

RAJASTHAN ELECTRICITY REGULATORY COMMISSION, JAIPUR
Petition No. RERC 1991/2022, 1993/2022, 2001/2022

In the matter of approval of true up of Jaipur Vidyut Vitran Nigam Ltd (JVVNL), Ajmer Vidyut Vitran Nigam Ltd (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd (JdVVNL) for FY 2020-21.

Coram: **Dr. B.N. Sharma, Chairman**
Shri S.C. Dinkar, Member

Petitioners: Jaipur Vidyut Vitran Nigam Ltd. Jaipur (1991/2022)
Ajmer Vidyut Vitran Nigam Ltd. Ajmer (1993/2022)
Jodhpur Vidyut Vitran Nigam Ltd. Jodhpur (2001/2022)

Date of hearing: **22.06.2022, 23.06.2022 & 24.06.2022**

Date of Order: **14.07.2022**

ORDER

Section-1: Background

- 1.1 The three distribution companies namely, Jaipur Vidyut Vitran Nigam Ltd. (JVVNL), Ajmer Vidyut Vitran Nigam Ltd. (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL), collectively called Discoms or Petitioners had filed petitions for approval of true-up of ARR for FY 2020-21 under RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019.
- 1.2 JVVNL, AVVNL and JdVVNL filed the petition on 04.02.2022, 09.02.2022 and 22.02.2022 respectively for FY 2020-21.
- 1.3 After examining the petitions, the Commission vide letter dated 09.03.2022 for JVVNL, dated 15.03.2022 for AVVNL and dated 28.03.2022 for JdVVNL pointed out the deficiencies observed in the petitions for FY 2020-21 and the Discoms were directed to clarify along with supporting documents.

- 1.4 Further, the Commission vide letter dated 28.03.2022 pointed out additional deficiencies observed in the petition for FY 2020-21 for JVVNL & AVVNL and the Discoms were directed to clarify along with supporting documents.
- 1.5 JVVNL, AVVNL & JdVVNL on dated 13.04.2022, 26.04.2022 & 27.04.2022 respectively, submitted reply to the deficiencies indicated by the Commission.
- 1.6 JVVNL on 13.04.2022 and AVVNL on 26.04.2022, submitted reply to the additional deficiencies indicated by the Commission.
- 1.7 As per Section 64(2) of the Act, 2003 which requires that applicant should publish application filed in such abridged form and manner as may be specified by the Appropriate Commission, the Commission, on dated 28.04.2022 allowed JVVNL & AVVNL & on dated 29.04.2022 allowed JdVVNL to publish the notice in the newspapers.
- 1.8 Accordingly, public notices with salient features of the petitions, inviting comments/suggestions, were published in the following newspapers on the dates shown against each of the petitions and were also placed on the websites of the Commission and Discoms. The last date for submission of comments/ suggestions was notified as 23.05.2022, 25.05.2022 & 27.05.2022 for JVVNL, AVVNL & JdVVNL respectively:

Sr. No.	Name of Newspapers	JVVNL	AVVNL	JdVVNL
(i)	Times of India	30.04.2022	01.05.2022	-
(ii)	Danik Bhaskar	30.04.2022	-	07.05.2022
(iii)	Rajasthan Patrika	30.04.2022	30.04.2022	07.05.2022
(IV)	Danik Navjoti		30.04.2022	
(V)	Hindustan Times			07.05.2022

- 1.9 In all, 7 numbers of comments/suggestions were received from the stakeholders on JVVNL, 7 numbers on AVVNL & 6 numbers on JdVVNL for True Up petition for FY 2020-21. The list of stakeholders is enclosed at **Annexure-A**.
- 1.10 The Commission forwarded the suggestions/comments submitted by the Stakeholders to the respective Discoms for furnishing the reply.

- 1.11 The public hearing in the matter was held on 22.06.2022, 23.06.2023 and 24.06.2022 through video conferencing. The list of stakeholders who have made oral submissions during the hearing enclosed at **Annexure-B**.
- 1.12 While issuing the order the Commission has also considered the reply given by the Discoms in respect of queries of the Commission & stakeholders and oral submissions made by the Discoms & Stakeholders during the hearing and perused all the relevant records while finalizing this order.
- 1.13 As issues arising in all the petitions are common for all three Discoms and the Stakeholders have also made common submissions on all the petitions and a common hearing was held in the matter. Therefore Commission, has decided to consider all the petitions together for FY 2020-21 and dispose them through this common order.
- 1.14 Discoms prayed to approve the true up of FY 2020-21 as submitted.
- 1.15 All energy figures used in this order, unless stated otherwise, are in Million Units (MUs).
- 1.16 For the purpose of representation, figures given in the tables are shown as rounded off. However, for calculation purpose, actual figures have been considered.
- 1.17 This order has been structured in three sections as given under.
- a) Section 1 – Background.
 - b) Section2 - Stakeholders Comments/suggestions, Petitioners' response and the Commission's observations thereon.
 - c) Section 3 - True-up of ARR for FY 2020-21 of the three Discoms.

Section – 2 Stakeholders comments/suggestions, Petitioners' response and the Commission's views:

This section contains submission of the Stakeholders on various elements of true up of ARR like power purchase cost, O&M Expenses, interest cost and depreciation etc. reply of the Petitioners and the Commission's analysis thereon.

2.1 General

2.1.1 Stakeholders Comments

- 1 It was submitted that the Discoms have uploaded the copy of petition in poorly scanned images instead of machine readable text and copy of excel format were also not provided.
- 2 It was submitted that Discoms have not filed the true up petition by 30th November.
- 3 It was submitted that reply given on Commission queries by Discoms are not specifically supported by datas and figures.
- 4 It was submitted that the reasons submitted for variation in power purchase, sales and other items are not convincing, it was not understood why there is variation in ARR order and figures submitted in true up petition.

2.1.2 Petitioner's Response

1. Discoms submitted that copy of petition was uploaded in PDF and formats in excel on Discoms website and copy of petition was also provided in appropriate format separately to stakeholders who have asked for the same.
2. Discoms submitted that the ARR order for FY 2020-21 was issued on 24th November 2021, thus the true up petition was filed in February 2022.
3. Discoms submitted that they have prepared the point wise response to the queries/deficiencies as per the available data for FY 2020-21.
4. Discoms submitted that factors like sales and power purchase are uncontrollable factors and are bound to observe certain variations. Further, it was submitted that the figures as approved by the Commission in the ARR and Tariff Order for FY 2020-21 are on projection basis, based on the norms specified in the RERC Tariff Regulations, 2019 and other assumed parameters based on past trends.

2.1.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission directs that apart from uploading PDF copy of signed petition, Discoms should also upload readable PDF and excel formats in future.

2.2 Sales

2.2.1 Stakeholders Submission

1. It was submitted that information of sales for each sub-category of consumers where rebate or lower tariff is provided like traction load, Domestic, Non-Domestic, Agriculture, EV Charging, MIP and LIP have not be provided.
2. JVVNL in its petition has indicated different figures of agriculture metered supply. Clarification may be provided by JVVNL.

2.2.2 Petitioner's Response

1. Information of various categories as sought by stakeholder has been provided.
2. It was submitted that Agriculture metered category sales for FY 2020-21 is 8960 MU. JVVNL submitted that it has made revised submission regarding the Agriculture sales details for FY 2020-21.

2.2.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto and has taken an appropriate view while allowing various parameters in section-3.

2.3 Power Purchase

2.3.1 Stakeholders Comment

1. It was submitted that the power purchase cost relating to RVUNL & Rajwest should be allowed as per true-up order of these companies for FY 2020-21.
2. It was submitted that in respect of power purchase from BBMB and Chambal. The reference of the ARR order and rate of charges determined by Hon'ble CERC for above station for FY 2020-21 may be submitted by the Discoms.
3. JVVNL and JdVVNL in their petitions have mentioned one of the reason for increase in power purchase cost as "earlier paid as advance to M/s APRL has

been accounted for as expenditure during this year". No such entry has been noted in case of AVVNL. AVVNL may also clarify the position on the above issue.

4. It was submitted that when Commission has allowed levy of 5 paisa/ unit as special fuel surcharge how the power purchase cost has been stated as increased on account of payment to M/s APRL in case of JVVNL and JdVVNL. Discoms may clarify the same.
5. It was submitted that in the case of Dholpur Power Station, Commission has not determined any tariff and even no power has been generated, how the petitioners have shown energy received from this station and its cost thereof this needs to be clarified by Discoms.
6. It was submitted that cost of Banking energy may be disallowed as decided in the past.

2.3.2 Petitioner's Response

1. Discoms submitted that the details pertaining to power purchase has been filed in Format 3.1 as per the RERC Tariff Regulations, 2019.
2. Discoms submitted that they have been making payments to BBMB and Chambal plants as per the verified invoices received from RVPN.
3. AVVNL submitted that payment made to M/s APRL has been accounted for as expenditure in the accounts of FY 2019-20. Hence, it is not reflecting in the True up Petition for FY 2020-21 of AVVNL.
4. Discoms submitted that there was no additional burden due increase in power purchase cost on account of the payment to M/s APRL, as the same was allowed to be recovered from the consumers of the State in the form of Special FSA.
5. Discoms submitted that they have furnished the details of power purchase for FY 2020-21 as per the annual audited accounts.
6. Discoms submitted that Commission may take a prudent view.

2.3.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission has taken an appropriate view while

allowing power purchase cost.

2.4 Energy Balance, Transmission Losses and Charges

2.4.1 Stakeholders Submission

1. It was submitted that sales shown under each category also includes the sales of consumers within the area of franchisee which is being disallowed by the Commission and accordingly in the revised calculation of Commission actual distribution loss will increase. Thus, Commission is requested not to consider distribution losses more than 15%.
2. Discoms have failed to meet the target set for Distribution Losses and all investment made to effect reduction in Distribution Losses are not yielding results and investment made are merely burdening the consumers.
3. It was submitted that after reducing the intra state losses from the total transmission losses submitted by Discoms the balance should be considered for inter-state losses.
4. Despite of repetitive direction of separate inter and intra transmission losses, Discoms are not filing the same. Discoms should furnish the same.
5. It was submitted that Transmission charges and SLDC charges may be allowed as decided in respect of true-up petitions of FY 2020-21 of RVPNL and SLDC.

2.4.2 Petitioner's Response

1. Discoms submitted that the Commission may take a prudent view on the same considering the submissions made as per the annual audited accounts of the Discoms.
2. Discoms submitted that they recognize the importance of reducing the distribution losses in order to ensure that the state power sector remains viable. Discoms further submitted that they have already undertaken several steps and numerous measures are envisaged to be undertaken to bring down the existing loss levels. The reduced loss levels in the previous years are an indication of the thought process and line of action taken by the Discoms in this direction however, FY 2020-21 witnessed disruption due to COVID and hence the losses were higher.
3. Discoms submitted that they have furnished the total transmission losses and charges as per the Annual Audited Accounts for FY 2020-21.

2.4.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission has taken an appropriate view while computing energy balance, Transmission Losses and Charges.

2.5 Specific consumption and Flat Rate

2.5.1 Stakeholders Submission

1. It was submitted that for the purpose of computing sale of Agriculture flat consumers, AVVNL and JDVVNL have claimed specific consumption as 1945 kWh /kw/year i.e. more than decided. This has resulted excess power purchase. Further, JVVNL in its petition has claimed the specific consumption of 1332 kWh /kw/year. Therefore, the specific consumption of 1332 kWh /kw/year should be considered in place of 1945 kWh /kw/year approved in the ARR order.
2. It was submitted that information of flat rate consumers as on 01.04.2020, converted during the year and as on 31.3.2021 along with connected load may be furnished. Further, it was submitted that information of metered consumers as on 01.04.2020, new connections released, transferred from flat category and as on 31.3.2021 along with connected load may be furnished.
3. It was submitted that Commission in its order dated 24.11.2021 directed the Discoms to convert all flat rate agriculture consumers to metered category by 31.03.2022 but from the petition it is noted that flat rate agriculture consumers are still there and no trajectory even for their further reductions/conversion has also been provided by the Discoms. Thus it is non-compliance of Commission's directions, stakeholders have requested to reduce aforesaid approved specific consumption by 5%.

