

- (a) The information furnished by the Discoms which led to the Hon'ble Commission, passing an order dated 19th March 2015 was wrong, since an FSA at the rate of Rs. 0.17 paise was not included in the data. This additional recovery continues to be held by the Discoms in an unjustified manner and we request the Hon'ble Commission to order its refund along with appropriate interest till the date of refund.
- (b) The whole methodology of levy of FSA is opaque; it is most unfounded that recovery of FSAs is ordered by the Discoms every quarter with no sunset clause. As on date we are paying Rs. 1.64 paise for HT industry and Rs. 1.72 paise for LT industry (existing consumer above 50 KW up to 70 KW)
- (c) With the UDAY scheme in vogue we request that the FSA of Rs. 1.24 ordered on 19th March 2015 should be stopped forthwith.

13. (a) In the latest report of Central Electricity Authority 2016-17 which has appeared in the media, it is stated that Haryana has been able to bridge the demand supply gap. As per the estimates, the State is Power surplus with 2.5% additional Power. In view of this we request that Peak Load hours should be removed. If the same is necessary due to system constraints, then it should be levied only on those circuits which are affected by the system constraints and not across board.

(b) Keeping the above in mind, the Hon'ble Commission should also not permit signing up of any new PPAs by the Discoms, rather the existing PPAs which are not in sync with the cost and efficiency curve should be cancelled.

2.4.11 Objections filed by Shri R.S Rathee spokesperson, Aam Admi Party, Haryana

The power consumers of Haryana are tired of complaining against the frequent power cut for hours together without knowing exactly the reason thereof, but it is sure that the power cut is localized due to poor maintenance and regulatory system.

We urge HERC also to initiate the strict measure as ordered by DERC for power supply in Delhi, immediately so that the DHBVN & UHBVN, careless attitude towards the consumers should be punished. The main problem is that the builders licensed area the DHBVN & UHBVN are not taking any initiative for corrective proper maintenance measures and they put all the responsibilities to the licensed builders and they in turn are not looking in to the day to day problems of the consumers.

1. There should be a proper complaint centre to monitor the complaints received by the distributors and the same should be rectified within a reasonable time period.
2. There should be an officer from the distribution company in the licensed builders' area to receive the complaints.
3. If the power cut is due to local faults and is not rectified and restored the power within a time period of one hour there should be penalties as stipulated in Delhi by the DERC, i.e., more than one hour up to two hours, @ Rs.50/- fine per hour and if the power cut is more than 2 hours Rs.100/- per hour for maximum 12 hrs fine should be penalized to DHBVN & UHBVN and the same should be disbursed to the consumers.

4. If the Distributors are failed to pay the fine to the consumers, they should be allowed to approach the consumer grievance redress forum or the ombudsman, and the compensation should be five times or Rs.5000/- whichever is higher and the compensation should be adjusted against current or future bills within 90 days, and should not be allowed to be recovered in the tariff petitions.
5. If the power cut happens due to grid failure or failure of central transmission utility, or any other reason over which the distribution licensee has no reasonable control then the fine should not be levied.

It is therefore urged that an immediate action be initiated and the direction of DERC may be adopted in Haryana as a total for the consumers' grievances due to failure of the power system due to local faults.

Replies to the Objections filed by the stakeholders/Public

Subsequent to the Interim Order passed by the Commission in the present case, UHBVN and DHBVN had filed their replies to the objections. The same are as under:-

Discoms Reply

Point wise reply to Objections raised by Dharamveer Goyat on the ARR for the FY 2016-17.

1. That the State Government under UDAY scheme shall take over 75% of discom debt in the following timelines:
 - Year 2015-16: Last Quarter of FY 2015-16
 - Year 2016-17: End of Quarter 2 of FY 2016-17

Further, as per the MoU signed under UDAY scheme the borrowing taken over by the State Government from the Discoms, shall be transferred to the Discoms in the form of grant, loan and equity, as prescribed in the following table:-

Year	Total Debt taken over	Transfer to the Discoms in the form of Grants	Transfer to the Discoms in the form of Loan	Transfer to the Discoms in the form of Equity
Year 1	50% of the total debt	11.25% of total debt	35% of total debt	3.75% of total debt
Year 2	25% of the total debt	11.25% of the total debt	45% of total debt	3.75% of total debt
Year 3		11.25% of the total debt	30% of total debt	3.75% of total debt
Year 4		11.25% of the total debt	15% of total debt	3.75% of total debt
Year 5		11.25% of the total debt		3.75% of total debt

That the debt taken over by the State Government is actually being converted into State Government loans and are still being borne by the Discoms. Further, grant is provided by the State Government against these loans over the period of next five years.

That the tariff rationalization is based on the overall approved annual revenue requirement of the Discoms, which accounts only for the interest charges borne by the Discom and not the total debt, thus the debt taken over, under the UDAY Scheme shall have minimal impact over the current gap of the Discom, but is beneficial for the Discoms to further invest in improving their operational efficiencies.

The Discoms in light of the UDAY scheme are initiating various activities towards improving billing and collection efficiencies by undertaking following activities:-

- Feeder Sanitization
- Putting Mhara Gaon Jagmag Gaon on fast track.
- Enhancing Vigilance Activities to control thefts.
- Arrear Recovery
- Easy mode of payments

2. That Dakshin Haryana Bijli Vitran Nigam (DHBVN) levied Fuel Surcharge Adjustment as a pass-through cost to its consumers in accordance with HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 on a quarterly basis. The relevant regulation is as under:-

“66.1 The distribution licensees shall recover FSA amount on account of increase in fuel and power purchase costs from the consumers on a quarterly basis so as to ensure that FSA accrued in a quarter is recovered in the following quarter without going through the regulatory process i.e. FSA for the quarter “July to September” is recovered in the following quarter “October to December”.”

That Power generation companies, on account of increase in variable cost due to uncontrollable parameters, charge the primary fuel price adjustment to the Discoms. The fuel price adjustment is calculated as per the methodology defined in the section 33 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

Hence, per unit fuel cost pass-through has been calculated based on the norms and guidelines laid down by Hon'ble Haryana Electricity Regulatory Commission and is being imposed in accordance with the regulations of the Hon'ble Commission.

3. That the Dakshin Haryana Bijli Vitran Nigam (DHBVN) is in process of implementing directives of the Commission and looks forward to accomplishment of these directives at the earliest. Also, some of the directive are time bound and are already in motion while some others are long term objectives and interdependent, thus, are taking longer time than expected, but be assured that the DHBVN is already in process of fulfilment of these directives.
4. That the Dakshin Haryana Bijli Vitran Nigam (DHBVN), in order to fulfil the Renewable Purchase Obligation needs to purchase power from Renewable Energy sources. Solar being the most competitive in the power market and Haryana being a State with high amount of Direct Normal Irradiance (DNI), is looking forward towards adding more solar generated power in its portfolio.

That as per National Tariff Policy, 2016, the Government of India aims to increase its share of Solar Power utilized to 8% by 2022, thus in order to achieve the goals set and to move towards more environment friendly options of power generation there is a need to enhance the share of power from solar generation.

“8% of total consumption of electricity, excluding hydro power, shall be from solar energy by March 2022”

Further, the decision for approval of Power Purchase Agreement (PPA) is with the Commission and it is up to the discretion of the Commission.

5. That the business of Generation of Power of erstwhile Haryana State Electricity Board (HSEB) was transferred to Haryana Power Generation Corporation Ltd. (HPGCL) and Haryana Vidyut Prasaran Nigam Ltd (HVPNL) was entrusted with the functions of Power transmission and distribution on 14th August, 1998 pursuant to Power Reforms in Haryana. Further, on 1st July 1999, the distribution business was transferred to Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) in the North Zone & Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) in the South Zone.

That the erstwhile HSEB was unbundled and reorganised into four state utilities in order to improve the operational efficiencies of the utilities and to move towards formation of sector specific units. These steps of unbundling were taken in order to provide extended services to the consumers and follow a consumer centric approach. Also, in order to match the increasing demand of electricity there was

need to formulate sector specific units for the balanced growth of power sector in Haryana along with efficiency improvement and consumer satisfaction.

Further, HPGCL was incorporated for bringing in excellence in power generation in the State's own generating stations. In addition, it has been entrusted with the responsibility of setting up of new generating stations in order to keep pace with the ever –increasing demand of power.

6. That the Power Purchase Agreement signed between the generating company and the DHBVN is initially submitted to the Commission and the same is signed after the consent of the Commission.

That the PPAs signed between the generating company and the Haryana Discoms are available for disclosure nevertheless the request should be made through proper channels.

7. That AMR systems are already in place for HT connections and running, while in the meantime Dakshin Haryana Bijli Vitran Nigam (DHBVN) is in a process of initiating implementation of AMI systems for LT as well NDS Connections, thus moving along with the Government of India initiative of Digital India. These AMI systems are equipped with automatic meter reading technology, minimizing human intervention and avoiding chances fraudulent.

That online bill payment system is implemented and available for R-APDRP consumers.

8. That there are guest houses at two locations under DHBVN i.e. one at Hisar in Nigam's building and the other one at Gurgaon in rented building. The guest houses at two locations are indispensable on account of following reasons:-

- Guest house at Gurgaon is vitally located in NCR region and is being used by Sr. Officers including Administrative Secretary for stay purposes.
- Guest house/Rest House (2 Nos) at Hisar are is being used by Sr. Officers for official stay purposes in case of attending the meetings at the Head office level.

Moreover, the occupation rate for the above mentioned guest house is more than 30% excluding suites reserved for VIP.

Further, considering the amount of work load and the large number of employees involved it would be cumbersome to shift DHBVN office to any of the above mentioned guest house, which is already being used by the Discom employees for official stay purpose.

9. That the loans taken over by the Dakshin Haryana Bijli Vitran Nigam (DHBVN) are a mix of both public as well as private bank loans. Also, DHBVN has no set priority for any particular bank and takes loan as per the rate then prevalent and on the basis of easy availability of funds with the banks.
10. That the Dakshin Haryana Bijli Vitran Nigam (DHBVN), as per the directions of the Hon'ble Chief Minister, has initiated the process of uploading the relevant data online and is working hard to complete it at the earliest. Nevertheless, due to the large volume of data it is difficult to upload all the data in one go, though, the work is in progress to upload the past data at the earliest and then moving on to the uploading of the real time data. Further, as the software and the process is new and due to upcoming troubleshoots the process had deviated from its initial timeline, but currently is on fast track system.

11. Compliance of Directives

That DHBVN refuses the allegations of non compliance of any of the Commission's directions. The DHBVN always respects the directions given by the Commission and makes all effort to comply with those directions. The status of compliance with the various directions given by the Hon'ble Commission has already been detailed under Petition for APR FY 2014-15 and ARR for FY 2015-16 for DHBVNL. Further, any addition information required by the Hon'ble commission shall be provided to the Commission in due course of time.

a) Feeder Losses

That all CEs/Op and SEs/Op have been instructed to ensure meticulous compliance of ibid directions issued by the HERC vide Sales Instruction No. 10/2015 issued on 30.06.2015. Some of the measures being adopted for reduction of losses are as under:-

1. Replacement of Defective Meter /Electro Mechanical Meter.
2. Bifurcation/trifurcation of overloaded/lengthy feeders.
3. Relocation of meters outside the consumer premises.
4. Organizing special drives for detection of thefts.
5. Incentive scheme 'Mera Gaon Jagmag Gaon' with provision of increasing the duration of power supply based on certain parameter has been launched.

The above status already stands intimated to HERC vide office Memo No. Ch. 50/SE/RA- 500/Vol-I/Loose dated 17.07.2015

b) Replacement of Defective meters

That in order to remove/ replace all the defective meters as per the given direction, the Discom has taken every possible and necessary step. However, due to some practical and existing conditions, there are some defective/ faulty meters still in existence. The table below provides the status, as on 30th September 2015.

Name of Circle	Balance meters lying defective at the end of the month 02/2016					
	1 Φ			3 Φ		
	Rural	Urban	Total	Rural	Urban	Total
Faridabad	1352	4283	5635	904	1081	1985
Palwal	4204	964	5168	2274	1281	3555
Gurgaon	1686	2277	3963	2963	1150	4113
Narnaul	3070	199	3269	4140	168	4308
Rewari	9787	2660	12447	7617	100	7717
Bhiwani	10503	1080	11583	8626	207	8833
Hisar	42846	2679	45525	568	568	1136
Sirsa	6191	841	7032	11852	216	12068
Jind	20028	1191	21219	7185	178	7363
Total	99667	16174	115841	46129	4949	51078

It is further submitted that Discom still in process of faulty meter removal/replacement and same efforts will be continue in near future.

c) Cost of Service

That the distribution licensees are in the process of undertaking the category wise cost to serve; however, the same has been delayed due to various reasons. It is submitted that the distribution licensees are in the process of undertaking individual consumer indexing and feeder indexing and the same is taking some time. It is submitted that the non-submission of category wise cost to serve will not invalidate the tariff fixation exercise by the Hon'ble HERC. It is submitted that the Hon'ble HERC is empowered to determine tariff on a suo-moto basis as well. It is further submitted that it is no-longer res-integra that even on a suo-moto determination of tariff; the Hon'ble HERC is empowered to revise the tariff.

d) PLEC

That the Nigam proposes to replace LT CT Meters without TOD facility in Urban/Industrial feeders as they are being provided unrestricted supply in view of ample availability of power. The matter is being examined and the details

regarding compatibility of LT-CT meters installed at consumer premises has been received from concern offices and all the meters in present without KVAH and TOD facility and TOD facility not available shall be got replaced in due course of time.

e) Recovery of overdues

Tthat the Discoms have already proposed Mass drive for recovery of defaulting amount especially from connected consumers and disconnection of defaulters. Moreover, the state government has also been requested to release the outstanding subsidy along with releasing the Government department's electricity outstanding dues to the Discoms.

Receivable in the case of DHBVN

That the Nigam had decided to introduce scheme for Settlement of various categories of Electricity consumers where disputes are pending in Courts/Arbitration/DCDRF/State Commission/National ComMission etc, in the Lok Adalats being held regularly in the entire district Head Quarters under the jurisdiction of DHBVN. Thus the Sales Circular D-45/2014 dated 24/11/2014 was notified by the DHBVN and The scheme was opened upto 31.12.2014.

Moreover, the DHBVN had notified the Sales Circular No D-2/2014 dated 10/01/2014 regarding Implementation of Pillar Box Scheme. In compliance to the decision of the Govt. Of Haryana dated 02.01.2014, it was decided that "Pillar Box Scheme" of distribution utilities is on voluntary basis and those villages which are willing to adopt "Pillar box Scheme" will only be covered under the scheme. There would not be any forcible adoption of the scheme. This system should be implemented in those villages and areas only where residents voluntarily come forward requesting the Discoms to erect the new safe and reliable system. The areas opting for the "Pillar Box Scheme" of power distribution will be given power supply for 24 hours a day. Further, the consumers having the "Pillar Box System" will be given a rebate of 20% in bills. As the capacity of the system will be augmented and whole system would be renovated. There would neither be breakdowns nor trippings. Also, the problem of low voltage would be resolved.

Moreover, it was observed that defaulting amount / arrear against various categories of consumers was accumulating / increasing, inspite of repeated instructions/persuasions. The major portion of defaulting amount / arrears is outstanding against Rural Domestic Supply (RDS) consumers. Therefore, to

recover the arrears, a simple one time settlement scheme has been approved by Government of Haryana.

Accordingly, sales circular D-38/2013_dated 17/07/2013 , sales instructions number 14/2013 date 11/09/2013, Sales circular number D-50/2013 dated 26/09/2013 and D-54/2013 dated 10/10/2013 were issued from time to time vide which one time settlement of defaulting amount alongwith assured power supply to RDS (Rural domestic supply) consumers was launched.

Similarly, in compliance to the decision of the government of Haryana dated 02.01.2014, the matter was re-considered and the salient features / guidelines for implementation of the scheme were notified vide the Sales Circular No.D-2/2014 dated 10/01/2014.

f) Intimation/ bill through email & SMS

That the facility of bill alerts via SMS exists for all the consumers of DHBVN, who opts for the service. The facility of bill delivery via e-mail exists for the consumers of R-APDRP areas, who opts for the service. Sales Circular incorporating the provisions stand issued vide S/C No. D-18/2015 dated 30.06.2015. Further the matter has been taken up with the field offices vide SE/IT, DHBVN, Hisar office memo no. Ch-55/IT-61 dated 27/05/2015 for collection of Mobile Numbers and e-mail ids of the consumer. The above status already stands intimated to HERC vide SE/RA, DHBVN office Memo No. Ch. 50/SE/RA-500/Vol-I/Loose dated 17.07.2015

g) Interest on security deposited

That the Commission has clarified the interest to be paid to the consumer for the Security Deposit vide 'The Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 1st Amendment, 2014. The excerpts are given below:

4. Amendment to Regulation 4.15.5 (Interest on Security Deposit).

Existing Regulation 4.15.5 shall be substituted with the following Regulation.

4.15.5 Interest on Security Deposit

The licensee shall pay interest to the consumer at the Bank rate as determined by the Reserve Bank of India on 1st April of each year or more as specified by the Commission payable annually on the consumer's security deposit. The interest accrued during the year shall be adjusted in the consumer's bill for the first billing cycle of the ensuing financial year.

Thus the objection is not justified.

h) 'Time of Use' Implementation

That the basic objective of implementing time of day tariffs is to flatten the load curve over a period resulting in a reduction in the peaking power requirement. Although, DHBVN does not have any provision for time of day tariffs as of now, but in order to mitigate the financial impact of peak power purchase, HERC has introduced Peak Load Exemption Charges (PLEC) on all industrial consumers.

(i) That the Commission had directed as under:-

".....The Commission through its order dated 29th May, 2014 had expressed its concern regarding high and ever increasing employees cost of the Nigam and suggested outsourcing of works wherever possible. Hence, all non-technical posts lying vacant for the last three years in the Utilities were required to be abolished except the posts where the contract/outsourced staff have been engaged and to apprise the Commission accordingly. However, no information has been supplied in this regard. Utilities are directed to submit the status of non-technical posts lying vacant for more than last three years at the time of above said orders, number of contract/outsourced staff engaged on such posts and the number of such vacant post abolished so far within 30 days. In order to improve the operational efficiency as well as consumer services, the Commission had approved recruitment against vacant technical posts. The Discoms are directed to submit the status of such recruitment within one month from the date of this tariff order. "

Further, *discom* has submitted in their ARR petition for FY 2016-17 as follows.

Year	Class	Sanctioned post	Working Position	Vacancy position	Vacancy meant for Direct Rectt.	Vacancy against Promotion Quota	Outsource against sanctioned post
30.04.14	Class - III (Non Technical)	3664	1916	1748	1017	729	693
31.05.15	Class - III (Non Technical)	3652	1762	1890	1056	775	617

Year	Class	Sanctioned post	Working Position	Vacancy position	Vacancy meant for Direct	Vacancy against Promotion Quota	Outsource against sanctioned post
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					Rectt.		
30.04.14	Class - IV (Non Technical)	1451	578	873	861	12	357
31.05.15	Class - IV (Non Technical)	1451	536	915	903	12	380

Recruitment Status as on 29.09.2015 is as under:-

1. Requisition sent to HSSC for recruitment on 15.09.2015

Sr. No.	Name of post	No. of Posts	Remarks
(1)	(2)	(3)	(4)
1.	UDC (Head Office)	28	
2.	UDC (Field)	202	
3.	LDC (Head Office)	11	
4.	LDC (Field)	467	
5.	Shift Attendant	806	
	Total	1514	

2. Posts covered under Special recruitment

Name of post	HVPN	UHBVN	DHBVN	HPGCL	Total
Gazetted Posts					
A.E./ Electrical	50	34	39	51	174
A.E./ Civil	4	2	2	8	16
Sub-Total Gazetted	54	36	41	59	190
Gazetted Posts					
J.E./ Electrical	186	33	-	-	219
J.E./ Civil	29	4	14	22	69
UDC (IT)	-	74	53	-	127
Sub-Total Non-Gazetted	215	111	67	22	415
Grand Total	269	147	108	81	605

3. Requisition sent to HVPNL for recruitment

In addition, a proposal for filling up of 4067 Nos. of posts of Class-111 has also been sent to the O/o Chief Secretary for recruitment by Haryana Staff Selection Commission and the approval of the same is also awaited. The details are as follows:-

Sr. No.	Name of Post	No. of Post to be Advertised by direct recruitment	Remarks
1	Divisional Accountant/ Revenue Accountant	27	
2	U.D.C.(HO)	14	

3	L.D.C.(HO)	10	
4	Meter Reader	337	
5	Jr. Scale Stenographers	25	
6	Steno-Typist	21	
7	Pharmacists	5	
8	Lab Technician	3	
9	Matron /Nurse	1	
10	Jr. Photographer	1	
11	Security Officer	1	
12	Security Havildar	4	
13	Store Munshi	9	
14	Draftsman	100	
15	J.E.(Civil)	02	14 sent for Spl Rectt by PGCIL
16	Instrument Mech.	1	
17	Lab Attendant	24	
18	Electrical (Tech-I)	2	
19	Technician Gr-I	1	
20	Carpenter	4	
21	Mason	1	
22	ALM	3474	
	Grand Total	4067	

4. Requisition being sent to HPSC for recruitment.

Sr. No.	Name of post	No. of Posts
(1)	(2)	(3)
1	AE (Electrical)	15
2	AE (Civil)	0
3	Company Secretary	01
4	Chief Communication Officer	01
5	Accounts Officer	04
6	Medical Officer	05
7	Assistant Law Officer	03
8	Chief Security Officer	01
	Total	30

That there are guest houses at two locations i.e. at Hisar in Nigam's building and the other one at Gurgaon in rented building. The guest houses at two locations are indispensable on account of following reasons :

1. Guest house at Gurgaon is vitally located in NCR region and is being used by Sr. Officers including Administrative Secretary for stay purposes.
2. Guest house/Rest House (2Nos) at Hisar are is being used by Sr. Officers for stay purposes in case of attending the meetings at the Head office level. The occupation rate is more than 30% excluding suites reserved for VIP.

Hence Hon'ble Commission is requested to review the above directives and allow continuation of above Guest Houses.

Point wise reply to Objections raised by Shri Sampat Singh on the ARR for the FY 2016-17.

That the Haryana Electricity Regulatory Commission has formulated HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 dated 5th December 2012 vide Regulation No. HERC/26/2012. The said Regulations allows Discoms to collect Fuel and Power Purchase Cost Adjustment (FSA) on a quarterly basis in a way that FSA accrued during a quarter is recovered in the following quarter. The FSA shall be calculated on the approved power purchase volume including short term purchase from all approved sources based on the approved loss levels. The relevant excerpts of the HERC MYT Regulation are reproduced hereunder:-

“...66. FUEL AND POWER PURCHASE COST SURCHARGE ADJUSTMENT (FSA)

66.1 The distribution licensees shall recover FSA amount on account of increase in fuel and power purchase costs from the consumers on a quarterly basis so as to ensure that FSA accrued in a quarter is recovered in the following quarter without going through the regulatory process i.e. FSA for the quarter “July to September” is recovered in the following quarter “October to December”.

66.2 FSA shall be calculated only in respect of approved power purchase volume including short term power purchase cost, if any, for the relevant year from all approved sources. Drawl of power under UI mechanism, if any, shall be allowed only when it is not in violation of grid discipline and shall be subject to a price cap of average revenue realisation from all consumer categories for that year.

Average revenue realisation = (Total revenue assessed for electricity supply in Rs + Government Subsidy in Rs) / Total sales in Units.

66.3 For the purpose of recovery of FSA, power purchase cost shall include all invoices raised by the approved suppliers of power and credits received by the distribution licensees during the quarter irrespective of the period to which these pertain for any change in cost in accordance with tariff approved by any regulator/ government agency mentioned in regulation 59.4. This shall include arrears/refunds, if any, not settled earlier. In case data of the last month in a

quarter is not available for calculating FSA to be levied in the following quarter, the licensee shall use an estimate based on available data of the first two months of the quarter. On availability of the actual figures, the difference on this account shall form part of FSA of the subsequent quarter. If the actual data for any quarter is not made available by the licensee before the end of the following quarter for this adjustment, the FSA finally allowed for that quarter based on actual figures supplied after the prescribed date shall be limited to the earlier estimated amount or the amount based on the actual figures, whichever is lower.

66.4 In case of negative FSA, the credit shall be given to the consumers by setting off the minus figure against the positive figure of FSA being charged from the consumers. In other words, credit of FSA shall be given only against FSA being charged so that the base tariff determined by the Commission remains unchanged.

66.5 Only the allowed percentage of transmission and distribution losses for the relevant year as per the approved ARR shall be taken into account for working out FSA.

66.6 The amount of FSA shall be recovered by each distribution licensee by charging a uniform FSA (per kWh) across all consumer categories in his area of license.

66.7 For moderation purposes, the recovery of per unit FSA shall be limited to 10% of the approved per unit 'average power purchase cost' or such other ceiling as may be stipulated by the Commission from time to time. For calculating FSA, variations in quarterly purchase volume from an approved source are allowed subject to an overall ceiling of annual approved volume from that source. In case a portion of the FSA for any quarter is not recovered due to the ceiling of 10%, the under recovered amount shall be added to the FSA for the next quarter.

66.8 Per unit rate of FSA (paisa/kWh) shall be worked out after rounding off to the nearest paisa;

66.9 The distribution licensee shall submit details relating to FSA recovery to the Commission for each quarter in the following format by the end of the following quarter.

Table 3: Methodology for FSA Calculation as per HERC

Sl No	Description
(i)	Approved power purchase volume from approved sources (MU)
(ii)	Approved power purchase cost (Rs. million)
(iii)	Actual power purchase volume (MU)
(iv)	Power purchased (MU) from sources not covered under regulation 66.2 giving source wise details and in case of UI the frequency at which UI draws were made. (disallowed power purchase)
(v)	Actual cost of power purchase from all sources except (iv) (Rs. million)
(vi)	Actual cost of disallowed power purchase relating to (iv)(Rs. million)
(vii)	Total FSA estimated to be recovered for the quarter(Rs. million)
(viii)	FSA per unit (Rs/kWh)being recovered during the following quarter
(ix)	Actual FSA recovered/estimated to be recovered out of estimated FSA till the end of the following quarter (Rs. million)
(x)	Under/ over recovered FSA (vii-ix) (Rs. million)
(xi)	Approved sales (Consumer category wise / month wise) for the quarter (MU)

Note:

1. All the source-wise details should be supported with requisite documentary evidence / invoices raised by the generators / suppliers of the power.
2. Actual sales to AP consumers are to be calculated in accordance with the methodology approved by the Commission in the ARR for the relevant year. ...”

Therefore, it is submitted that Nigam has claimed FSA as per the FSA regulations, notified by HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 on a quarterly basis. Nigam submits the desired workings along with data pertaining to currents FSA as well as for FSA True-up, as defined under the regulations.

It is hereby submitted that Nigam only levies the FSA to be recovered from the consumers in line with the methodology notified in HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

In its ARR submission the Licensee has submitted that the unrecovered amount as on 31st March, 2016 equals to Rs. 2640.13 Crore including the FSA of Order dated 19.3.2015 and automatic FSA @40 paise. Further, to give relief to its consumers the Licensee has already/ proposed to recover this amount by the end of financial year (subject to True-up) alongwith the concurrent FSA@40 paise.

Further, in reference to holding a Public Hearing on the matter relating to the Tariff proposal submitted by the Discoms for reduction of FSA rates determined by the Hon'ble Commission vide order dated 19th March 2015 along with the supplementary submissions filed for determination of Annual Revenue Requirement of the FY 2016-17 is a prerogative the Hon'ble Commission, The Hon'ble Commission in its Interim Order dated 25th April 2016 directed the Discoms to file the supplementary Submission in two week time and also to publish the same on the Website of the Discoms. The relevant excerpts of the order has been given below:

“6. The Commission, acceding to the request of the Discoms, allows two weeks time for filing the supplementary submissions. The Discoms shall also make the same available on its respective website(s). The stakeholders/public shall be allowed further one week time to file their objections/comments on the supplementary submissions filed by the Discoms. The Commission shall hear the Petitions filed by the Discoms on 30.05.2016 at 11.30 A.M. in its Conference Hall.”

Further, during the course of Hearing, the Hon'ble Commission has given sufficient time to all stakeholder to file written Comments/ Objection on the supplementary submissions. Thereby, providing a relief under the law of natural justice. The Comments from various stakeholders have been received through HERC and the licensee is duly replying to the same.

Moreover, the Licensee has a limited role in the entire process of conducting Public Hearing and the Licensee ensures that it complies with the directions of the Hon'ble Commission, if any in this regard.

2.5 State Advisory Committee (SAC)

The 14th meeting of the State Advisory Committee (SAC) constituted under Section 87 of the Electricity Act, 2003, was held on 10.03.2016 at 02:15 PM in the Conference Hall of the Commission at Panchkula to elicit views / advise of the SAC Members on the MYT APR/ARR/Tariff/ True-up Petitions of all the Power Utilities under consideration of the Commission. The SAC Members mostly confined their comments / suggestion to the performance and the petition filed by the Discoms. The views/suggestions of the SAC are reproduced below:-

Shri R.P. Malhotra raised the issue of massive capital expenditure that has been incurred on creation of the power sector infrastructure in Haryana but the same has not

benefitted the electricity consumers. To the contrary, there is not much improvement in quality of service and supply of electricity while the consumer tariff(s) are being increased continuously for the last few years. The line losses have not been reined to the desired levels which puts avoidable burden on the electricity consumers in Haryana who are already saddled with the highest tariff as compared to the other States in India. He submitted that despite the assurance given by the Chief Minister that there will be no further hike in tariff, Discoms have proposed a hike of 18% in their ARR petition. He submitted that it is a myth that the DS consumers having consumption of more than 800 units per month have unlimited ability to pay. Thus, he suggested that benefit of telescopic tariff should also be extended to such DS Consumers. He further raised the issue of new Power Purchase Agreements being signed by the Discoms despite having surplus power of about 4000 MW. He suggested that all PPAs needs to be reviewed and a way out should be found to do away with the PPAs from expensive sources. He also suggested that the Discoms should be directed to take stock of their demand-supply scenario and consider signing PPAs, if required, on an annual basis, after inviting tenders for procurement of power through a transparent process of bidding once in a year. Shri Malhotra highlighted the fact that on the one hand the Discoms are having surplus power and on the other hand a large number of Domestic, A.P. and LT connections are pending for release. He suggested that expediting release of such connections, will go a long way in augmenting the revenue of the Discoms by absorbing surplus power which is currently being sold in the inter-state market/exchange at a loss. Regarding promotion of solar power projects under net metering including rooftop solar projects, he suggested that wide publicity regarding benefits, eligibility, technical requirement and other procedure needs to be done to enable the consumers at large to take advantage of the opportunity and various incentives available under this Scheme. He further highlighted the fact that big farm houses, with all modern gadgets / facilities are availing concessional / subsidized A.P. Tariff. Hence, such misuse of RE Subsidy needs to be stopped. Shri Malhotra also raised the issue of Guest / Rest Houses maintained by the Power Utilities and suggested that expenditures on the same should be recouped by re-aligning the rents charged from the users for availing such facility. Shri Malhotra further emphasized the need for making pre-paid meters mandatory in circles/feeders where line losses exceed 50% as well as for the defaulting A.P. consumers as also for new release of pending AP connections. He also emphasized the need for shifting the Meter Readers of an area after six months or so in order to avoid connivance and theft of electricity as per Commission's directions in earlier ARR

orders. Shri Malhotra further submitted that by giving benefit to the consumers, tariff for pre-paid meters be fixed distinctly and the Discoms be allowed only a period of three months for implementation of the directions given by the Commission for which Discoms had given an assurance for implementation of the same during the hearing of last ARRs.

Col. S.K. Kapoor (Retd.) of the Faridabad Industries Association, Faridabad dwelt at length on the incompleteness of the ARR / Tariff proposals of the Discoms especially in view of the Ujjawal Discom Assurance Yojna (UDAY). He opined that under UDAY 75% of all loans shall be taken over by the State Government thereby reducing the interest and financing cost of the Discoms. Hence, the consumer tariff ought to be decreased to that extent. He further suggested that the short-term loans being taken over also include un-recovered Fuel Surcharge Adjustment (FSA) being recovered by the Discoms, thus post UDAY all the FSAs being currently levied needs to be discontinued with immediate effect. He further suggested that instead of allowing the Discoms to automatically recover FSA, they should go through the regulatory process by submitting all the requisite details in support of their claims and make them public as well, and after obtaining approval / order from the Commission they may be allowed to levy FSA, if justified. Regarding Cross-Subsidy Surcharge, he raised the issue that despite repeated orders of the HERC as well as that of the Appellate Tribunal, the Discoms have again failed to submit voltage wise CoS. In its absence, there is no basis on the cross-subsidy surcharge to be worked out and levied. Similarly, he submitted that Additional Surcharge, as per the statute, can only be worked out based on six monthly data showing conclusive evidence of stranded power due to the Open Access Consumers. The Discoms have not submitted any data/details. Hence, no additional surcharge can be quantified and recovered from the Open Access consumers. Col. Kapoor, further pointed out that the Peak Load Hours (for three and a half hours) have continued to be the same for the last five years and despite massive investments in augmentation of the infrastructure and having surplus power, the Discoms are recovering Peak Load Exemption Charges (PLEC) on the pretext of system constraints which, in the changed scenario, needs to be reviewed and discontinued. Additionally, he highlighted the fact that as per past practice the Discoms have discontinued providing circle wise collection efficiency which is an important tool in targeting receivable management. Shri Kapoor also pointed out the fact that the distribution losses have not been reduced to the desired extent or even as per the loss trajectory set by the Regulatory Commission i.e. the reduction in distribution losses in the last ten

years has not been more than 2 to 3% despite huge capital expenditure that has gone into the distribution system targeted towards loss reduction. Concluding his observations / suggestions, Col. Kapoor said that high H.T. (Industrial) Tariff in Haryana is acting as a deterrent for attracting fresh investments in Haryana as well as sustaining the existing Industries much against the efforts of the Haryana Government to make Haryana as the preferred investment destination. Shri Kapoor further suggested that Commission should take strict action against Discoms for non-compliance of the directions/orders of the Commission for which in all the hearings they expressed their consent for implementation.

Shri Anshul Yadav also raised the issue of repeated and continued non-compliance of the Commission's Orders/directives by the Discoms. He suggested that in order to enforce compliance, the Commission should take punitive action in accordance with Section 142 of the Act. Further, they should also be directed to put the compliance report in the public domain. He dwelt at length on the outstanding dues (receivables) and lack of concerted effort by the Discoms to collect/recover the same. He further suggested that Rs. one lakh premium being charged for release of A.P. connection under 'Tatkal Scheme' needs to be discontinued. All pending connections should be released immediately and brought in the ambit of pre-paid meter. Further, for Industrial connections in the rural areas where electricity supply is restricted preferential tariff be given to such industries up to 100KW load. Solar Roof top Regulations / policy need to be revisited. Some relaxation may be given for Solar Rooftop to motivate people for a specific period. It was further suggested that power is being currently purchased at Rs.4.00 per unit and is being given to consumer for more than Rs.6.0 per unit, which reflects a lot of inefficiency including losses and theft. All these needs to be addressed so that the per unit cost of the energy delivered to the consumers does not exceed more than Rs. 4.50 / unit. Further, where losses is 50% or more, pre-paid meter should be made mandatory, For 20KW/15KW load bill on SMS / email should be made mandatory and some charges may be fixed for those consumers who demand a paper bill. On line payment should be implemented. Call centres should be strengthened to commensurate with the volume of call being received. It was also suggested that the Commission may fix short-term power purchase tariff and before undertaking any short-term power purchase, the Discoms must get the approval of the Commission. He further mentioned that HPPC is mis-using its power in purchasing the power which should be restricted and PPAs should be reviewed once in a year and that

too in a transparent manner with the approval of the Commission. He further suggested that the working of HPPC should be looked into for better performance.

Shri Wazir Singh said that he endorses the views of Shri Ansul Yadav, Sh. Malhotra and Mr. Kapoor and suggested that State Power Generating Plants should be given preference while purchasing the power from outside as huge investment has been made by the State on these Plants and continuous operation of these plants is in public interest. He further demanded that atleast Rs.100 Crores should be ear-marked for the Discoms to release the new A.P.connections and all the connections should be put on per-paid metering system so that all the administrative problems of Discoms like billing and collecting revenue on half yearly basis is solved and surplus power would be utilized in a proper manner as also the opposition being faced by the Discoms while recovering the revenue etc. He further suggested that tariff for pre-paid meters be fixed separately and pre-paid meters be installed for rural domestic connections. He further suggested that as per Regulations of the Commission, consumer should be at liberty to purchase his own meter in case the same is available to him from open market at a cheaper rate than the Utility and budget provision be made for Discoms for purchasing the new meters.

Shri Krishanjit Singh, Chief Engineer (Retd.) endorsed the views expressed by Shri Wazir Singh and suggested that a proper plan for installation of meters throughout the State should once be framed with the approval of the Commission so that no frequent changes are made in adopting different metering system and there is no loss on this account to the Discoms. He further submitted that cheap power is essential for Industrial Growth in the State. He suggested that the Discoms should make available the surplus power at 50% of the Tariff in vogue and this would make the Grid Power competitive vis-à-vis Open Access Power. He suggested that NOC for availing short-term Open Access which has to be obtained on monthly basis should be made on yearly basis. On the issue of Additional Surcharge he suggested that this is a double taxation for the Open Access consumers who are already paying full fixed cost on their entire contract demand. He also raised the issue of the Open Access consumers who have to first pay the cost of power purchase to the exchange and also to the Discoms. The final settlement, at the Discoms end, take almost a month thereby doubly burdening the Open Access consumers. He suggested that the settlement period at the Discom's end ought to be shortened.

The representative of the Northern Railway Shri P.S. Meena, Chief Electrical Distribution Engineer, submitted that ACD should not be taken from them in cash

instead letter of assurance from the RBI should suffice. He further suggested that for non-traction supply to the Railways a rebate of 15% may be considered as being given by DERC. He further suggested that the billing in the case of Railway (Traction) should be based on the meters installed at the Traction sub-station of the Utility sub-station. He further said that, some time in case of failure of supply to one Transmission Sub-Station (TSS), they shift its load to the other TSS, in case both are with the same Discoms, to maintain train movements; but in the process, at times, contract demand of 2nd TSS (on which load is shifted) is exceeded and they are subjected to demand surcharge. He pleaded that demand surcharge for exceeding contract demand in such cases should not be levied.

The representative of HAREDA, Shri O.D. Sharma, informed the SAC Members that they are promoting Solar Power Projects in a big way. They have received proposals for 4000 kW of Rooftop Solar Plants from private parties and further 2500 kW from Government entities. He further informed that Rs. 20,000/kW of subsidy is also available for such Rooftop Solar Plants. Further, he requested that the field officers / SDOs of the Discoms may be instructed to properly educate / inform and assist every person of the area who approach them with certain queries regarding solar projects / net metering etc. He further stated that HAREDA has put in place an on-line portal for Rooftop Solar Power to facilitate the prospective developers.

On the above issue, Hon'ble Chairman observed that wide publicity through media may also be given regarding setting up of solar power projects as having certain information on the website only may not sufficient. He enquired about the proposal for installing Rooftop Solar System in the HERC building. To this, the representative of HAREDA, replied that the same will be considered in the next meeting of the empowered committee. He also expressed his concern regarding poor progress in implementation of the prepaid metering as provided in the HERC Regulations. He further brought to the notice of the SAC Members the problems being faced by the Single Point Supply consumers and that a few related cases are pending in the Courts and asked the Discoms to address these problems of Single Point Supply consumers. Hon'ble Chairman further raised the concern regarding the delay in revamping Training Centres as well as the Vigilance Cell of the Discoms. Hon'ble Chairman also requested Discoms to see if prepaid meters can be provided in Government offices.

Shri M.S. Puri, Member, HERC, while reacting to the observations of the SAC Members on double taxation for the Open Access Consumers paying fixed cost as well as additional surcharge, stated that there is need to look into the wheeling charges for

embedded open access consumers vis-à-vis fixed charges being paid by them. He also point out that there is steep increase in AP Consumption in FY 2014-15 over 2013-14 consumption and Discoms may provide reasons/ justification for the same.

Shri Nitin Yadav, Managing Director, UHBVNL replied at length to the queries / concerns of the SAC Members. On the issue of PPAs and surplus power, he informed that no new PPAs are currently being signed and a few existing PPAs have been referred to the Government of India for surrendering. He informed that the PPAs, is a contractual agreement that cannot be unilaterally cancelled as this may lead to legal complications. Regarding surplus power and making the same available at a cheaper rate, he informed that UHBVN has formulated a proposal to introduce ToD Tariff on a pilot basis and after analyzing the outcome of the same that can be extended on a larger scale. On the issue of Net Metering, Shri Yadav informed that Net metering policy shall be put in place soon. The complete procedure is available on the websites of both the Discoms. He further informed that application for release of LT connection can now be made on-line including submission of documents and payment of charges etc. He assured the SAC Members that circle wise collection efficiency shall be provided in the public domain. For spot billing- tenders shall be invited. He further apprised the SAC Members that about 30,000 A.P. connections are pending, the State Government gives Rs.one lakh subsidy per connection, and therefore, about 10,000 connections every year are being released in order to keep the subsidy within reasonable level. Additionally, regarding UDAY scheme he informed the SAC Members that MOU is expected to be signed shortly. Thereafter the impact of the same on the ARR of the Discoms will be assessed and submitted to the Commission. He also agreed to look into the wheeling charges for embedded open access consumers as also the high AP sales in FY 2014-15 for which necessary details shall be provided to the Commission. The Hon'ble Chairman intervened to say that all the paper/ details related to the ARR proposal including impact of UDAY shall be submitted by the Discoms withinThe Hon'ble Chairman intervened to say that all the paper/ details related to the ARR proposal including impact of UDAY shall be submitted by the Discoms within two days.

After hearing the matter(s) on 23.02.2016 and 1.03.2016, the Commission passed Interim Order dated 25.04.2016 as under:-

"The subject cited case was heard on 23.02.2016 (UHBVNL) and 1.03 2016 (DHBVNL).

2. The Interveners / Objectors argued that the present Petition, under consideration of the Commission, is incomplete especially in view of the Ujwal Discom Assurance Yojana (UDAY) adopted by the Discoms in Haryana.

The interveners averred that UDAY, once implemented, shall have major impact on the present ARR petition.

3. During the pendency of the present case, UHBVNL, vide Memo No. Ch-01/GM/RA/N/F-25/Vol. 62 dated 12.04.2016, informed the Commission that they have signed the tripartite MOU on 11th March, 2016 for operational and financial turnaround of the Discoms. Accordingly, the first tranche of UDAY bonds for both the Discoms amounting to Rs.17300 Crore has been issued and the second tranche amounting to Rs.8650 Crore shall be taken over by 3.09.2016.

4. It has been submitted that the audited accounts for the FY 2014-15 are now available along with the unaudited financial results for the first half of the FY 2015-16. Further, it has been submitted that the actual data pertaining to sales and revenue is available up to December, 2015. The revenue projection filed by the Discoms in the ARR Petition was based on six months data from April 2015 to September, 2015. It has been submitted that the Commission, vide Order dated 15

Th October, 2015, had amended the tariff of certain categories of consumers, the impact of the same was not included in the earlier Petition. The impact of the same can be captured in the data up to December, 2015 which is now available. Resultantly, it has been submitted by the Discoms that the information/data now available shall have an impact on the projections made for the FY 2015-16 and the FY 2016-17 and these projections are likely to change. Hence, it has been submitted that the Discoms would like to submit supplementary submissions for revised APR for the FY 2015-16, ARR for the FY 2016-17 and True-up of FSA. Accordingly, the Discoms have sought two weeks time for filing supplementary submissions.

5. The Commission has considered the views of the Intervener(s) as well as the above submissions of the Petitioner(s) and observes that in order to conduct a meaningful analysis of the present Petition it would be appropriate that an updated petition is filed by the Discoms along with all relevant data/details in the formats, including the additional formats sent to the Discoms.

The Discoms are further directed to file the details of the efficiency gains by way of

Cost reduction including O&M expenses as assured by them based on which the

Commission had passed the Order dated 15.10.2015.

In addition to the above, the Discoms are directed to file the following:-

i) Reply to the objections filed by the Stakeholders/General Public i.e. Yamuna Nagar-Jagadhri Chamber of Commerce & Industry, Indus Towers Limited, tower F, 3rd Floor, DLF IT Park, Chandigarh, Delhi Metro Rail Corporation Limited, Metro Bhawan, Fire Brigade Lane, New Delhi, Chief Electrical Distribution Engineers, Northern Railway, Baroda House, New Delhi, Laghu Udyog Bharti, Plot No. 214, Industrial Area, Phase-I, Panchkula, Senior Citizen Council, Sector 15, Panchkula, Citizens Welfare Association (Regd.), Panchkula. Sh. Dharmvir Goyat, # 31 Sector 15-A, Hisar, Sh. B. K. Aggarwal, D-503 Park View City –I, Sohna Road, Sector 48, Gurgaon, Sh. Mahesh Kumar S/o Sh. Om Prakesh Singh, Village Adhiyar Dist. Mahendergarh, Haryana and Sh. Sampat Singh, Hisar etc.

ii) Compliance report of all the directives issued by the Commission from time to

time including those communicated vide Memo No. 3244/HERC/Tariff/SV-2/2016 dated 14.01.2016, Memo No. 1618/HERC/Tariff/SV-2/2016 dated 08.09.2015, Memo No. 1684/HERC/Tariff/SV-2/2015 dated 14.09.2015, Memo No. 1687/HERC/Tariff/SV-2/2015 dated 14.09.2015, Memo No. 1766-1767/HERC/Tariff/SV/Discoms –Receivables/2015 dated 16.09.2015. It may be noted that all these communications are also available on the website of

the Commission under the heading “Directives”. As directed by the Commission in the public hearing held on 23.02.2016 (UHVNL) and 1.03.2016 (DHBVNL), the detailed reasons for non-compliance of the directives of the Commission along with relaxation in the timeline for complying with the same sought by the Discoms may also be filed.

iii) Reply to the issues raised by the Members of the State Advisory Committee (SAC) in the meeting held on 10.03.2016.

iv) Reply to the specific queries raised by the Commission regarding double taxation for the Open Access Consumers paying fixed cost as well as additional surcharge i.e. need to look into the wheeling charges for embedded open access consumers vis-à-vis fixed charges being paid by them and consumer category wise sales projections.

6. The Commission, acceding to the request of the Discoms, allows two weeks time for filing the supplementary submissions. The Discoms shall also make the same available on its respective website(s). The stakeholders/public shall be allowed further one-week time to file their objections/comments on the supplementary submissions filed by the Discoms. The Commission shall hear the Petitions filed by the Discoms on 30.05.2016 at 11.30 A.M. in its Conference Hall.

7. Meanwhile, the Commission’s Order dated 7th May, 2015 as amended vide Order dated 15th October, 2015 shall remain effective till these are revised / amended by the Commission”.

2.6 UHBVNL - Revised APR of FY 2015-16 and ARR of FY 2016-17

That the Government of India has notified Ujwal 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 two years – 50% of Discom debt shall be taken over in FY 2015-16 and 25% in FY 2016-17. The implementation of UDAY leads to changes in the projections of interest and finance charges for the Discoms which had an impact on the revenue requirement of the Discoms. It is submitted that the first tranche of UDAY bonds against 50% of the debt as on 3.9.2015 amounting to Rs. 17300 crore has been issued, after the finalization of the loans to be taken over under this tranche and the terms and conditions of the UDAY bonds. Now the second tranche will be taken over by 31.09.2016 towards 25% of the debt amounting to Rs. 8650 crore.

That the major provisions of the UDAY scheme that have been taken into the account while preparing the revised ARR are as under:-

- 75% of outstanding debt as on 30.09.2015 to be taken over in the form of equity / loan / Grant to DISCOMS.
- Take-over in year 1: 50%, Year 2: 25%
- Take-over assumed at the end of second quarter from year 2
- Total Loan of Rs. 21150 Crore for UHBVN has been assumed to be taken over by the Govt. of Haryana under UDAY scheme including the FRP loans as well as HVPNL liabilities.
- The Bonds have been issues at an coupon rate of 8.21%
- ROI of balance 25% loan: Base rate+0.1% w.e.f. 01.04.2016 at present 9.80% (Bank rate of lead bank (OBC).

Further, audited accounts of FY 2014 – 2015 are available now along with the unaudited financial results for the first half of FY 2015-16. The actual data pertaining to sales and revenue is available up to January 2016 and the same has been considered for the determination of ARR. Moreover, the revenue projections in the ARR Petition were based on six month data i.e. (April 2015-September 2016). The Commission vide Order dated 15th October 2015 amended the tariff of certain categories of consumers; the impact of the same was not included in the earlier petition. The impact of the same has now been captured in the data up to March, 2016.

In view of above, the major revisions done in the revised submission are listed below-

- It is submitted that in this additional submission, UHBVN has revised the sale projections based on actual data up to January, 2016 and provisional data for February and March, 2016.
- It is submitted that in this additional submission, UHBVN has revised the power purchase projections based on the provisional data received up to March, 2016.
- The provisional Loss levels as projected in MOU signed under UDAY scheme has been considered for FY 2016-17. However, as the provisional figure are available for FY 2015-16, provisional T&D loss level has been considered for projection of the energy balance.
- The ABR has been revised based on the revenue data received up to March 2016 (duly considering the impact of tariff roll back for certain categories of consumers based on the Hon'ble Commission's Order dated 15th October, 2015).
- The restructured loans have been converted into bonds under tranche 1 of the UDAY scheme at a rate of interest of 8.21% while for the second tranche the rate of interest has been considered at 8.5%.
- Based on past trends and the increasing number of employees retiring in coming years, additional terminal liabilities have been considered in the employee expense.
- Subsidy for agriculture consumers has been reallocated based on the actual budgetary approval of the Government of Haryana.
- For the successful implementation of UDAY, the actual AT&C loss levels of the Discoms have to be recognised and allowed as otherwise the Discoms will start with a gap which would lead to a vicious cycle of un-allowed costs and consequent debt thereby defeating the very objective of UDAY.
- The Commission has been allowing the working capital borrowings and interest thereon on normative basis irrespective of the actual borrowings and the interest cost. This has led to accumulation of working capital loans availed to service debt. The UDAY has proposed to address this debt of the Discoms and to ensure that the Discoms do not land up in a debt trap again, the actual loans left with the Discoms and the consequential interest cost has to be recognised and allowed in the ARR for the success of UDAY implementation.

The above information/data have an impact on the projections made for FY 2015-16 and FY 2016-17. The Revised table for ARR of FY 2015-16 and FY 2016-17 is as under:-

UHBVNL- Revised ARR (Rs. Crore)

		FY 2014-15	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17
Sr.	Particulars	Actual	Approved	Approved	Estimated	Projected
1	Total Power purchase cost	9,831.73	8,688.22	8,800.12	9,664.81	11,042.26
1.1	Power Purchase Expenses	9,179.11	8,197.10	7,791.94	8,593.37	9,987.24
1.2	Inter State Transmission Charge	-	-	323.01	416.77	354.20
1.3	Intrastate transmission charges and SLDC charges	652.62	491.12	685.17	654.68	700.81
2	Operations and Maintenance Expenses	668.41	1,013.43	1,103.35	1,061.35	1,254.32

2.1	Employee Expense	512.71	511.03	512.78	536.62	645.88
2.2	Administration & General Expense	76.60	72.70	72.95	80.17	83.91
2.3	Repair & Maintenance Expense	55.69	115.53	111.23	106.57	117.70
2.4	Terminal Liability	23.41	314.17	406.39	338.00	406.82
3	Depreciation	225.38	280.53	232.46	275.55	299.30
4	Total Interest & Finance Charges	1,425.00	932.71	341.84	1,744.36	1,567.53
5	Return on Equity Capital	228.94	-	-	235.40	254.47
6	True-up of Expenses of previous years	-	-	191.95	-	-
7	Prior Period Expense	(28.26)	-	-	-	-
8	Other Expense	36.06	-	-	-	-
9	Total Expenditure	12,387.25	11,106.84	10,477.77	12,981.47	14,417.88
10	Less: Non-Tariff Income	206.35	150.91	161.45	161.45	174.43
11	Net Aggregate Revenue Requirement	12,180.90	10,955.93	10,316.32	12,820.02	14,243.45
12	Total Revenue	7,334.79	-	6,205.74	7,641.05	-
12.1	Revenue from Interstate sales	818.15	-	-	388.65	1,403.16
12.2	Revenue from Intrastate sales @current tariff	6,516.65	-	-	5,817.09	6,237.89
13	Regulatory Gap	(4,846.10)	(10,955.93)	(6,614.28)	-	(6,602.40)
14	Govt. subsidy (excluding FSA subsidy)	3,136.59	-	-	3,713.19	4,074.56
15	Carrying Cost	(104.71)	-	-	(399.93)	-
16	Net Regulatory GAP	(1,814.22)	(10,955.93)	-	(3,301.02)	(2,527.84)

Accordingly, it has been submitted by UHBVN that the total regulatory gap after True-up for the FY 2014-15 works out to Rs. 1814.22 Crores including carrying cost. After re-assessment of APR, the cash gap for the FY 2015-16 works out to Rs. 3301.02 Crores and Rs. 2527.84 Crores for the FY 2016-17. Resultantly, the cumulative cash gap for the two years work out to Rs. 7695.05 Crores.

It has been submitted that after considering the impact of the Hon'ble APTEL orders for power purchase and relief of 0.25 paise on account of FSA the revised Revenue requirement for Haryana Discoms (UHBVNL+DHBVNL) is as under:-

Revised Annual Revenue Requirement for the Discoms (UHBVNL & DHBVNL) of Haryana

Summary of ARR

Sr.	Particulars	FY 2015-16	FY 2016-17
		Estimated	Projected
1	Total Power purchase cost	21,787.54	24,908.50
1.1	<i>Power Purchase Expenses</i>	19,530.39	22,698.28
1.2	<i>Inter State Transmission Charge</i>	947.19	805.00
1.3	<i>Intrastate transmission charges and SLDC charges</i>	1,309.96	1,405.22
2	Operations and Maintenance Expenses	2,171.51	2,559.49
2.1	<i>Employee Expense</i>	1,163.60	1,400.50
2.2	<i>Administration & General Expense</i>	155.35	162.59
2.3	<i>Repair & Maintenance Expense</i>	222.93	254.19
2.4	<i>Terminal Liability</i>	629.64	742.21
3	Depreciation	571.39	647.62
4	Total Interest & Finance Charges	3,505.52	2,893.63

5	Return on Equity Capital	445.72	491.37
6	True-up of Expenses of previous years	-	-
7	Prior Period Expense	-	-
8	Other Expense	-	-
9	Total Expenditure	28,481.68	31,500.61
10	Less: Non-Tariff Income	311.28	344.44
11	Net Aggregate Revenue Requirement	28,170.40	31,156.17
12	Total Revenue	15,854.46	18,637.69
12.1	Revenue from Interstate sales	897.50	2,651.11
12.2	Revenue from Intrastate sales @current tariff	14,956.96	15,986.58
13	Regulatory Gap	(12,315.95)	(12,518.48)
14	Govt. subsidy (excluding FSA subsidy)	6,196.91	6,800.00
15	Carrying Cost	(768.50)	-
16	Net Regulatory GAP	(6,887.54)	(5,718.48)
17		Additional Income Due To Tariff Hike	
18	Gap After Tariff Hike	(6,887.54)	(5,718.48)
19		Less :	
20	Depreciation	571.39	647.62
21	FSA Income	3,573.11	3,205.22
22		Add:	
23	Interest in HPGCL Payables of 1400 Cr	-	210.00
24	Loan Repayment - Capex	445.09	438.21
24	Provision of Liability(APTEL Judgement on Force Majeure)	-	1,291.00
25	Loan Repayment - WC	688.95	302.01
26	Net Cash (Gap) /Surplus	(3,877.08)	(4,106.87)

It has been submitted that the total revised cash gap for Haryana Discoms after re-assessment of APR regulatory gap for FY 2015-16 works out to be Rs. 3877.08 Crs and for FY 2016-17 at Rs. 4106.87 Crs respectively. It is has been further submitted that cash gap shall be funded through the OFR under UDAY.

2.7 DHBVN – Revised ARR

The revised projections for the FY 2015-16 and the FY 2016-17 filed by DHBVN is tabulated below:-

DHBVNL - Revised ARR (Rs. Crore)

		FY 2014-15	FY 2015-16	FY 2016-17
Sr.	Particulars			
1	Power purchase cost		12123	13866
2	O&M Expense		1110	1305
3	Depreciation		296	348
4	Interest & Finance Charges (Net)		1761	1274
5	Return on Equity (RoE)		210	237
6	Other Miscellaneous		-	-
7	ARR of DHBVN		15500	17031
8	Non Tariff Income		150	170
9	ARR (Net)		15350	16861
10	Revenue		9649	10997
11	Gross Regulatory Gap	(1318.97)	(5701.67)	(5864.12)
12	Subsidy		2483.72	2725.44
13	Carrying Cost	(80.79)	(368.57)	-
14	Net Regulatory Gap	(1399.76)	(3586.52)	(3138.68)
15	LESS:			
16	Depreciation		296	348
17	FSA Income		2217	2365

18	ADD:			
19	Interest of HPGCL payables of Rs.1400 Crores			117.60
20	Capex Loan Repayment		193.03	188.21
21	Working Capital – Loan Repayment		303.32	115.47
22	Net Cash (gap)/Surplus		(1569.74)	(846.71)

It has been submitted by DHBVNL that the total regulatory gap, after True-up, for the FY 2014-15 works out to Rs. 1399.76 Crores including carrying cost. After reassessment of the FY 2015-16, the net cash gap works out to Rs. 1569.74 Crores and Rs. 846.71 Crores for the FY 2016-17. Resultantly, the estimated cumulative cash gap from the FY 2014-15 to the FY 2016-17 is Rs. 3816.20 Crores.

Chapter 3

ANALYSIS OF ARR FILINGS AND COMMISSION'S ORDER

The Commission, while passing this Order for True-up of the FY 2014-15, Annual (Mid-year) Performance Review of the FY 2015-16 and determination of revised ARRs of the UHBVNL and DHBVNL for the FY 2016-17, has taken into account their respective Petitions, 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 in the meeting held on 10.03.2016.

3.1 True-up of the ARR for the FY 2014-15

The Discoms have submitted that their petition(s) for True-up of the ARR for the FY 2014-15 are based on the audited accounts. The True-up petitions have been examined by the Commission in the light of the MYT Regulations, 2012, relevant Orders of the Commission and the audited accounts for the FY 2014-15 made available to the Commission by the Discoms.

Regarding True-up of the ARR, the MYT Regulations, 2012 provides as under:-

"13. TRUING-UP

- 13.1 *Truing-up of the ARR of the previous year shall be carried out along with mid-year performance review of each year of the control period only when the audited accounts in respect of the year(s) under consideration is submitted along with the application. In case audited accounts pertaining to the year, of which truing-up is to be undertaken, are not available, the generating company or the licensee as the case may be, shall submit the provisional account duly approved by the Board of Directors of the company/licensee.*
- 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.*
- 13.3 *The Commission shall allow carrying costs for the trued-up amount (positive or negative) at the interest rates specified in these*

regulations by adjusting the interest allowed on the working capital requirement for the relevant year of the control period.

Provided that no carrying cost shall be allowed on account of delay in filing for True-up due to unavailability of the audited accounts;

Provided further that if the Commission determines an over recovery during the true- up, funding cost for such trued up amount shall be considered for the delayed period and adjusted accordingly as per provisions of this regulation.

- 13.4 *Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period”.*

Accordingly, the True-up of each item of expenses is discussed below:-

3.1.1 O&M Expenses

The O&M expenses comprise of Employee cost, Terminal benefits, R&M expenses and A&G expenses. The MYT Regulations clearly provide for the methodology and principles to be considered for calculating the True-up amount. However, as the Jind Circle was transferred vide the State Government Notification dated 3.07.2013 from the licensed area of UHBVNL to DHBVNL in July 2013, the impact of the same have been taken into account by the Commission. Resultantly, the approved expenses for both UHBVNL and DHBVNL have been adjusted to enable an appropriate comparison of actual expenditure with the approved expenditure for True-up exercise for the FY 2014-15.