2.5.2 Petitioner's Response

1. Discoms submitted that the revised details of specific consumption of Agriculture consumers in FY 2020-21 have been submitted.
2. Discoms submitted that the required information regarding Agriculture consumers for FY 2020-21 has been submitted.
3. Discoms submitted that continuous efforts are being made to convert all flat rate Agriculture consumers into metered category. The Discoms officials have been engaging with various stakeholders including individual farmers, Farmer

Producers Organization (FPO), influential members of the villages and persuading them to convert to metered category.

2.5.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.6 Subsidy

2.6.1 Stakeholders Submission

1. It was submitted that there is huge difference in subsidy assessed and received.
2. Due to huge outstanding of subsidy from government neither any interest burden nor any Regulatory Assets should be passed on consumers.

2.6.2 Petitioner's Response

1. Discoms submitted that shortfall in receipt of tariff subsidy can be majorly attributed to the difference in subsidy computation method by Discoms and Finance Department, GoR. Discoms submitted that their tariff subsidy proposal for the current FY and estimates for the next FY based on the estimated sales, connected load, growth in number of consumers and tariff revision, if any. However, Finance Dept. GoR provides tariff subsidy as per actuals of previous financial year. Such provisioning on the basis of actuals of previous year does not account for the increase in number of consumers and under-projects the subsidy amount.
2. Discoms submitted that the interest burden due to shortfall of tariff subsidy has not been passed on to the consumers as the ARR for the ensuing years has been proposed on normative basis. Further, under recently launched Revamped Distribution Sector Scheme, GoR has committed to completely liquidate the outstanding subsidy amount of the Discoms by FY 2025-26.

2.6.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.7 Depreciation

2.7.1 Stakeholders Submission

1. It was submitted that Discoms may provide circle wise cost of Plant & Machinery and lines and cables and buildings added during FY 2020-21.
2. It was submitted that the opening balance of GFA and addition in capital expenditure is on higher side. Discoms may clarify the same.

2.7.2 Petitioner's Response

1. Discoms have furnished the information sought by the Stakeholders.
2. Discoms submitted that opening GFA submitted in the true up petition is same as submitted in tariff petition and increase in capital expenditure is required to meet the increased demand of consumers and augmenting the system to improve the quality and reliability of power supply.

2.7.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto and has taken an appropriate view while allowing the ARR.

2.8 O&M Cost and Terminal Benefit

2.8.1 Stakeholders Submission

1. It was submitted that so far as employee's expenses and Administration & General Expenses are concerned, the same is admissible on actual sales of Discom's own area i.e. excluding the sales of distribution franchisee area as has been being considered by the Commission in the past.
2. It was submitted that none of the Discom have provided the copy of actuarial valuation report to know the actuarial liability. Further, it was submitted that each Discom may also provide copy of certificate given by the designated fund in respect of amount deposited.
3. It was submitted that the figures submitted for terminal benefit as per petition are different from figures as given at note 28.3, 21.4 and 25.3 of Annual Audited Accounts of JVVNL, AVVNL and JdVVNL respectively, the Discoms may clarify the same.

2.8.2 Petitioner's Response

1. It was submitted that the salaries of the employees are increasing every year

and similarly all the expenses are growing due to the inflation, hence, every year, the expenses of the Discoms are bound to increase.

2. Discoms submitted that copy of actuarial valuation and copy of confirmation letter of the same received from Dy. Controller of Accounts (P&F), RRVK Trust is submitted.
3. Discoms submitted that the stakeholder is referring to wrong notes as the correct note is 28, 21 and 25 on Employee Benefit Expenses of JVVNL, AVVNL and JdVVNL respectively, which are in reconciliation with figures filed in the petition.

2.8.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission has taken an appropriate view while allowing the O&M Expenses and terminal benefit.

2.9 Insurance

2.9.1 Stakeholders Submission

1. It was submitted that Regulation 25 states that actual insurance expenses shall be allowed. Therefore, actual expenses of Rs.1.89 Crore of JVVNL, Rs. 0.95 Crore of AVVNL and Rs.1.208 Crore of JdVVNL be allowed.

2.9.2 Petitioner's Response

1. Discoms submitted that Commission may take a prudent view on the Insurance Expenses.

2.9.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.10 Interest on term Loan

2.10.1 Stakeholders Submission

1. It was submitted that interest on term loan may be allowed on the same basis as adopted in Tariff order dated 24.11.2021, which includes interest on loan taken over UDAY and as such no other additional loan is to be considered.
2. It was submitted that the interest on security deposit paid by the three Discoms is lower than the amount approved in the ARR order, Discoms may clarify

whether the same is lower on account of change in interest rate or class of consumers not fully paid.

2.10.2 Petitioner's Response

1. Discoms submitted that actual Interest on term loan as per the Annual Audited Accounts of the Discoms for FY 2020-21 have been submitted.
2. Discoms submitted that lower interest on security deposit paid is due to reduction in rate of interest which is as per actuals.

2.10.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.11 Interest on Working Capital

2.11.1 Stakeholders Submission

1. It was submitted that Interest on working capital should be allowed on normative basis.
2. It was submitted that Discoms should furnish the actual amount of increase in working capital due to covid in the first quarter of FY 2020-21 and accordingly claim the interest thereon.

2.11.2 Petitioner's Response

1. Discoms submitted that actual Interest on Working capital as per the Annual Audited Accounts of the Discoms for FY2020-21 have been submitted.
2. Discoms submitted that while calculating working capital for first quarter of FY 2020-21 due to impact of COVID they have requested to consider receivable for 3 months and the same was granted by Commission vide tariff order dated 24.11.2021. Since this is a matter of norm, the computation of actual receivables is not required.

2.11.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.12 Regulatory Assets

2.12.1 Stakeholders Submission

It was submitted that Para 8.22 of Tariff Policy states that “recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. Therefore, Regulatory Assets created prior to seven years be deleted by the Commission and for the remaining a trajectory be decided.

2.12.2 Petitioner's Response

Discoms submitted that Regulation 92 of the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 states that “Regulatory Asset shall be created only under exceptional circumstances: Provided that as and when created, the Regulatory Asset shall be amortised in such a manner that it is co-terminus with the MYT Control Period as far as possible and carrying cost shall be allowed to be added to the revenue requirement of each year till such time the Regulatory Asset is fully amortised.”

Further, Discoms submitted that the Tariff policy is just guiding principles and the State Regulations are binding provisions that need to be adhered to. In view of above, it is very much clear that the contention of the stakeholder to simply wipe off the Regulatory Assets created prior to seven years hold no merit and should not be entertained.

2.12.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.13 Interest on Loan Under LIS

2.13.1 Stakeholders Submission

It was submitted that Liquidity Infusion Scheme (LIS) were sanctioned to liquidate the outstanding power purchase payments to CPSU GENCOs/ Transcos, IPPs and RE generators (excluding state Genco and Transmission Utility). In the true up petition power purchase cost is considered on accrual basis whether payment is made or not and unfunded revenue gap is considered as regulatory assets. Thus the loan taken to meet the outstanding dues of power purchase is covered in regulatory assets on which carrying cost is allowed as such considering the interest on LIS as well as that on regulatory assets will cause duplicity of payment of interest charges. Therefore the interest on LIS should not be allowed.

2.13.2 Petitioner's Response

Discoms submitted LIS loans are Special Long Term Transitional Loan granted to the Discoms by PFC and REC to liquidate the outstanding power purchase payments to CPSU GENCOs/ Transcos, IPPs and RE generators (excluding state Genco and Transmission Utility). The loans were envisaged to help Discoms to bear the economic fallout of the unprecedented COVID-19 induced lockdown. . Ministry of Power, vide its letter dated 28.09.2021, has asked the Forum of Regulators to recommend/ advice the Hon'ble SERCs to consider the interest paid on these loans as a pass-through in tariff, as a matter of a more cost-efficient method of managing the liquidity crisis arising out of Covid-19 pandemic

2.13.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.14 Refund of ROE from RVUNL

2.14.1 Stakeholders Submission

1. It was submitted that regarding refund of ROE for FY 2020-21, Discoms have submitted that they have adjusted the same against power purchase cost. However, it may be clarified by the Discoms that such adjustment has been done from power purchase cost of RVUN and not from others.
2. It was submitted that regarding refund of ROE of FY 2019-20, Discoms have said that this has been shown as non-tariff income, this is totally incorrect. This amount should have also been adjusted against the dues of power supply cost of RVUN which will reduce the incidence of LPS/Delayed payment surcharge etc.

2.14.2 Petitioner's Response

1. Discoms submitted that as the amount pertaining to FY 2020-21 was received during the process of finalization of annual accounts for FY 2020-21, the same was adjusted from the power purchase expenses for the year.
2. Discoms submitted that as FY 2019-20 was over when the RoE refund pertaining that year was received, the same was considered as a part of other operating income in the accounts for FY 2020-21.

2.14.3 Commission's View

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

Compliance with directives issued under True up order dated 07.09.2021

The compliance with directives issued under True up order dated 07.09.2021 for FY 2019-20 have been submitted by the Discoms, which have been summarized as below

S.No	Directive	Compliance
1	Discoms should ensure that only energy and fixed charges are considered in ABR calculation and wherever difference arises the Discoms should give justification.	JVVNL: The ABR, as shown in Column 11 of Format 2.1 of the True-Up Petition for FY 2020-21 includes revenue from energy charges, fixed charges and fuel surcharge as per the Formats issued by the Commission along with the RERC Tariff Regulations, 2019. AVVNL: Direction will be adhered for ABR calculation. JdVVNL: Only the energy and fixed charges shall be considered for ABR calculation.
2	Create a separate accounting head for "revenue from use of assets" in its account, which may further be bifurcated in sub heads revenue from use of poles and revenue from use of other assets.	JVVNL: Accounting heads to the chart of accounts. "Code 62.803 for Pole Rent" and accounting head "62.811 – Revenue from use of other Assets" in the chart of accounts has been created. AVVNL: New accounting codes namely "62.952- Revenue from use of Poles" and "62.953- Revenue from use of other assets" have been created JdVVNL: New accounting code "62.362 Revenue form use of Poles" and "62.363 – Revenue from use of other Assets" has been incorporated in the chart of accounting code.

3	Furnish the circle-wise information indicating number of poles used/cable length and revenue therefrom.	JVVNL: Circle wise information of revenue from pole rental has been submitted and total rent is amounting to Rs. 13.16 Cr. for FY 2020-21 AVVNL: Circle wise information of revenue from pole rental has been submitted and total rent is amounting to Rs. 7.18 Cr. and number of poles used are 24763 . JdVVNL: Circle wise information upto Sept-21 of revenue from pole rental total amounting to Rs. 5.72 Cr. and number of poles used 31334 has been submitted.
4	Make sub-division wise assessment of poles being used for laying communication cables and other purposes and work out the likely revenue from use of these. Thereafter, likely revenue be matched with actual revenue and internal audit systems be placed to ensure proper revenue on this account.	JVVNL: Necessary directions have been imparted to circle SEs to verify location wise number of poles through Sub-divisional office before issuing approval to agencies to utilize the Discom poles on rental basis. Also, MD (Jaipur Discom), has issued an order, for recovery of pole rental charges from the agencies utilizing Discom's poles for laying of cables. The agencies utilizing Discom's poles for 4G network/broadband services shall be asked to provide details of poles in use, which shall be verified by AEN (O&M), and accordingly, recovery of the pole rental charges for actual number of poles being utilized by various agencies for the period up to 31.03.2022 shall be ensured. AVVNL: Discom collects the charges from the companies on the basis of their requests and application for using the Discom's poles for laying communication cables and any other purpose, which make it difficult for discoms to project or estimate the future usage of poles and revenue assessment. It was also submitted that Discom also directed all the circle for focusing on recovery of rent from the companies using the discoms poles. Discom has issued Comml. AJ 592 dated 17.09.2015 fixing rental charges and interest free security deposit for laying of communication cables which has been further amended vide Comml. AJ-851 dated 21.01.2022. - JdVVNL: Directions have been imparted to concerned officers to carry out sub-division wise assessment.

To improve the internal audit and revenue audit system so as to control the expenses and plug revenue leakages and create proper accounting system commensurate with information sought by the Commission.

JVVNL:

Revenue audit is being carried out through outsourced agencies since 2013 onwards to cope up the pendency of revenue audit. Presently, revenue audit for all *sub-divisions up to 2017-18 has been completed.*

Revenue audit for various sub-divisions for the year 2019-20 and 2020-21 is under progress. As such, all possible efforts are being made to complete the revenue audit in a timely manner.

Further, regarding various irregularities pointed out during audit of sub-divisions, directions to concerned have also been issued from time to time to plug in the revenue leakages.

Position of Technical and Revenue audit conducted during FY 20-21 and FY 21-22 (till November'21) is as under:

Particulars	Year	No. of sub-divisions to be audited as per plan	Audit Conducted	Undercharges pointed	Amount realized
Technical Audit	2020-21	32	36	9.80 Lacs	30.38 Lacs
	2021-22 (Up to Nov'21)	32	27	5.20 Lacs	1.25 Lacs
Revenue Audit	2020-21	101	131	1,980.31 Lacs	2,270.03 Lacs
	2021-22 (Up to Nov'21)	126	102	1,546.23 Lacs	2,605.54 Lacs

AVVNL:

In order to control expenses and plug revenue leakages, internal Audit wing is conducting Audit of Revenue subdivisions as well as expenditure audit including CLRC works in Circle offices. The details are as under:

Revenue Audit:

Revenue audit program for FY 2020-21 and FY 2019-20 (remaining sub-divisions) was issued during July 2021. At present Revenue audit is being conducted by Internal Audit Party (IAP) and by outsourcing through CA firms/Cost Accountants/Societies due to shortages of staff.

During FY 2020-21 Revenue audit in respect of 159 S/Ds was got completed and 2743.14 lacs were detected as under charges from 3494 Statement of Spot debit (SOSDs).

Expenditure Audit

		During the period 01.04.2020 to 31.03.2021, Expenditure Audit in respect of 07 circles was got completed. During the above audit, Rs. 239.21 lacs was detected as recovery. Further w.e.f. 01.04.2021 to 31.08.2021, 115 paras involving amount of 14.17 lacs were detected as recovery. Technical Audit During FY 2020-21 Technical and Safety Audit of 17 units got completed. During the audit 1655.35 lacs was detected as under charges. Further during the period 01.04.2020 to 31.03.2021 Rs 57.88 lacs were verified and cleared in 11 units. In Technical and safety audit, 14 units were audited, and 1178.22 lacs were detected as under charges during the period of 01.04.2020 to 31.03.2021. JdVVNL: The company has established and maintained adequate internal controls over the financial reporting and preparation of financial statements in accordance with accounting principles generally accepted (GAAP) in India. The Company has an Internal Control System commensurate with the size, scale, complexity of company's operations and nature of the business. The Internal Audit Manual in which scope, functioning, periodicity & methodology for conducting internal audit is prescribed is constantly being followed by the company. Internal audit parties are conducting detailed cash audit, revenue audit of all billing sections, expenditure audits of work orders issued by various wings, establishment claims, store sections & compliance of various circulars issued and other technical matters. The company's internal control system is supported by laid out systems, self-monitoring mechanism. Appropriate actions are taken by the management to correct deficiencies as they are identified. The yearly progress of Internal Audit Wing is periodically reviewed by the Audit Committee & Board of Directors.
6	Keep a separate account of interstate and intrastate transmission losses and give bifurcation while filing next true up petitions.	JVVNL: A committee has been constituted to assess the correct Inter-state and Intra –state losses of the transmission system. - AVVNL: The Discom is under process for forming a Committee inclusive of the concerned officials from JVNL, RUVNL and RVPNL. JdVVNL: The matter is under deliberation and regular discussions regarding the same are being done by the officials of JVNL, RUVNL and RVPNL.

7	To keep a record of scheme wise equity, grant and loan to be received and actually received and report the same next true up and ARR filing.	JVVNL: Presently GoR while releasing equity for various capex works to the Discom does not provide scheme wise bifurcation and only the lump sum amount is released. Office of <i>Director (Finance) Jaipur Discom, has already sent a request letter to Sr. Dy. Secretary, Energy Department, GoR to provide scheme wise equity released by GoR from FY 2016-17 to FY 2020-21</i> The Petitioner would be able to provide the desired scheme wise information of grant, equity and loan to the Commission once the breakup from GoR is made available. AVVNL: Discom is already submitting the scheme wise grant and loan details with the Petition. While in case of equity, Discom receive the equity in lumpsum amount from the Government of Rajasthan, hence it is not possible to segregate the equity between the schemes. JdVVNL: The scheme-wise equity, grant and debt are not available with the petitioner since equity and grant are not being released from the state government as per scheme-wise.										
8	Discoms are directed to account for amount of grant towards consumer contribution receivable against release of connection to certain categories from Govt. or any other state or central scheme under separate head of account from FY 2021-22 onwards.	JVVNL: Separate accounting codes have been inserted in the Chart of Accounts for FY 2020-21. The details of which is as under: <table><tr><th>Code</th><th>Description</th></tr><tr><td>55.106</td><td>Grant for Consumer Contribution</td></tr><tr><td>55.501</td><td>Deferred Grant for Consumer Contribution</td></tr><tr><td>28.601</td><td>Grant receivable from Govt. towards Consumer Contribution</td></tr><tr><td>64.501</td><td>Deferred Revenue-Grant for Consumer Contribution</td></tr></table>	Code	Description	55.106	Grant for Consumer Contribution	55.501	Deferred Grant for Consumer Contribution	28.601	Grant receivable from Govt. towards Consumer Contribution	64.501	Deferred Revenue-Grant for Consumer Contribution
Code	Description											
55.106	Grant for Consumer Contribution											
55.501	Deferred Grant for Consumer Contribution											
28.601	Grant receivable from Govt. towards Consumer Contribution											
64.501	Deferred Revenue-Grant for Consumer Contribution											

		AVVNL: Liability to be discharged by the government or to be paid by the government such as tariff subsidy and capital subsidy is accounted for in the annual accounts of the Discom. JdVVNL: The Discom submits that the amount of grant towards consumer contribution receivable against release of connection to certain categories from govt. or any other Central scheme is already booked in separate account head under Account code 64.422 under CCSL head.
9	Discom should furnish the complete up to date Asset Register for all circles in CD along with hard copy with executive summary duly reconciled with audited accounts showing details required as per RERC Tariff Regulations	JVVNL: Fixed Assets Register (FAR), as on 31.03.2021 has been submitted. MD (Jaipur Discom) has issued an order imparting strict directions to all Zonal Chief Engineers and Superintending Engineers to ensure completion of voltage wise (33kV, 11kV, 220/440 volt) assets register for the assets created till date which should be regularly updated Also, CAO (FM-W&M), Jaipur Discoms has been made the nodal officer in overall monitoring of maintaining assets register under the supervision of Director (Technical), Jaipur Discom. Also, directions have been imparted that all such records shall be digitized as required by the Commission as well. Further, possibilities are also being explored to hire the services of third-party agencies for digitization of Discom's assets.

		AVVNL : Discom has submitted the Fixed Assets Registers of all the accounting units upto 31.03.2020. Further, FAR for FY 2020-21 is under progress. It was also submitted that preparing fixed asset register is a cumbersome task and requires time to complete the processes which includes the physical verification of the assets, noting all the details of the assets, determination of historical as well as present cost of assets, etc. Further, owing to the complexity of the business, the assets owned by the Discoms also vary and include land, Buildings, Plant and Machinery, Power Distribution System of electrical network of 33KV lines, 11KV lines, Low Tension lines, Sub-Stations, Vehicles, Furniture & Fixtures and Office Equipment distributed across the huge geographic area of the company JdVVNL: Fixed Assets Register of all circles upto FY-2020-21 is submitted.
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Commission view:

The Commission has noted the compliance and has taken appropriate view while allowing the truing of ARR. As the Commission is separately issuing order on ARR and Tariff petition for FY 2022-23 and shall impart further necessary directions in the order for ARR and Tariff for FY 2022-23.

Section -3: Analysis of True Up of Discoms for FY 2020-21

3.1 Discoms have submitted petitions for truing up of ARR on the basis of audited accounts as follows:

- (i) JdVVNL – FY 2020-21
- (ii) JVVNL –FY 2020-21
- (iii) AVVNL –FY 2020-21

Analysis of True Up of ARR for FY 2020-21– JdVVNL

Sale of Energy

3.2 The Discom has indicated total sale of 21794.12 MU including 1300.97 MU sales to flat rate category. It has been observed that at the beginning of the year, connected load of flat rate consumers was 658010 kW and after taking into account conversion of flat rate consumers to metered category the closing connected load became 668881 kW and considering specific consumption 1945 kWh/kW/year. While issuing the ARR order dated 24.11.2021, the Commission has viewed the non conversion of flat rate consumer seriously and due to non submission of any reliable study report regarding assessment of specific consumption, the Commission has considered the reduced specific consumption of flat rate sales for FY 2020-21 in case of AVVNL & JdVVNL, based on the data submitted by Discom Commission has reduced the Specific consumption for AVVNL and JdVVNL to 1707 kWh/kW/year and 1741 kWh/kW/year respectively whereas for JVVNL it was kept at 1945 kWh/kW/year for flat rate consumers.

3.3 In this matter stakeholders have also requested to reduce aforesaid approved specific consumption by 5%. However, this time Commission has not made any further reduction in specific consumption, as Commission has already considered the specific consumption on lower side from 1945 kWh/kw/yr for JdVVNL and AVVNL. However, in future year the Commission may consider further reduction on this account.

3.4 Accordingly, Commission has worked out the sales on the basis of average connected load of 663446 kW and by considering the actual specific consumption of i.e. 1740 kWh/kW/year as per actuals during of FY 2020-21, the sales to flat rate category shall be 1154.40 MU. Therefore, the Commission disallowed extra 146.58 MU sale to flat rate category.

- 3.5 The Commission has noted that it has prescribed the target losses in its ARR Order based on sales to end consumers and any consideration of sales to franchisee at input level will show reduction in losses whereas revenue accounted by the Discom already stands reduced due to lower rate at input level. As the franchisee is acting on behalf of the licensee, the Discom should ensure that franchisee also functions in an efficient manner and also make adequate investment so that impact of working of franchisee should be reflected in overall efficiency improvement and Discoms are able to achieve target loss level based on end consumer sale.
- 3.6 It is further observed that the above sale is inclusive of sale of power of 756.33 MUs to the Distribution Franchisee (DF). Whereas DF has sold 654.51 MUs to the end consumer. In accordance with view taken in previous true-up order, Commission for the purpose of calculating distribution losses accepts the sales of energy to end consumer only i.e. 21545.72 MUs. Keeping in view allowed sales of 21545.72 MUs, the distribution loss comes out to be 23.34% as against 22.46% indicated by the Discom.