In line with regulation 57.3 of the HERC MYT Regulations 2012, the Inflation factor for the FY 2014-15, is determined as under:-

$$\text{INDXn} = 0.55 * \text{Consumer Price Index (CPI)} + 0.45 * \text{Wholesale Price Index (WPI)}.$$

Table 3.1 Calculation of Weighted Annual Average Inflation

Index = (0.55 * CPI + 0.45 * WPI)	
Index (n) for FY 2014-15	219.49
Index (n-1) for FY 2013-14	209.74
Weighted Average Inflation Factor (rounded off)	4.65%

UHBVNL

The Commission had allowed O&M expenses (excluding terminal benefits) amounting to Rs. 630.17 Crore for the FY 2013-14 as part of True-up of the FY 2013-14 in the ARR/Tariff Order for the FY 2015-16. Hence, the same shall form the base year figures for calculating the admissible Employee and A & G Expenses for the FY 2014-15. The O & M expenses are calculated as per the MYT Regulations i.e. employee and A & G Cost are calculated after accounting for the increase (based on the inflation factor) and R & M cost is calculated based on 1.65% of average GFA of the FY 2014-15. Total allowable O & M Expenses as per the MYT Regulations are Rs.659.22 Crore. The actual expenditure incurred by UHBVNL is Rs. 645.00 Crore as per the audited accounts for the FY 2014-15 as against Rs.699.26 Crore approved by the Commission in the MYT Order for the FY 2014-15. The actual expenditure, therefore, is less than the allowable O & M expenses as per the MYT Regulations and is also less than the expenses already allowed by the Commission for the FY 2014-15. Therefore, Rs. 645.00 Crore is now approved as the revised O&M expense for the FY 2014-15.

Table 3.2 O&M expenses of UHBVNL for FY 2014-15

(Rs. in Crore)				
Particulars	True-up	HERC Approval	UHBVNL (actual as per Audited Accounts)	HERC (revised approval)
FY	2013-14	2014-15	2014-15	2014-15
Employees Expenses (excluding terminal benefits)	486.60	511.03	512.71	512.71
A & G Expenses	75.46	72.70	76.60	76.60
R & M Expenses	68.11	115.53	55.69	55.69
Total	630.17	699.26	645.00	645.00

DHBVNL

The O&M expenses (excluding terminal benefits) of DHBVNL, after adjusting for the expenses for the Jind Circle, is Rs. 665.14 Crore for the FY 2013-14, the same shall be the base year figures for the purpose of calculating the normative Employee and A & G Expenses for the FY 2014-15. The O & M expenses are calculated as per MYT Regulations i.e. employee and A & G Cost are calculated after accounting for the increase (based on the inflation factor) and R & M cost is calculated based on

1.65% of average GFA of the FY 2014-15 Total allowable O & M Expenses as per the MYT Regulations are Rs.734.74 Crore as against Rs. 661.87 Crore approved in the MYT Order for the FY 2014-15 and Rs. 710.34 Crore actual expenditure incurred by DHBVNL as per audited accounts. The actual expenditure, therefore, is less than the allowable O & M expenses as per the MYT Regulations. Therefore, Rs. 710.34 Crore is now approved as the revised O&M expense for the FY 2014-15.

Table 3.3 O & M Expenses of DHBVNL for FY 2014-15

Particulars	Audited expenses after adjusting for Jind Circle	HERC Approval	(Rs. in Crore)	
			DHBVNL (actual as per Audited Accounts)	HERC (revised approval)
	2013-14	2014-15	2014-15	2014-15
Employees Expenses	539.25	495.39	599.07	599.07
A & G Expenses	66.98	59.75	71.83	71.83
R & M Expenses	58.91	106.73	39.44	39.44
Total	665.14	661.87	710.34	710.34

3.1.2 Terminal benefits

Terminal benefits are uncontrollable expenses as per the MYT Regulations, 2012. Hence, the same is trued-up based on the audited accounts of the Discoms i.e. Rs. 23.41 Crore for UHBVNL and Rs.291.64 Crore for DHBVNL.

3.1.3 Depreciation

The Commission observes that the actual opening Gross Fixed Assets (GFA) as on 1.4.2014 for UHBVNL is Rs. 5526.92 Crore i.e. lower than Rs. 6130.87 Crore estimated by the Commission for calculating depreciation for the FY 2014-15. Similarly, the actual opening GFA as on 1.4.2014 for DHBVNL, as per audited accounts for the FY 2014-15 i.e. Rs. 5386.12 Crore is lower than Rs. 5962.71 Crore estimated by the Commission for working out depreciation for the FY 2014-15 in the MYT Order dated 29.05.2014.

In view of the change in the opening balance of GFA and the composition of assets, the average rate of depreciation for FY 2014-15 works out to 4.64% as against

5.19% considered by the Commission for the FY 2014-15 for UHBVNL and 4.44% against 5.20% for DHBVNL in the MYT Order dated 29.05.2014.

The Gross depreciation for the FY 2014-15, as per the audited accounts, is Rs.256.58 Crore and Rs. 239.30 Crore for UHBVNL and DHBVNL respectively. The net depreciation (net of depreciation on assets funded through consumers' contributions/grants) is Rs. 225.38 Crore and Rs. 180.38 Crore respectively for UHBVNL and DHBVNL. Accordingly, the Commission approves the depreciation as per the audited accounts as above, the details are provided in the Table 3.4 and 3.5.

Table 3.4 Depreciation of UHBVNL for FY 2014-15 (Rs. Crore).

Particulars	Approved in the MYT Tariff Order dated 29.05.2014	Actual as per Audited accounts	HERC Revised approval for the FY 2014-15
Opening Gross GFA for the year	6130.87	5526.92	5526.92
Depreciation	318.01	256.58	256.58
Rate of Depreciation	5.19%	4.64%	4.64%
Less: depreciation on consumer contribution	37.48	31.20	31.20
Net Depreciation	280.53	225.38	225.38

Table 3.5 Depreciation of DHBVNL for FY 2014-15 (Rs. Crore)

Particulars	Approved in MYT Tariff Order dated 29.05.2014	Actual as per Audited accounts	HERC Revised Approval for the FY 2014-15
Opening Gross GFA for the year	5962.71	5386.12	5386.12
Depreciation	310.06	239.30	239.30
Rate of Depreciation	5.20%	4.44%	4.44%
Less: depreciation on consumer contribution	68.16	58.92	58.92
Net Depreciation	241.90	180.38	180.38

3.1.4 Interest on Consumers Security Deposit

The Commission, in the MYT Order dated 29.05.2014, had approved interest on consumer security deposit at Rs.66.03 Crore (UHBVNL) for the FY 2014-15.

The petitioner has now intimated the actual interest paid on consumers' security deposit as per their audited accounts of the FY 2014-15 as Rs. 49.86 Crore, which is

lower than the interest cost already approved by the Commission. Similarly, in the case of DHBVNL, the Commission had approved Rs.89.76 Crore as interest on consumer security deposit while the actual expenses, as per the audited accounts, is Rs.18.49 Crore. The actual expenditure of both the Discoms is therefore lower than that allowed by the Commission in its MYT Order for the FY 2014-15. The Commission, therefore, approves the actual interest paid on consumer security deposit for true- up of interest on consumers' security deposit for the FY 2014-15 for both UHBVNL and DHBVNL.

3.1.5 Interest on Capex loans

UHBVNL

The Commission observes that UHBVNL has incurred an expenditure of Rs.513.37 Crore on additions to capital works as against Rs. 1037.85 Crore approved by the Commission for the FY 2014-15 in the MYT Order dated 29.05.2014 which the Commission, vide ARR / Tariff Order dated 7th May 2015 for the FY 2015-16, revised to Rs. 489.94. On this account, the actual interest cost on Capex loan incurred by the Discom is Rs.161.66 Crore as against Rs.184.20 Crore (net of IDC) approved by the Commission in its MYT Order dated 29.05.2014 for the FY 2014-15. Therefore, Rs. 161.66, incurred by the licensee on account of interest on Capex loan, shall now form part of the revised ARR for the FY 2014-15 i.e. the excess amount of Rs.22.54 Crore (Rs.184.20 – Rs. 161.66 Crore) is disallowed as per details given in the table 3.6.

Table 3.6 Interest on Capex Loan of UHBVNL for FY 2014-15 (Rs. Crore)

HERC Approval	Balance at the beginning of the year	Amount received during the year	Principal Repayment	Closing Balance	Interest	IDC	Net Interest
FY 2013-14 - HERC Approval (FY 2015-16 Order dated 7.05.2015)	1894.22	446.17	189	2151.39	239.5	76.68	162.82
FY 2014-15 HERC approved MYT Order dated 29.05.2016)					234.99	50.78	184.20
FY 2014-15 - Actual					221.23	59.57	161.66

DHBVNL

The MYT Regulations, 2012 provides that that in case the actual capital expenditure incurred is more than the approved capital expenditure, the Commission shall not allow any True-up of the cost incidental to such variations. Further, the interest on borrowings for capital works are to be calculated separately for approved works and for works not approved by the Commission. Hence, in accordance with the MYT Regulations, the Commission allows True-up of interest cost on borrowings for approved expenditure and interest cost incurred by the Discoms towards borrowing for un-approved capital expenditure shall be considered at the end of control period subject to prudence check and the relevant Regulations.

The Commission observes that the licensee has incurred an expenditure of Rs. 590.39 Crore on additions to the capital works for the FY 2014-15 as against Rs. 959.39 Crore approved by the Commission in the MYT Order dated 29.05.2014, which was revised to Rs. 541.50 Crore in the ARR/Tariff Order dated 07.05.2015 for FY 2015-16. Hence, on this account, additional interest cost has been incurred. The petitioner has submitted that part of Capex was also funded through working capital borrowings and Rs. 39.11 Crore is the interest on working capital borrowings which was utilised for Capex and has requested that the same may be approved as a legitimate expenditure. The Commission observes that interest on loan for capital works as per the Commission's estimates (before IDC), is Rs. 192.84 Crore for the approved works and Rs. 41.83 Crores for the unapproved capital works. After apportioning IDC, the net interest cost on Capex loan for the approved capital works amounts to Rs. 105.02 Crore and on unapproved works, the same is Rs. 22.76 Crore as compared to Rs. 109.94 Crore approved as per HERC Order for FY 2014-15. Resultantly, Rs 22.76 Crore interest on Capex loan is disallowed on True-up as against the approved cost as per the details provided in table 3.7.

Table 3.7 Interest on Capex Loan of DHBVNL for FY 2014-15 (Rs. Crore)

HERC Approval	Balance at the beginning of the year	Amount received during the year	Principal Repayment	Closing Balance	Interest	IDC	Net Interest
FY 2013-14 - HERC Approval (FY 2015-16 Order dated 7.05.2015)	1226.22	433.46	232.23	1427.45	165.85	55.91	109.94

FY 2014-15 HERC approved MYT Order dated 29.05.2016)					144.05	58.85	185.20
FY 2014-15 HERC Revised Approval	1427.45	473.84*	180.38	1720.91	192.84	87.82	105.02
FY 2014-15 - Actual					234.67	106.89	127.78
Difference (disallowed)					41.83	19.07	22.76

***Note:- Total capital expenditure approved and revised by the Commission for the FY 2014-15 i.e. Rs. 590.39 Crore (-) equity, government grants and consumer contribution as per audited accounts of DHBVNL for FY 2014-15 of Rs. 116.55 Crore.**

3.1.6 Interest on Working Capital loan

As the total approved ARR has undergone a change in accordance with 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. The revised calculation of approved working capital borrowings and Interest cost thereto, for both UHBVNL and DHBVNL, is as per tables 3.8 & 3.9.

Table 3.8 Interest on Working Capital Loan of UHBVNL (Rs. Crore)

Interest on working capital	FY 2014-15
O&M expenses for 1 month (Rs.668.41 Crore/12)	55.70
Maintenance spares 1% of opening GFA (Rs. 5527 Crore)	55.27
2 months receivables (Rs.9554.23 Crore/6)	1592.37
Uncollected revenue (1.5% of receivables i.e. Rs. 9554.23 Crore)	143.31
Total	1846.65
Less	
Advance Consumers Security Deposit during the year	673.30
Net working capital	1173.36
Interest rate	12%
Interest cost (rounded off)	141

Table 3.9 Interest on Working Capital Loan of DHBVNL (Rs.Crore)

Interest on working capital	FY 2014-15
O&M expenses for 1 month Rs.1001.98 Crore/12)	83.50

Maintenance spares 1% of opening GFA (Rs. 5386.12 Crore)	53.86
2 months receivables (Rs. 11269.99 Crore/6)	1878.33
Uncollected revenue (1.5% of receivables i.e. Rs.11269.99 Crore)	169.05
Total	2184.74
Less: Advance Consumers Security Deposit during the year	896.65
Net working capital	1288.09
Interest rate	12%
Interest cost (rounded off)	155

3.1.7 Interest on FRP borrowings

The Distribution licensees have signed tripartite MOU dated 11.03.2016 with the Government of India and Haryana State Government under the Ujjawal Discom Assurance Yojna (UDAY) of the Government of India. As per the MoU, 75% of the borrowings of the Discoms, as on 30.9.2015, are to be taken over by the State Government. However, for the FY 2014-15, the interest on the FRP borrowings, as re-worked out in the table given below, has been considered in the ARR of the FY 2014-15 Trued-up by the Commission.

Interest on FRP borrowings for FY 2014-15			Rs. Crores
	State Government Share	Discoms Share	Total
Total short term borrowings as on 31.3.2012 to be considered under FRP	7366.60	7366.60	14733.20
less unrecovered FSA as on 31.3.2012 (interest already provided In FSA order)			4593.38
Balance	7366.60	2773.22	10139.82
Interest for FY 2012-13 @ 12.5%	920.83	346.65	1267.48
Balance outstanding as on 31.3.2013	8287.43	3119.87	11407.30
Regulatory asset proposed to be recovered during FY 2013-14			1042.18
Regulatory asset actually recovered during FY 2013-14			942.66
Less FRP bonds taken over by the state Government			7366.60
Balance FRP borrowings as on 31.3.2014	920.83	2177.22	3098.04
Interest for FY 2013-14 on above @12.5%	676.81	324.45	1001.25
Balance outstanding as on 31.3.2014 including interest on Rs. 7366 crores till the date of takeover by the state Government		4099.30	4099.30
Less interest allowed to be recovered as part of True-up for FY 2013-14			671.10

Balance amount on which interest is to be provided			3428.20
Interest for FY 2014-15 @12%		411.38	411.38

3.1.8 Cost of raising Finance and Bank Charges

The Commission had not allowed any expenditure towards cost of raising finance and bank charges for both the Discoms and the same was to be considered as part of the True-up exercise. As per the audited accounts, UHBVNL has incurred a cost of Rs. 7.89 Crore while DHBVNL has incurred Rs.6.99 Crore on this account. As it is unavoidable cost required for raising the requisite funds, the Commission allows the same to be trued up.

3.1.9 Other Debits

UHBVNL in its ARR for FY 2014-15 as per its True-up petition has included other expenses of Rs. 36.06 Crore as per the details provided in the table below.

Table 3.10 Other Expenses (Rs. Lakhs)

1	Provision for bad and doubtful debts	1664
2	Compensation for injury , death and damage and penalties	1754.90
3	Infructuous Capital Exp. Written Off	1.31
4	Loss on Obsolescence of Stores & Spares	18.75
5	Sundry Debits balances Written Off	24.65
6	Provision for amount recoverable from employees / theft of property	142.38
	Total	3605.99

The Commission has examined the submission of the licensee and observes that part of other expenses includes provisions for bad debts and other losses amounting to Rs.18.06 Crore (Sr. No. 1and 6) which are not admissible for true - up of actual expenditure. Hence, after excluding these Commission allows Rs.18.00 Crore as other debits for True-up.

DHBVNL has proposed a True-up of other debits of Rs. 26.75 Crore as given in table the table below.

Table 3.11 Other expenses (Rs. in Lakhs)

Particulars	Amount (Rs. Lakhs)
-------------	--------------------

1	Surcharge on delayed payment waived off	0.24
2	Refund of revenue other than A.P	2.27
3	Shortage on physical verification of stock	12.92
4	Loss of materials by pilferage etc.	53.69
5	Compensation for injuries, death and damage- staff	293.45
6	Compensation for injuries, death and damage- Outsiders	1394.19
7	Misc. Compensation	46.76
8	Loss on sale of Fixed Assets	810.18
9	Sundry debit balance written off	60.90
	Total	2674.59

The Commission has examined the above and observes that part of other debits includes sundry debit balances written off and refund of revenue other than A.P. and other losses (Sr. No. 1,2,3 and 4) amounting to Rs.0.69 Crore which are not admissible for True-up of actual expenditure. After excluding the said amount, the Commission allows Rs.26.05 Crore as other expenses for True-up.

3.1.10 Prior Period Expenses

UHBVNL and DHBVNL has filed for True-up of prior period income (net of prior period expenses) amounting to Rs. 28.26 Crore and Rs.0.04 Crore respectively. The Commission observes that the said amount is as per their audited accounts and are also admissible as per the MYT Regulations, 2012. Hence, the same is allowed to be trued-up.

3.1.11 Return on Equity (RoE)

UHBVNL and DHBVNL have proposed True-up of return on equity for the FY 2014-15 amounting to Rs. 228.94 Crore and Rs. 202.18 Crore respectively. The Commission observes that True-up has to be necessarily based on the same principles as were applied while approving the ARR/Tariff for the FY 2014-15. As the Commission had not allowed RoE in the ARR/Tariff Order dated 29.05.2014, the same cannot be considered as part of the True-up exercise.

3.1.12 Non-tariff Income

The Commission had approved Rs. 150.91 Crore as non - tariff income for the FY 2014-15 as proposed by the UHBVNL and the actual non - tariff income as per

audited accounts is Rs. 206.34 Crore. Accordingly, the revised non- tariff income for the FY 2014-15 has been approved at Rs. 206.34 Crore.

In the case of DHBVNL, the Commission had approved Rs. 133.93 Crore as non - tariff income for the FY 2014-15 as proposed by them. The actual non - tariff income as per the audited accounts is Rs. 200.39 Crore. Accordingly, the revised non- tariff income for the FY 2014-15 has been approved at Rs. 200.39 Crore.

3.1.13 Power Purchase Cost

The Commission observes that difference in power purchase cost could arise either on account of variation in actual generating source wise quantum 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, in order to ensure financial viability of the licensees. However, the automatic recovery is subject to a cap and therefore shall necessitate a True-up. Also, the actual cost for the year can only be determined after the audited accounts are available. In view of these constraints, the actual power procurement cost is to be trued up based on the normative distributions 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 these losses. The details of True-up of power purchase cost of the Discomss for the FY 2014-15 is as per table 3.12.

Table 3.12 Power Purchase Cost

Particulars		UHBVNL	DHBVNL	Total
Approved/Audited sales adjusted for AP	MU	13242.26	18087.95	31330.21
Allowed Distribution losses	%	25.00%	19.01%	
Sales grossed up for Distribution losses	MU	17656.35	22333.56	39989.91
Interstate sales and banking	MU	2220.39	3008.48	5228.87
Total sales	Mu	19876.74	25342.04	45218.78
Intrastate & Interstate transmission losses as per audited accounts	MU	956.39	1121.88	2078.27
Approved power purchase volume (Sales grossed up for Intrastate & Interstate transmission losses)	MU	20833.13	26463.92	47297.05
Actual Power Purchase Volume as per Audited accounts	MU	22488.80	28618.60	51107.40
Disallowed Power Purchase Volume	MU	1655.67	2154.68	3810.35

Total Power purchase units	MU	22488.80	28618.60	51107.40
Power Purchase Cost actual as admitted by the Commission	Rs. Crore			20130.62
Per Unit power Purchase Cost	Rs./Unit			3.94
Disallowed Units	MU	1655.67	2154.68	3810.35
Power Purchase cost for disallowed units	Rs. Crore	652.15	848.70	1500.85
Power purchase volume for actual sale approved by the Commission	MU	20833.13	26463.92	47297.05
Net per Unit Power Purchase Cost	Rs./Unit	3.94	3.94	3.94
Power purchase cost revised approval	Rs. Crore	8208.25	10426.78	18635.04
Power purchase cost per unit approved by the Commission	Rs./Unit	3.69	3.69	3.69
Additional per unit power purchase Cost	Rs./Unit	0.25	0.25	0.25
FSA Recoverable for FY 2014-15	Rs. Crore	520.83	661.60	1182.43
Prior period cost	Rs. Crore	285.08	362.14	647.22
Unitary Charges	Rs. Crore	18.47	19.88	38.35
Total actual power purchase cost approved	Rs. Crore	8,511.80	10,808.80	19,320.60
Less Revenue from interstate sale of power	Rs. Crore	818.15	1,111.32	1,929.47
Approved power purchase cost for FY 2014-15 net of revenue from Interstate sale	Rs. Crore	7,693.65	9,697.48	17,391.13
Power Purchase Cost (including Unitary Charges) as per HERC order	Rs. Crore	8197.10	9075.34	17272.44
True-up power purchase cost	Rs. Crore	-503.45	622.14	118.69
Share of AP Consumers (8707 MU)	MUs	4042.13	4664.52	8706.65
Share of FSA of AP Consumers	Rs. Crore	-139.91	172.89	32.99
Share of FSA of non AP Consumers	Rs. Crore	-363.54	449.25	85.71
Revised Power Purchase Cost (net of AP share of FSA)	Rs. Crore	7833.56	9524.59	17358.15

3.1.14 Revenue from Sale of Power for the FY 2014-15

As per audited accounts for FY 2014-15, the two distribution licensees have recovered revenue from sale of power of Rs. 14778.33 Crore as against Rs. 16063.00 Crore estimated by the Commission. The True-up of revenue from sale of power for the FY 2014-15 is as given in the table 3.13.

Table 3.13 Revenue from sale of power for the FY 2014-15

	(Rs. Crore)		
	UHBVNL	DHBVNL	TOTAL
Revenue from Intrastate sale of power (including FSA)	6035.11	9174.97	15210.08
Fixed charges	481.53	814.07	1295.60
Less revenue from FSA	-1030.16	-1535.53	-2565.69

Add: FSA of the FY 2014-15			
- recovered in FY 2014-15	109.25	159.14	268.39
- recovered in FY 2015-16 (estimated)	227.31	342.64	569.95
Total revenue	5823.04	8955.29	14778.33

3.1.15 Revised ARR for the FY 2014-15

In view of the above analysis, the Commission approves the revised ARR for UHBVNL and DHBVNL as per the details provided in the table 3.14 and 3.15.

Table 3.14 True-up of UHBVNL for the FY 2014-15 (Rs. Crore)

Particulars	Approved	Actual	Revised ARR for FY 2014-15
Power purchase cost	8688.22	9831.73	8324.68
Power purchase cost	8197.10	9197.73	7833.56
Intra State Transmission Charges	491.12	634.00	491.12
Operations and Maintenance Expenses	699.26	645.00	645.00
Terminal Liability	314.17	23.41	23.41
Depreciation	280.53	225.38	225.38
Net Interest on term loan	184.20	161.66	161.66
Interest on Security Deposit	66.03	49.86	49.86
Interest on Working Capital	179.24	1205.59	141.00
Cost of raising finance and bank charges	0.00	7.89	7.89
Interest on FRP Borrowings	503.23	0.00	0.00
Total Interest and Finance Charges	932.70	1425.00	360.41
True-up of expenses of previous year	191.95	191.95	191.95
Other Debits	0.00	36.06	18.00
Prior period debits/ credits	0.00	-28.26	-28.26
Return on Equity Capital		228.94	0.00
Total Expenditure	11106.83	12387.26	9760.57
Non Tariff Income	-150.91	-206.34	-206.34
Revenue subsidy from Govt. (excluding FSA subsidy)	0.00	-3136.59	
ARR	10955.92	9044.33	9554.23

Table 3.15 True-up of DHBVNL for FY 2014-15 (Rs. Crore)

Particulars	Approved	Actual	Revised ARR for FY 2014-15
Power purchase cost	9593.67	12356.03	10042.92
Power Purchase Expenses	9075.34	11698.69	9524.59
Transmission charges	518.33	657.32	518.33
Operations and Maintenance Expenses	661.87	710.34	710.34
Terminal Liability	150.00	291.64	291.64
Depreciation	241.90	180.38	180.38
Net Interest on term loan	185.20	127.78	105.02
Interest on Security Deposit	89.76	18.49	18.49
Interest on Working Capital	137.08	353.01	155.00
Cost of raising finance and bank charges	0.00	6.99	6.99
Interest on FRP Borrowings	218.70	444.23	0.00
Total Interest and Finance Charges	630.74	950.50	285.50
True-up of expenses of previous year	-66.41	-66.41	-66.41
Other Debits	0.00	26.75	26.05
Prior period debits/ credits	0.00	-0.04	-0.04
Return on Equity Capital		202.18	0.00
Total Expenditure	11211.77	14717.78	11470.38
Income/Receipts			
Non Tariff Income	-133.93	-200.39	-200.39
Revenue subsidy from Govt. (excluding FSA subsidy)	0.00	-2098.00	
ARR	11077.84	12419.39	11269.99

3.1.16 True-up of RE Subsidy for the FY 2014-15

The Commission had determined RE subsidy of Rs. 5284.10 Crore payable by the State Government to the Discoms for the FY 2014-15 based on an estimated CoS of Rs. 6.64 per unit for A.P. supply. As the total ARR has now been revised because of the True-up of the FY 2014-15, the subsidy for AP supply payable by the State Government also needs to be revised to reflect revised cost of supply. The average CoS for the FY 2014-15 after true-up works out to Rs. 6.78/kWh. The resultant revised subsidy for supply of 8707 MU to AP consumers works out to Rs. 5752.14 Crore for the FY 2014-15 after accounting for the revenue recovered from the A.P. consumers at the subsidised tariff as per the audited accounts. In addition, the subsidy on account of FSA for FY 2014-15 that is to be borne by the State Government on account of increase in power purchase cost amounts to Rs.32.99 Crores. Resultantly, the State Government is required to provide Rs.5785.13 Crore (5752.14 + 32.99) as RE Subsidy for the

FY 2014-15. The revised revenue gap remaining unaddressed for the FY 2014-15 is Rs.672.14 Crore after accounting for the revised A.P. Subsidy.

The final revenue gap on account of True-up amounting to Rs. 672.14 Crore along with carrying cost has been taken forward in the approved ARR for the FY 2016-17. The details are as per table 3.16.

Table 3.16: True up for FY 2014-15

True up of subsidy and revenue gap		As per ARR Order	As per True-up Order
Revised ARR for UHBVNL	Rs. Crores		9554.23
Revised ARR for DHBVNL	Rs. Crores		11269.99
ARR for FY 2013-14	Rs. Crores	22033.78	20824.22
Interest on FRP borrowings for FY 2014-15	Rs. Crores		411.38
Total revenue requirement	Rs. Crores	22033.78	21235.60
Total sales for FY 2014-15	MU	35189.00	31330.21
Average Cost of supply for FY 2014-15	Rs.	6.26	6.78
AP units sales in FY 2014-15-	MU	8096.00	8707.00
True up Subsidy for FY 2014-15	Rs. Crores	5284.10	5752.14
Add: Subsidy on account of FSA for FY 2014-15	Rs. Crores		32.99
Revenue from sale of power as per audited accounts	Rs. Crores		14778.33
Total revenue including subsidy	Rs. Crores		20563.46
Revenue gap for FY 2014-15 on account of true up	Rs. Crores		672.14

Fuel Surcharge Adjustment

The Commissions, in the True- up of the FY 2014-15 has Trued-up the power purchase cost for the FY 2014-15 after taking into account the FSA recovered by the Discoms up to 31.03.2016. **In view of the same, the Commission orders that the recovery of FSA pertaining to the FY 2014-15 shall be stopped forthwith. In case any FSA amount pertaining to the FY 2014-15 has been recovered after 31.03.2016, the same shall be quantified and intimated to the Commission by the Discoms within 15 days from the date of this Order.**

Further, the Commission directs that the Discoms shall submit consumer category wise FSA recovered viz-a-viz that recoverable as per Order dated 19.03.2015 within 15 days so that the same can be reviewed for continuation or discontinuation. In an event the Discoms fail to submit the requisite information/details all FSA(s) being recovered under the ibid Order(s) shall be stopped.

3.2 Revised ARR for the FY 2016-17

The revised ARR for the FY 2016-17 filed by the Discoms have been considered and Commission's analysis and Order on each of the expenditure items are given in the paragraphs that follow.

3.2.1 Revised estimate of energy sales for AP Consumption (FY 2014-15)

The Discoms have segregated their Agriculture Supply feeders in the year 2009-10. Since then the Commission has been estimating their annual AP Sales based on the actual consumption recorded on segregated 11 kV AP feeders during the previous year, after adjusting with a loss factor of 16% to arrive at the sales at Consumers' end and adding for the expected load growth. Though UHBVNL has implemented HVDS scheme on the segregated AP feeders in four Districts, even then their line losses are of the order of 16% or more, as evident from the input energy on segregated AP feeders and the energy actually billed at the consumers end. Hence, the Commission has retained the methodology adopted by it in its previous Order(s) for quantifying the actual AP sales of the two distribution licensees for the FY 2014-15, estimated for the FY 2015-16 and projected for the FY 2016-17 are as under:-

3.2.1.1 True-up of AP consumption for FY 2014-15

The Discoms, vide their filings dated 31.12.2015 (UHBVNL) and 08.02.2016 (DHBVNL), have now submitted the full year AP sales data of AP Segregated feeders for the 2014-15. As per the full year data the revised AP consumption of the two licensees for the FY 2014-15 works out as below:-

AP consumption (MUs)	UHBVN (2014-15)	DHBVN (2014-15)
AP units as recorded on segregated AP feeders (In MUs)	4713.89	5564.28
Loss @ 16%	754.22	890.28
Net AP consumption	3959.67	4674.00
Add AP units on other feeders	98.07	101.13
Less Consumption of other category consumers on segregated AP feeders	15.61	110.61
Total AP consumption	4042.13	4664.52
Total AP consumption of two Discoms	8706.65	

Accordingly, the actual consumption of AP consumers of the two Discoms for FY 2014-15 now works out to 8706.65 MUs (say 8707 MUs) as against 8097 MUs approved by the Commission in the ARR/Tariff Order dated 29.05.2014. **Consequently, for True-up of RE subsidy of the two Discoms for the FY 2014-15, the trued-up AP consumption has been taken as 8707 MUs.**

3.2.1.2 Estimation of AP consumption for the FY 2015-16 and the FY 2016-17.

Assuming a load growth of 5% over the actual AP consumption calculated for the FY 2014-15, the Discoms, in their Annual Performance Review petitions for the FY 2015-16 (including revised Annual Revenue Requirement for FY 2016-17 and True-up for FY 2014-15) have indicated the AP consumption for the FY 2015-16 and the FY 2016-17 as under:-

Sr. No.	AP sales (MUs)	FY 2015-16	FY 2016-17
1	In respect of UHBVNL	4260.62	4473.65
2	In respect of DHBVNL	4898.00	5142.63
3	Total AP Sales of two Discoms (1+2)	9158.62	9616.28

The Commission has examined the consumption data of segregated AP feeders filed by the Discoms for the FY 2014-15 and for 1st half of the FY 2015-16 and observes that the consumption during the 1st half of the FY 2015-16 is lower than the consumption recorded during the same period in the FY 2014-15. The details are as under:-

UHBVNL	
Period	AP consumption (MUs)
April 2014 to August 2014	2079.47
April 2015 to August 2015	1857.05
DHBVNL	
Period	AP consumption (MUs)
April 2014 to September 2014	3060.07
April 2015 to September 2015	2986.73

The above consumption is as recorded by the energy meters installed on segregated AP feeders' i.e without adjusting loss factor of 16%. The 1st half of a financial year also includes the Paddy season during which the AP consumption is the highest.

In view of the above position, the Commission is not allowing any increase in the AP consumption of the Discoms in the FY 2015-16 over the actual AP consumption recorded during the FY 2014-15. As such, the AP consumption of two Discoms for the FY 2015-16 has been considered at 8707 MUs i.e the same as worked out for the FY 2014-15.

Considering an annual load growth of 5% in AP consumption, over the estimated AP consumption of two Discoms for FY 2015-16, the Commission allows following revised AP sales for the two distribution licensees for FY 2015-16 and FY 2016-17 to the two Distribution Licensees.

Sr. No.	AP sales (MUs)	FY 2015-16	FY 2016-17
1	UHBVNL	4042	4196
2	DHBVNL	4665	4898
3	Total (1+2)	8707	9094

3.2.1.3 Metered Sales (Other than AP)

In order to project the consumer category wise energy sales of UHBVNL & DHBVNL for the FY 2016-17, the Commission has relied on the CAGR of previous three years data provided by the Discoms for category wise energy sales. Hence, after applying the CAGR of previous three years on the consumer category wise sales of previous three years consumer category wise sales for the FY 2016-17 have been arrived at. The methodology applied by the Commission for projecting consumer category wise the metered sales is as under:-

- The category-wise energy sales for 1st half and 2nd half of the FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 & FY 2015-16, (1st half) as provided by the Discoms were considered.
- The three year category-wise energy sales CAGR for 2nd half is computed by as under:-

$$\text{II Half Energy Sales CAGR} = \left(\left(\frac{\text{Energy Sales for 2nd half of FY 2014-15}}{\text{Energy Sales for 2nd half of FY 2011-12}} \right)^{1/3} - 1 \right) \times 100$$

- The three year category-wise energy sales CAGR for full year is computed using the following formula:-

$$\text{Full year Energy Sales CAGR} = \left(\left(\frac{\text{Energy Sales for FY 2014-15}}{\text{Energy Sales for FY 2011-12}} \right)^{1/3} - 1 \right) \times 100$$

- iv) The category-wise energy sales for 2nd half of the FY 2015-16 is arrived at by multiplying category-wise energy sales for the 2nd half of the FY 2014-15 with the 2nd half category-wise energy sales CAGR.
- v) The category-wise energy sales for FY 2015-16 is then arrived at by adding the energy sales for 1st half of the FY 2015-16 and sales for the 2nd half of the FY 2015-16.
- vi) The category-wise energy sales for the FY 2016-17 is arrived at by multiplying full year category-wise energy sales for the FY 2015-16 arrived at as above with the full year category-wise energy sales CAGR arrived at as per Sr. No. v.

Accordingly, the Commission approves consumer category wise energy sales for the FY 2016-17 as per the details provided in the table below.

Table 3.17 Approved Sales FY 2016-17 (MUs)

Consumer Categories	UHBVNL		DHBVNL	
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17
Domestic	2694.21	2731.40	4067.81	4479.31
Non Domestic	1158.04	1271.21	2240.89	2327.12
HT Industry	3869.80	4448.01	5199.91	5721.03
LT industry	936.01	961.54	827.58	893.15
Agriculture	4042	4196	4665	4898.0
MITC	0.81	0.46	0	0
Lift irrigation	55.02	55.65	161.71	160.02
Railway traction (including DMRC in DHBVNL)	170.60	190.39	166.16	166.49
Bulk Supply	328.87	342.11	255.59	253.20
Bulk Supply (DS)	-	-	872.11	1860.43
Street Light	42.60	39.52	57.87	62.59
PWW	403.10	401.62	469.48	521.79
Total	13701.06	14637.91	18984.12	21343.14

The Commission observes that given the power availability scenario there may not be any need to purchase short-term power or drawl under UI mechanism in a low grid frequency situation. However, in case such purchase is necessitated to manage day-to-day operations the purchase rate should not exceed the average per unit cost of power approved by the Commission in the present Order.

3.2.2 Power Purchase Volume

3.2.2.1 Projections by UHBVNL / DHBVNL

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

The total revised power availability for the FY 2016-17 from all external and internal sources i.e. NTPC, NHPC, NPCIL, SJVNL HPGCL, BBMB stations, IPPs, Co-generation, renewable energy generation etc. has been projected by the Discoms at 53444.83 MUs as against 55171 MUs allowed by the Commission in the MYT Order dated 29.05.2014.

3.2.2.2 Commission's Estimate of Power Purchase Quantum (FY 2016-17)

As per the submissions of the Discoms and the fact that they have projected surplus energy, the Commission believes that there may not be any need to rely on expensive short term sources or drawl under UI mechanism. Consequently, the Commission reiterates that the Discoms / HPPC should explore the possibilities of actively participating in bids for procurement of power floated by energy deficit states / distribution companies outside the state as well as explore the possibilities of supplying additional power to its consumers during the period when the Discoms are resorting to under drawl / backing down of power plants at a concessional rate i.e. at a rate lower than the applicable tariff and charges. This, the Commission believes, would go a long way in reducing the average cost of power available for sale to the electricity consumers of Haryana and to reduce the trading losses incurred by the Discoms.

The Commission, in the past, has been relying on the Generation targets for the CPSUs finalised by the Central Electricity Authority (CEA) in consultation with the generators. The generation targets are arrived at by the CEA based on discussions with the respective states, the generation programme given by Generators, the performance of the generating stations, planned maintenance requirement and average forced outages during the last few years as well as anticipated coal supply scenario in case of the thermal power stations. In order to estimate the power availability in Haryana, the Commission while passing the MYT Order dated 29th May, 2014 for the period from the FY 2014-15 to the FY 2016-17 had considered the following:-

- (a) CEA's generation target for FY 2012-13 for thermal power stations and FY 2013-14 for hydro and nuclear power stations for which data was available.
- (b) Past trend of actual generation achieved vis-a-vis CEA's generation targets.
- (c) HPGCL's generation targets as approved by the Commission for FY 2014-15, FY 2015-16 and FY 2016-17.
- (d) Expected generation targets from new generating stations as proposed by the Discoms.
- (e) The Commission, for the limited purpose of arriving at power availability, has not taken into account a few sources like Pragati Gas Power Plant, Bawana, Delhi, Lanco Babandh and a few others as the power flow from such sources is uncertain. However, this should not be construed for any other power including approval / disapproval of such sources of power by the Commission.

The Commission observes that the generation targets for the FY 2016-17 have been finalised by the Central Electricity Authority (CEA) vide No.CEA/GO&D/OPM/PPI/5/1/2015 dated 04.04.2016. The annual electricity generation targets for the year 2016-17 finalised by the CEA is also available on their website. Hence, the Commission has considered it appropriate to revise the projected generating stations wise availability of power to the Discoms in the FY 2016-17 accordingly. Further, while projecting the quantum of power that will be available to the

Discoms, the CEA's generation targets have been adjusted for auxiliary consumption and home State share wherever applicable.

In view of the above, the Commission has revised the quantum of power purchase from the generating sources available to the Discoms. The source wise approved power purchase quantum for the FY 2016- 17 is discussed in the subsequent paragraphs. The discussions have been restricted to the FY 2016-17 as the revised ARR of the FY 2016-17 is to be determined by the Commission in the present Order.

As the Power Purchase Agreements have been allocated to UHBVNL & DHBVNL in equal ratio and HPPC procures power on behalf of both the Discoms, the projection of power availability is for Haryana as a whole.

3.2.2.3 Availability of power from HPGCL

The Commission has considered power availability at the bus bar from HPGCL sources as per its Order-dated 31.03.2016 in Case No. HERC/PRO-30 of 2015 in the matter of HPGCL's Petition on determination of HPGCL's Generation Tariff for the FY 2016-17. The details of the same are mentioned in the ibid 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 its Order dated 31.03.2016 is presented in the table below:-

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for the FY 2016-17 as per Order dated 31.03.2016
HPGCL	20149.46	17252.66

3.2.2.4 Availability of Power from Faridabad CCPP (FGPP)

The Discoms Power Purchase Agreement (PPA) with 432 MW Faridabad gas based power station of NTPC expired on 31.12.2015. Acceding to the petition filed by the Discoms, the Commission, has extended the PPA up to 31.12.2016. Resultantly, the Commission, in the present Order, has restricted power availability from this source up to 31.12 .2016 only. Accordingly, 770 MUs (for ten months) estimated on the basis of the generation target finalized by the CEA for the FY 2016-17 from this source has been considered. The Commission's approves volume from FGPP is as under:-

Table 3.18: Power purchase volume from FGPP (MUs)

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for FY 2016-17 (up to 30.06.2016)
Faridabad CCGT	2478	770.00

3.2.2.5 Availability of power BBMB (shared project)

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 observes that as per Discoms submissions, 2850 MUs were available from BBMB power stations in the FY 2012-13, 3266 MUs in the FY 2013-14 and 2863.20 MUs in the FY 2014-15. The Discoms have projected 2884 MUs availability from this source in the FY 2016-17. For projecting availability of power from BBMB sources, the Commission in its MYT Order dated 29.05.2014 for the control period from the FY 2014-15 to FY 2016-17, had considered CEA's generation targets then available. However, CEA's generation targets for the BBMB Stations for the FY 2016-17 are now available separately for Bhakra & Upratings, Dehar and Pong, the availability of power from BBMB for the FY 2016-17 has been accordingly revised after adjusting CEA's generation targets for the FY 2016-17 for auxiliary consumption and applying Haryana's share in different BBMB projects as mentioned above.

Table 3.19: Power Availability from BBMB (MUs)

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for the FY 2016-17
BBMB	2884.8	2671.27

3.2.2.6 Availability of power from NTPC Power Plants

The Commission, in its MYT Order dated 29.05.2014 for the control period from the FY 2014-15 to the FY 2016-17, had based its approval on the CEA's generation targets for the FY 2012-13 after adjusting the same for auxiliary energy consumption and actual availability in the FY 2013-14 from NTPC power stations in which Haryana had share. The Commission has now revised the power availability from NTPC sources to the Discoms in the FY 2016-17 based on the generation targets for the FY 2016-17 finalized by the CEA and Haryana's share thereto in different generating stations of

NTPC after adjusting the same for auxiliary consumption. The generating station wise details of power availability from NTPC sources are as under:-

Table 3.20: Power Purchase Volume from NTPC (MUs)

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for the FY 2016-17
Singrauli STPS	1451	1482.38
Rihand I	510	450.37
Rihand II	549	437.50
Rihand III	-	398.90
Unchahar I	68	39.11
Unchahar II	141	86.29
Unchahar III	128	47.49
Anta CCPP	149	60.34
Auraiya CCPP	223	98.03
Dadri CCPP	235	99.70
Farakka STPS	59.46	86.91
Kahelgaon I	152	108.71
Kahelgaon II	370	331.07
Koldam HEP	179	141.47
Total	4214.46	3868.27

3.2.2.7 Availability of power from NHPC power plants

The Commission, in its MYT Order dated 29th May, 2014, for the control period from the FY 2014-15 to the FY 2016-17, had based its approval on the available CEA's generation targets for the FY 2013-14 after adjusting the same for auxiliary energy consumption, home State share and actual availability in the FY 2013-14 from NHPC power stations in which Haryana had share. The Commission has now revised the power availability from NHPC sources in the FY 2016-17 based on the station wise generation targets for NHPC power plants finalised by the CEA for the FY 2016-17 after adjusting the same for home state share wherever applicable and auxiliary energy consumption. The generating station wise details are as under:-

Table 3.21: Power purchase volume from NHPC (MUs)

Particulars	HERC Approval for the FY 2016-17 as per MYT Order dated 29.05.2014	Revised HERC Approval for FY 2016-17
Bairasiul	125	191.32
Salal I	248	425.28
Tanakpur	13.0	25.09
Chamera I	195	330.36
Chamera II	61	71.63
Chamera III	-	80.08
Uri I & II	150	184.42
Dulhasti	115	102.93
Dhauliganga	118	54.72
Sewa II	36	26.41
Parbati III	141.54	58.84
Total	1202.54	1551.08

3.2.2.8 Availability of Power from NPCIL sources

The Commission's, in its MYT Order dated 29.05.2014 for control period from the FY 2014-15 to the FY 2016-17, had approved power purchase quantum from the Nuclear Power Corporation i.e. NAPP and RAPP based on Haryana's share in the same and CEA's target generation targets net of auxiliary consumption further adjusted for actual availability in the FY 2016-17. The Commission observes that the CEA has now finalised the generation targets for the FY 2016-17, hence the power availability from NPCIL (NAPP and RAPP) to the Discoms in the FY 2016-17 has been accordingly revised as under:-

Table 3.22: Power Purchase Volume from NPCIL (MUs)

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for FY 2016-17
NAPP	135.96	199.40
RAPP (3,4,5,6)	608.58	831.53
Total	744.54	1030.93

3.2.2.9 Power Purchase through Short Term/bilateral/UI mechanism

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

3.2.2.10 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), Teesta III etc. had also been considered by the Commission in the MYT Order dated 29th May, 2014. The Commission revises the power availability from these sources for the FY 2016-17 based on the generation targets finalized for the FY 2016-17 except in the case of PTC (GMR), CLP Jhajjar, IGSTPS (Aravali) and Lanco Amarkantak.

The Commission has not considered the power from Pragati Gas Power Plant, Bawana, Delhi being costly on the merit order and also the PPA, so far, has not been approved by the Commission. The source wise details are as under.

Table 3.23: Power Purchase from Other Sources (MUs)

Particulars	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for FY 2016-17
CGPL, Mundra	1773.9	2503.22
Sasan UMPP	2390.2	3278.25
Pragati Gas Bawana	671	0
Aravali Power (IGSTPS)	3109.74	1116.12
DVC – Raghunathpur	539	71.13
DVC – Mejia B	538.64	491.45
DVC – Koderma	538.64	329.38
Adani Power Ltd.	7670.16	9169.56
MGSTPS (CLP) Jhajjar	3199.5	4803.43
THDC Tehri	219	205.25
Koteshwar HEP	129	49.18
SJVNL (Nathpa Jhakri)	355	286.40
Rampur HEP	32.96	270.63
Barh I & II	185.82	0

Teesta III	832.56	86.48
Tala HEP	-	51.08
Total	22185.12	22711.56

(b) Availability of Power from Independent Power Producers/PTC

In addition to the power available from Central Sector, State Sector and Shared Utilities, the Discoms have projected availability of power from PTC Tala, PTC J&K, PTC Karcham Wangtoo and Lanco Amarkantak etc. The Commission has revised the availability of power from these sources as per the details provided in the table that follows. In the case of Lanco Amarkantak Unit-2 of 300 MW, Haryana's share has been considered as per the Hon'ble Appellate Tribunal for Electricity Order i.e. 65%. The details are as under:-

Table 3.24: Availability of Power from PTC

	HERC Approval for FY 2016-17 as per MYT order dated 29.05.2014	Revised HERC Approval for FY 2016-17
PTC J&K (Baglihar HEP)	208.12	297.67
PTC Lanco Amarkantak	525.17	785.77
PTC Karcham Wangtoo	0	841.50
PTC GMR	0	1692.00
Total	733.29	3616.94

(c) Availability of Power from Renewable Energy Sources

The Commission is committed to encourage cogeneration and non-conventional fuel based generation including solar generation projects. Hence, the power purchase volume from such sources has been determined keeping in view the power availability from renewable sources in the FY 2016-17 for which the Commission has approved PPAs. However, the Discoms should meet the solar and non-solar RPO as provided in the HERC RE Regulations. Hence, the Commission has determined power availability from renewable energy sources as per table 3.25.

Table 3.25: Availability from Renewable Energy Sources

	HERC Approval for FY 2016-17 as per MYT Order dated 29.05.2014	Revised HERC Approval for the FY 2016-17
P&R Gogripur (hydel)	11.42	6.07
Bhoruka Power (hydel)	34.84	18.21
Puri Oil Mills (Hydel)	17.3	8.50
Biomass & Cogen Projects	90.42	296.56
Solar Power Projects	1.24	156.12
Total	155.22	485.46

Note:

1. Due to coal shortage and ongoing litigations PLF in the case of 300 MW Lanco Amarkantak has been considered at 50% and Haryana's share at 65%.
2. Availability from PTC (GMR) has been aligned with 300 MW capacity allocated to Haryana at a PLF of 70%.
3. Availability from CLP Jhajjar and IGSTPS (Aravali) has been estimated on prorata basis after taking into account the 10 months actual availability/drawl in the FY 2015-16.

3.2.3 Total Approved Power Purchase Quantum

Based on the above source wise approvals of the quantum of power, the Commission determines power availability both from inter-state and intra-state generators of 53,958 MUs (rounded off) in the FY 2016-17.

3.2.4 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 the HERC and in the case of NPC (RAPP & NAPP) the Department of Atomic Energy, Government of India, determines the tariff. 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 good degree of accuracy.

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

The Commission has notified on 05.12.2012 the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012. The relevant provision of the said regulations on power purchase cost is reproduced below:-

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

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

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

Commission, the rate discovered through competitive bidding and adopted by the Commission or the short-term rates approved by the Commission.

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

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

In view of the MYT Regulations, 2012, the Commission has largely based the estimation of power purchase cost as under:-

i) Generating Station wise fixed cost of power is based on the actual fixed cost incurred by the Discoms from April 2015 to January 2016 (ten months) extrapolated for further two months.

ii) Generating Station wise Fuel / Variable Cost is based on the average of the actual variable charges / energy charges incurred by the Discoms from April, 2015 to January, 2016.

iii. In the case of Adani Power Ltd. the cost of power has been considered as per the Power Purchase Agreement.

iv. The cost of power purchase from HPGCL has been considered as per the Commission's Generation Tariff Order dated 31.03.2016.

A brief description of the methodology adopted by the Commission is as under:-

3.2.4.1 Cost of power from CPSUs (NTPC, NHPC & NPC)

The tariffs for power purchase from central sources have been considered at the average rate of power purchase in the FY 2015-16 from April 2015 to January 2016.

3.2.4.2 Cost of HPGCL power

The Commission, under sub - section 1(a) of section 86 and sub section 1(a) of section 62 of the Electricity Act 2003, has determined HPGCL's generation tariffs for the FY 2016-17 vide its order dated 31.03.2016 (Case No HERC/PRO 30 of 2015). The

approved station wise rates in the ibid Order have been considered for determining the cost of power from HPGCL stations.

3.2.4.3 Cost of BBMB Power

HVPNL, as per the transfer scheme notified by the Government of Haryana, has ownership interest to the extent of equity shares in BBMB projects and the corresponding share in capacities have been allocated to HPPC. HVPNL has to bear its share of net O&M cost in respect of BBMB projects, i.e. net of O&M charges less credit for HVPNL share of revenue for sale of power to common pool consumers. However, in line with the Hon'ble Appellate Tribunal's order on cost of BBMB power, the Commission allows tariff for power from BBMB as per the average actual rate of the FY 2015-16 (from April, 2015 to January, 2016).

3.2.3.4 Price of Power Purchased from Other Sources

The Commission has relied upon the average power purchase rate as per the FY 2015-16 invoices (from April 2015 to January 2016) raised by the generators in case of SJVNL, Tala HEP, Tehri, and other projects.

The details of approved power purchase rates (Rs/kWh), cost (Rs.Million) and quantum (Million Units), from various sources for the FY 2016-17 are presented in the table below:-

Table 3.26: Approved Volume, Rate & Cost of Power Purchase for FY 2016-17

Source	Estimated Quantum	Annual Fixed charges	Variable Charges	Annual Variable Charges	Total Power Purchase Cost
	MU	Rs. Million	Rs/kWh	Rs. Million	Rs. Million
NTPC					
Singrauli STPS	1482.38	729.52	1.39	2060.01	2789.53
Rihand I	450.37	347.06	1.82	818.56	1165.62
Rihand II	437.5	365.05	1.69	738.73	1103.78
Rihand III	398.9	500.73	1.67	664.72	1165.45
Unchhahar I	39.11	57.18	2.79	109.07	166.25
Unchhahar II	86.29	138.09	2.66	229.6	367.69
Unchhahar III	47.49	111.75	2.64	125.49	237.24
Anta CCPP	60.34	120.13	3.34	201.38	321.52
Auraiya CCPP	98.03	146.41	3.98	389.7	536.11
Dadri CCPP	99.7	157.47	3.67	366.24	523.71
Faridabad CCPP	770.00	1937.26	3.07	2363.9	4301.16
Farakka STPS	86.91	14.95	2.77	240.38	255.33

Kahalgaon I	108.71	159.5	2.44	265.29	424.78
Kahalgaon II	331.07	551.64	2.31	765.51	1317.15
Kol Dam	141.47	435.34	2.8	396.03	831.38
NHPC					
Salal I	425.28	303.38	0.52	220.01	523.4
Bairasiul	191.32	227.88	1.02	194.58	422.45
Tanakpur	25.09	38.54	1.32	33.18	71.72
Chamera I	330.36	340.2	0.87	288.19	628.39
Chamera II	71.63	134.81	1.3	93.28	228.09
Chamera-III	80.08	241.28	2	160.12	401.39
Dhauliganga	54.72	100.07	1.33	72.62	172.69
Dulhasti	102.93	367.79	2.73	281.05	648.85
Uri	131.03	142.9	0.79	104.17	247.07
Uri-II	53.39	127.01	1.75	93.63	220.64
Sewa II	26.41	83.04	2.06	54.48	137.53
Parbati-III	58.84	165.94	2.73	160.68	326.62
SJVNL (Nathpa Jhakri)					
SJVNL	286.4	484.32	1.42	406.43	890.75
Rampur HEP	270.63	148.08	1.71	463.31	611.38
THDC	0				
Tehri (THDC)	205.25	649.62	3	615.32	1264.94
Koteshwar HEP	49.18	98.1	1.96	96.17	194.27
NPC					
NAPP	199.4	0	2.44	486.72	486.72
RAPP (3-4)	591.8	0	2.76	1631.71	1631.71
RAPP (5-6)	239.73	0	3.42	820.67	820.67
HPGCL	17252.66	17938.35	3.32	57356.47	75294.82
Shared Project	0				
BBMB	2671.27	0	0.31	828.09	828.09
DVC					
DVC Mejia-B	491.45	1121.46	2.14	1051.08	2172.53
Koderma DVC	329.38	584.88	2.15	707.2	1292.08
DVC Raghunathpur	71.13	0	4.65	330.74	330.74
UMPP	0				
CGPL, Mundra	2503.22	2409.53	1.42	3562.76	5972.29
Sasan UMPP	3278.25	508.52	1.15	3768.86	4277.37
Others					
Tala, HEP	51.08	0	2.02	103.18	103.18
PTC GMR	1692	1326.61	0.94	1582.94	2909.55
PTC Baglihar	297.67	0	3.72	1107.32	1107.32
PTC Lanco Amarkantak	785.77	0	2.92	2294.45	2294.45
PTC Karchamwangtoo	841.5	0	3.39	2853.64	2853.64
IGSTPP, Jhajjar	1116.12	8105.17	4.05	4514.76	12619.92

(Aravali)					
Pragati Gas Bawana	0	0	0	0	0
Adani Power Ltd.	9169.56	0	3.209	29425.11	29425.11
Teesta III	86.48	0	4	345.92	345.92
MGSTPS, CLP, Jhajjar	4803.43	8384.27	3.37	16205.4	24589.67
Bhoruka	18.21	0	3.18	57.91	57.91
P&R Gogripur	6.07	0	4.36	26.47	26.47
Puri Oil Mill	8.5	0	4.09	34.72	34.72
Biomass Projects	186.18	0	6.15	1145.01	1145.01
Cogeneration Plants	110.38	0	3.43	378.6	378.6
Solar Projects	156.12	0	5.57	868.96	868.96
PGCIL Transmission Charges		8967.28			8967.28
Total	53958.17	58771.11	2.68	144560.52	203331.61
Average Power Purchase Cost (APPC) Rs/kWh					3.77

In accordance with the source wise volume and cost of power purchase approved by the Commission as indicated in the table above, the total volume of power available in the FY 2016-17 is approved at 53958 MUs (rounded off) at a cost of Rs.203331.61 millions. The average rate of power purchase allowed by the Commission in the FY 2016-17 works out to Rs. 3.77/kWh.

The Licensee(s) is directed to 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.

In addition to the above and keeping in view the surplus power availability scenario obtaining in Haryana, 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. The Commission thereto shall disallow all such power procurements and the cost thereto.

The Commission observes that the Discoms have been drawing power under UI mechanism at a very high rate. In the FY 2014-15 power has been drawn under UI mechanism at a cost of over Rs. 7.50/Kwh. This has been viewed very seriously by the Commission and for the FY 2016-17 **the Discoms are directed to manage the UI drawls more efficiently and the Commission may not approve the power purchase cost of such drawls at a rate higher than the average cost of power purchase, any loss on account of that shall be borne by the Discoms.**

3.2.4 Transmission Losses

For the purpose of calculating energy available for sale by the Distribution licensees in the FY 2014-15, FY 2015-16 and FY 2016-17, the Commission in its MYT Order dated 29th May, 2014, had relied on the latest available figures for inter-state transmission losses. In the said Order the Commission had considered intrastate transmission losses at 2.46% and interstate losses of 3.82% for the FY 2016-17. The same transmission loss levels have been retained for working out energy available for sales to the two Discoms in the FY 2016-17.

3.2.5 Interstate Transmission Charges

Interstate transmission charges proposed by UHBVNL and DHBVNL are Rs. 369.66 Crore and Rs. 470.47 Crore respectively i.e. a total of Rs. 840.13 Crore. However, the Commission had approved the interstate transmission charges for the FY 2016-17 at Rs. 896.728 Crore based on the actual charges incurred by the two Discoms for the first ten months of the FY 2015-16. The approved amount, shown separately in the table 3.25, shall form part of the combined power purchase cost of the Discoms for the FY 2016-17.

3.2.6 Inter-State sale of Power and Power purchase cost for Distribution licensees

UHBVNL and DHBVNL have indicated interstate sale of 3501 MUs and 4395 MU respectively for the FY 2016-17 and revenue from interstate sales has been considered at the average variable power purchase cost, excluding transmission charges, at Rs. 3.08/Unit for the FY 2016-17. The Commission does not approve of any loss on

account of interstate sale of power for FY 2016-17. The Commission directs the licensee to explore the possibility of the surrendering expensive long-term power that is in excess of its requirement. In case the licensee is unable to sell its contracted power at the rate of its energy cost, it is expected to back down the units to that extent so that the loss on account of power purchase is minimised. It has been observed that, at times, the Licensees are forced to back down its contracted long term power due to less demand whereas the licensees have been agreeing to the additional allocation done by the Ministry of Power out of the unallocated portion of the Central Generating Stations which is not at all justified. Any such allocation must be surrendered at the earliest and a compliance report be filed in the Commission within one month. Regarding trading loss on account of sale of surplus power it is worthwhile to note the observations of the Hon'ble Aptel's Judgement dated 28th April, 2016 in Appeal No. 269 of 2014 is as under:-

41.3) We are happy to note that the State Commission in a separate review order dated 14.07.2014, seeking review of an earlier tariff order dated 30.03.2013, has expressed its concern that the Discoms have already tied up with power which is in excess of requirement for at least 5 to 7 years without having a system of power procurement planning and for load optimum power cost and accordingly the State Commission has rejected the relief sought by the Discoms for recovering its trading loss from the consumers.

In view of the above observation, the Discoms must gear up its power purchase procurement planning and strength its trading activities for disposal of surplus power. In its absence, the Discoms shall be saddled with avoidable trading losses.