Power Purchase Cost

- 3.7 Power purchase cost approved by Commission for FY 2020-21 was Rs. 12217 Crore vide ARR order dated 24.11.2021. For the purpose of truing up, JdVVNL has claimed Rs. 14474.51 Crore as power purchase cost (including Short Term Power Purchases, Transmission & SLDC charges and Refund of ROE from RVUN of FY 2020-21).
- 3.8 The Discom petitioned that it has purchased 30266.27 MUs out of which it has sold 449.71 MUs through exchange.
- 3.9 Details of power purchase cost as submitted by Discom is given in table below:

Table 1: Power Purchase Cost submitted by JdVVNL for FY 2020-2021

Sr. No.	Particulars	Units (MU)	Amount (In Crore)	Average Rate
	<u>Energy petitioned by Discom</u>			
1	Total Energy Purchased by Discom (A)	30266.27	12734.97	4.21
2	Less: Purchase From Short term and unapproved sources (B)	1713.33	645.64	3.77
3	Balance Energy from approved Sources C= (A-B)	28552.94	12089.33	4.23
4	Add: Transmission and SLDC charges (D)		1739.53	
5	Total Power Purchase Cost claimed (A+D)		14474.51	

3.10 The Discom submitted it has achieved distribution Losses target of 22.46% as against a target of 15%.

3.11 The Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses and sales in accordance with approved methodology.

3.12 The Discom has furnished total transmission losses (inter and intra state) in MUs terms without bifurcation into interstate and Intra state transmission losses. Despite direction of Commission, Discoms have not furnished the breakup of Transmission losses into intra state and interstate Losses hence Commission has considered the intra state losses as 3.33% based on RVPN True up order for FY 2020-21 and Inter State Losses based on 52 weeks Average Losses of Northern and Eastern Region and remaining interstate losses have been disallowed. While computing the inter state losses, the Commission has considered losses as per information available for weekly losses on NRLDC website. Northern region losses of 2.82% has been considered on Central power station located outside state and 2.49% losses have been considered on Central power station located within state. Whereas for power stations from eastern region, additional losses of 2.40% have been applied and then Northern Region losses have been applied to such stations.

3.13 Accordingly Inter State losses have been worked out as 303.33 MUs. Discoms are again directed to keep a separate account of interstate and intrastate losses and give bifurcation while filing next true up petitions.

3.14 Details of gross energy requirement worked out on the basis of sales and losses as indicated in foregoing para is given in the table below:

Table 2: Gross Energy Requirement of JdVVNL for FY 2020-21 (MUs)

Sr. No.	Particulars	Approved as per Order Dated 24.11.2021	Actual/Audited	Restated Level	Normative Calculation
1	Gross Energy Requirement	26490	30266.27	30266.27	26974.12
2	Less:- Sale Through Exchange	0	449.71	449.71	449.71
3	Net Energy Requirement	26490	29816.55	29816.55	26524.40
4	Inter State Transmission Loss (MU)	300	743.22	743.22	303.33
5	Energy Availability at RVPN (MU)	26190	29073.33	29073.33	26221.07
6	Intra State Transmission Loss(%)	3.33%	3.33%	3.33%	3.33%

7	Intra State Transmission Loss(MU)	872	968.14	968.14	873.16
8	Energy Requirement at Distribution Periphery (MU)	25318	28105.19	28105.19	25347.91
9	Distribution Loss (%)	15.00%	22.46%	23.34%	15.00%
10	Distribution Loss (MUs)	3798	6311.07	6559.47	3802.19
11	Energy Sales (MUs)	21520	21794.12	21545.72	21545.72

3.15 It is observed that the Discom has purchased 3292.15 MUs in excess due to increase in distribution loss over the target given by the Commission, consideration of sale of power to DF, higher specific consumption and high transmission losses.

3.16 As per Regulation 75(5) of RERC Tariff Regulations, 2019, the losses on account of distribution licensees' failure to achieve the target set by the Commission be shared in the ratio of 50:50 between the distribution licensee & consumers.

3.17 It is further noted that during previous years and in the year under consideration, Discoms have made substantial investment in various loss reduction schemes with an objective of reduction of losses but still losses of Discoms are not as per trajectory set by the Commission vide its earlier tariff orders. Discoms are not able to bring in requisite improvement in metering, billing & collection activities etc. In Commission's View, the consumers should not be burdened on account of continuous non achievement of targets by Discoms despite every year being allowed requisite investment. Therefore, the Commission has decided not to allow sharing on account of failure to achieve the targeted losses as done in the earlier orders and Discoms shall have to bear the burden of excess losses and meet the same in future years by improving their working.

3.18 Accordingly, the Commission allows energy requirement of 26974.12 MUs only based on targeted losses.

3.19 Discom has submitted the total power purchase cost of Rs. 12734.97 Crore including the provision for banking of Rs. (7.24) Crore. In view of decision taken in the previous True-up orders, the Commission has not considered the provision for banking cost of Rs. (7.24) Crore as banking has been considered as cost neutral and only considered the transaction cost.

3.20 It is observed that in power purchase format, Discom has shown service charges to RUVNL of Rs. 8.76 Crore. Therefore following the last year's order

approach, the Commission has not considered the service charges to RUVNL, these are to be met by Discom from O&M expenses. Accordingly, the Commission has considered the total power purchase cost of Rs. 12733.46 Crore.

3.21 The Discom has submitted that the significant increase in power purchase cost is due to the payment made to M/s Adani Power Rajasthan Limited (APRL) by the Discom pursuant to the Hon'ble Supreme Court decision. Further, in view of the opinion received from Advocate General, GoR in reference to Hon'ble Supreme Court order dated 31.08.2020 and 02.03.2021, the Board of Directors of RUVNL in the meeting held on dated 25.06.2021 was of the view that scope for any further legal remedy does not exist now. After deliberations, the Board resolved to take all necessary action to comply with Hon'ble Supreme Court order dated 31.08.2020 and 02.03.2021. Therefore, Board of RUVNL has constituted the committee(s) for calculating the financial impact. The report of aforesaid committee(s) was awaited up to finalization of Annual Accounts of FY 2020-21. In the absence of reliable estimate as on Balance Sheet date, the amount of advance already paid to M/s APRL of Rs 805.36 Cr has been accounted for as expenditure during the year.

3.22 In view of above payment to M/s APRL, it is observed that the Discom on one side has booked the power purchase cost and on other side has also booked the recovery of special fuel surcharge allowed by the Commission vide its order dated 13.06.2019 as revenue under profit & loss account respectively.

3.23 The scope of current exercise is restricted to true up of FY 2020-21 and its subsequent impact will be seen in True up of future years.

3.24 Details of power purchase cost as approved by the Commission is given in table below:

Table 3: Power Purchase Cost of JdVVNL as approved for FY2020-21(Rs. In Crore)

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	<u>Energy approved by Commission:</u>			
1	Total Energy Purchased by Discom (A)	30266.27	12733.46	4.21
2	Less: Disallowed short term and unapproved sources (B)	1713.33	645.64	3.77
3	Total Energy from approved sources (C=A-B)	28552.94	12087.82	4.23

4	Less: Disallowed approved sources (D)	1578.83	668.39	4.23
5	Power Purchase Cost Allowed E=(A-B-D)	26974.12	11419.42	
6	Add: Transmission and SLDC charges (F)		1739.53	
7	Total Power Purchase Cost allowed G=(E+F)		13158.96	

3.25 It is observed that during FY 2020-21, Discom has shown the power purchase cost from DCCPP. As the Commission has not determined the Tariff for DCCPP for FY 2020-21 therefore, while disallowing the excess purchase of 3292.15 MUs by Discom the Commission has considered the power purchase of 1713.33 MUs from short term sources (UI, Exchange and Other) & DCCPP and rest 1578.83 MUs from long term sources at average power purchase rate.

3.26 Discom has submitted Rs. 1739.53 Crore as Transmission and SLDC charges which have been allowed as per Discom Submission by the Commission. Accordingly, the total power purchase cost including transmission and SLDC charges and Refund of ROE from RVUN for FY 2020-21 is Rs. 13158.96 Crore.

Operations and Maintenance (O&M) Expenses

3.27 The O&M expenses approved by the Commission for FY 2020-21 vide Tariff order dated 24.11.2021 were Rs.1628 Crore including terminal benefit liability of Rs. 555 Crore. For the purpose of true up, JdVVNL has claimed Rs. 1346.13 Crore as O&M expenses (including terminal benefits based on actuarial valuation of Rs. 542.57 Crore).

3.28 Regulation 82 of RERC (Terms & Conditions of Determination of Tariff) Regulations, 2019 provides for O&M expenses for the first year of the Control Period(i.e., FY 2019-20) as under:

a) Employees expenses: Rs. 0.48/ per unit of sale

b) A&G Expenses: Rs. 0.065/ per unit of sale

c) R&M Expenses: $R\&M \text{ Expenses for each year (n) of Control Period: } k \times GFA_{n-1} \times (1+ER)$

Where,

'k' is a constant (expressed in %) governing the relationship between R&M expenses and Gross Fixed Assets (GFA) for the (n-1)th year and shall be considered as 1.2%;

'GFA' is the average value of the Gross Fixed Assets of the (n-1)th year;

'ER' means the escalation rate as specified in Regulation 24;

'n' is the year for which R&M expenses is to be determined.

3.29 Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2019-20) under these Regulations shall be escalated at the rate of 3.63% per annum for each year of the Control Period.

3.30 Capitalization of O&M expenses has been considered as per actual percentage submitted by Discoms.

3.31 As the O&M expenses of distribution area of DF are borne by the distribution franchisee (DF), therefore the normative O&M expenses have been calculated by duly deducting the sales of distribution franchisee from the total sales

3.32 Details of normative O&M expenses as allowed are given in table below:

Table 4: O&M Expenses of JdVVNL for FY 2020-21

(Rs. in Crore)

Sr. No.	Particular	Amount
1	Energy Sales approved by Commission excluding sales by DF (in MU)	20891.21
2	Normative Employee cost for FY 2020-21 (Rs. 0.497/unit)	1039.18
3	Normative A &G expenses (Rs. 0.067/unit)	140.72
4	Normative R&M expenses $\{K \times \text{Avg. GFA}(n-1) \times (1+ER)\}$	126.00
5	Less: Proportionate Employee Cost Capitalized	162.89
6	Less: Proportionate A &G cost capitalized (A&G)	41.04
7	Total O&M Expenses Allowed after True Up	1101.97

Terminal Benefit

3.33 The Commission had approved Rs. 555 Crore towards terminal benefit liability vide its tariff order dated 24.11.2021. JdVVNL submitted that they have deposited a sum of Rs. 406 Crore towards terminal benefit liability to designated trust. Accordingly, as per the practice followed by the Commission in earlier True Up orders, the terminal benefit liability to the extent of actual amount of Rs. 406 Crore deposited by the JdVVNL has been considered.

3.34 It has been observed over the period that Discom's actual deposition towards terminal benefit is on lower side against the approved in ARR order. Commission shows its concern regarding non funding of terminal benefit appropriately and advises the top management of Discom & State Government to ensure appropriate funding towards terminal benefit liability so as to meet the liability of the Discom on this account.

Depreciation

3.35 The depreciation approved by Commission for FY 2020-21 was Rs. 565 Crore vide Tariff order dated 24.11.2021 whereas the Discom has claimed Rs. 928.15 Crore as depreciation.

3.36 It is observed that Rs. 581.41 Crore has been shown towards terminal benefit expenses and out of total employee cost capitalization of Rs. 142.39 Crore, the proportionate terminal benefit capitalization is Rs. 38.84 Crore. The Discom must have added the aforesaid terminal benefit capitalization to assets addition during FY 2020-21. As the Commission in above paras has already considered the terminal benefit without capitalization, therefore, the Commission has deducted the capitalization of terminal benefit from the assets addition during FY 2020-21.

3.37 The Commission has worked out Depreciation as under:

- a) The closing balance of depreciable assets for the previous year approved by the Commission in the true up order for FY 2019-20 has been considered as the opening balance for FY 2020-21. The same has been reduced by amount of assets deduction as per audited accounts.
- b) Addition to capitalization for current year has been considered as per audited accounts after below mention adjustment.
- c) The Capitalization towards terminal benefit has been considered as per Discom submission.
- d) Consumer Contribution has been considered based on Audited Accounts and Grants have been considered as discussed below.
- e) The average depreciation rate as per Annual Audited Accounts has been considered for FY 2020-21.

3.38 **Grant under DDUGJY, R-APDRP, IPDS and Saubhagya:** Discom has consistently been asked to submit detail of scheme wise equity, grant and loans. Commission is allowing the investment under central sponsored schemes, and as per the provision of these scheme, Discom is also expected to meet the desired targets and efficiency level. The purpose of the direction of the Commission was to ensure efficiency of investment and to ensure that the Discom has performed according to the targets of that scheme and its impact is not passed on the consumer by way of non receipt of grant. It is brought to the notice of Commission that Discoms are not able to get the full grant as envisaged under various schemes. It is observed that during FY 2020-21, under central sponsored scheme such as DDUGJY, R-APDRP, IPDS and Saubhagya scheme JVVNL has incurred Rs. 135.67 Crore, Discom has indicated Rs. 56.26 Crore as grants towards such works, whereas as per audited accounts of Discom Rs. 50.27 Crore has been shown as grant received during FY 2020-21. Thus the difference of grant ought to be received and actually received has been considered as notional grant by the Commission. Accordingly, additional grant considered by the Commission is Rs. 5.99 Crore.