Table 3.27: Energy available for Sale to the Distribution Licensees (FY 2016-17)

Sr. No.	Particulars	Units	UHBVNL	DHBVNL	Total
1	Gross energy procured from outside State sources	MUs	7392.27	10297.39	17689.66
2	Interstate sale / banking	MUs	2291.50	3191.82	5483.31
3	Energy procured from outside the state sources net of interstate sale / banking	MUs	5101.08	7105.27	12206.35
4	Inter-state transmission losses	%	3.82%	3.82%	3.82%
5	Inter-state transmission losses	MUs	194.86	271.42	466.28
6	Net energy available from outside the state	MUs	4906.21	6833.85	11740.07

7	Add energy generated within the state	MUs	15156.12	21112.38	36268.50
8	Net energy available for use in Haryana	MUs	20062.95	27945.62	48008.57
9	Intra-state transmission losses	%	2.46%	2.46%	2.46%
10	Intra-state transmission losses	MUs	493.55	687.46	1181.01
11	Energy available for sale to distribution licensee	MUs	19569.40	27258.16	46827.56
12	Distribution loss	%	25.20%	21.70%	23.16%
13	Distribution loss units	MU	4931.49	5915.02	10846.51
14	Units available for sale by Discoms	MU	14637.91	21343.14	35981.05
15	Total Power Purchase from all sources	MU	22549.30	31408.86	53958.17
16	Power Purchase Cost	Rs. Millions	84972.98	118358.63	203331.62
17	Average rate (rounded off)	Rs./kWh	3.77	3.77	3.77
18	Interstate Sale at APPC of Rs.3.77 per unit	Rs. Millions	8638.94	12033.16	20672.10
19	Energy purchased net of Interstate sale	MU	20257.81	28217.04	48474.85
20	Cost of energy net of revenue from Interstate sale	Rs. Millions	76334.04	106325.48	182659.52
21	Average rate of power at the Discoms boundary (20/11)	Rs. /kWh	3.90	3.90	3.90

3.2.7 Renewable Purchase Obligation (RPO)

Section 86 (1) (e) of the Electricity Act, 2003 mandates the Commission to promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, a percentage of the total consumption of electricity in the area of distribution licensee, for mandatory purchase of electricity from such sources. In accordance with the Regulation 64 of HERC (Terms and Conditions for determination of Tariff for Renewable Energy Sources, Renewable Purchase Obligation and Renewable energy Certificate) Regulations, 2010 the RPO for FYs 2011-12, 2012-13, 2013-14, 2014-15 and FY 2015-16 as approved by the Commission are as per table 3.28.

Table 3.28: Renewable Purchase Obligation from the FY 2011-12 to FY 2015-16 as approved by the Commission

Financial year	Energy Consumption (MU)	%age of overall RPO	Renewable energy (other than Solar) required to be purchased as per overall RPO (MU)	%age of solar RPO (as a %age of overall RPO)	Energy required to be purchased as per Solar RPO (MU)	Total renewable energy required to be purchased (MU)
2011-12	36075	1.50%	541	0.31%	1.69	543
2012-13	40000	2.00%	800	0.05%*	20	820
2013-14	41086	3.00%	1191.49	0.10%*	41.09	1232.58
2014-15	45028	3.25%	1350.84	0.25%*	112.57	1463.41
2015-16	46731.12	2.75%	1285.11	0.75%*	350.48	1635.59

* Solar power purchase obligation is 0.05%, 0.1%, 0.25% & 0.75% of total energy consumption for the financial years 2012-13, 2013-14, 2014-15 & 2015-16 respectively.

As per data provided by the State Nodal Agency for FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 (up to June 2015), the shortfall in meeting the RPO for the aforesaid years has been worked out as under:-

Table 3. 29: Shortfall in meeting RPO (MUs)

Type of RE source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 (up to June 2015)
Solar	0	8.84	32.21	101.74	68.80
Non-Solar	141.43	375.50	828.50	711.74	122.64
Total	141.43	384.34	860.71	813.48	191.44
Total Shortfall up to June, 2015					2391.4

The Commission vide its order dated 20.11.2013 in case no. HERC/RA-04 of 2012, HERC/RA-08 of 2012, HERC/RA-11 of 2013 & HERC/PRO-30 of 2013 had allowed the Discoms to carry forward the shortfall in the RPO compliance for the FY 2011-12, FY 2012-13 and FY 2013-14, on actual basis, to the next financial year i.e. The shortfall should be met in the FY 2014-15 in addition to the RPO for FY 2014-15. Thereafter in the ARR/Tariff Order of the FY 2015-16 the Commission directed the Discoms to purchase renewable energy as per the RPO targets for the FY 2015-16 and the shortfall carried forward, on actual basis, for previous years. In case they can purchase the same at a tariff lower than determined by this Commission they may do so, otherwise they must purchase all such power offered to them by the renewable energy power producers at the tariff determined by the Commission. It was further

directed that the shortfall in meeting the RPO for the FY 2011-12, 2012-13, 2013-14 and 2014-15 shall also be met by the Discoms in the FY 2015-16 in addition to the RPO of FY 2015-16.

In accordance with the provisions of the amended regulations, the RPO for the FY 2016-17 is 3.75% of the total energy consumption of the Discoms. The approved RPO for the FY 2016-17 is as under:-

Table 3.30: Renewable Purchase Obligation for the FY 2016-17

Energy Consumption for 2016-17 (MU)	%age of Non solar RPO of energy Consumption	Non solar RPO (MU)	Solar RPO as %age of energy sales	Solar RPO (MU)	Total renewable energy required to be purchased (MU)
46827.56	2.75%	1287.76	1%	468.28	1756.04

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 2016-17. Therefore, the volume of renewable energy purchase as approved by the Commission as above shall be adjusted against the total RPO of the Discoms. Further, RPO backlog of up to 31st March 2016 shall be part of total power purchase volume approved by the Commission for the FY 2015-16 and set off against the costliest power in the merit order.

The Commission has noted from the submissions of HPPC during the public hearing that they have made some progress regarding meeting the RPO targets set by the Commission, hence the shortfall as indicated in the table 3.28 up to June, 2015, especially for non-solar RPO, has reduced . The Commission directs the Discoms to purchase renewable energy or RECs to meet with the RPO targets set for the FY 2016-17 and also to make up for the shortfall of RPO compliance carried forward for the previous years, on actual basis. In view of Haryana Government's mandate to promote RE energy especially roof top solar and Waste to Energy, Discoms are directed to meet the maximum RPO targets from these sources. The Commission, in its Order dated 7.05.2015 for the FY 2015-16 had made specific provision of Rs. 1100 Crore in the power purchase cost towards purchase of RPO/REC, the same shall be accordingly utilised in the FY 2016-17. The Discoms are directed to submit details of the RE Energy and/or

REC purchased by them against the said amount within a period of three months from the date of this Order.

The State government is promoting generation of solar power in the state through various initiatives. However, it is observed that the Discoms and HAREDA are unable to realise the potential of solar generation in the State in the absence of proper infrastructure. The Discoms are directed to submit an action taken report in furtherance of the latest solar policy issued by the State Government within three month of this order.

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 66 (3) of the HERC renewable energy regulations in the format as per the table below.

Table 3.31: HERC Renewable Energy Regulation Format

1.	Name of the obligated entity		
2.	Total Energy Consumption		
3.	Units required to meet total RPO (3.75% of total energy consumption)		
4.	Units required to meet Solar RPO (1.0%) of total energy consumption)		
5.	Units required to meet Non-Solar RPO (Total RPO – Solar RPO)		
6.	Actual Energy purchased from Solar Power Plant		
7.	Actual Energy purchased from Non-Solar Power Plant		
8.	Shortfall in Solar RPO		
9.	Shortfall in Non-Solar RPO		

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

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

The Discoms and other obligated entities are directed to provide requisite information to the State Agency on monthly basis by 10th of every month for the previous month to enable the State Agency to submit quarterly report to the Commission.

3.2.8 Intrastate Transmission Charges & SLDC Charges

The Commission, vide its Order dated 31.03.2016 on HVPNL's Transmission Tariff and SLDC charges for the FY 2016-17, had approved Transmission tariff and SLDC charges for the FY 2016-17 to be recovered by HVPNL from UHBVNL and DHBVNL. The intrastate transmission charges approved include the unitary charge arising out of transmission project commissioned 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 *ibid* order. Hence, the same is not being reproduced here. The transmission and SLDC Charges, as determined by the Commission in the *ibid* Order, shall form part of the ARR of the Discoms for the FY 2016-17.

3.2.9 Employee Cost / A&G Expenses

The Employee cost, A&G expense and Repair & Maintenance expenses together comprise the O&M expenses of the Distribution Licensee. The O&M expenses as per the MYT Regulations, 2012 are considered as controllable costs except for Terminal Benefits (TBs) which are considered uncontrollable. The O&M expenses as per these Regulations are to be worked out for the Distribution and Retail Supply Business for each year of the control period 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 O & M expenses 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.
- 'INDXn' means the inflation factor for the nth year as defined herein after.

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

Where,

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

It has further been provided in these Regulations vide Note 1 appended below Regulation 57.3 that "For the purpose of estimation, the same INDXn value shall be used or all years of the control period. However, the Commission shall consider the actual values of the INDXn 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."

In the MYT Order dated 29.05.2014 for Distribution Retail Supply Business for FY 2014-15, the Employee Cost (excluding TBs) and A&G expenses for FY 2014-15, FY 2015-16 and FY 2016-17 were worked out based on audited expenses under these heads for FY 2012-13 using an indexation factor (INDX) of 9.21%. However, indexation factor based on WPI and CPI indices for FY 2014-15 and FY 2015-16 (WPI/CPI indices are available upto Jan/Feb, 2016 and for Jan/Feb upto March values as in Jan/Feb have been assumed) works out to 4.65% & 2.47% respectively. The Commission had approved Rs.609.43 Crore as employee cost of UHBVNL and Rs.590.78 Crore of DHBVNL for the FY 2016-17. Now, UHBVNL and DHBVNL have revised their claims to Rs.645.88 Crore and Rs.754.62 Crore respectively on the basis of actual audited expenses of the FY 2014-15 escalated by indexation factor of 4.66% per annum and the employees cost for the FY 2016-17 has been further escalated by 15% to account for increase in salary on account of 7th pay Commission. The Commission, while revising its approved employee cost for the FY 2016-17 has considered lower inflation index based on the actual WPI/CPI index for the FY 2015-16 and has also considered the impact of transfer of Jind Circle. Further, the

impact of 7th pay Commission has not been considered as, so far, the same has not been determined by the Government. Hence, any variation in the employees cost on account of the same, shall be allowed to both the Discoms separately during True-up or otherwise. .

The revised Employee Cost for FY 2016-17 accordingly has been worked out as under:-

Table 3.32 Approved Employee Cost for FY 2016-17 (Rs.Crore.)

Sr.	Particulars	UHBVNL	DHBVNL
1.	Allowed Employee Cost excluding Terminal Benefits for the FY 2014-15	512.71	599.07
2.	Indexation Factor for FY 2015-16 & FY 2016-17	2.47%	2.47%
3.	Employee Cost excluding Terminal Benefits for FY 2016-17	538.35	629.03

The revised employee cost (excluding Terminal Benefits) for the FY 2016-17 is approved at Rs.538.35 Crore of UHBVNL and Rs.629.03 Crore of DHBVNL.

A & G Expenses

The revised A&G expenses for FY 2016-17 have been worked out on the same lines as Employee Cost as under:-

Table 3.33 Approved A&G Expenses for FY 2016-17 (Rs.Crore.)

	Particulars	UHBVNL	DHBVNL
1.	Allowed A&G expenses for FY 2014-15	76.60	71.83
2.	Indexation Factor for FY 2015-16 & FY 2016-17	2.47%	2.47%
3.	A&G Expenses for FY 2016-17	78.49	73.60

Accordingly, the revised A&G expenses for FY 2016-17 are approved at Rs. 78.79 Crore. and Rs. 73.60 Crore for UHBVNL and DHBVNL respectively.

3.2.10 Repair & Maintenance

UHBVNL has proposed R&M expenses of Rs. 117.70 Crore in the revised petition, as against Rs. 134.00 cr. approved by the Commission for the FY 2016-17. Based on the estimated capital expenditure for FY 2015-16 and FY 2016-17, the average GFA for FY 2016-17 is estimated as Rs. 7271.10 crore as against Rs.7436.58 crore estimated earlier as per the MYT order and on the revised GFA estimates, the R

& M expenditure at 1.65% of average GFA for FY 2016-17 comes to Rs. 122.77 crore as against Rs. 134 crore approved in the MYT Order. However, the licensees' revised estimates of Repair & Maintenance at Rs. 117.70 Crore, being reasonable, are approved by the Commission for FY 2016-17.

For DHBVNL, the average GFA for FY 2016-17, based on the estimated capital expenditure for FY 2015-16 and FY 2016-17, is estimated as Rs. 7852.96 crore against Rs.9205.72 crore estimated earlier as per the MYT order. Based on the revised GFA estimates, the R & M expenditure at 1.65% of average GFA for FY 2016-17 works to Rs. 132.77 crore as against Rs. 152.99 crore approved as per the MYT Order.

3.2.11 Terminal Benefits

The Commission had approved Rs. 314.17 crore as terminal benefit expenses for FY 2015-16 for UHBVNL and Rs. 150 crore for DHBVNL as proposed by the licensees. Based on the audited expenses for FY 2014-15, UHBVNL has revised its estimates of terminal benefits for FY 2016-17 to Rs. 406.82 crore and DHBVNL has revised its estimates to Rs.335.38 Crore, the Commission approves the same.

3.2.12 O & M Expenses

Based on the above calculation, the revised O & M expenses approved by the Commission for FY 2016-17 are Rs. 1143.30 crore as against Rs. 1144.30 crore for UHBVNL and Rs. 1171.04 crore as against Rs. 965.03 crore for DHBVNL as per the MYT order. **However, the Commission directs the licensee rein in O&M expenses within the O&M expenses approved by the Commission.** The details of O&M expenses of UHBVNL and DHBVNL are provided in the table 3.34 and 3.35.

Table 3.35: O & M expenses of UHBVNL for the FY 2016-17

(Rs. Crore)			
Particulars	HERC Order	UHBVNL revised filing	HERC revised order
Employee Expense	609.43	645.88	538.35
A&G Expense	86.70	83.91	78.49
R&M Expense	134.00	117.70	117.70
Terminal Liability	314.17	406.82	406.82
Total	1144.30	1254.31	1141.36

Table 3.36: O & M expenses of DHBVNL for the FY 2016-17

(Rs. Crore)			
Particulars	FY 2016-17 HERC Order dated 29.05.2014	FY 2016-17 DHBVNL revised filing	FY 2016-17 HERC revised approval
Employee Expense	590.78	754.62	629.03
A&G Expense	71.26	78.68	73.60
R&M Expense	152.99	136.64	132.77
Terminal Liability	150.00	335.38	335.38
Total	965.03	1305.32	1170.78

3.2.13 Depreciation

UHBVNL has proposed depreciation of Rs. 299.30 crore in their ARR petition for FY 2016-17 based on opening balance of GFA as on 01.04.2015 and its revised projections of capital expenditure for FY 2015-16 and FY 2016-17. Based on the audited average rate of depreciation of 4.64% for FY 2014-15 and the approved capital expenditure for FY 2015-16 and FY 2016-17, the depreciation for FY 2016-17 for UHBVNL is revised to Rs. 314.68 crore. The Depreciation on assets funded through to consumer contribution Rs. 37.60 crore is reduced from the above amount to arrive at net approved depreciation of Rs. 277.08 crore for FY 2016-17 against (Rs. 340.12 crore allowed by the Commission as per the MYT order).

Table 3.37: Depreciation of UHBVNL for FY 2016-17

(Rs. in crore)		
Particulars	FY 2016-17 UHBVNL proposal	FY 2016-17 HERC approval
Gross Fixed Assets (GFA)		
Opening GFA	6616.89	6778.52
Add: Trfd from CWIP	1112.19	985.17
Total GFA	7729.08	7763.69
Less: Retirement/Disposal of Assets	0.00	0.00
Closing GFA	7729.08	7763.69
Average GFA	7172.99	7271.10
Opening GFA funded thru consumer contribution/ grants		939.72
Depreciation Rate	4.98%	4.64%
Depreciation amount	329.30	314.68
Less depreciation on assets funded through consumer contribution	30.00	37.60
Net depreciation for the year	299.30	277.08

Similarly, DHBVNL has proposed depreciation of Rs. 348.32 crore in their ARR petition for the FY 2016-17 based on opening balance of GFA as on 01.04.2015 and its revised projections of capital expenditure for FY 2015-16 and FY 2016-17. Based on the audited average rate of depreciation of 4.44% for FY 2014-15 and the approved capital expenditure for FY 2015-16 and FY 2016-17, the depreciation for FY 2016-17 for DHBVNL is revised to Rs. 325.09 crore. The Depreciation on assets funded through consumer contribution Rs. 57.47 Crore is reduced from the above amount to arrive at net approved depreciation of Rs. 267.62 crore for the FY 2016-17 as against Rs. 392.25 crore allowed by the Commission as per the MYT order as given in table 3.37 below:-

Table 3.38: Depreciation of DHBVNL for the FY 2016-17

(Rs. Crore)		
Particulars	FY 2016-17	FY 2016-17
Gross Fixed Assets (GFA)	DHBVNL proposal	HERC approval
Opening GFA	7243.37	7317.14
Add: Trfd from CWIP	1407.00	1289.76
Total GFA	8650.37	8606.90
Less: Retirement/Disposal of Assets	72.00	72.00
Closing GFA	8578.37	8534.90
Average GFA	7910.87	7852.96
Opening Assets funded through consumer contribution/ grants		1430.84
Depreciation Rate	5.22%	4.44%
Depreciation amount	378.31	325.09
Less depreciation on assets funded through consumer contribution	30.00	57.47
Net depreciation for the year	348.31	267.62

3.2.14 Interest on Term Loan

The UHBVNL has revised its estimates of interest on term loan from Rs. 247.03 crore approved by the Commission in its MYT Order to Rs. 57.35 Crore for the FY 2016-17. DHBVNL has also revised its estimates of interest on term loan from Rs. 305.48 crore approved by the Commission in its MYT Order to Rs. 81.89 crore for the FY 2016-17. The licensees' revised estimates of interest on term loan, being reasonable, are approved by the Commission for FY 2016-17.

3.2.15 Interest on Consumers' Security Deposit

The Commission had approved Rs.83.37 crore as interest on consumer securities deposits for FY 2016-17 as per the MYT order for UHBVNL which has been revised by the licensee to Rs. 73.68 crore in its filing on APR for FY 2016-17. As per DHBVNL filing on APR for FY 2016-17, the expenditure on this account is estimated to be Rs. 124.94 Crore. The Commission observes that the revised estimates, though lower than the approved figures are still very high as compared to the actual expenditure incurred by the licensees in FY 2016-17. The Commission observes that UHBVNL has estimated a YoY increase of 20%. Keeping in view the same assumption, the Commission now approves Rs. 26.63 Crore as interest on consumer security deposit for the FY 2016-17. The Commission directs **that the interest on the consumers security deposit must be paid to all consumers in compliance of the relevant Regulations notified by Commission.**

3.2.16 Interest on Working Capital

The Commission, in its MYT Order, had approved Rs. 184.92 Crore (UHBVNL) as interest on working capital borrowings as per the provisions of the MYT Regulations, for the FY 2016-17. In accordance with the ibid Regulations, the Commission has now revised the interest on working capital borrowings for the FY 2016-17 as under:-

Table 3.39: Approved Interest on Working Capital Loan of UHBVNL

(Rs. in Crore)	
Interest on working capital	FY 2016-17
O&M expenses for 1 month	95.11
Maintenance spares 1% of opening GFA	67.79
2 months receivables	1613.57
Uncollected revenue	96.81
Total	1873.28
Less	
ACD	866.79
Net working capital	1006.49
Interest Rate	11.30%
Interest cost (rounded off)	114

Similarly, for DHBVNL, the Commission had approved Rs. 147.32 Crore as interest on working capital borrowings. The revised interest on working capital borrowings for the FY 2016-17, as per the MYT Regulations, is now estimated as under:-

Table 3.40: Approved Interest on Working Capital Loan of DHBVNL

(Rs. Crore)	
Interest on working capital	FY 2016-17
O&M expenses for 1 month	97.59
Maintenance spares 1% of opening GFA	73.17
2 months receivables	2130.99
Uncollected revenue	127.86
Total	2429.61
Less	
ACD	1469.83
Net working capital	959.78
Interest rate	11.30%
Interest cost	108

UHBVNL and DHBVNL, in its revised petition filed after giving effect of UDAY scheme, has proposed Interest on working capital at Rs. 1436.50 Crore & Rs. 1023.21 Crore, respectively.

The Commission shall consider the same at the time of True-up for the FY 2016-17 after taking into consideration of the implementation of other terms & conditions of UDAY Scheme.

3.2.17 Total Expenditure

As per the item wise expenditure approved by the Commission the total expenditure works out to Rs.9855.82 Crore (UHBVNL) and Rs. 12955.96 Crore for (DHBVNL) for the FY 2016-17 as against Rs. 14417.87 Crore proposed by UHBVNL and Rs. 17030.53 Crore proposed by the DHBVNL respectively.

3.2.18 Non-Tariff Income

Non-tariff income is retained at Rs. 174.43 Crore for UHBVNL and Rs. 170.01 Crore for DHBVNL as approved by the Commission in the MYT Order for the FY 2016-17 as nothing to the contrary has been proposed by the Discoms.

Interest on FRP borrowings

The Distribution licensees have signed tripartite MOU dated 11.03.2016 with the Government of India and Haryana State Government under the Ujjawal Discom Assurance Yojna (UDAY) of the Government of India. As per the MoU, 75% of the borrowings of the Discoms, as on 30.9.2015, are to be taken over by the State Government. The Discoms have not provisioned for any interest on the FRP borrowings as the objective of the UDAY is to ensure that the electricity consumers are not burdened with the interest cost of past borrowings. Accordingly, the Commission has not considered the interest cost on FRP borrowings in the ARR of the two Discoms in the FY 2016-17

3.2.19 Total Revised ARR of UHBVNL & DHBVNL for the FY 2016-17

In view of the above, the total ARR stands revised to Rs. 9681.39 Crore for UHBVNL as against Rs. 12785.95 Crore approved by the Commission in the MYT Order dated 29.05.2014 and Rs. 14243.45 Crore as per the revised proposal of UHBVNL.

For DHBVNL, the Commission approves revised ARR of Rs. 12785.95 Crore as against Rs. 13283.59 Crore approved by the Commission in the MYT Order and Rs. 16860.52 Crore as per the revised proposal of DHBVNL.

Table 3.41: Revised ARR of UHBVNL for the FY 2016-17

Rs. in Crore				
S.No.	Particulars	HERC order	UHBVNL Revised estimates	HERC Revised Approval
1	Power Purchase Expenses	10,127.94	11,042.26	8,190.41
1.1	Power purchase cost	9,549.62	9,987.24	7,633.40
1.2	Intrastate transmission charges & SLDC Charges	573.44	354.20	554.55
1.3	SLDC charges	4.88	700.81	2.46
2	Operations and Maintenance Expenses	1,144.30	1,254.31	1,143.30

2.1	Employee Expense	609.43	645.88	538.35
2.2	A&G Expense	86.70	83.91	80.43
2.3	R&M Expense	134.00	117.70	117.70
2.4	Terminal Liability	314.17	406.82	406.82
3	Depreciation	340.12	299.30	277.08
4	Interest Cost			
4.1	Interest on Consumer Security Deposit	83.37	73.68	73.68
4.2	Interest & Finance Charges (term loan)	247.03	57.35	57.35
4.3	Interest & Finance Charges (Working capital)	184.92	1,436.50	114.00
4.4	Interest on FRP funding	503.23	-	
11	Return on Equity Capital	-	254.47	
A	Total Expenditure	12,630.91	14,417.87	9855.82
B	Income/Receipts	174.43	174.43	174.43
12	Non Tariff Income	174.43	174.43	174.43
C	Aggregate Revenue Requirement = (A - B)	12,456.48	14,243.44	9,681.39

Table 3.42: Revised ARR of DHBVNL for the FY 2016-17

(Rs. in Crore)

S.No.	Particulars	HERC order	DHBVNL Revised estimates	HERC Revised Approval
1	Power Purchase Expenses	10,703.68	13,866.00	11,300.78
1.1	Power purchase cost	10,093.31		10,632.55
1.2	Intrastate transmission charges & SLDC Charges	605.18		665.78
1.3	SLDC charges	5.19		2.46
2	Operations and Maintenance Expenses	965.03	1,305.32	1,171.04
2.1	Employee Expense	590.78	754.62	629.03
2.2	A&G Expense	71.26	78.68	73.86
2.3	R&M Expense	152.99	136.64	132.77
2.4	Terminal Liability	150.00	335.38	335.38
3	Depreciation	392.25	348.00	267.62
4	Interest on Working Capital			
4	Guarantee Fee		44.11	
4.1	Interest on Security Deposit	115.96	125.00	26.63
4.2	Interest & Finance Charges (term loan)	305.48	81.89	81.89
4.3	Interest & Finance Charges (Working capital)	147.32	1,023.21	108.00
4.4	Interest on FRP funding	218.70	-	
11	Return on Equity Capital	-	237.00	
A	Total Expenditure	13,453.60	17,030.53	12,955.96
B	Income/Receipts	170.01	170.01	170.01
12	Non Tariff Income	170.01	170.01	170.01
13	Income from FSA		-	
C	Aggregate Revenue Requirement = (A - B)	13,283.59	16,860.52	12,785.95

3.2.20 Total Revenue Requirement for the FY 2016-17

The revised total ARR of the two Discomss for the FY 2016-17 is as given in the tables 3.40, 3.41. The revenue surplus/gap for the FY 2016-17 is as per the table 3.42 below:-

Table 3.43 Revenue Gap for FY 2016-17 at Current Tariff (Rs. Crores)

Sr. no.	Total ARR for FY 2016-17	Revenue gap at current tariff
1	UHBVNL	9681.39
2	DHBVNL	12785.95
3	Revenue Requirement for FY 2016-17	22467.34
4	Revenue Gap for FY 2014-15	672.14
5	Carrying Cost for two years	168.04
6	Total Revenue Requirement for FY 2016-17	23307.52
7	Revenue at Current Tariff	18328.16
5	Total Sales for FY 2016-17 (MUs)	35981.04
6	CoS for LT consumers based on Aptel's Judgment in Tata Steel case	6.64
7	Revenue from AP consumers	104.88
9	Subsidy for AP supply	5933.54
10	Total revenue including Subsidy	24261.69
11	Revenue Surplus for FY 2016-17 at Current Tariff	954.18

3.3 Capital Expenditure

3.3.1 True-up of Capital Expenditure for the FY 2014-15

UHBVNL

The Commission, in its Order on Annual Performance Review petition of UHBVNL for the FY 2014-15, had approved a capital expenditure of Rs. 489.94 Crore. However, the licensee in their filing of Annual Performance Review petition for the FY 2015-16 (including truing up for FY 2014-15) as per MYT Regulations, intimated that the actual expenditure incurred was Rs. 441.63 Crores and has prayed that the Commission may approve the same. As UHBVNL had not provided the complete details of the same, hence, the Commission directed the licensee to submit the work wise details of actual capital expenditure incurred by them. The licensee, vide their letter dated 31.12.2015 submitted work wise details. A perusal of the same revealed that the actual expenditure incurred by UHBVNL was Rs. 488.13 Crores and not Rs. 441.63 Crores as indicated by the licensee in their Annual Performance Review petition for the FY 2015-16. The details of the Capex approved by the Commission for the FY 2014-15 vis-a-vis actual Capex incurred by UHBVNL is as under:-

Sr. No	Name of the work	Investment Approved By HERC for FY 2014-15.	Actual expenditure incurred by the UHBVNL (2014-15)
		Rs. Crore	Rs. Crore
1	Creation of new 33 kV sub-stations	62.00	124.71
2	Augmentation existing 33 kV sub-stations	62.28	
3	Erection of new 33 kV lines	12.00	
4	Erection of new 11 kV lines	6.79	
5	Augmentation of existing 33 kV lines	5.55	
6	Bifurcation/Trifurcation of overloaded 11 kV feeders	27.02	
7	Release of tube well connections	20.92	
8	Installation of meter on 33 kV Incomers for energy auditing	3.67	
	Total (1 to 8)	200.23	124.71
9	R-APDRP (Part-A)	23.25	18.88
10	R-APDRP (Part-B)	0.00	0.00
11	Pilot Project (Smart Grid in Panipat)	0.00	0.10
12	Material required for release of non-AP connections, replacement of old assets and system improvement	221.06	308.37
13	Procurement of single phase meters for replacement of defective meters and release of new connections.	20.00	
14	Procurement of three phase meters for replacement of defective meters and release of new connections.	10.00	
	Total (12+13+14)	251.06	308.37
15	Construction of UHBVNL Office Building at Panchkula	0.00	0.00
16	Civil Works	0.00	20.67
17	Annual maintenance contract of Automatic Power Factor Correctors	0.00	0.00
18	Installation of LT Capacitors on LT side of distribution transformers	0.00	0.00
19	HVDS Kaithal (unapproved work)	15.40	15.40
	Grand Total	489.94	488.13

A perusal of the Capex details indicate that the licensee has not submitted the details of work wise expenditure. For works mentioned at Sr. No. 1 to 8 and Sr. No. 12 to 14, the expenditure has been clubbed which defeats the very purposes of item wise Capex approved for specific purpose and benefit thereto. In the absence of this, it is not possible to compare the item wise variations in the expenditure incurred vis-a-vis those approved by the Commission. Further, despite the fact the overall capital expenditure is almost equal to the revised capital investment approved, there exists wide unexplained variations in item wise expenditure approved by the Commission and

that actually incurred by the licensee. For work mentioned at Sr. No. 16 i.e Civil Works, the investment approved was nil, but the licensee has incurred an expenditure of Rs. 20.67 Crore without seeking any prior approval of the Commission. Such deviations reveals lack of proper planning and adhocism on the part of the licensee making the cost benefit analysis redundant as well as making any comparison of the Capex allowed and actual incurred futile.

In the Commission's Order on Annual Performance Review petition of the licensee for the FY 2014-15 (including truing up for FY 2013-14), the licensee was directed to explain the methodology followed by them in actually undertaking the works that led to significant item wise variations. In reply, the licensee has submitted that while implementing the Capex Plan delay occurs due to non-participation of bidders, higher rates quoted by L-1 bidder, delay due to ROW problem and some time under performance of the bidders etc. The reply filed by the licensee does not seem to be convincing. This could be for the works on which the expenditure incurred is on the lower side but what about the works on which the Capex actually incurred exceeds the amount approved by the Commission as is the case of works mentioned at Sr. No. 12 to 14 and 16. **The licensee is again directed to keep the work wise expenditure within the limits approved for a particular capital work.**

As specified under 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, 2012, 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.