3.39 In this regard the Commission would like to note that it relies upon the information furnished by the Discom and audited accounts furnished by it. In absence of proper information of scheme wise grant, loan and equity, Commission is not able to assess the quantum of interest burden due to non receipt of grant, is to be passed on in the ARR. It is made clear that the Commission will not pass on the interest burden to consumers for the additional borrowings taken against the shortfall in the grant/equity to be received as per funding pattern approved in Schemes.

3.40 **Grant on release of New Agriculture Connection under RE Works:** It is observed that during FY 2020-21, Discom has indicated release of 17723 Nos. of new agriculture connections. During last year true up exercise it was brought to the notice of Commission that 50% of difference between actual expenditure incurred on release of new connection and amount deposited by consumer shall be given by GoR to Discom. The Discom has submitted that 50% of difference amount is provided by the GoR as equity. In this context the Commission in the last order has already clarified that the Commission has considered it as a grant as it is a part of consumer contribution which would have to be borne by consumer, if Government had not provided aforesaid 50% grant support

- 3.41 The Commission as per post hearing submission of Discom has considered average expenses of Rs. 325000 per connection and consumer contribution of Rs. 50000 per connection. The 50% of the difference of per connection expenses and consumer contribution of the above shall be Rs. 137500 per connection. Based on this the total grant from government towards release of 17723 new agriculture connections during the year is worked out to be Rs. 243.69 Crore.
- 3.42 The Commission has considered this amount as additional grant, Discom may obtain this amount from the State Government.
- 3.43 Accordingly, the Commission has worked out the figure of grant on normative basis, in case of any discrepancy; Discom may come with actual figure of applicable grant and request to recalculate the impact of grant during next true up petition.
- 3.44 Discoms are required to indicate any liability to be discharged by government or to be paid by government such as tariff subsidy, capital subsidy, grants towards consumer contribution, any liability arising due to government directives and policy directives etc, as receivable in their audited accounts separately. The Commission finds that amount of grant towards consumer contribution receivable against release of agriculture connection, has not been accounted for. In view of above, Commission in the last year True up order directed Discoms to account for amount of grant towards consumer contribution receivable against release of connection to certain categories from Govt. or any other state or central scheme under separate head of account from FY 2021-22 onwards. Further, if Discoms raise any loan due to non payment of subsidy/grant by government, the interest liability on such loan shall not be passed on to the consumer of the State. Discoms should comply with same
- 3.45 **Fixed Assets Register (FAR):** With regard to FAR, Discom has submitted the Fixed Assets Registers up to 31.03.2020 of 4 circles and Fixed Assets Registers up to FY-19 of all eleven circles are furnished. Further, in the data gap reply Discom has submitted FAR for all circles up to 31.03.2021. However it has been observed that Discom has not complied completely with Commission directives.

3.46 With regard to depreciation, Regulation 22 (4) of RERC Tariff Regulations, 2019 provides that:

"(4) Depreciation shall be calculated annually based on Straight Line Method (SLM) and at rates specified in Annexure-I to these Regulations for the assets of the Generating Station, transmission system and distribution system

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets."

3.47 Further, with regard to Fixed assets, Regulation 86 (2) of RERC Tariff Regulations, 2019 provides that:

"(2) Wheeling charges so worked out shall be apportioned supply voltage-wise on the basis of fixed asset at each voltage level, as submitted by the Distribution Licensee:"

3.48 From the reading of above Regulation and the submission of Discom, the Commission observed that information of rate of depreciation has not been provided by Discom. Further the information of voltage wise assets, the reconciliation of same with scheme wise capitalization and spreading of depreciation over the useful life of the assets after a period of 12 years from date of commercial operation have not been provided. The petitioners have not submitted the information of fixed assets register to the full satisfaction of Commission.

3.49 In previous true up order, Commission has disallowed 10% of depreciation on account of non compliance of Commission directives for preparation of Fixed Assets Register.

3.50 Discom should furnish the complete upto date Asset Register for all circles with executive summary duly reconciled with audited accounts showing details required as per RERC Tariff Regulations, 2019. Further as per Commission Order dated 24.05.2022 in the matter of review petition of Discoms, the Commission has also directed Discoms to place the Fixed Assets Register on the Website of the Discoms.

3.51 In view of above, the Commission this year has also reduced the approved depreciation for FY 2020-21 by 10% and directs the Discoms to furnish the

Fixed Assets Register indicating information as required under the Regulations and scheme wise information of debt, equity, grant with the next year tariff/true up petition. On furnishing the Fixed Assets Register as above and scheme wise information of debt, equity, grant to the satisfaction of Commission, Discoms may request to consider to allow the aforesaid disallowed depreciation.

3.52 Details of depreciation charges allowed for FY 2020-21 are given in table below:

Table 5: Depreciation charges of JdVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particular	Amount
1	Depreciable assets at the beginning of the year (closing balance of True up FY 2019-20)	10786.00
2	Less: Deductions as per audited accounts	65.71
3	Capitalization during the year	1420.36
4	Less Capitalization towards terminal benefit	38.84
5	Less: Capital Outlay financed by Consumer Contribution and grant	685.15
6	Depreciable assets added during the year (3-4-5)	696.36
7	Closing balance of GFA (1-2+6)	11416.65
8	Average depreciable assets during the year	11101.33
9	Average depreciation rate	5.23%
10	Depreciation Allowed after True UP	580.37
11	Approved Depreciation after reduction of 10% due to non submission of fixed assets register as detailed in foregoing paras	522.34

Interest and Finance Charges and Interest on Working Capital

3.53 The interest & finance charges approved by Commission for FY 2020-21 were Rs. 2656 Crore including interest on working capital as per the ARR order dated 24.11.2021. For the purpose of true up, JdVVNL has claimed Rs. 3193.58 Crore as interest and finance charges including interest on working capital.

3.54 Stakeholders requested for disallowance of interest charges on the investment made by Discoms as they have failed to curtail the losses. Commission has considered the issue and finds that the investments are made not only for reduction of losses but also made for various other purposes, viz., system strengthening/ augmentation and improvement, consumer servicing, institutional strengthening, supply to consumers, power evacuation, meeting future load growth and strategic important schemes.

The Discoms are also duty bound to develop and maintain an efficient, coordinated, and economical distribution system in their area of supply and also have a duty to supply on request as laid down in Electricity Act, 2003. Moreover, looking to the vast network and efforts to make electricity available to all, necessary investments have to be made. As far as the non achievement of target of reduction in losses is concerned, the Commission has already disallowed excess power purchase cost and sharing of distribution losses as discussed in foregoing paras. As such, the Commission accepts the capitalization as per audited accounts of Discom.

3.55 The interest and finance charges have been worked out by considering the following:

- a) The closing balance of long term loans for previous year approved by the Commission in its True up order for FY 2019-20 has been considered as opening balance of long term loans for FY 2020-21.
- b) Equity and consumer contribution have been considered on the basis of actual as per audited accounts. Grants have been considered as discussed in preceding paras.
- c) Addition to long term loans during the year has been worked out by reducing the total capitalization by the amount of consumer Contribution, capital grants and equity received during the year and capitalization towards terminal benefit.
- d) Repayment has been treated equal to the depreciation allowed for FY 2020-21.
- e) Interest rate has been worked out as per Regulation 21 (5) of RERC Tariff Regulations, 2019 based on the information of term loan submitted by the Discom.
- f) Finance charges and interest on security deposit of consumers are allowed as per actual. The Commission has not considered the delayed payment charges of power purchase and penalty on statutory dues.

3.56 With regard to Unfunded Gap, in the last true up order for FY 2019-20, the Commission has approved the unfunded gap of Rs. 17389.43 till 31.03.2020.

the Discom has also claimed interest on UDAY loan for FY 2019-20 which has been allowed by the Commission in its order dated 06.02.2020. The Commission has computed the interest on aforesaid amount and interest on UDAY Loan for FY 2019-20.

3.57 Commission has allowed interest and finance charges as per the methodology explained in the above Para. The details are given in table below:

Table 6: Interest and Finance Charges of JdVVNL for FY 2020-21 (Rs. in Crore)

Sr. No	Particular	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of True up FY 2019-20)	4099.30
2	Add: Capitalization during the year	1420.36
3	Less: Capital Outlay financed by Equity	148.97
4	Less: Capital Outlay financed by Consumer Contribution and grant	685.15
5	Less Capitalization towards terminal benefit	38.84
6	Addition to LTL for Capital Outlay {2-(3+4+5)}	547.39
7	Less: Repayments equal to depreciation	580.37
8	Closing balance of LTL (1+6-7)	4066.32
9	Average LTL	4082.81
10	Add: Revenue Gap recognized for previous year after loan taken over under UDAY	17389.43
11	Add: Interest on UDAY Loan FY 2019-20	488.00
12	Total Long Term Loan Balance to be considered for allowing interest for FY 2020-21 (9+10+11)	21960.24
13	Average Interest rate of LTL	10.95%
14	Interest Charges on LTL and revenue gap	2403.77
15	Interest on security deposit from consumers - As per actual	33.89
16	Finance Charges-As per actual	183.12
17	Total Interest and Finance Charges Allowed after True UP (14+15+16)	2620.78

Interest on working capital

3.58 The Commission has approved the interest on working capital on normative basis as per Regulation 27 of RERC Tariff Regulations, 2019. In accordance with Regulation 27 of RERC Tariff Regulations, 2019, for the calculation of gain or loss on account of variation in interest rate, the Commission has considered the difference on account of interest rate submitted by Discom and normative interest rate allowed by the Commission. The details are given below:

- a) O&M expenses as approved for FY 2020-21 have been considered for the purpose of calculation of working capital requirement.

- b) Maintenance spares have been considered @15% of operation and maintenance expenses specified in Regulation 82.
- c) Receivables have been considered based on the ARR after the true up of FY 2020-21.
- d) Amount of security deposit as per audited accounts has been taken.
- e) The normative rate of interest on working capital has been taken as 300 basis points higher than the average Base Rate (1 year MCLR) of State Bank of India prevalent during first six months of the year previous to the relevant year.
- f) Apart from above working capital requirement, Discom submitted that due to the relief of deferral in payments of bills and rebate on payment of bills till 30th June 2020, there shall be a working capital crunch for the first three months in FY 2020-21 (from April to June). The normative working capital amount shall not be sufficient to cater to the needs of the Discom, especially for the first quarter of FY 2020-21 in which the impact of economic slowdown due to COVID is severe. Discom has taken the working capital requirement for the first quarter of FY2020-21 as 3 months of receivables in place of normative 1.5 months of receivables. For the rest of the year (July 2020 to March 2021), the working capital requirement as per norms is considered. The Commission has considered the above submission of Discoms and based on methodology adopted in the ARR order dated 24.11.2021 for FY 2020-21 has worked out the additional working requirement for April-June 2020.

3.59 Details of Interest on working capital are given in table below.

Table 7: Interest on Working Capital of JdVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	91.83	91.83
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 82;	165.30	165.30
3	Receivables as per above para (With Covid Relief)	2897.66	2897.66
4	Less: Security deposit from consumers	747.19	747.19
5	Total working capital requirement(1+2+3-4)	2407.60	2407.60
6	Rate of Interest	11.39%	10.44%

7	Interest on working capital allowed after true-up	274.12	251.39
8	Less : 50% gain arising from variation in Interest rate as per regulation 27 of RERC, 2019	11.37	
9	Net Interest on working capital	262.76	

3.60 It may be seen that gain on account of variation in interest rate is Rs. 22.74 Crore. As per Regulation 27 of RERC Tariff Regulations, 2019 50% of such gain is to be passed on as a rebate in tariff and the licensee is allowed to retain only 50% of such gain. Accordingly, 50% of the gain has been reduced from the amount of interest on working capital worked out on the basis of normative interest rate.

3.61 **Interest paid under LIS** Discoms submitted that in order to come out of the economic fallout of the unprecedented COVID-19 induced lockdowns, Govt announced special economic package called Liquidity Infusion Scheme (LIS) to the tune of Rs. 90,000 Crore, which was to be provided through Special Long Term Transitional Loan to the Discoms by PFC and REC. These loans were sanctioned to liquidate the outstanding power purchase payments to CPSU GENCOs/ Transcos, IPPs and RE generators (excluding state Genco and Transmission Utility) as on 31st March, 2020 in the first phase. Afterwards the above threshold timeline of 31st March was extended and up to June 2020 (Phase-II).

3.62 Detail of loan Sanctioned and Disburse to three discoms of Rajasthan is under:

Sanction and Disbursement details under LIS (Rs in Crore)				
	Jaipur	Ajmer	Jodhpur	Total
Loans sanctioned under LIS (Phase – I)	1028.00	1051.76	1983.56	4063.32
Loans disbursed under LIS (Phase – I)	514.00	525.88	991.78	2031.66
Loans sanctioned under LIS (Phase – II)	564.38	435.78	1510.74	2510.90

3.63 JdVVNL submitted that it has received a loan of Rs 991.78 Crore during FY 2020-21 under Phase-I of the scheme for which the Discom has paid interest of Rs 51.69 Crore. Discoms further submitted that Ministry of Power, vide its letter dated 28.09.2021, has asked the Forum of Regulators to recommend/ advice the SERCs to consider the interest paid on these loans

as a pass-through in tariff, as a matter of a more cost-efficient method of managing the liquidity crisis arising out of Covid-19 pandemic.

3.64 Stakeholder submitted that LIS were sanctioned to liquidate the outstanding power purchase payments to CPSU GENCOs/ Transcos, IPPs and RE generators (excluding state Genco and Transmission Utility). In the true up petition power purchase cost is considered on accrual basis whether payment is made or not and unfunded revenue gap is considered as regulatory assets. Thus the loan taken to meet the outstanding dues of power purchase is covered in regulatory assets on which carrying cost is allowed as such considering the interest on LIS as well as that on regulatory assets will cause duplicity of payment of interest charges. Therefore, the interest on LIS should not be allowed. In view of the above submission of Stakeholder the Commission has not considered the interest claim of Discom under LIS scheme separately.

Interest on Uday Loan FY 2019-20 and FY 2020-21

3.65 The Discom has claimed the interest on UDAY loan for FY 2019-20 and FY 2020-21 of Rs. 488 Crore for each year as approved by the Commission in the ARR and Tariff Order for FY 2019-20. The Commission has considered the same as claimed by the Discom.

Prior Period Expenses

3.66 JdVVNL has claimed prior period expenses of Rs. 12.39 Crore. The details of prior period expenses as per audited accounts are as follows:

Particulars	(Rs. in Crore)	
	For the year ended 31.03.2021	
Prior period expenses/loss:		
Short Provisions for Power purchase in previous year		(2.64)
Employees cost relating to previous year	7.14	
Int.& other finance charges relating to previous year	4.60	
Operating Expenses relating to previous year	1.14	
Capitalization of Employee Cost (Prior period)	0	
Administrative & general expenses	2.16	15.04
Total		12.39

- 3.67 While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, interest and finance cost as per Tariff Regulations. Hence, expenses of Rs. 15.04 Crore on account of above expenses as shown in JdVVNL audited accounts have not been considered as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2019-20 as per the norms specified in the Tariff Regulations.
- 3.68 The Discom has furnished the item wise details of prior period expenses relating to power purchase. On perusal of information furnished by Discom towards prior period expense of power purchase of Rs. (2.64) Crore, it has been observed that these prior period expenses include:
- a) Amount of Rs. (1.65) Crore. is due to expenditure to be reduced of UPPCL in previous year, which is allowed by the Commission.
 - b) Amount of Rs. (0.55) Crore. is due to expenditure to be reduced of NRLDC POSOCO in previous year, which is allowed by the Commission.
 - c) Amount of Rs. (0.47) Crore. is due to IREDA incentive –AG POM 4, which is allowed by the Commission.
 - d) Amount of Rs. 0.02 Crore. is due to MPPCL adjustment of last year, which is allowed by the Commission.
 - e) SLDC ICT of 18-19 adjusted of Rs. 0.007 Crore, which is allowed by the Commission.
- 3.69 Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. (2.64) Crore against the JdVVNL claim of prior period expenses of Rs. 12.39 Crore.

Insurance Expenses

- 3.70 As per regulation 25 of RERC Tariff Regulations, 2019 actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the insurance charges of Rs. 1.20 Crore claimed by the Discom

Other Debits:

- 3.71 JdVVNL has claimed other debits of Rs. 89.04 Crore. It has been observed that the major item of other debits is the provision for bad and doubtful debts of Rs. 84.71 Crore, bad debts written off of Rs. 0.01 Crore, compensation in case of injury/death of Rs. 3.89 Crore, loss due to theft of fixed assets of Rs. 0.39 Crore, Loss due to shortage on physical verification of stock of Rs. 0.04 Crore.
- 3.72 While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The expenses are allowed only to the extent of bad debts actually written off by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has considered the bad debts of Rs. 0.01 Crore actually written off.
- 3.73 Compensation paid towards injury /death of Rs. 3.89 Crore is considered as per actual.
- 3.74 Since the Commission has allowed the insurance charges, therefore the claim on account of loss due to theft of Fixed Assets of Rs. 0.39 Crore is not considered by the Commission.
- 3.75 Further, the Commission has not considered shortage on physical verification of stock of Rs. 0.04 Crore.
- 3.76 The Commission accordingly has considered the other debit of Rs. 3.90 Crore against the Discom claim of Rs. 89.04 Crore.

Rebate Allowed to Consumers

- 3.77 As discussed in foregoing paras in this order, the Commission has not considered DPS from consumers as part of Non tariff income. As DPS is not considered as part of Non tariff income the rebate given on this account is also not being considered to be passed on in the ARR. The JdVVNL has shown amount of Rs. 54.03 Crore and Rs.1.47 Crore under head rebate allowed by the settlement committees and LPS/DPS written off totaling to Rs. 55.50 Crore.
- 3.78 JdVVNL has shown the rebate allowed to consumers of Rs. 132.29 Crore which is inclusive of LPS/DPS waived of Rs. 55.50 Crore as indicated above.

As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore the expenditure on account LPS/DPS waived of Rs. 55.50 Crore is also not considered by the Commission.

- 3.79 Further, the Commission has not considered rebate on account of defective meters of Rs. 3.59 Crore.
- 3.80 Hence commission has considered the rebate allowed to consumer only to Rs. 73.20 Crore after adjustments as above.

Refund of ROE from RVUNL

- 3.81 Commission in its order dated 24.11.2021 has approved Rs (590) Crore towards refund of RoE from RVUN as separate item of ARR. However, Discom has claimed Refund of RoE from RVUNL for FY 2020-21 (Rs 311.30 Crore) under the head power purchase cost and for FY 2019-20 (Rs 279.14 Crore) under the Non-Tariff Income respectively in the books of accounts. Commission has accordingly considered the same under respective head.

Revenue

- 3.82 Revenue from sale of power, other Income, Wheeling Charges and Cross Subsidy Surcharge, additional surcharges ,sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.
- 3.83 **Fuel Surcharge:** Out of total income from sale of power, the income from fuel surcharge as per audited accounts is Rs. 1252.25 Crore i.e. Rs. 868.28 Crore on account of M/s APRL and Rs. 383.57 on account of regular fuel surcharge, which is considered and shown separately by the Commission in this Order.
- 3.84 **Non Tariff Income:** During FY 2020-21, Discoms have claimed total non tariff income of Rs. 1118.52 Crore including deferred revenue income of Rs. 273.59 Crore and DPS received from consumers of Rs. 273.33 Crore which have been dealt by the Commission as under:
- 3.85 **Delayed Payment Surcharge (DPS):** The Discom has claimed Delayed Payment Surcharge (DPS) of Rs. 273.33 Crore as part of Non Tariff Income

(NTI) and also claimed the same as separate item of expenditure under DPS head.

3.86 The regulation 36 of RERC Tariff Regulations, 2019 provides that-

"All revenues including but not limited to transformer rent, income from fixed deposit/ statutory investment(s), income from rent on land/buildings, income from sale of scrap, income from sale of ash/rejected coal, income from advertisement, Interest on advances to suppliers/contractors, etc., shall be considered as Non-Tariff Income:

Provided that Late Payment Surcharge and Interest on Late Payment earned by the Generating Company or the Licensee shall not be considered under Non-tariff Income."

3.87 In accordance with Regulation 36 of RERC Tariff Regulations, 2019 the Commission has not considered Delayed Payment Surcharge (DPS) of Rs. 273.33 Crore as Non Tariff income. Further, since the Commission is not considering the DPS under Non Tariff Income the separate claim of DPS of Rs. 273.33 Crore as expenditure is also not considered by the Commission in this order.

3.88 **Deferred Revenue Income:** Discom has stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.

3.89 However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore, the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue of Rs. 273.59 Crore is also not considered.

3.90 Accordingly, Commission has considered the non tariff income of Rs. 571.60 Crore during FY 2020-21.

Gap

3.91 Based on above discussions and data provided by JdVVNL, prayer of Discom for True-up of the expenditure and revenue for FY 2020-21 based on the actual performance and for approval of the revenue gap of Rs. 2981 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table.

Table 8: Summary of True up of JdVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particulars	As per ARR order dated 24.11.2021	As per petition	Approved After trueing up
1	Revenue			
2	Sale of power	15361.00	15604.97	15604.97
3	Fuel Surcharge	0.00	1252.25	1252.25
4	Non-tariff income and other income	196.00	1118.52	571.60
5	Wheeling charges, Cross Subsidy Surcharge and additional surcharge	49.00	7.82	7.82
6	Sale of power through trading	0.00	125.27	125.27
7	Prior Period Income	0.00	0.45	0.45
8	Total Revenue, A	15606.00	18109.28	17562.36
9	Expenditure			
10	Power purchase Cost	12217.00	14474.51	13158.96
11	O & M Expenses			
12	Employee cost	834.00	557.06	876.29
13	A&G expenses	113.00	91.49	99.68
14	R&M expenses	126.00	155.00	126.00
15	Terminal Benefits	555.00	542.57	406.00
16	Insurance Expenses	21.00	1.20	1.20
18	Depreciation	565.00	928.15	522.34
19	Interest & finance charges	2416.00	3193.58	2620.78
20	Interest on working capital	240.00		262.76
21	Interest paid under LIS	0.00	51.69	0.00
22	Interest on Uday Loan FY 19-20	0.00	488.00	488.00
23	Interest on Uday Loan FY 20-21	488.00	488.00	488.00
24	Prior period expenses	0.00	12.39	(2.64)
25	Other debits	0.00	89.04	3.90
26	Rebate allowed to consumers	0.00	132.29	73.20
27	Refund of ROE from RVUNL*	(590.00)	(0.00)	(0.00)
28	Total Expenditure, B	16985.00	21204.97	19124.45
29	Surplus/deficit, C = (A-B)	(1379.00)	(3095.69)	(1562.09)
30	Revenue subsidies received from State Government D	410.00	388.02	388.02
31	Add: Delayed payment surcharge considered as part of NTI E	0.00	273.33	0.00
32	Revenue gap for FY 2020-21, F =(C+D+E)	967.00	(2981.00)	(1174.07)
33	Gap worked out as per last true up order,G	0.00	(17389.43)	(17389.43)

34	Cumulative Revenue Gap to be carried forward, F+G	0.00	(20370.43)	(18563.50)
35	Cumulative Revenue Gap till FY 2020-21		(31496.60)**	(18563.50)

** Refund of ROE has been considered as per claim of Discom i.e. refund of RoE for FY 2020-21 under power purchase and Refund of RoE for FY 2019-20 under non tariff income.*

***As per audited accounts*

Analysis of True Up of ARR for FY 2020-21 – JVVNL

Sale of Energy

- 3.92 The Discom has indicated total sale of 25115.88 MU including 295.97 MU sales to flat rate category. It has been observed that at the beginning of the year, connected load of flat rate consumers was 153091 kW and after taking into account conversion of flat rate consumers to metered category the closing connected load became 152167.09 kW. The Commission has worked out the sales on the basis of average connected load of 151279 kW and by considering the normative specific consumption i.e. 1945 kWh/kW/year as per ARR and Tariff order dated 24.11.2021, the sales to flat rate category shall be 294.24 MU. Therefore, the Commission disallowed extra 1.73 MU sale to flat rate category.
- 3.93 The Commission has noted that it has prescribed the target losses in its ARR Order based on sales to end consumers and any consideration of sales to franchisee at input level will show reduction in losses whereas revenue accounted by the Discom already stands reduced due to lower rate at input level. As the franchisee is acting on behalf of the licensee, the Discom should ensure that franchisee also functions in an efficient manner and also make adequate investment so that impact of working of franchisee should be reflected in overall efficiency improvement and Discoms are able to achieve target loss level based on end consumer sale.
- 3.94 It is further observed that the above sale is inclusive of sale of power of 1373.92 MUs to the Distribution Franchisee (DF). Whereas DF has sold 1099.12 MUs to the end consumer. In accordance with view taken in previous true-up order, Commission for the purpose of calculating distribution losses accepts the sales of energy to end consumer only i.e. 1099.12 MUs. Keeping in view allowed sales of 24839.35 MUs, the distribution loss comes out to be 20.33% as against 19.44% indicated by the Discom.