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, 2012 further specifies 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 proceed accordingly.**

DHBVNL

The Commission in its order on Annual Performance Review petition of the licensee for the FY 2014-15, approved a revised capital expenditure plan of Rs. 541.50 Crore. However, the licensee in their filing of Annual Performance Review petition for the FY 2015-16 (including truing up for FY 2014-15) as per MYT mechanism intimated that the actual expenditure incurred was Rs. 704.58 Crore and requested the Commission to approve the same. As no further details were provided, the Commission directed the licensee to submit the work wise details of actual expenditure. The licensee, vide their letters dated 08.02.2016 and 19.02.2016 submitted work wise details as under:-

Sr. No	Name of work	Investment Approved By HERC for FY 2014-15.	Actual expenditure incurred by DHBVNL for FY 2014-15.
		Rs in Crores	Rs in Crores
	AT&C loss reduction plan		
1	Procurement of single phase meters for replacement of defective meters and release of new connections.	48.79	42.90
2	Procurement of three phase meters for replacement of defective meters and release of new connections.		11.60
3	LT Connectivity of already executed HVDS works.	0.00	(-) 1.89
4	Power Factor Improvement (Providing automatic power factor correctors).	22.93	2.48
	Load Growth schemes		
5	Creation of new 33 kV sub-stations.	54.43	10.06
6	Augmentation of existing 33 kV sub-stations.		57.80
7	Erection of new 33 kV lines.		14.28
8	Erection of new 11 kV lines.		7.32
9	Augmentation of existing 33 kV lines.	4.31	13.09
10	Bifurcation of 11 kV feeders (Work of bifurcation of feeders,	23.09	21.30

	augmentation of ACSR).		
11	Material required for release of Non-AP connections & replacement of old assets.	209.13	152.90
12	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 Realy Panels etc.	39.32	18.40
13	Release of Tube well connections on turnkey basis	6.36	114.02
14	Release of BPL connections under RGGVY schemes.	0.56	1.15
	R-APDRP schemes		
15	Implementation of R-APDRP (Part-A), including SCADA.	47.60	26.03
16	Implementation of R-APDRP (Part-B).	0.00	0.00
17	Relocation of energy meters of DS & NDS consumers outside their premises in Meter Pillar boxes.	8.76	9.65
18	Civil Works	10.00	17.98
	System Strengthening Works under IBRD loan and IBRD equity.		
19	Under IBRD Loan	51.55	55.45
20	Under IBRD Equity	12.89	13.55
	Other Works		
21	Maintenance free earthing using 'Ground Enhancing Material for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	1.78	2.33
22	Installation of meters on 33 kV Incomers at sub-stations for energy auditing.	0.00	0.00
23	Providing RF Meters.	0.00	0.00
24	AMR on large NDS & LT consumers having load about 10 kW (IBRD funded work).	0.00	0.00
	Un-approved works		
25	New work MGGBY	0.00	64.96
26	Other works for system improvement	0.00	49.21
	Total	541.50	704.57

This actual expenditure of Rs 704.57 Crore includes Interest Capitalization of Rs 106.89 Crore and as such the net capital expenditure of the licensee is Rs 597.68 Crores.

The above details indicate that the licensee under took two unapproved works. The first one being 'Other works for system improvement' as mentioned at Sr. No. 26 above. The amount spent on this work is Rs 49.21 Crores. Regulation 9.9 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 specifies as under:-

"In case the capital expenditure is required due to Force Majeure events for works which have not been approved in the capital investment plan or for works that may have to be taken up to implement new schemes approved by the State/Central Govt., the generating company or the licensee shall submit an application containing all

relevant information along with reasons justifying emergency nature of the proposed work seeking approval by the Commission. In the case of works or schemes, other than those required on account of Force Majeure events, the Commission shall consider to give approval only in those cases where the works/schemes are wholly/substantially financed by the State/Central Government or, in view of the Commission, shall benefit a large mass of consumers of the State. The generating company or the licensee may take up the work prior to the approval of the Commission only in case the delay in approval will cause undue loss and such emergency nature of the scheme has been certified by the Board of the Directors and intimated to the Commission”.

However, the licensee did not obtain any prior approval of the Commission and proceeded to incur expenditure on this unapproved work.

The other unapproved work is ‘Mahatma Gandhi Gramin Basti Yojna (MGGBY)’. As already stated in the Commission’s Order dated 7th May, 2015 on APR petition of the licensee for FY 2014-15, **for any capex undertaken by the licensee without the approval of the Commission and on the direction of the State Govt., the funding of the same has to come from grant/subvention from the State Govt. and cannot be allowed through ARR/Tariff.** As such the amount of Rs. 64.96 Crore included by the licensee towards the expenditure on this scheme in their revised capital investment plan is allowed subject to the condition that the funding of the same has to come from the State Government.

Additionally, the Capex details provided by the licensee further reveals that the licensee has over spent on some capital works without the prior approval of the Commission. There are wide unexplained variations in item wise expenditure approved by the Commission and that actually incurred by the licensee. In respect of work mentioned at Sr. No. 3 i.e LT Connectivity of already executed HVDS works, minus expenditure has been indicated. The licensee has intimated that this was due to final settlement of the accounts on completion of the work. In respect of the work ‘Release of Tube well connections on turnkey basis’ the expenditure spent is Rs. 114.02 Crores against approved investment of Rs. 6.36 Crores. In their last year filing, the licensee had indicated that an expenditure of Rs. 4.81 Crores had been made on this work upto September 2014 and that during next six months the likely expenditure would be Rs.1.55 Crores. As such the licensee demanded a revised investment of Rs. 6.36 Crores on this work which was approved, but now the actual expenditure incurred is

intimated as Rs. 114.02 Crores stating the reason that more connections were applied and released. From statistical data of the licensee it is gathered that they have released only 10317 tube well connections during FY 2014-15 which are even less than the tube well connections released in FY 2011-12, FY 2012-13 and FY 2013-14. **The licensee is, therefore, directed to file a detailed report justifying this expenditure.**

The Commission reiterates that such deviations defeat the very purpose of item wise expenditure approved and the objective of providing reliable and quality power to the consumers. Such a scenario further reveals lack of proper planning and adhocism on the part of the licensee thereby rendering Cost Benefit analysis redundant.

In the Commission's Order on Annual Performance Review petition of the licensee for the FY 2014-15 (including truing up for FY 2013-14), the licensee was directed to explain the methodology followed by them in actually undertaking the works that led to significant item wise variations. In reply, which is similar to that of UHBVNL, the licensee has submitted that they prepare the Capex but when it comes to execution, the delay occurs due to non participation of bidders, higher rates quoted by L-1 bidder, delay due to ROW problem and some time poor performance of bidder due to his own issues. The reply does not seem to be convincing. This can be for the works on which the expenditure incurred is less but what about the works on which it is more than the investment approved. **The licensee is again directed to keep the work wise expenditure within the limit of investment approved for a particular work.**

As specified under 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, 2012, 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.

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, 2012 further specifies 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”.

Accordingly, at this stage, no additional expenditure is being allowed to be carried over to the next year.

3.3.2 Review of Capital Investment Plan for FY 2015-16

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, 2012, 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 distribution licensees, through filing of their Annual Performance Review petitions for FY 2015-16, submitted revised capital investment plan for FY 2015-16. After examining these, the Commission allows following revised capital investment plans.

UHBVNL

The licensee through their Annual Performance Review Petition indicated that the actual expenditure for FY 2015-16 would be to the tune of Rs. 457.34 Crores against Rs. 983.55 Crores approved by the Commission. The licensee has intimated that during first eight months of the year, the actual expenditure has been to the tune of Rs. 282.34 Crores and as such the likely expenditure for FY 2015-16 would be Rs. 457.34 Crores only. The work wise details provided are as below:-

Sr. No.	Name of Scheme/Work	Investment approved by HERC in MYT Order date 29.05.2014 for FY 2015-16	Actual expenditure during April, 2015 to November, 2015	Likely expenditure during December, 2015 to March, 2016	Total likely expenditure during 2015-16
1	2	3	4	5	6
1	Creation of new 33 kV sub-stations	38.06	67.14	82.00	226.14
2	Augmentation of existing 33 kV sub-stations	27.25		28.00	
3	Erection of new 33 kV lines	8.49		44.00	
4	Erection of new 11 kV lines	3.00		2.00	
5	Bifurcation/Trifurcation of overloaded 11 kV feeders	20.00		3.00	
6	Release of tube well connections	50.00	0.00	0.00	0.00
7	Installation of meters on 33 kV Incomers for energy auditing	0.00	0.00	0.00	0.00
8	Material required for release of non-AP connections, replacement of old assets and system improvement.	150.00	160.00	16.00	176.00
9	Procurement of single phase meters for replacement of defective meters and release of new connections.	17.80	0.00	0.00	0.00
10	Procurement of three phase meters for replacement of defective meters and release of new connections.	9.70	0.00	0.00	0.00
11	R-APDRP (Part-A)	0.00	47.00	0.00	47.00
12	R-APDRP (Part-B)	427.00	0.00	0.00	0.00
13	Pilot Project (Smart Grid in Panipat)	10.07	0.00	0.00	0.00
14	Construction of UHBVNL Office Building at Panchkula.	30.00	0.00	0.00	0.00
15	Civil Works	10.00	8.20	0.00	8.20
16	Annual maintenance contract of Automatic Power Factor Correctors.	0.80	0.00	0.00	0.00
17	Installation of LT Capacitors on LT side of distribution transformers.	1.09	0.00	0.00	0.00
18	Revamping of existing M&T (Meter Testing) labs at Kaithal, Yamunanagar, Karnal, Dhulkote & Rohtak.	10.71	0.00	0.00	0.00

19	Procurement of power T/F and allied equipment such as 33 kV CTs (current transformers), 33 kV PTs (potential transformers), 33 kV and 11 kV VCBs (Vacuum Circuit Breakers), 33 kV Control and Relay Panels etc.	20.38	0.00	0.00	0.00
20	Maintenance free earthing using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	12.13	0.00	0.00	0.00
21	AMR on large NDS & LT consumers on Loads above 10 kW	87.07	0.00	0.00	0.00
22	Shifting of meters in pillar boxes	50.00	0.00	0.00	0.00
		983.55	282.34	175.00	457.34

From the above figures it is concluded that the licensee has not been able to start thirteen works during the year and the expenditure on these works would be nil. This is very dismal performance. What is the use of asking for the capital expenditure when the licensee cannot take up the works as planned? Further in respect of the works mentioned at Sr. No. 1 to 5, the likely expenditure would be Rs. 226.14 Crores against approved outlay of Rs. 96.80 Crores. The details of work wise expenditure have not been provided. In respect of the work mentioned at Sr. No. 11 i.e, R-APDRP (Part-A), the licensee has spent Rs. 47 Crores against nil outlay approved. As already stated, such a scenario reveals lack of proper planning and adhocism on the part of the licensee making the cost benefit analysis redundant.

However, based upon the above details provided by the licensee, the Commission allows revised capital investment plan of Rs. 457.34 Crores to the licensee for FY 2015-16.

DHBNL

The licensee through their Annual Performance Review Petition indicated that the actual expenditure for FY 2015-16 would be to the tune of Rs. 701.35 Crores against Rs. 867.29 Crores approved by the Commission. The licensee has intimated that during first six months of the year, the actual expenditure has been to the tune of Rs. 237.43 Crores and as such the likely expenditure for FY 2015-16 would be Rs. 701.35 Crores only. However, during discussions with the licensee's officers on 22.03.2016 it was intimated that the likely expenditure for FY 2015-16 would be Rs. 614.35 Crores only.

The work wise details provided are as below:-

Sr. No.	Name of Scheme/work	Investment approved by HERC in MYT Order dated 29.05.2014 for FY 2015-16	Actual expenditure during April, 2015 to September, 2015.	Likely expenditure during October, 2015 to March, 2016	Total likely expenditure during FY 2015-16
		(Rs. In Crore)			
1	2	3	4	5	6
	AT&C loss reduction plan				
1	Procurement of single phase meters for replacement of defective meters and release of new connections.	17.80	10.20	16.80	27.00
2	Procurement of three phase meters for replacement of defective meters and release of new connections.	9.70	1.40	3.60	5.00
3	LT Connectivity of already executed HVDS works.	20.00	0.00	17.00	17.00
	Load Growth schemes				
4	Creation of new 33 kV sub-stations	75.12	24.12	15.88	40.00
5	Augmentation of existing 33 kV sub-stations	24.19	10.75	13.25	24.00
6	Erection of new 33 kV lines	14.40	4.33	10.67	15.00
7	Erection of new 11 kV lines	4.80	5.63	3.37	9.00
8	Augmentation of existing 33 kV lines	1.68	7.40	5.60	13.00
9	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR)	18.00	23.42	14.58	38.00
10	Material required for release of Non-AP connections & replacement of old assets	150.00	45.30	129.70	175.00
11	Release of Tube well connection on turnkey basis	50.00	52.43	47.57	100.00
12	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.	9.51	16.00	1.00	17.00
13	Release of BPL connections under RGGVY schemes	0.00	0.00	0.00	0.00
	R-APDRP schemes				
14	Implementation of R-APDRP (Part-A)	15.00	2.03	45.97	48.00
15	Implementation of R-APDRP (Part-B)	250.00	0.00	0.00	0.00
16	Relocation of energy meters of DS & NDS consumers outside their premises in Meter Pillar boxes.	50.00	10.01	17.34	27.35
17	Civil Works	10.00	2.05	2.95	5.00
	System Strengthening Works under IBRD loan and IBRD equity				
18	Under IBRD Loan	70.00	18.04	21.96	40.00
19	Under IBRD Equity	17.50	4.32	5.68	10.00
	Other works				
20	Revamping of existing Meter Testing labs. at Dadri, Sirsa, Hisar, Faridabad & Gurgaon	13.59	0.00	0.00	0.00

21	Maintenance free earthing using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	6.50	0.00	2.00	2.00
22	Providing RF Meters.	12.50	0.00	0.00	0.00
23	AMR on large NDS & LT consumers having load about 10 kW (IBRD funded work).	27.00	0.00	0.00	0.00
	Total	867.29	237.43	374.92	612.35
	Expenditure on unapproved works				
24	Mahatma GANDHI Gramin Basti Yojna	0.00	0.00	2.00	2.00
	Total Capital Expenditure	867.29	237.43	376.92	614.35

The above details indicate that there are wide unexplained variations in item wise expenditure approved by the Commission and that actually incurred by the licensee. While the licensee would be over spending on some works, but on some works the expenditure would be less. Such deviations defeat the very purpose of item wise expenditure approved and the objective of providing reliable and quality power to the consumers. This also reveals lack of proper planning and adhocism on the part of the licensee making the cost benefit analysis redundant.

The licensee has stated that an expenditure Rs. 2.00 Crore would be incurred on Mahatma Gandhi Gramin Basti Yojna (MGGBY) during the FY 2015-16. The licensee states that MGGBY is a flagship programme funded by Govt. of Haryana. As already stated in Commission's order dated 07th May, 2015 on APR petition of the licensee for FY 2014-15, **for any capex undertaken by the licensee without the approval of the Commission and on the direction of the State Govt., the funding of the same has to come from grant/subvention from the State Govt. and cannot be allowed through ARR/Tariff.** As such the amount of Rs. 2.00 Crore included by the licensee towards the expenditure on this scheme in their revised capital investment plan is allowed subject to the condition that funding for the same has to come from the State Government.

Subject to the above, the Commission allows revised Capital Investment plan of Rs. 614.35 Crore for the FY 2015-16.

3.3.3 Review of capital investment plan for FY 2016-17.

The licensees through their Annual Performance Review Petition for FY 2015-16 and revised Annual Revenue Requirement for FY 2016-17 also sought revision of their

capital investment plan for FY 2016-17. The details of the Capex already approved and that proposed was as below:-

Name of the Licensee	Investment approved by HERC for FY 2016-17 in MYT order dated 29.05.2014 FY 2016-17	Investment proposed by the licensee through their petition on revised ARR for FY 2016-17.
UHBVNL (Rs in Crores)	472.28	1181.21
DHBVNL (Rs in Crores)	561.37	1431.50

UHBVNL

However, after discussions with the officers of UHBVNL the licensee has proposed the following revised capital investment plan for FY 2016-17:-

Table 3.44 Proposed Capital Investment Plan for FY 2016-17

Sr. No	Name of the work	FY 2016-17	
		Expenditure approved vide HERC order dated 29 th May, 2014.	Revised expenditure proposed by the licensee.
		Rs in Crores	Rs in Crores
1	Creation of new 33 kV sub-stations	53.02	60.00
2	Augmentation existing 33 kV sub-stations	13.08	56.55
3	Erection of new 33 kV lines	13.01	24.00
4	Erection of new 11 kV lines	4.20	14.00
5	Augmentation of existing 33 kV lines.	0.00	26.45
6	Bifurcation/Trifurcation of overloaded 11 kV feeders.	20.00	20.00
7	Material required for release of non-AP connections, replacement of old assets and system improvement.	150.00	200.00
8	Release of tube well connections.	50.00	20.00
9	R-APDRP (Part-A)	0.00	26.00
10	R-APDRP (Part-B)	45.90	0.00
11	Maintenance free earthing using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	11.83	0.00
12	AMR on DS and NDS consumers having Load between 20 kW & 50 kW.	0.00	10.00
13	Shifting of Meters in Pillar boxes	50.00	30.00
14	Pilot Project (Smart Grid in Panipat)	0.00	3.00
15	R-APDRP in Non APDRP areas	0.00	10.00
16	Setting up of a new testing lab for materials, i.e. cables, conductors, transformer oil, distribution transformers etc	0.00	2.07
17	Revamping of existing Meter Testing labs at Kaithal, Yamunanagar, Karnal, Dhulkote & Rohtak.	0.00	10.71
18	Procurement of single phase meters for replacement of defective meters and release of new connections (only smart meters to be procured).	17.80	58.04

19	Procurement of three phase meters for replacement of defective meters and release of new connections (only smart meters to be procured).	9.70	29.23
20	Procurement of power transformers and allied equipment such as 33 kV CTs (current transformers), 33 kV PTs (potential transformers), 33 kV and 11 kV VCBs (Vacuum Circuit Breakers), 33 kV Control and Relay Panels etc.	17.94	18.58
21	Construction of UHBVNL Office Building at Panchkula.	5.00	15.00
22	Civil Works	10.00	15.00
23	Annual maintenance contract of Automatic Power Factor Correctors.	0.80	0.00
	Total	472.28	648.63
	New works which were not included in their capex plan for FY 2016-17.		
24	Shifting of 33 KV dangerous lines (CM Announcement)	0.00	13.76
25	Shifting of 11 KV dangerous lines (CM Announcement).	0.00	46.28
26	Procurement of LT AB cables for loss reduction plan.	0.00	80.00
27	Site testing of DS and NDS connections upto 20 kW in Urban areas.	0.00	14.30
28	Works to be carried out under DDUGJY scheme for system strengthening.	0.00	80.00
29	Works to be carried out under IPDS scheme for system strengthening.	0.00	40.00
	Total (1 to 29)	472.28	922.97
	New works which were not included in their capex plan for FY 2016-17 but now proposed under UDAY Scheme.		
30	Compulsory metering on Feeders, DTs, Boundary Meters villages in rural areas.	0.00	16.50
31	Engagement of IT firm for roll out of R-APDRP application to non R-APDRP areas.	0.00	7.50
32	Consumer indexing and GIS mapping of losses.	0.00	10.00
33	Procurement of LT AB Cables for loss reduction plan.	0.00	40.00
34	Relocation of energy meters of DS & NDS consumers outside their premises.	0.00	4.00
35	Re conducting/augmentation of 11 kV lines with 100mm 2 in urban areas and 80/50 mm2 in rural areas (in addition to quantity covered in Sr. No. 7).	0.00	30.00
36	Re conducting/augmentation of LT lines with 100mm 2 in urban areas and 80/50 mm2 in rural areas (in addition to quantity covered in Sr. No. 7)	0.00	25.00
	Total	472.28	1055.97

DHBVNL: After discussions with the officers of DHBVNL, the licensee had intimated the revised outlay of Rs. 1061.50 Crores but vide their revised filing dated 25.05.2016 they have again revised the capital investment plan for FY 2016-17 to Rs. 1408.74 Crores. The work wise details are as below:-

Table 3.45 Proposed Capital Investment Plan for FY 2016-17

Sr. No.	Name of Scheme/work	FY 2016-17	
		Expenditure approved by vide HERC order dated 29 th May, 2014.	Revised expenditure proposed by the licensee.
		(Rs In Crore)	
	AT&C loss reduction plan		
1	Procurement of single phase meters for replacement of defective meters and release of new connections (only smart meters to be procured) .	17.80	88.47
2	Procurement of three phase meters for replacement of defective meters and release of new connections (only smart meters to be procured) .	9.70	46.00
3	LT Connectivity of already executed HVDS works.	0.00	8.00
4	Power factor improvement (providing automatic power correctors)	0.00	15.00
	Load Growth schemes		
5	Creation of new 33 kV sub-stations	84.51	110.00
6	Augmentation of existing 33 kV sub-stations	33.10	30.00
7	Erection of new 33 kV lines	16.20	15.00
8	Erection of new 11 kV lines	5.20	10.00
9	Augmentation of existing 33 kV lines	1.85	15.00
10	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR)	18.00	74.00
11	Material required for release of Non-AP connections & replacement of old assets	150.00	200.00
12	Release of Tube well connection on turnkey basis	50.00	100.00
13	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.	9.51	25.00
14	Release of BPL connections under RGGVY schemes	0.00	13.00
	R-APDRP schemes		
15	Implementation of R-APDRP (Part-A)	0.00	60.00
16	Implementation of R-APDRP (Part-B)	95.00	45.00
17	Relocation of energy meters of DS & NDS consumers outside their premises in Meter Pillar boxes.	50.00	50.00
18	Civil Works	10.00	12.00
	System Strengthening Works under IBRD loan and IBRD equity		
19	Under IBRD Loan	0.00	90.00
20	Under IBRD Equity	0.00	22.50
	Other works		
21	Revamping of existing Meter Testing labs. at Dadri, Sirsa, Hisar, Faridabad & Gurgaon	0.00	1.00

22	Maintenance free earthing using 'Ground Enhancing Material' for Distribution Transformers, Meter Pillar Boxes and H-pole etc.	6.50	7.00
23	Installation of meters on 33 KV incomers at sub-station for energy auditing	0.00	2.00
24	AMI on large NDS & LT consumers having load about 10 kW (IBRD funded work).	4.00	34.00
	Total	561.37	1072.97
	Expenditure on others works not included in MYT order dated 29th May, 2014		
25	Setting up of a new testing lab for materials i.e cable, conductors, transformer oil, distribution transformers etc. at Hisar	0.00	2.07
26	Strengthening of 11 kV & LT Network of Bhiwani & Jind Towns (Total project Cost Rs. 75 Crores. To be funded from world bank	0.00	45.00
27	Shifting of 33 kV lines passing over authorized/un-authorized colonies (CM Haryana announcement)	0.00	26.16
	Works under Ujjwal Discom Assurance Yojana		
28	Providing of metering arrangements on feeders (4535 numbers).	0.00	4.53
29	Providing of AMR meters on DTs in left out urban areas (Approx. 5009 DTs) i.e areas not covered RAPDRP Part-A scheme.	0.00	4.00
30	Providing of boundary meters for Villages (7296 meters in 3648 villages).	0.00	38.00
31	Providing of meters on DTs in rural areas (to be provided for reduction of AT&C losses to 30%.	0.00	10.00
32	Engagement of IT firm for Roll out of R-APDRP Application to Non R-APDRP Areas. (Procurement and installation of IT hardware at end locations of Sub-Divisions, Providing MPLS connectivity at end location).	0.00	17.00
33	Consumer indexing and GIS mapping of losses	0.00	19.00
34	Replacement of bare conductor with LT-AB cable in theft prone areas	0.00	84.76
35	Replacement of defective meters and Relocation of energy meters of DS&NDS consumers outside their premises in MCBs (Procurement of 1X1 & 4X1 MCBs for 1 Ph Meters, 1X1 MCBs for 3 Ph Meters, 2cx10 mm ² and 4cx16 mm ² LT PVC armoured/un-armoured cables and meters).	0.00	85.25
	Total Capital Expenditure	561.37	1408.74

While UHBVNL has indicated separate expenditure towards DDUGJY scheme, IPDS scheme and Ujjwal Discom Assurance Yojana, in their revised capital expenditure plan, the licensee DHBVNL has indicated separate expenditure towards Ujjwal Discom Assurance Yojana only.

In view of the new schemes being approved by the Central/State Governments, especially the Ujjwal Discom Assurance Yojana, the expenditure for which had not been included in the capital expenditure plans originally submitted by the licensees for the control period of the MYT Regulations, and the licensees now proposing to take up these

new schemes from April, 2016 onwards, the Commission approves the revised capital expenditure plan of Rs. 1055.97 Crores as proposed by UHBVNL for FY 2016-17. In respect of licensee DHBVNL, who have proposed a revised capital expenditure plan of Rs. 1408.74 Crores, the Commission feels that it is very much on higher side looking at their spending capacity in the past. Further, from the list of works supplied by them, it is observed that same work has been taken twice or thrice such as items 1, 17 and 35. Also for works shifting of 11 kV and 33 kV dangerous lines over the buildings and other areas, the licensees should take up the matter with the State Government to provide necessary funds. As such, in respect of DHBVNL, the Commission approves a overall capital expenditure plan of Rs. 1200/- Crores only. Both the licensees are directed that they shall regulate their capital expenditure plans for FY 2015-16 and FY 2016-17 as per Regulations 9.7 to 9.12 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

3.3.4 Quality and Reliability of supply

The Commission has reviewed the past performance of the Distribution System of the two distribution licensees i.e. UHBVNL and DHBVNL, based upon the details made available for FY 2014-15 and FY 2015-16 and has also examined the projected performance based upon filing of their Annual Performance Review petition for FY 2015-16 (including revised Annual Revenue Requirement for FY 2016-17) as per Multi Year Tariff mechanism. The observations of the Commission in this regard are as under.

3.4 Distribution Losses

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

Table 3.46: Distribution Losses (%)

Year	UHBVNL	DHBVNL
2001 – 2002	31.74	29.33
2002 – 2003	35.02	35.02
2003 – 2004	32.36	33.34
2004 – 2005	30.65	32.72
2005 – 2006	31.04	30.90
2006 – 2007	28.67	29.65
2007 – 2008	28.56	27.54
2008 – 2009	27.02	25.19

2009 – 2010	25.92	26.97
2010 – 2011	33.30	22.95
2011 – 2012	31.20	23.71
2012 – 2013	31.26	22.38
2013 – 2014	32.40	23.66
2014 – 2015	30.58	24.47

As stated in Commission's Order on earlier ARR of the two distribution licensees including order on ARR for control period FY 2014-15 to FY 2016-17, the position of distribution losses has not improved. This is in spite of the fact that the two licensees have been making huge capital investments every year on various loss reduction measures. **In case of UHBVNL, the losses in a span of ten years i.e. from FY 2004- 05 to FY 2014-15, are almost at the same level. In case of DHBVNL, these have reduced only by 4.86% in a span of thirteen years i.e. from FY 2001-02 to FY 2014-15.** For FY 2014-15, the actual line losses have been reported as 24.47% i.e higher than the losses in the year FY 2012-13 and FY 2013-14 citing reason that Jind circle, which was earlier under the control of UHBVNL, was transferred to DHBVNL in the month of July, 2013. This situation reflects adversely on the working of the licensees.

An examination of the data of 11 KV feeders under UHBVNL made available for the period April, 2015 to December, 2015, shows that out of total 4328 feeders, 241 (5.56%) feeders were having losses between 25% & 50% and 838 (19.36%) feeders were having losses above 50%. Instead of showing any improvement over the performance of last year, the number of feeders having losses above 50% have increased from 788 to 838.

Similar data of DHBVNL for the period April, 2015 to September, 2015 shows that out of total 4303 number 11 KV feeders, 725 (16.85%) feeders were having losses between 25% & 50% and 673 (15.64%) feeders were having losses above 50%. In their case also, instead of showing any improvement over the performance of last year, the number of feeders having losses above 50% have increased from 525 to 673.

During public hearing as well as in their written objections, consumers and other stakeholders expressed their concern over high distribution loss levels both in UHBVNL and DHBVNL. They pointed out that cost of service has increased significantly due to unreasonably high distribution loss level and it would be extremely difficult for the

licensees to remain financially viable unless immediate effective steps are taken to control the same.

The Commission in its Order dated 07.05.2015 on revised ARR of two licensees for FY 2015-16 had directed the licensees to bring down the total number of rural feeders with line losses above 50% as on 31.03.2015 to half by the end of the FY 2015-16 and to bring down the losses of all urban feeders below 25% by the time of next ARR/APR filing. However, an examination of the data submitted by the distribution licensees shows that instead of any improvement, the position has worsened.

The year-wise position of the line losses on 11kV rural and urban feeders of the licensees, as per the information provided by UHBVNL and DHBVNL, is given in the table below:-

Distribution Licensee	Urban Feeders (Nos.)			Rural Feeders (Nos.)		
	Feeders with losses more than 25% as on 31.03.2014	Feeders with losses more than 25% as on 31.03.2015	Feeders with losses more than 25% ending September, 2015	Feeders with losses more than 50% as on 31.03.2014	Feeders with losses more than 50% as on 31.03.2015	Feeders with losses more than 50% ending September, 2015
UHBVNL	295	301	378	706	765	762
DHBVNL	211	200	328	440	491	531

The above data from the licensees present a grim picture of the line losses on 11kV feeders. Further losses on some urban feeders are as high as 80% and on rural Domestic Supply feeders as high as 90%, which by any means are not justified. The distribution licensees in their explanation has submitted that rampant theft, electromechanical meters in the system, meter inside the consumer premises etc. are the reasons for high losses and informed about the efforts made in this regard.

As stated above there are feeders, both urban and rural, on which the losses are consistently above 50%, but the licensees have not bothered to get energy audit of such feeders done and take suitable measures to curtail the same. The Commission views this lapse on the part of licensees very seriously.

The Licensees are directed to file report on the status of losses on each of these feeders and also prominently display them on their website. They are further directed to file, within 3 months, detailed reasons for non-compliance of

the Commission's directives. Failure to do so shall attract action under Section 142 of the Electricity Act, 2003.