Power Purchase Cost

- 3.95 Power purchase cost approved by Commission for FY 2020-21 was Rs.14213 Crore vide ARR order dated 24.11.2021. For the purpose of truing up, JVVNL has claimed Rs. 16321.53 Crore as power purchase cost (including Short Term Power Purchases and Transmission & SLDC charges and refund of ROE from RVUNL of FY 2020-21).

3.96 The Discom has petitioned that they have purchased 33630.11 MUs out of which they have sold 555.69 MUs through exchange.

3.97 Details of power purchase cost as submitted by Discom is given in the table below:

Table 1: Power Purchase Cost as submitted by JVVNL for FY 2020-21

Sr. No.	Particulars	Units (MU)	Amount (in Crore)	Average Rate
	Energy petitioned by Discom			
1	Total Energy Purchased by Discom (A)	33630.11	14250.38	4.24
2	Less: Purchase from short term and unapproved sources (B)	2117.08	797.79	3.77
3	Balance Energy from approved Sources C= (A-B)	31513.03	13452.58	4.27
4	Add: Transmission and SLDC charges (D)		2071.15	
5	Total Power Purchase Cost claimed E (A+D)		16321.53	

3.98 The Discom submitted that they have achieved distribution Losses target of 19.44% as against a target of 15%.

3.99 The Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses and sales actually made to the end consumers in accordance with approved methodology.

3.100 The Discom has furnished total transmission losses (inter and intra state) in MUs terms, therefore, to segregate the same, the Commission has used the intra state losses of 3.33% based on RVPN true up order for FY 2020-21 and the interstate transmission losses based on 52 Weeks average losses of Northern and Eastern Region Losses as discussed in previous paras.

3.101 Details of gross energy requirement worked out on the basis of sales and losses as indicated in foregoing Para is given in the table below:

Table 2: Gross Energy Requirement of JVVNL for FY 2020-21 (MUs)

Sr. No.	Particulars	Approved as per Order Dated 24.11.2021	Actual/Audited	Restated Level	Normative Calculation
1	Gross Energy Requirement	30596	33630.11	33630.11	31153.47
2	Less:- Sale Through Exchange	0	555.69	555.69	555.69
3	Net Energy Requirement	30596	33074.42	33074.42	30597.78
4	Inter State Transmission Loss (MU)	371	824.43	824.43	368.37
5	Energy Availability at RVPN (MU)	30225	32249.99	32249.99	30229.41

6	Intra State Transmission Loss (%)	3.33%	3.33%	3.33%	3.33%
7	Intra State Transmission Loss(MU)	1007	1073.92	1073.92	1006.64
8	Energy Requirement at Distribution Periphery (MU)	29219	31176.07	31176.07	29222.77
9	Distribution Loss (%)	15%	19.44%	20.33%	15.00%
10	Distribution Loss (MUs)	4383	6060.19	6336.72	4383.41
11	Energy Sales (MUs)	24836	25115.88	24839.35	24839.35

3.102 It is observed that the Discom has purchased 2476.64 MUs in excess due to increase in distribution loss over the target given by the Commission, consideration of sale of power to DF, higher specific consumption and high transmission losses.

3.103 As discussed in earlier paras, the Commission does not wish to burden the consumer on account of Discom inefficiency. As such, the Commission disallows 100% of such excess purchase, i.e.2476.64 MUs from actual purchase of 33630.11 MUs and accordingly purchase of energy allowed shall be 31153.47 MUs.

3.104 In view of discussion made earlier in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost.

3.105 Discom has submitted the total power purchase cost of Rs. 14250.38 Crore including provision for banking of Rs. (8.85) Crore however, the Commission has not considered the provision for banking cost and considered only the transaction cost. Further, as discussed in earlier paras, the service charges to RUVNL of Rs. 11.59 Crore are not considered by Commission. Accordingly, the Commission has considered the power purchase cost of Rs. 14247.64 Crore.

3.106 As discussed in JdVVNL analysis, the JVVNL has submitted that the significant increase in power purchase cost is due to the payment made to M/s APRL by the Discom pursuant to The Hon'ble Supreme Court decision. With regard to above, it is observed that the Discom on one side has booked the power purchase cost and on other side has also booked the recovery of special fuel surcharge as revenue under profit & loss account respectively.

3.107 Details of power purchase cost as approved by the Commission is given in the table below:

Table 3: Power Purchase Cost of JVVNL as approved for FY 2020-21 (Rs. In Crore)

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy approved by Commission:			
1	Total Energy Purchased by Discom (A)	33630.11	14247.64	4.24
2	Less: Disallowed short term and unapproved sources (B)	2117.08	797.79	3.77
3	Total Energy from approved sources (C=A-B)	31513.03	13449.85	4.27
4	Less: Disallowed approved sources (D)	359.56	153.46	4.27
5	Power Purchase Cost Allowed E=(A-B-D)	31153.47	13296.39	
6	Add: Transmission and SLDC charges (F)		2071.15	
7	Total Power purchase cost allowed G= (E+F)		15367.54	

3.108 It is observed that during FY 2020-21, Discom has shown the power purchase cost from DCCPP. As the Commission has not determined the Tariff for DCCPP therefore, while disallowing the excess purchase of 2476.64 MUs by Discom, the Commission has considered the power purchase of 2117.08 MUs from short term sources (UI, Exchange and Other) & DCCPP and rest 359.56 MUs from long term sources at average power purchase rate.

3.109 Transmission and SLDC charges of Rs. 2071.15 Crore as per Discom submission have been allowed by the Commission. Accordingly, the total power purchase cost including Transmission and SLDC charges and Refund of ROE from RVUN for FY 2020-21 is Rs. 15367.54 Crore.

Operations and Maintenance (O&M) Expenses

3.110 The O&M expenses approved by the Commission for FY 2020-21 were Rs. 1874 Crore including Terminal Benefit liability of Rs. 635 Crore vide Tariff order dated 24.11.2021. For the purpose of true up, JVVNL has claimed Rs. 1235.44 Crore as O&M expenses (including staff terminal benefits based on actuarial valuation of Rs. 169.70 Crore).

3.111 The Commission has worked out the normative O&M expenses as per the methodology explained in earlier part of this order.

3.112 Details of normative O&M expenses as allowed are given in table below:

Table 4: O&M Expenses of JVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particulars	Amount
1	Energy Sales approved by Commission excluding sales by DF (in MU)	23740.23
2	Normative Employee cost for FY 2020-21 (Rs. 0.497/Unit)	1180.90
3	Normative A &G expenses (Rs. 0.067/unit)	159.91
4	Normative R&M expenses (k x GFAn-1 x (1+ER))	190.62

Sr. No.	Particulars	Amount
5	Less: Proportionate Employee Cost Capitalized	221.34
6	Less: Proportionate A &G cost capitalized (A&G)	42.42
7	Total O&M Expenses Allowed after True Up	1267.67

Terminal Benefit

- 3.113 The Commission had approved Rs. 635 Crore towards Terminal Benefit liability vide its tariff order dated 24.11.2021. However, JVVNL submitted that they have deposited a sum of Rs. 440 Crore towards terminal benefit liability. Accordingly, the terminal benefit liability to the extent of actual amount of Rs. 440 Crore deposited by JVVNL has been considered by the Commission.
- 3.114 As Discussed in previous paras Commission advises the top management of Discom & State Government to ensure appropriate funding towards terminal benefit liability so as to meet the liability of the Discom on this account.

Depreciation

- 3.115 The depreciation approved by Commission for FY 2020-21 was Rs 772 Crore vide Tariff order dated 24.11.2021 and Discom has claimed Rs.1046.66 Crore as depreciation.
- 3.116 It is observed that Rs. 203.68 Crore has been shown towards terminal benefit expenses and out of total employee cost capitalization of Rs. 189.76 Crore, the proportionate terminal benefit capitalization is Rs. 33.98 Crore. The Discom must have added the aforesaid terminal benefit capitalization to assets addition during FY 2020-21. As the Commission in above paras has already considered the terminal benefit without capitalization, therefore, the Commission has deducted the capitalization of terminal benefit from the assets addition during FY 2020-21.
- 3.117 **FIP:** It is observed that JVVNL has filed the additional capitalization under FIP of Rs. 8.9 Crore, the Commission in the earlier Investment Plan Order has not considered investment under feeder Improvement Schemes and directed the Discoms to meet out the expenditure under O&M head. Thus the additional capitalization to the extent of Rs. 8.9 Crore is not considered by the Commission in this Order.
- 3.118 **Grant Under DDUGJY, R-APDRP, IPDS and Saubhagya:** Discom has consistently been asked to submit scheme wise equity, grant and loans. Commission is allowing the investment under central sponsored schemes, and as per the

provision of these scheme, Discom is also expected to meet the desired targets and efficiency level. The purpose of the direction of the Commission was to ensure efficiency of investment and to ensure that the Discom has performed according to the targets of that scheme and its impact is not passed on the consumer by way of non receipt of grant. It is brought to the notice of Commission that Discoms are not able to get the full grant as envisaged under various schemes. It is observed that during FY 2020-21, under central sponsored scheme such as DDUGJY, R-APDRP, IPDS and Saubhagya scheme JVVNL has incurred Rs. 149.94 Crore Discom has indicated Rs. 66.76 Crore as grants towards such works, whereas as per audited accounts of Discom Rs. 49.14 Crore has been shown as grant received during FY 2020-21. Thus the difference of grant ought to be received and actually received has been considered as notional grant by the Commission. Accordingly, additional grant considered by the Commission is Rs. 17.62 Crore.

- 3.119 In this regard the Commission would like to note that it relies upon the information furnished by the Discom and audited accounts furnished by it. In absence of proper information of scheme wise grant, loan and equity. Commission is not be able to assess as to upto what extent interest burden due to non receipt of grant is to be passed on in the ARR. It is the duty of the Discoms' officers to maintain and submit authentic information in proper format. The Discom is directed to keep the record of scheme wise grant, loan and equity to be received and actually received and report the same in next true up and ARR filing. If need be, separate sub-heads be created in accounts. In case of non-furnishing of the information. MD of Discom should take action against the concerned officers.
- 3.120 **Grant on release of New Agriculture Connection under RE Works:** It is observed that during FY 2020-21, Discom has indicated release of 8957 Nos. of new agriculture connections. In the last year true up exercise it was brought to the notice of Commission that 50% of difference between actual expenditure incurred on release of new connection and amount deposited by consumer shall be given by GoR as grant to Discom.
- 3.121 As per post hearing submission by Discom, the Commission has considered average expenses of Rs. 191000 per connection and consumer contribution of Rs. 25000 per connection. The 50% of the difference of per connection expenses and consumer contribution of the above shall be Rs. 83000 per connection. Based on this the total grant from government towards release of 8957 new agriculture connection is Rs. 74.34 Crore.