3.5 Loss Reduction trajectory

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

Table 3.47: Distribution Loss trajectory for the Discoms

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

These were the same as taken by them in their Financial Restructuring Plan (FRP) approved by the State Government. The Commission accorded it's in principle approval to this FRP vide Memo No. 3078/HERC/Tariff-2 FRP/2013 dated 12.11.2013.

In their Annual Performance Review petitions for FY 2015-16 (including revised Annual Revenue Requirement for FY 2016-17) as per Multi Year Tariff mechanism, the two licensees submitted following revised distribution loss trajectory.

Table 3.48: Revised Distribution Loss trajectory submitted by the Discoms

Licensee	FY 2014-15 (Actual)	FY 2015-2016	FY 2016-17
DHBVNL	24.47%	24.47%	21.70%
UHBVNL	30.58%	29.75%	22.67%

However, the licensee UHBVNL vide their revised filing, re-estimated their loss projections for FY 2015-16 & FY 2016-17 stating that for successful implementation of UDAY scheme, the actual AT&C loss levels have to be recognised and allowed as otherwise the Discoms will start with a gap which would lead to a vicious cycle of un-allowed costs and consequent debt thereby defeating the very objective UDAY scheme. As such the revised Distribution Loss trajectory as submitted by the two distribution licensees is as below:-

Revised Distribution Loss trajectory submitted by the distribution licensees.

Licensee	FY 2014-15 (Actual)	FY 2015-2016	FY 2016-17
DHBVNL	24.47%	24.47%	21.70%
UHBVNL	30.58%	33.10%	25.19%

The Govt. of India, Ministry of Power vide letter dated 27.04.2015 has approved the following revised AT&C loss trajectory for the two licensees.

Revised AT&C loss trajectory approved by MOP, GOI

Distribution Licensee	2013-14	2014-15	2015-16	2016-17
DHBVNL	38.25	23.96	21.35	18.74
UHBVNL	33.78	31.29	27.88	24.48
Haryana State	36.26	27.55	24.56	21.55

Regulation 57.2 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 specifies the following norms for collection efficiency for the distribution licensees.

Norms for collection efficiency specified by the Commission.

Distribution Licensee	2013-14	2014-15	2015-16	2016-17
DHBVNL	98%	98.5%	99%	99%
UHBVNL	98%	98.5%	99%	99%

It has further been specified that any over achievement or under achievement in respect of collection efficiency shall be subject to incentive and penalty framework as specified in Regulation 12.

Based upon actual performance during for FY 2014-15 and that projected for FY 2015-16 and FY 2016-17, the AT&C losses of the two licensees works out as below:-

Loss trajectory projected by the Discoms

	FY 2014-15		FY 2015-16		FY 2016-17	
	DHBVNL	UHBVNL	DHBVNL	UHBVNL	DHBVNL	UHBVNL
Distribution Losses	24.47%	30.58%	24.47%	33.10%	21.70%	25.19%
Collection efficiency	97.83%	95.02%	99.00%	99.00%	99.00%	99.00%
AT&C Losses	26.11	34.04	25.23	33.77	22.48	25.94
AT&C Loss trajectory as per UDAY (MoU)			25.22	31.61	22.48	25.94

From the above values, following conclusion is drawn:-

a) FY 2014-15

The actual AT&C losses as calculated above in comparison to the latest AT&C losses approved by the Ministry of Power, Govt. of India indicate that there is under achievement by both the licensees. In respect of UHBVNL the actual AT&C

losses are 34.04% against target of 31.29%. In respect of DHBVNL the actual AT&C losses are 26.11% against target of 23.96%.

b) FY 2015-16

The AT&C losses as worked out above would be 33.77% against target of 27.88% in respect of UHBVNL and 25.23% against target of 21.35% in respect of DHBVNL. This means that there would be under achievement by both the licensees. As per UDAY, the collection efficiency has been pegged at 99%.

c) FY 2016-17

The AT&C losses as worked out above would be 25.94% against target of 24.48% in respect of UHBVNL and 22.48% against target of 18.74% in respect of DHBVNL. This means that there would be under achievement by both the licensees. As per UDAY, the collection efficiency has been pegged at 99%.

The distribution licensees are directed to explain the reason of under achievement even after re-fixing of their AT&C loss trajectory by the Ministry of Power Govt. of India.

As specified under Regulation 12 of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012, any overachievement and underachievement of the loss trajectory and the collection efficiency specified by the Commission shall be subject to incentive and penalty framework and that the distribution licensees shall provide a statement to this effect in the mid-year performance review and True-up.

Both the licensees have not submitted the computation of supply voltage wise and consumer category wise distribution and AT&C losses, as required under Regulation 57.1 (f) of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012, in spite of issuing the directive in Commission's order on ARR of the two licensees for the control period FY 2014-15 to FY 2016-17 and also in order on their Annual Performance Review Petition for FY 2014-15.

3.6 Distribution Transformers (DTs) failure rate

The HERC vide its Regulation **(Standards of Performance for Distribution Licensee) Regulations 2004**, has specified the failure rate of distribution transformers as maximum 5% for urban area DTs and maximum 10% for rural area DTs.

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

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

Table 3.49: Distribution Transformers failure rate

Sr. No.	Year		DHBVNL		UHBVNL	
			Failure Rate including transformer s damaged within warranty period (%)	Failure Rate excluding transformers damaged within warranty period (%)	Failure Rate including transformers damaged within warranty period (%)	Failure Rate excluding transformers damaged within warranty period (%)
1	2009-10	Urban	5.79	4.58	8.95	6.56
		Rural	12.52	9.36	15.84	10.78
		Overall	11.74	8.81	15.06	10.30
2	2010-11	Urban	7.21	6.09	13.38	9.14
		Rural	12.36	9.46	10.01	6.75
		Overall	11.81	9.09	10.29	6.95
3	2011-12	Urban	7.21	5.54	10.83	7.76
		Rural	9.98	7.31	10.01	6.38
		Overall	9.71	7.14	10.08	6.49
4	2012-13	Urban	6.66	5.17	10.83	7.76
		Rural	10.30	7.36	10.01	6.38
		Overall	9.94	7.14	10.08	6.49
5	2013-14	Urban	8.53	6.50	10.93	7.81
		Rural	10.61	7.14	9.49	6.25
		Overall	10.42	7.08	9.60	6.37
6	2014-15	Urban	7.15	5.22	9.87	6.31
		Rural	10.53	6.65	9.59	5.63
		Overall	10.22	6.52	9.62	5.68
7	2015-16 (ending Sept,15 for UHBVNL and Nov., 15 for DHBVNL)	Urban	5.19	3.55	5.40	3.36
		Rural	6.07	4.00	6.09	3.68
		Overall	5.99	3.96	6.04	3.65

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

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

In respect of UHBVNL, the DT damage rate, both in urban & rural areas, is above the prescribed limits of 5% & 10% respectively in all the years from 2009-10 to 2012-13. In the years 2013-14 and 2014-15, the DT damage rate in urban area is 10.93% and 9.87% respectively. In all these years, the damage rate of DTs in urban areas is much above the limit of 5%.

In Commission's order dated 07th May, 2015 on APR petition of the licensees for the FY 2014-15 and revised ARR for FY 2015-16, the licensees were directed examine the cause of damage of DTs in the areas where it is above the norms and endeavour to bring down the distribution transformer damage rate below the prescribed limits by ensuring proper maintenance and protection.

In compliance of the above directive, the licensee DHBVNL has not submitted any satisfactory reply except that requisite instructions have been imparted to all the S.Es vide Sales Instruction No. 10/2015. The licensee UHBVNL has intimated that the field offices have been directed to examine the cause of damage of DTs and to bring down the damage rate below the prescribed limit. To summarize, the cause of damage of DTs has not been examined and intimated to the Commission.

As per Regulation 65.1 (iii) of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations 2012, the distribution licensee shall maintain a proper record of failure of the distribution transformers and submit the same in the quarterly report to the Commission. The licensees, however, have failed to do so in spite of issuing directions in Commission's order on ARR of the two licensees for the control period FY 2014-15 to FY 2016-17 and also in Commission's order dated 07th May, 2015 on their APR

petitions for FY 2014-15. **The Discoms are again directed to submit these quarterly reports in future.**

3.7 Non replacement of defective energy meters by the distribution licensees

The two companies, during the public hearing on their Annual Performance Review petition for FY 2015-16 (including revised Annual Revenue Requirement for FY 2016-17), intimated the following details with regard to defective energy meters.

Table 3.50: Status of Defective meters

Meter category	Defective meters in respect of UHBVNL (ending December, 2015)			Defective meters in respect of DHBVNL (ending January, 2016)			Total defective meters
	Rural	Urban	Total	Rural	Urban	Total	Total
Single Phase Meters	40821	6271	47092	100631	11416	112047	159139
Three Phase Meters	937	128	1065	45265	4609	49874	50939
Total	41758	6399	48157	145896	16025	161921	210078

The defective meters of the two licensees ending December, 2014 were 178901 as stated in Commission's order dated 07th May, 2015. In respect of UHBVNL these were 49851 and in respect of DHBVNL these were 129050. The latest information shown in the table above indicates that in respect of UHBVNL there is slight decline in the figures of defective meters whereas, in respect of DHBVNL, the number of defective meters has increased by 32871 instead of declining. This status indicates that the licensees have not made any concrete efforts to clear the backlog of defective meters.

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

The Commission had been observing the position with concern ever since a long time, but the position did not improve. The Commission, therefore, as per powers conferred to it under Sub-section (3) of Section 55 of the Electricity Act 2003, passed

an order on 10th January 2013, in the matter of non-replacement of defective energy meters by the distribution licensees. Vide this order, both the distribution licensees were directed to replace all the meters lying defective as on 10th January, 2013 in the Municipal Areas by 30th April, 2013, but the job has not yet been accomplished.

In Commission's order dated 07th May, 2015, the following targets were assigned to the licensees for replacement of defective energy meters.

- a) Single phase meters : The number of defective energy meters should not exceed 10,000 at any time after December, 2015.
- b) Three phase meters : The number of defective energy meters should not exceed 500 at any time after December, 2015.

The two licensees are nowhere to these targets except that in respect of UHBVNL, the number of defective three phase energy meters is 1065.

The licensees vide Commission's order dated 07th May, 2015 were also informed that failure to comply with the above targets set by the Commission shall attract the penal provision of Section 142 of the Electricity Act, 2003 against the XEN and above responsible for the lapse.

The licensees are, therefore, directed to submit a detailed report within two months from the date of issue of this order, indicating the detailed reason for not meeting with the targets assigned failure to do so shall attract penal action as per the Electricity Act, 2003.

3.8 Non-replacement of Electro-mechanical meters

Besides the defective energy meters, following Electro-mechanical meters are yet to be replaced by the two distribution licensees.

Table 3.51: Details of Electro-mechanical meters yet to be replaced

Meter category	Electro-mechanical meters in respect of UHBVNL (ending September, 2015)			Electro-mechanical in respect of DHBVNL (ending September, 2015)			Total Electro-mechanical meters
	Rural	Urban	Total	Rural	Urban	Total	Total

Single Phase Meters	403790	20466	424256				
Three Phase Meters	4449	335	4784				
Total	408239	20801	429040			396938	825978

Section-55 (1) of the Electricity Act, 2003 provides that no licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Central Electricity Authority. The Central Electricity Authority vide its Regulations notified on 17th March, 2006 called as the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, under Section-4 (1) provides that all interface meters, consumer meters and energy accounting and audit meters shall be of static type. As such by March 2008, the distribution licensees should have replaced all the Electro- mechanical meters with static meters. But even after 8 years of the expiry of appointed date, more than 8 lakh Electro- mechanical meters (15% of the total energy meters) are still in use. These Electro- mechanical meters being very old may not be recording energy accurately and may be one of the reasons of under assessment of energy sold.

In Commission's order 07th May, 2015 on APR petitions of the licensees for FY 2014-15, the licensees were directed to replace these Electro-mechanical meters by 31st March, 2016 by making all necessary arrangements. But as per progress report, the number of electro-mechanical meters have reduced only by about 77000 in a span of 9 months.

The licensees are directed to file, within 3 months, the detailed reasons for not complying with the directive of the Commission. A failure to do so shall attract penal action as per the Electricity Act, 2003.

3.9 Procurement of single phase and three phase LT meters.

The Commission observes that the licensees are still procuring normal static meters. The technical specifications for single phase smart meters already stands issued by the Central Electricity Authority and that technical specifications for three phase smart meters are under finalization and would be issued soon. The revised Tariff Policy, 2016 stands issued by the Govt. of India vide Notification dated 28th January,

2016. This Tariff Policy specifies that the Commission shall mandate for smart meters for consumers having monthly consumption above 500 units at the earliest but not later than 31.12.2017 and for consumers having monthly consumption above 200 units by 31.12.2019. The licensees are, therefore, directed that in future only the smart meters, which can be configured both for pre-paid and post-paid functions, be procured. The normal meters which are in the pipeline may be provided in the rural areas only.

Chapter 4

DISTRIBUTION AND RETAIL SUPPLY TARIFF DETERMINATION FOR THE FY 2016-17

4.1 Tariff Proposal filed by the UHBVNL & DHBVNL (Discoms)

Recovery of Gap

The Commission, vide letter dated 9.11.2015 had communicated to the Distribution Licensee(s) as under:-

“Additionally, in case there exist a significant revenue gap in the ARR's including True-up, the Utilities must file a detailed mechanism including tariff proposal, if any, to bridge the projected revenue gap at the existing tariff(s). Further, the Discoms tariff proposal (including Cross-Subsidy Surcharge, Additional Surcharge) must be consumer category wise / voltage wise and shall necessarily be accompanied with a detailed CoS study. The Discoms needs to note that any tariff proposal filed at any subsequent stage shall not be admitted by the Commission. Further, the proposed RE Subsidy shall have in-principle approval / consent of the State Government”.

UHBVNL, in its present Petition, has submitted that the cumulative revenue gap after True-up of the FY 2014-15 based on the audited accounts for the year is Rs. 1814.22 Crore, Rs. 3301.02 Crore for the FY 2015-16 and Rs. 2527.84 Crore for the FY 2016-17.

DHBVNL in its present Petition has submitted that the revenue gap, after True-up based on the audited accounts, for the FY 2014-15 is Rs. 1399.76 Crore, Rs. 1569.74 Crore in the FY 2015-16 and Rs. 846.71 Crore in the FY 2016-17.

The Discoms, despite the Commission's letter dated 9.11.2015, have neither filed any proposal / mechanism for bridging the aforesaid revenue gap in the ARR as estimated and proposed by them nor have they filed any CoS, voltage wise losses and CSS reduction trajectory.

Regarding Cross Subsidy surcharge (CSS) the Discoms have submitted that as there is no proposal for increasing the distribution and retail supply tariff(s) the CSS shall continue at the existing level.

The Commission has considered the above submissions and observes that despite the fact that comprehensive reforms of the Power Sector in Haryana was initiated way back in 1998, the Discoms have still not created adequate data base and are casual / negligent in providing the data/details as sought by the Commission in a timely and comprehensive manner. It is appropriate, at this juncture, to refer to the Hon'ble Aptel's judgement dated 31st July, 2009 in Appeal No. 42 & 43 of 2008. The relevant part of the said judgement is reproduced below-

*"54 We feel that the appellant should have been more active when its proposals were under consideration of the State Commission. If the information sought by the State Commission were not forthcoming from the State Government it should have been taken up at higher levels with a sense of urgency. The appellant should have realized that non-submission of requisite details by its owners, which is the State Government, could prove detrimental to its interest.) to it for determination of tariff of the appellant **The State Commission cannot endlessly wait for the details to be made available (emphasis added).***

The above finding of the Hon'ble Aptel is squarely applicable and infact more relevant where the Discoms (distribution licensee(s), whose ARR/Tariff is to be determined, fails to provide the requisite information/data/details in line with the Statues, Regulations and directives of the Commission.

4.2 Cost of service (CoS)

The Commission, in its previous Order dated 7th May 2015, had directed the Discoms to submit CoS study within six months from the date of the said Order. However, the same has not been complied with by the Discoms. Hence, the Commission, in line with the APTEL's judgement dated 30.05.2011 in Appeal No. 102,103 & 112 of 2010 had adopted the methodology suggested by the Hon'ble APTEL in the ibid judgement dated 30.05.2011 for broadly working out voltage wise CoS for the FY 2015-16. However, the amended National Tariff Policy, 2016 has provided for a

revised CSS Formula. Hence, the Commission has considered it appropriate to estimate Cross-Subsidy Surcharge in line with the National Tariff Policy, 2016.

4.3 Method to address the Projected Revenue Gap

The Commission has taken note of the fact that despite projecting a substantial revenue gap, at the existing tariff, including the amount claimed by the Discoms as True-up of the ARR for the FY 2014-15, the licensee has not proposed any mechanism to bridge the same. On this issue, the Commission has perused the reply filed by the Discoms to the objections raised by the Faridabad Industries Association (FIA) and observes that the Discoms have relied on catena of cases decided by the Hon'ble APTEL wherein it has been held that the State Commission is not bound by the figures provided by the distribution licensees and the Commission can suo-moto determine tariff in absence of filing of tariff petitions by licensees and can take into account the average cost of supply. Also, financial viability of the distribution licensees is to be maintained.

In the preceding chapter, the Commission, in line with the MYT Regulations, 2012 has carried out a detailed analysis of True-up of the ARR for the FY 2014-15 as well as the revised ARR for the FY 2016-17. The details are provided in the Table 3.40 of the present Order.

The Commission observes that the revenue at current tariff is in excess of the estimated revenue requirement for the FY 2016-17 as per the details provided in the table 3.41. However, at this stage, the Commission is not revising the existing tariff (except for marginal changes) due to the fact that the power purchase cost, in the present Order, has been considered based on the data from April 2015 to January 2016 provided by the Discoms. The Commission believes that the recent hike in the landed cost of coal including freight, the fuel cost of power being procured by the Discoms is likely to go up. Hence, after accounting for the same there may not remain any surplus revenue to be adjusted in the tariff. As doing so, at this stage, is likely to create upfront FSA liability and adjusting the same at later stage may also require allowing carrying cost for the same.

Additionally, the Commission has taken note of the fact that the Discoms expects about Rs. 2459 Crore to be incurred on account of additional interest cost on account of

borrowings under UDAY scheme for working capital borrowings in the FY 2016-17 against Rs.222 Crore allowed by the Commission in the FY 2016-17 on normative basis. The same, as per the Discoms, is to be met through operational funding mechanism available to them under the said scheme.

The RE subsidy estimated by the Commission, at the CoS of L.T. consumers of Rs. 6.64 / kWh, works out to Rs. 5933.54 Crore (after accounting for the revenue from A.P. consumers at subsidised tariff).for the FY 2016-17 and additional RE Subsidy requirement, as per True-up Order for the FY 2014-15, of Rs. 501.03 Crore (Rs. 468.04 Crore on account of increase in A.P. consumption and increase in the CoS + Rs. 32.99 Crore as FSA subsidy). **Thus the total RE Subsidy payable for the FY 2016-17 works out to Rs. 6434.57 Crore which is within the budget estimates of Haryana Government for the FY 2016-17, of Rs. 6800 Crore.**

Given the revenue balance of the Discoms at the existing tariff, there is no requirement of increase in the consumer tariff. However, some minor changes have been made as discussed below.

4.4 Incentive to Domestic Supply Consumers (DS) and other categories of consumers under HERC Rooftop Solar Regulations, 2015.

The Government both at Central and State level are committed to encourage solar power generation and have accordingly fixed very ambitious targets for capacity addition. The Commission, observes that vide the Haryana Electricity Regulatory Commission (Rooftop Solar Grid Interactive System based on Net Metering) Regulations (1st Amendment), 2015 had provided that the Discoms shall provide incentive on the power generated through rooftop solar system and that incentive at the rate of 25 Paise per unit shall be given during the FY 2015-16 on the solar power generated to the extent the same is admissible for off-setting consumer's consumption as per Regulation 9.1. It was further provided that the incentive payable under these Regulations shall be reviewed by the Commission every year along with ARR/Tariff petition for that year and the incentive payable accordingly for FY 2016-17 onwards.

Accordingly, to continue encouraging solar power generation, for the rooftop solar system, installed under the new Solar Policy of Haryana Government after 01.08.2016 by DS consumers, the Commission orders that incentive of Rs.1.0/kWh instead of 25 Paise/kWh for the solar power generation to the extent

admissible under the regulation 9.6 of the above Regulations shall be given as incentive by the Discoms during the FY 2016-17 from 01.08.2016 to 31.03.2017. For rooftop solar system installed under the new Solar Policy from 1.04.2016 to 31.07.2016 by the DS consumers, incentive @ 25 Paise/kWh shall be given from 1.04.2016 to 31.07.2016 and @ Rs. 1/kWh w.e.f 1.08.2016 onwards during FY 2016-17. Incentive in both cases shall be admissible from the date of net metering connection. For all other DS consumers as well as consumers of all other categories who have installed Rooftop Solar Power System but are not covered under the above dispensation incentive of 25 Paise/kWh shall continue to be given in FY 2016-17 as per the Regulations in vogue.

4.5 HT Industry (Load above 50 KW): The tariff currently being paid by the Arc furnaces/ Steel Rolling Mills includes fixed charge of Rs. 200/kVA and a surcharge of 20 Paise over and above the base tariff of Rs. 645 Paise per kVAh if supply is at 11 kV. **The Commission, in order to give some relief to this fledgling industry in Haryana reduces the fixed charges from Rs.200/kVA to Rs.190/kVA. All other tariff / charges shall remain un-changed.** The Commission expects that this shall provide a relief of Rs.2.32 Crore to the Arc furnaces/ Steel Rolling Mills in Haryana.

4.6 LT Industry up to 50 kW: The Commission observes that quite a few stakeholders raised the issue of sudden jump in their electricity bills due to change over from kWh based tariff to kVAh based tariff for LT Industry consumers with connected load up to 10 KW and 10-20 KW vide Commission's Order dated 29th May, 2015. The Commission has taken note of the same. However, as the kVAh tariff stands implemented the same cannot be reversed at this stage. The Commission directs that if there are still some LT Consumers without kVAh meter. The same should be installed immediately to avoid any inconvenience to such consumers. Till such time the billing shall be on kWh basis after adjusting the kVAh tariff by applying the standard power factor i.e. 0.9. Further, certain stakeholders had raised the issues that effective per kVAh tariff after taking into account the fixed charges of Rs. 170/kW works out to be very high because of the extremely low load factor in case of LT Industrial consumers as they work only on a single shift basis. **To provide some relief to such consumers the Commission has reduced the fixed charges where applicable from Rs. 170/kW to Rs. 160/kW. However, the energy charges shall remain unchanged.**

The Commission expects that this would provide a relief of about Rs.9.24 Crore to the LT Industry consumers who are paying fixed charges besides energy charges.

4.7 Agriculture Pump Set Supply (AP Supply)

For the A.P. consumers, the tariff, as in the past, shall be equal to their Cost of Supply (CoS) for AP consumers in the FY 2016-17. In the present Order the Commission has considered the CoS of A.P. consumers at the same level as worked out for the L.T. Supply. The AP tariff determined by the Commission accordingly is given in the table 4.1.

Table 4.1: AP Tariff Determined by the Commission (FY 2016-17)

A.P. Metered /unmetered	Rs.6.64/kWh
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As the State Government has committed for providing subsidised supply to the AP consumers, the concessional tariff for AP consumers' category for the FY 2016-17 taking into account the subsidy as estimated by the Commission and payable by the State Government, shall continue as per table 4.2.

The Commission directs the Discoms to take up the issue of direct transfer of RE Subsidy to the eligible AP consumers in their Aadhar linked bank account as already implemented by the Central Government for Domestic LPG (direct benefit transfer). Such direct transfer shall be more efficient and transparent. The Discoms shall also encourage the affluent A.P. consumers, who are Income Tax Payees, for voluntarily giving up Subsidy. The Discoms should immediately compile a list of such A.P. subsidy beneficiaries from the authority concerned and issue a notice urging them to give-up subsidy. The Discoms shall review the position after six months for taking further action in the matter.

As a consequence of adopting the above tariff the subsidy payable by the State Government calculated as the difference between the revenue at approved tariff i.e. Rs. 6.64 /kWh which is equivalent to the CoS of L.T. Supply for the FY 2016-17 and the subsidy for the FY 2016-17 shall be as per table 4.10. The same shall be borne by the State Government as subsidy support to the AP consumers and shall be payable to Discoms in accordance with Section 65 of the Electricity Act, 2003 i.e. in advance. **The Calculation of Subsidy to be paid by the State Government for the FY 2016-17 as earlier stated is as per table 4.2.**

Table 4.2 : Calculation for AP subsidy (FY 2016-17)

	Subsidy calculation for AP supply	unit	value
1	Total units supplied to AP	MU	9094
2	Cost/ Tariff per unit (3/1)	Rs/kWh	6.64
3	Estimated cost of service	Rs. Crores	6038.42
4	Revenue at subsidized tariff	Rs. Crores	104.88
5	Subsidy required to keep the tariff at current levels = 3-4	Rs. Crores	5933.54
6	Arrears of RE Subsidy for FY 2014-15	Rs. Crore	468.04
7	FSA subsidy for A.P. Consumers for FY 2014-15	Rs. Crore	32.99
8	Total A.P. Subsidy payable for FY 2016-17	Rs. Crores	6434.57

In the event the State Government does not release the subsidy in accordance with Section 65 of the Electricity Act, 2003 then the Discoms shall demand and collect from the AP consumers tariff as decided by the Commission in this order i.e. equivalent to CoS for AP consumers in FY 2016-17 i.e. Rs.6.64 / kWh converted in to Rs/BHP per month in the case of unmetered supply.

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

4.8 Pre-paid Meters (Tariff)

The Commission has issued the Haryana Electricity Regulatory Commission (Prepaid Metering) Regulations, 2014 dated 12th August, 2015. Regulation 8 of the said Regulations provide as under:-

“A rebate of 5% shall be allowed on the applicable tariff for the consumers availing supply through prepaid meters”.

Accordingly, the tariff, including all other terms and conditions, for the consumers opting for pre-paid meter shall be as per the *ibid* Regulations.

Regarding smart card / re-charge voucher, the Discoms shall ensure that, to begin with, the existing billing centers are authorized to issue / re-charge these smart card / billing voucher on all working days. The Discoms, within six month, shall examine the feasibility of online re-charge facility as well as other options such as Banks / Post-Office/ATMs etc. in line with the relevant Regulations.

The Commission further orders that all other tariff and charges not specifically dealt with in the present Order shall remain un-changed. Any concession in tariff and charges provided to any consumer/ consumer category, unless the Commission has approved the same, shall be considered null and void.

The schedule of tariff and charges for the FY 2016-17 shall be as per the Annexure attached with the present Order.

Chapter 5

WHEELING CHARGES, CROSS-SUBSIDY SURCHARGE & ADDITIONAL SURCHARGE

Segregated accounts including voltage wise assets and losses for the distribution and retail supply business are a pre –requisite for determination of wheeling charges and cross - subsidy surcharge. The Commission observes that in the present Petition, the Discoms have worked out the wheeling charges and regarding Cross-Subsidy Surcharge (CSS) calculation, they have submitted that principally CSS should be equal to the cross-subsidy generated by the respective consumer category

The Commission observes that the network establishment and operation cost as distinct from retail supply business including the power purchase cost is about 8.23% 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 2016-17 as under:-

5.1 Wheeling Charges (for Open Access Consumers)

Table 5.1: Approved Wheeling Charges for the FY 2016-17

1 Network expenses (per kWh)		
a.	Network establishment and operation cost [8.23% of the net ARR (Rs. 233075.2 Million)] of the distribution licensees for the FY 2016-17 (Rs. Million).	19182.09
b.	Allowed gross volume of power purchase by the Discoms at State Periphery (MUs) excluding inter-state sales.	48008.57
c.	Expenses (Rs / kWh) (a/b)	0.40
2. Cost of losses in the system		
a	Approved Energy available for sale to Discoms (MU)	46827.56
b	Distribution system losses (technical) %	8.15%
c	Losses (MU) (2a X 2b))	3816.44
d	Bulk supply power purchase rate for the Discoms (Rs. / kWh) at Discoms periphery	3.90
e	Total cost of losses (2dX2c) Rs. million	14884.12
f	Cost per unit of losses (Rs. /unit) (2e/1b)	0.31
3. Wheeling Charges (Rs. / kWh) (1c+2f) rounded off		0.71

Accordingly, the wheeling charges payable by the open access consumers work out to Rs. 0.71/kWh. The Commission has noted that some embedded open access consumers during the public hearing on the determination of additional surcharge had submitted that they need to be given some relief in the levy of wheeling charges for

open access power as they are also paying wheeling charges in the form of fixed charges through the tariff. The Commission observes that while working out the wheeling charges as above, only the technical losses have been considered whereas the Discoms have submitted that there should be 'in kind' adjustment of scheduled open access power for the approved distribution losses (technical + commercial) as is being done for transmission losses. Accordingly, if the wheeling charges are worked out considering the approved distribution losses, these will work out to be on the higher side. Given the rival contentions and lack of clarity on this issue, the Commission, has considered it appropriate to continue levy of wheeling charges as per the past practice.

5.2 Cross-Subsidy Surcharge (CSS)

The MYT Regulations, 2012 (regulation 63) provides that the cross-subsidy surcharge shall be payable by all intra-State open access consumers except those persons who have established captive generating station and are availing open access for carrying the electricity to a destination for their own use. Cross-subsidy surcharge shall also be payable by such Open Access consumer who receives supply of electricity from a person other than the distribution licensee in whose area of supply he is located, irrespective of whether he avails such supply through transmission/distribution network of the licensee or not. The consumers located in the area of supply of a distribution licensee but availing Open Access exclusively on inter-State transmission system shall also pay the cross subsidy surcharge as determined by the Commission.

Section 42 of the Electricity Act, 2003 provides that the surcharge and 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)**.*

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.*

8.5.2 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.

8.5.3 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 carefully examined the formula for working out cross-subsidy surcharge and observes as under:-

A part of the past Regulatory Assets have been amortised and recovered through Tariff. The balance against which the Discoms were allowed to borrow has been addressed by way of the Financial Restructuring Plan now merged with the Ujjawal Discom Assurance Yojana (UDAY). Further, no new Regulatory Assets have been created by the Commission including the ARR for the FY 2016-17. Resultantly, there is no carrying cost of Regulatory Assets to incorporate as per the *ibid* formula.

Since, Haryana in the FY 2016-17 is a power surplus State as also stated by the Discoms in the present petition, the CSS formula is workable. Hence, the Commission has considered it appropriate to work out CSS as per the same.

As far as Railway (Traction Supply) is concerned the Commission has estimated the CSS as per the NTP formula. However, the State Government may waive of the same subject to the condition that the State Government shall make good the revenue loss to the Discoms in case the Railways opt for sourcing power from outside under Open Access. However, as the dispensation to the Railways has been given on the plea that they are deemed licensee, as a corollary, the State Government will have to keep in view other similarly placed consumer category i.e. MES, Air force formations in Haryana as well as the Municipal Corporations/Councils etc.

The Commission observes that UHBVNL vide memo no. Ch 53 /GM / RA / N/F-25/Vol-61 dated 28.03.2016 and DHBVNL vide memo no. Ch.93/SE/RA-545 dated 31.03.2016 have provided voltage wise technical losses. A summary of the same is reproduced below:-

Table No. 5.2 – Voltage level losses

Voltage Levels	UHBVNL (%)	DHBVNL (%)
33 kV line losses	0.41	0.53
33 kV Transformation Losses	0.26	0.23
11 kV line losses	6.08	8.30
11 kV Transformation Losses	1.05	0.91
LT Line Losses	6.31	5.36
Total Losses upto LT Level	13.22	14.45

The Commission observes that based on the voltage-wise loss calculations 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.

Based on the voltage wise technical loss calculations submitted by the Discoms, the technical losses ,for UHBVNL and DHBVNL combined, work out to 13.93% at LT voltage level and upstream system and at 8.15% at HT (11 kV and above) voltage level and upstream system. 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:-

	HT	LT	TOTAL
Energy Sale (MU)	13689.12	22291.92	35981.04
Technical losses	8.15%	13.90%	
Grossed up sale (MUs)	14904.41	25899.39	40803.80
Technical losses (MUs)	1215.29	3607.47	4822.76
Total losses (MUs)			10846.51
Commercial losses (MUs)	2200.29	3823.45	6023.75
Total Energy at Discom boundary (MUs)	17104.70	29722.85	46827.55
Energy allocator	36.53%	63.47%	
Energy cost (Rs. Crore)	6672	11593.95	18265.9

Per unit cost (Rs/kWh)	4.87	5.20	5.08
Balance cost (Rs. Crore)			5041.57
if allocated on gross energy (Rs. Crore)	1841.53	3200.04	5041.57
Per unit cost (Rs./kWh)	1.35	1.44	1.40
Total CoS (Rs. / kWh)	6.22	6.64	6.48
Total Technical and Commercial losses (%)	19.97%	25.0%	23.16%
Intra State Transmission Losses (MUs)	431.41	749.59	1181
Total Energy State Boundary (MUs)	17536.11	30472.43	48008.54
Intra State Transmission & Distribution losses (MUs)	3846.99	8180	12027
Intra State Transmission & Distribution losses (%)	21.94%	26.84%	25.05%

Based on the intra state transmission and distribution losses as worked out above, the calculations for CSS, as per NTP formula are as under:-

Table No. 5.3 – Calculations of CSS (as per NTP formula)

	Value of Various Element of CSS formula as per NTP	
1	Weighted average cost of power per unit at State periphery (C)	380
2	Aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level	
	Transmission cost at consumers end (Paise/kWh)	34
	Distribution (net of power purchase cost) and Wheeling cost at consumers end (3816.33 X 10/35981) (Paise/kWh)	106
	Cost of carrying Regulatory Assets (R)	0
	Total Transmission and Distribution Cost at Consumers end (D) Paise/kWh	140
3	Aggregate of transmission distribution and commercial losses applicable to the relevant voltage level	
	HT (L for HT supply)	21.94%
	LT (L for LT supply)	26.84%
	Calculations as per NTP (Paise/kWh)	
	$C/(1-L/100)+D+R$	
	HT	627
	LT	659

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 2016-17 as per the NTP formula shall be as per the table that follows.

Table 5.4: Cross-subsidy surcharge for FY 2016-17 (Rs/kWh)

		Value of $C/(1-L/100)+D+R$	Average revenue realization (Rs./kWh) (T)	Cross Subsidy Surcharge as per NTP formula (2-1) (Rs./kWh)	CSS Restricted to 20% of the Tariff as per NTP except Railways	HERC approved CSS (lower of column 3 and 4)
		1	2	3= 2-1	4	5
1	HT industry	6.27	7.84	1.57	1.57	1.57
2	Bulk Supply (other than DS)	6.27	7.33	1.06	1.47	1.06
3	Railways (Traction)	6.27	6.93	0.66	1.39	0.66
4	LT Industry	6.59	7.62	1.03	1.52	1.03
5	NDS (HT)	6.27	8.91	2.64	1.78	1.78

The CSS worked out as per the NTP formula is within 20% limit except in the case of NDS (HT). Hence, the Commission in the case of NDS (HT) has restricted the CSS to 20% of the tariff applicable.

5.3 Additional Surcharge

The MYT Regulations, 2012 (regulation 22) provides as under:-

“Additional Surcharge:-

- 1. An open access consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act.*

Provided that such additional surcharge shall not be levied in case open access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.

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

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

Provided that any additional surcharge so determined shall be applicable to all the consumers availing open access from the date of determination of same by the Commission.

4. *The consumers located in the area of supply of a distribution licensee but availing open access exclusively on inter-State transmission system shall also pay the additional surcharge.*
5. *Additional surcharge determined on per unit basis shall be payable, on monthly basis, by the open access customers based on the actual energy drawn during the month through open access”.*

The Discoms had filed the petition along with the supporting details (link to the same was provided in the Commission's website i.e. www.herc.gov.in) wherein the Discoms , based on the fixed cost paid by them for the stranded capacity due to scheduling of Open Access power by the embedded Open Access consumers, had proposed an additional surcharge of Rs.1.17 per unit to be paid by such consumers. The Commission, vide separate Order dated 1.08.2016, has determined additional surcharge and the same shall be applicable.

Chapter 6

Tatkal Scheme for AP Consumers

Proposed Changes in the Tatkal Scheme

UHBVNL had also filed a Petition (HERC/PRO-2 of 2016) on behalf of both the Discoms (UHBVNL and DHBVNL) for approval of Tatkal Scheme introduced by the them vide Sale Circular No. U-28/2015 dated 11.08.2015.

UHBVNL has submitted that while connections to general category AP applicants are to be released to the consumers who have applied for tube well connections up to 31.12.2012 as per the provisions of Sale Circular No. U-30 /2013 dated 03/06/2013 and U-26/2012 dated 06/08/2012, certain changes have been proposed to be implemented in the Tatkal Scheme pursuant to the operational losses of the Petitioner in implementing the Tatkal Scheme under the previous dispensation.

Petitioner has submitted that the Tatkal Scheme in its present form was conceived at the highest level of the State Government and in compliance with the decision taken by Government of Haryana on 03.07.2015, where necessary changes were made to the existing tube well scheme of 2013. An enabling provision for Tatkal facility is being added in the existing tube well scheme in larger consumer interest and in keeping with the spirit of tariff order dated 29.05.2014 issued by the Commission. In the revised scheme, any applicant for AP connection, who has applied after 31/12/2012 and who is desirous of obtaining a tube well connection expeditiously can opt for a connection under Tatkal facility on payment of Rs. 1 Lac extra for jumping of the queue.

Petitioner has sought ex-post facto approval of the instant proposal since the relevant circular has already been issued by them vide Sales Circular No. U/28/2015 and D-30/2015. It has been submitted that the petitioner felt that real objective of the Tatkal scheme was not being achieved under the existing dispensation as the premium being paid by the applicants was not commensurate with the purpose and objective of the scheme. The reason for increasing the premium is to discourage queuing up of applicants for long period of time waiting for the release of tube well connections and it was also anticipated that a higher amount of premium would also result in additional income to the petitioners which would result in reduction of the ARR of the petitioners and consequently, the tariff for some categories of consumers. UHBVNL has stated that

the amount collected under the Tatkal Scheme may be categorized as non-tariff income in terms of Regulation 67 of the HERC MYT Regulations, 2012.

UHBVNL further submitted that the Commission has, in the past, approved similar petition seeking post fact approval to issue sale circulars for implementation of a change in a circular issued by DHBVN having a commercial and financial implication on the existing tariff. In this regard, reliance is being placed on the order of this Commission dated 20.11.2013 issued in case numbered PRO-4 of 2013 titled Faridabad Industries Association vs. DHBVN, wherein this Commission, upon discussions with the petitioners and respondent therein, modified those parts of the circular which has financial implication in order to align the same with the objects of the Electricity Act, 2003. Petitioners submitted that the Tatkal Scheme is in line with objections of the Electricity Act, 2003.

Petitioner further submitted that the Tatkal Scheme is designed to work on the following principles:-

1. It aims at releasing around 4650 tube well connections in the first year out of the waiting list.
2. The entire project of release of connection shall be executed by the Petitioners Nigam without any work to be executed by the consumer.
3. Payment received as premium is in nature of cost of opportunity loss for other applicants, which income is set off against expenditure to provide/ release the tube well connection on immediate basis and is set off against expenditure in the annual revenue released of the Petitioner Nigam, which in turn benefits the consumers of electricity at large.
4. Release of immediate connections is a resource cost for the Petitioners Nigam and the higher rate of premium helps attain creation of new resources for other applicants (not in priority) and facilitates social assistance to expedite the process.

The Petitioner has requested the Commission to grant permission to the Nigam to issue Sale Circular No. U-28/2015 & D-30/2015 for introducing and implementing Tatkal Scheme as approved by the Government of Haryana on 03.07.2015.

The Commission heard the case along with the present petition, and observes as under:-

The Haryana Government has notified 163 services under the Haryana Right to Service Act, 2014. Accordingly, the Discoms have also issued sales circular. The provision regarding the timeline for release of new connections / additional load / demand after receipt of complete application and documents is as under:-

- a) Where service is feasible from the existing network: 30 days.
- b) Where network expansion / enhancement is required for providing connection (except Agriculture): 30 days.
- c) For LT connection: 30 days.
- d) For 11 kV connection: 71 days.
- e) For 33 kV connection: 97 days.
- f) Above 33 kV connection: 167 days.

The Commission observes, as also submitted by the Discoms, that the above dispensation / timeline guaranteed under the Haryana Right to Service Act, 2014 to the persons seeking electricity connection, the release of new connections under 'Tatkal' is not applicable to the A.P. Consumers. After careful consideration of the matter, **the Commission Orders that the Discoms may continue with the revised 'Tatkal Scheme' for any applicant for AP connection, who has applied after 31.12.2012 and who is desirous of obtaining a tube well connection expeditiously can opt for a connection under Tatkal facility subject to the condition that such applicant shall pay Rs. 1 Lac besides the estimated cost of releasing such electricity connection for jumping the queue. This is subject to the condition that the release of connections under 'Tatkal' shall in no way affect the number of tube-well connections to be released under general category.**

Accordingly, the case no. HERC/PRO-2 of 2016 is disposed of.

Chapter 7

CONCLUSION

DIRECTIVES

The Commission has reviewed all the directives issued to the Discoms in its orders issued in the past and observes that a lot of directions issued are yet to be implemented by the Discoms. The Commission reiterates that all the directives issued by it are to bring in operational efficiency and facilitate financial turn-around of the Discoms as well as enhance consumers' satisfaction. On the issue of reigning in feeder line losses and replacement of dead / defective consumer meters, the Commission had given time bound targets and subjected non-compliance of the same to penal action as well. The Commission observes, as also pointed out by the stakeholders in the public hearings that the Discoms have not complied with the directives. **Hence, the Commission gives three months time to the Distribution Licensees to submit status report bringing out the measures/efforts taken/made to meet the targets and detailed reason for non-compliance, failing which the proceedings under Section 142 of the Act, may be initiated against the defaulting Discoms.**

Similarly other directives i.e. timely payment of interest on consumers security deposit, centralisation of pay and pension disbursement, age wise audit of receivables etc. which was also raised by the interveners, the Commission gives further 45 days time to the Discoms to comply and submit a compliance report to the Commission. It is made clear that the directives needs to be complied with meticulously and no reasons / justification for non-compliance shall be accepted by the Commission.

Additionally, the Commission observes that quite a few stakeholders filed their objections after the cut-off date fixed by the Commission for the purpose; hence, the Discoms did not get an opportunity to file their reply on the same. Nonetheless, the issues raised by such stakeholders, as earlier stated in the present Order, ought to be taken seriously by the Discoms and a report regarding the same shall be filed within 45 days. A few such issues are listed below:-

- i) The Commission had approved billing of LT Consumers on KVAh basis as proposed by the Discoms without all such consumers having LT/CT meters with

TOD facility. These caused tremendous harassment and excessive billing since the licensee did not create proper awareness amongst the LT industrial Consumers, besides some of the consumers were not having kVAh meters. The Commission directs that if there are still some LT Consumers without kVAh meter the same should be installed immediately to avoid any inconvenience to such consumers. Till such time the billing shall be on kWh basis after adjusting the kVAh tariff by applying the standard power factor i.e. 0.9.

- ii) There are two Discoms and two other companies in addition to Haryana Power Purchase Centre are having offices of the Chairman/MD's and Board of Directors with separate establishments, huge expenditure is incurred on these establishments, which needs to be reviewed. Though, there is shortage of Technical-staff to maintain & monitor the system while other establishments (clerical & non-technical) seems to be over-staffed & needs to be restructured which will lead to improvement in use of financial resources as well as manpower. **The Commission directs that the Discoms shall examine this issue threadbare and taken action accordingly.**
- iii) Further in the neighbouring States mostly the functions of power sector are being handled by two Companies whereas these functions are being performed by four companies/Utilities in the State of Haryana which also needs to be reviewed at the State level.

1. **Issuance of bills and realization of payment thereof in urban areas**

It will be mandatory for consumers of all categories with a load of 20 KW and above to download their bills from the Discoms website. Domestic consumers with a load less than 20 KW in urban areas falling under the Municipal Corporation/Municipal Committee shall have three options:-

- (a) The consumers who would download their bills from the website of the Discoms shall be given a rebate of Rs.5/- per bill. However, Senior Citizen shall get a rebate of Rs.10/- per bill.
- (b) The consumer can opt for the bills through SMS or on e-mail without any charges.
- (c) However, the consumer who opts for a printed copy of the bill, will be provided the same on a payment of Rs.5/- except senior citizens and consumers with a load less than 8 KW.

Consumers of urban areas falling under Municipal Corporations/Municipal Committee can opt to pay their bills online/RTGS/NEFT or through authorized banks. In such cases:-

- (I) Consumers whose bill amount is less than Rs.15,000/- can pay their bills online directly on the Discoms website and avail a rebate of Rs.5/-.
- (II) It will be mandatory for consumers having bills exceeding Rs.15,000/- to pay their bills online/RTGS/NEFT or authorized banks,.

However, other consumers not covered under the above proposal shall be governed by the existing procedure in vogue.

The above instructions shall be made public by the Discoms through a notice printed on the bill as well as through local media. If a consumer opts this arrangement in the first instance and later on wants to revert back to the original system, a payment of Rs.50/- shall be charged in his bill.

Further, in case of non-availability of the bill, the consumers opting for receiving the bills through e-mail, shall be entitled to send the snapshot of meter reading of its meter on its scheduled reading date through e-mail to Licensees for proper billing and can accordingly pay for the consumption (the difference between the previous reading and the present reading) during the billing cycle which shall be subject to adjustment in the next bill.

The Discoms shall endeavour that for consumers with compatible meters, manual reading of the Meters should be stopped forthwith. The reading of all such meters shall be taken through downloadable CMRI (Common Meter Reading Instrument).

Economy measures

As already directed in the previous orders on the ARR, the posts lying vacant for more than two years (the period of two years preceding 15.02.2016), whether newly created or old, should not be filled up without prior approval of the Commission. However, this shall not be applicable to the posts for which requisition has already been sent to the recruiting agency and for which advertisements have been issued by them. The Commission in its Order dated 29th

May, 2014 had given directions regarding abolition of non-technical post lying vacant for more than three years. Discoms have not reported the compliance of the orders dated 29th May, 2014, dated 7th May, 2015 as also 15th October, 2015. The status report be submitted within 45 days failing which the expenditure on the above such posts shall not form part of ARR of Discoms. The power utilities would strictly comply with the directions issued by the Haryana Government vide letter No.28/21/2012-5 B&C dated 11.2.2016 for parking of funds outside Government Accounts-Closing of Bank Accounts and the letter No.5/6/2005-B&C dated 20.4.2016 regarding incurring of expenditure under Plan/Non-Plan schemes.

2. During the public hearing on the tariff petition of Distribution licensees for FY 2016-17, the public representative had raised the issue regarding purchase of conventional electronic meters by the Discoms for replacement of defective meters and for providing new connections and suggested that the smart meters should be installed in place of the electronic meters. The Commission observes that the Discoms may examine the installation of smart metering, its merits and cost benefit analysis and put up a sound proposal to the Commission for approval. The areas like Gurgaon, Panchkula and Karnal may be considered in the initial phase. Further, proper inventory of the existing meters and related equipments to be removed from the installation site as well as the location where these shall be used, be also provided. The Forum of Regulators have also suggested that to achieve the desired quality and reliability of the material, all such procurement of smart meters by the Discoms should be made through Global tendering from reputed firms having turnover of atleast Rs. 500 Crore per annum, which may also be kept in view.
3. The Commission observed that the delayed payment surcharge for a consumer paying his bill after one day delay or even after 30 days delay is the same. Hence, such penalty needs to be levied in a graded manner accounting for each days of delay. The Discoms are directed to formulate a proposal in this regard within a month and submit the same for approval of the Commission.
4. In order to facilitate training to the Engineering Graduates of Haryana, the Discoms may provide opportunity as trainee/apprentice to Haryana domicile Engineering Graduates (B.Tech.) or diploma holders of Technical Education and Industrial Training Department from the ITI from the recognized Engineering Colleges / Institutions located in Haryana, after obtaining necessary approval of the State Government, if required.

5. It has been observed that sales circulars based on the Orders/Directives/Regulations of the Commission, are being issued by the Discoms at times are at variance with each other. Hence, it will be appropriate that such sales/commercial circulars are issued for both the Distribution Licensees uniformly and in consonance with each other.
6. In order to improve the efficiency of the Legal Cell, the licensee(s) may consider reinforcing its Legal Cell by appointing a working/Retd. Sessions Judge to Head the Legal Cell.
7. The Discoms are directed to analyse the consumption pattern of the consumers for past one year and analyse the cases warranting load enhancement. Notice be issued to such consumers for voluntary load enhancement and to allow the security deposit in instalments. In case consumers fails to avail the opportunity extended to such consumers, the Discoms shall suo-moto extend the load and in such case consumers will have to pay full security deposit.
8. The Discoms are directed to issue a request to AP Consumers whose annual income other than agriculture is more than Rs.20.00 lacs for voluntarily giving up of their agriculture subsidy on electricity. Discoms are advised to give wide publicity to this campaign on Electricity Bills as well as through local electronic media, on the pattern of Govt. of India Jan Dhan Aadhar Mobile Yojna campaign of 'Give it up LPG subsidy'.

The revised Tariff and charges for Distribution & Retail Supply of electricity in Haryana by the distribution licensees i.e. UHBVNL & DHBVNL shall be applicable from 01.08.2016 and shall remain effective until these are revised / amended by the Commission.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 01.08.2016.

Date: 01.08. 2016
Place: Panchkula

(M.S. Puri)
Member

(Jagjeet Singh)
Chairman

ANNEXURE

Schedule of Tariff and Charges for FY 2016-17

Sr. No.	Tariff for 2015-16 (as per Order dated 7 th May,2015 as amended vide Order dated 15 th October, 2015 applicable up to 31.07.2016				Tariff for 2016-17 (w.e.f 1.08.2016)			
	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)	Category of consumers	Energy Charges (Paisa / kWh or/ kVAh)	Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated	MMC (Rs. per kW per month of the connected load or part thereof)
1	Domestic Supply				Domestic Supply			
	Category I: (Total consumption up to 100 units per month)				Category I: (Total consumption up to 100 units per month)			
	0 - 50 units per month	270/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW	0 - 50 units per month	270/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW
	51-100 units per month	450/kWh	Nil		51-100	450/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 units per month	450 /kWh	Nil	Rs. 120 up to 2 kW and Rs. 70 above 2 kW	0-150 units per month	450/kWh	Nil	Rs. 120 up to 2 kW and Rs.70 above 2 kW
	151-250 units per month	500/kWh	Nil		151-250 units per month	500/kWh	Nil	
	251-500 units per month	605/kWh	Nil		251-500 units per month	605/kWh	Nil	
	501-800 units per month	675/kWh	Nil		501-800 units per month	675/kWh	Nil	
	Category III: (Total consumption more than 800 units/month)				Category III: (Total consumption more than 800 units/month)			
	801 units and above	675/kWh (flat rate no telescopic benefits	Nil	Rs. 120 up to 2 kW and Rs. 70 above 2 kW	801 units and above	675/kWh (flat rate no telescopic benefits)	Nil	Rs. 120 up to 2 kW and Rs.70 above 2 kW

2	Non Domestic				Non Domestic			
	Upto 5 kW (LT)	605/kWh	Nil	Rs. 250 upto 5 kW and Rs. 225 above 5 kW upto 20 kW	Upto 5 kW (LT)	605/kWh	Nil	Rs. 250/kW up to 5 kW and Rs. 225/kW above 5 kW & up to 20 kW
	Above 5 kW and Up to 20 kW (LT)	675/kWh	Nil		Above 5 kW and Up to 20 kW (LT)	675/kWh	Nil	
	Above 20 kW upto 50 kW (LT)	615/kVAh	170/kW	Nil	Above 20 kW upto 50 kW (LT)	615/kVAh	170/kW	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	650/kVAh	170/kW	Nil	Existing consumers above 50 kW upto 70 kW (LT)	650/kVAh	170/kW	Nil
	Consumers above 50 kW (HT)	630/kVAh	170/kW	Nil	Consumers above 50 kW (HT)	630/kVAh	170/kW	Nil
3	HT Industry (above 50 kW)				HT Industry (above 50 kW)			
	Supply at 11 KV	615/kVAh	170/kVA	Nil	Supply at 11 KV	615/kVAh	170/kVA	Nil
	Supply at 33 KV	605/kVAh	170/kVA	Nil	Supply at 33 KV	605/kVAh	170/kVA	Nil
	Supply at 66 kV or 132 kV	595/kVAh	170/kVA	Nil	Supply at 66 kV or 132 kV	595/kVAh	170/kVA	Nil
	Supply at 220 kV	585/kVAh	170/kVA	Nil	Supply at 220 kV	585/kVAh	170/kVA	Nil
	Supply at 400 kV	575/kVAh	170/kVA	Nil	Supply at 400 kV	575/kVAh	170/kVA	Nil
	Arc furnaces/ Steel Rolling Mills	645 Paisa per kVAh if supply is at 11 kV (see note 2 below)	200/kVA	Nil	Arc furnaces/ Steel Rolling Mills	645 Paisa per kVAh if supply is at 11 kV (see note 2 below)	190/kVA	Nil
4	LT Industry - upto 50 kW				LT Industry - upto 50 kW			
	Upto 10 KW	595/kVAh	Nil	Rs. 185/kW	Upto 10 KW	595/kVAh	Nil	Rs. 185/kW
	Above 10 KW and upto 20 KW	625/kVAh			Above 10 KW and upto 20 KW	625/kVAh		
	Above 20 KW and upto 50 KW	600/kVAh	Rs.170 /kW to be levied on 80% of the connected load	Nil	Above 20 KW and upto 50 KW	600/kVAh	Rs.160 /kW to be levied on 80% of the connected load	Nil
	Existing consumers above 50 kW upto 70 kW (LT)	625/ kVAh			Existing consumers above 50 kW up to 70 kW (LT)	625/ kVAh		

5	Agriculture Tube-well Supply				Agriculture Tube-well Supply			
	Metered: (i) with motor upto 15 BHP	10 /kWh	Nil	Rs. 200 / BHP per year	Metered: (i) with motor upto 15 BHP	10/kWh	Nil	Rs. 200 / BHP per year
	(ii) with motor above 15 BHP	8 /kWh	Nil		(ii) with motor above 15 BHP	8/kWh	Nil	
	Un-metered: (i) with motor upto 15 BHP	Nil	Rs. 15 / Per BHP / Month	Nil	Un-metered (Rs. / Per BHP / Month): (i) with motor upto 15 BHP	Nil	Rs. 15 / Per BHP / Month	Nil
	(ii) with motor above 15 BHP	Nil	Rs. 12 / Per BHP / Month	Nil	(ii) with motor above 15 BHP	Nil	Rs. 12 / Per BHP / Month	Nil
6	Public Water Works	690/kWh	180/kW	Nil	Public Water Works	690/kWh	180/kW	Nil
7	Lift Irrigation	690/kWh	180/BHP	Nil	Lift Irrigation	690/kWh	180/BHP	Nil
8	MITC	690/kWh	180/BHP	Nil	MITC	690/kWh	180/BHP	Nil
9	Street Lighting	690/kWh	Nil	Rs. 180/kW	Street Lighting	690/kWh	Nil	Rs. 180/kW
10	Railway Traction				Railway Traction			
	Supply at 11 KV	610/kVAh	160/kVA	Nil	Supply at 11 KV	610/kVAh	160/kVA	Nil
	Supply at 33 KV	600/kVAh	160/kVA	Nil	Supply at 33 KV	600/kVAh	160/kVA	Nil
	Supply at 66 or 132 kV	590/kVAh	160/kVA	Nil	Supply at 66 or 132 kV	590/kVAh	160/kVA	Nil
	Supply at 220 kV and above	580/kVAh	160/kVA	Nil	Supply at 220 kV	580/kVAh	160/kVA	Nil
11	DMRC				DMRC			
	Supply at 66 kV	590/kVAh	160/kVA	Nil	Supply at 66 kV	590/kVAh	160/kVA	Nil
	Supply at 132 kV	590/kVAh	160/kVA	Nil	Supply at 132 kV	590/kVAh	160/kVA	Nil
12	Bulk Supply				Bulk Supply			
	Supply at LT	610/kVAh	Rs. 160/kW or Rs.160/kVA as applicable (see note no. 4 below)	Nil	Supply at LT	610/kVAh	Rs. 160/kW or Rs.160/kVA as applicable (see note no. 4 below)	Nil
	Supply at 11 kV	600/kVAh		Nil	Supply at 11 kV	600/kVAh		Nil
	Supply at 33 kV	590/kVAh		Nil	Supply at 33 kV	590/kVAh		Nil
	Supply at 66 or 132 kV	580/kVAh		Nil	Supply at 66 or 132 kV	580/kVAh		Nil
	Supply at 220 kV	575/kVAh		Nil	Supply at 220 kV	575/kVAh		Nil

13	Bulk Supply (Domestic) (70 kW and above at 11 kV or above voltage)							
	For total consumption in a month not exceeding 500 units/ flat/dwelling unit (DU).	470 /kWh	Rs. 100 /kW of the recorded demand	Nil	For total consumption in a month not exceeding 500 units/ flat/dwelling unit (DU).	470 /kWh	Rs. 100 /kW of the recorded demand	Nil
	For total consumption in a month exceeding 500 units/flat/	585 /kWh			For total consumption in a month exceeding 500 units/flat/ DU.	585 /kWh		
14	Independent Hoarding / Decorative Lightning	830/kWh	180/kW	Nil	Independent Hoarding / Decorative Lightning	830/kWh	180/kW	Nil
15	Temporary Metered supply	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category			Temporary Metered supply	Energy charges 1.5 times the energy charges of relevant category for which temporary supply has been sought plus fixed charges/ MMC at normal rates of relevant consumer category		

Notes:

1. Energy charges in case of Domestic consumers are telescopic in nature up to the consumption of 800 Units / month. In case of consumption more than 800 units/month, no slab benefit shall be admissible and tariff applicable will be 675 paisa/kWh for total consumption.
2. 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.
3. Fixed charges for HT Industrial supply and Bulk Supply category are in Rs./kVA of Contract Demand. For Railways and DMRC, the fixed charges are in Rs./kVA of the billable demand.
4. 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.
5. 80% of the connected load shall be taken into account for levying fixed charges where leviable in case of LT industrial Supply. In case of LT industry above 20 kW where MDI meter is installed the fixed charges shall be Rs. 160/kW/month of recorded demand if it is in kW or 153/kVA/month of recorded demand if the same is in kVA.
6. Fixed charges for unmetered AP consumers, MITC and Lift Irrigation category are in Rs. / BHP / month.
7. Fixed charges for Bulk Supply Domestic are in Rs. / kW of the recorded demand.
8. Under Bulk Supply (Domestic) category no benefit of lower slab shall be admissible in the higher consumption slabs. Total consumption shall be charged at a single tariff depending upon the average consumption/flat/residential unit for that month.

9. In case of single point supply as per HERC (Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Commercial cum Residential Complexes of Developers) Regulations, 2013, Bulk Supply (Domestic Supply) tariff shall be applicable. A rebate of 4% in case of supply at 11 kV and 5% in case of supply at higher voltage in the energy consumption as recorded at Single Point Supply meter shall be admissible. NDS load, if any, beyond the prescribed limit as per schedule of tariff, the NDS tariff shall be applicable on monthly consumption corresponding to the NDS load as detailed in the said Regulation. The Bulk Supply (Domestic) Tariff shall apply only to the consumer categories covered by the Single Point Supply Regulations notified by the Commission
10. In addition to the tariff as above, the Discoms shall levy FSA as per HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012
11. The above tariff does not include Electricity Duty, Municipal Tax and FSA.
12. In case of Health and Educational Institutions having a total load exceeding 20 kW, these shall be treated as non-domestic category where the entire load is NDS. However if there is mixed load or there is some other category's load (other than Industrial) in the total load and if such other load exceeds 10 % of the total load then Bulk Supply tariff shall be applicable.
13. The Electricity Duty, Municipal Tax and FSA shall be charged at kWh.
14. The Schedule of tariff for supply of electricity by the Discoms shall get modified accordingly.