- 3.122 As Discussed earlier in this order, the Commission has considered this amount as additional grant, Discom may obtain this amount from State Government.
- 3.123 The Commission in absence of detailed information has worked out the figure of grant on normative basis, in case of any discrepancy, Discom may come with actual figure of applicable grant and request to recalculate the impact of grant during next true up petition.
- 3.124 **Fixed Assets Register (FAR):** with regard to FAR, in reply to data gap Discom has submitted that FAR of all circles upto 31.03.2021 have been submitted. However it has been observed that, Discom has not complied completely with Commission directives.
- 3.125 While dealing with Jodhpur Discom in the earlier paras, the Commission has reduced the approved depreciation for FY 2020-21 by 10% and directed the Discoms to furnish the Fixed Assets Register indicating information as required under the Regulations and scheme wise information of debt, equity, grant with the next year tariff/true up petition. Jaipur Discom is also directed to comply with the said directions.
- 3.126 The Commission has followed the methodology given earlier in the order for the calculation of depreciation being allowed.
- 3.127 Details of depreciation charges allowed for FY 2020-21 are given in table below:

Table 5: Depreciation Charges of JVVNL for FY 2020-21

(Rs. in Crore)

Sr. No.	Particulars	Amount
1	Depreciable assets at the beginning of the year (closing balance of True up FY 2019-20)	15595.51
2	Less: Deductions as per audited accounts	171.02
3	Capitalization during the year	1336.78
4	Less Capitalization towards terminal benefit	33.98
5	Less: Capital Outlay financed by Consumer Contribution and grant	512.46
6	Depreciable assets added during the year (3-4-5)	790.35
7	Closing balance of GFA (1-2+6)	16214.84
8	Average depreciable assets during the year	15905.17
9	Average depreciation rate	4.77%
10	Depreciation Allowed after True UP	758.39
11	Approved Depreciation after reduction of 10% due to non submission of fixed assets register as detailed in foregoing paras	682.55

Interest and Finance Charges and Interest on Working Capital

3.128 The interest & finance charges approved by Commission for FY 2020-21 were Rs. 2883 Crore including interest on working capital as per the ARR order dated 24.11.2021. For the purpose of true up, JVVNL has claimed Rs. 3187.77 Crore as interest and finance charges including interest on working capital.

3.129 Interest and finance charges have been calculated as per the methodology explained earlier. The details are given in table below:

Table 6: Interest and Finance Charges of JVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particulars	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of True up FY 2019-20)	6852.49
2	Add: Capitalization during the year	1336.78
3	Less: Capital Outlay financed by Equity	114.92
4	Less: Capital Outlay financed by Consumer Contribution and grant	512.46
5	Less Capitalization towards terminal benefit	33.98
6	Addition to LTL for Capital Outlay {2-(3+4+5)}	675.43
7	Less: Repayments equal to depreciation	758.39
8	Closing balance of LTL (1+6-7)	6769.53
9	Average LTL	6811.01
10	Add: Revenue Gap recognized for previous year after loan taken over under UDAY	16741.65
11	Add: Interest on UDAY Loan FY 2019-20	520.00
12	Total Long Term Loan Balance to be considered for allowing interest for FY 2020-21 (9+10+11)	24072.67
13	Average Interest rate of LTL	10.97%
14	Interest Charges on LTL and revenue gap	2640.29
15	Interest on security deposit from consumers - As per actual	79.27
16	Finance Charges-As per actual	171.27
17	Total Interest and Finance Charges Allowed after True UP (14+15+16)	2890.83

3.130 The Commission has approved the interest on working capital as per Regulation 27 of RERC Tariff Regulations, 2019 and considering additional working capital requirement as prayed by Discom. The details of Interest on working capital are given in table below:

Table 7: Interest on Working Capital of JVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	105.64	105.64
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 82;	190.15	190.15

3	Receivables as per above para (With Covid Relief)	3388.17	3388.17
4	Less: Security deposit from consumers	1470.46	1470.46
5	Total working capital requirement(1+2+3-4)	2213.50	2213.50
6	Rate of Interest	11.39%	10.52%
7	Interest on working capital allowed after true-up	252.02	232.83
8	Less : 50% gain arising from variation in Interest rate as per regulation 27 of RERC, 2019	9.60	
9	Net Interest on working capital	242.43	

- 3.131 It may be seen that gain on account of variation in interest rate is Rs. 19.20 Crore. As per Regulation 27 of RERC Tariff Regulations, 2019 50% of such gain is to be passed on as a rebate in tariff and the licensee is allowed to retain only 50% of such gain. Accordingly, 50% of the gain has been reduced from the amount of interest on working capital worked out on the basis of normative interest rate.

Interest paid under LIS

- 3.132 As discussed in earlier paras, JVVNL submitted that it has received a loan of Rs 514.00 Crore during FY 2020-21 under Phase-I of the scheme for which the Discom has paid interest of Rs 22.24 Crore, the interest claim under LIS has not been considered by the Commission.

Interest on Uday Loan FY 2019-20 and FY 2020-21

- 3.133 The Discom has claimed the interest on UDAY loan for FY 2019-20 and FY 2020-21 of Rs. 520 Crore for each year as approved by the Commission in the ARR and Tariff Order for FY 2019-20. The Commission has considered the same as claimed by the Discom.

Prior Period Expenses

- 3.134 JVVNL has claimed prior period expenses of Rs. 41.92 Crore. The detail of prior period expenses as per audited accounts are as follows:

Particulars	(Rs. In Crore)	
	For the year ended 31 March 2021	
Prior period expenses/loss		
Prior Period Adjustment of Power Purchase		-2.12
Depreciation	4.28	
Employees cost relating to previous year	0.03	
Int.& other finance charge	37.56	

Particulars	For the year ended 31 March 2021	
Administrative & general expenses	2.18	44.04
Total		41.92

3.135 While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, depreciation, interest cost and interest on working capital as per Tariff Regulations. Hence, expenses of Rs. 44.04 Crore on account of above expenses as shown in JVVNL audited accounts is disallowed as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2020-21 as per the norms specified in the Tariff Regulations.

3.136 The Discom has furnished, the item wise details of prior period expenses relating to power purchase of Rs. (2.12) Crore, It has been observed that these prior period expenses include:

- a) Amount of Rs. 0.75 Crore: Being bill received from PTC INDIA on 02.06.20 booked in prior period in compliance to AG POM No18,-which is allowed by the Commission.
- b) Amount of Rs. (0.35) Crore: Being Correction JV proposed on the basis of letter received from RUVNL, which is allowed by the Commission.
- c) Amount of Rs. (0.29) Crore: Being amount received on closing of IEX and PXIL bank accounts, Jv proposed, which is allowed by the Commission.
- d) Amount of Rs. (0.60) Crore: Being amount receivable from IREDA booked in compliance to AG POM No.23 of Supplementary Audit 2019-20 as per Letter Received from RUVN Letter No.864/22-07-2021), which is allowed by the Commission.
- e) Amount of Rs. (1.63) Crore: Being booking of rectification of Outstanding Principle Amount of MPPGCL as per ICT No-7/03-21 originated by AO (B&R-W&M), RVPNL, Jaipur, which is allowed by the Commission.

Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. (2.12) Crore against the JVVNL claim of prior period expenses of Rs. 41.92 Crore.

Insurance Expenses

3.137 As per regulation 25 of RERC Tariff Regulations, 2019 actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the insurance charges of Rs. 1.89 Crore claimed by the Discom.

Other Debits:

3.138 JVVNL has claimed other debits of Rs. 220.52 Crore. It has been observed that major item of other debits are provision for bad and doubtful debts-others of Rs. 183.70 Crore, loss on sale of fixed assets of Rs. 13.55 Crore, loss on valuation of inventory of Rs. 15.31 Crore, loss due to theft of fixed assets of Rs. 1.83 Crore, compensation in case injury/death of Rs. 5.82 Crore, loss on obsolete store of Rs. 0.22 Crore and miscellaneous expenses of Rs. 0.09 Crore.

3.139 While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The expenses are allowed only to the extent of debts actually written off of Rs. 72.98 Crore by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has not considered bad debts provision.

3.140 Since the Commission has allowed the insurance charges, therefore the claim on account of loss due to theft of Fixed Assets of Rs. 1.83 Crore is not considered by the Commission.

3.141 Compensation to outsider paid of Rs. 4.92 Crore and compensation to employee of Rs. 0.89 Crore, loss on sale of fixed assets of Rs. 13.55 Crore, loss on obsolete store of Rs. 0.22 Crore, incentive of online payment of Rs. 0.01 Crore and loss of cash written off of Rs. 0.04 Crore are considered as per actual.

3.142 The Commission has not considered loss on valuation of Inventory amount to Rs. 15.31 Crore and deferred revenue expense written off of Rs. 0.04 Crore.

3.143 Accordingly, the Commission has considered the other debit of Rs. 92.63 Crore against the Discom claim of Rs. 220.52 Crore.

Rebate Allowed to Consumers

- 3.144 JVVNL has shown the rebate allowed to consumers of Rs. 404.69 Crore which is inclusive of LPS/DPS waived of Rs. 28.54 Crore. As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore the expenditure on account LPS/DPS waived of Rs. 28.54 Crore is also not considered by the Commission. Further Discom has shown rebate of Defective meter of Rs. 0.03 Crore which is also not considered in this order.
- 3.145 Hence commission has considered the rebate allowed to consumer only to Rs. 376.13 Crore after adjustments as above.

Refund of ROE from RVUNL:

- 3.146 Commission in its order dated 24.11.2021 has approved Rs (730) Crore towards refund of RoE from RVUNL as separate item of ARR. However, Discom has claimed Refund of RoE from RVUNL for FY 2020-21 (Rs 384.66 Crore) under the head power purchase cost and for FY 2019-20 (Rs 337.99 Crore) under the Non-Tariff Income respectively in the books of accounts. Commission has accordingly considered the same under respective head.

Revenue

- 3.147 Revenue from sale of power, other Income, Wheeling Charges, Cross Subsidy Surcharge, additional surcharge, sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.
- 3.148 **Fuel Surcharge:** Out of total income from sale of power, the income from fuel surcharge as per audited accounts is Rs. 1275.82 Crore, i.e. Rs. 966.57 Crore on account of M/s APRL and Rs. 309.25 on account of regular fuel surcharge, which is considered and shown separately by the Commission in this Order.
- 3.149 **Non-Tariff Income:** During FY 2020-21, Discoms have claimed total non tariff income of Rs. 1315.81 Crore including deferred revenue income of Rs. 243.36 Crore and DPS received from consumers of Rs. 368.92 Crore, which have been dealt as under:

- 3.150 **Delayed Payment Surcharge (DPS):** The Discom has claimed Delayed Payment Surcharge (DPS) of Rs. 368.92 Crore as part of Non Tariff Income (NTI) and also claimed the same as separate item of expenditure under DPS head.
- 3.151 In accordance with Regulation 36 of RERC Tariff Regulations, 2019 the Commission has not considered Delayed Payment Surcharge (DPS) of Rs. 368.92 Crore as Non Tariff income and accordingly has also not considered separate item of expenditure under DPS head.
- 3.152 **Deferred Revenue Income:** Discoms have stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.
- 3.153 However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore, the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue is of Rs. 243.36 Crore is not considered.
- 3.154 Accordingly, Non Tariff Income of Rs 703.53 Crore is considered in this order.

Gap

- 3.155 Based on above discussions and data provided by JVVNL, the prayer of Discom for True-up of the expenditure and revenue for FY 2020-21 based on the actual performance and for approval of the revenue gap of Rs. 2069.66 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table:

Table 8: Summary of True up of JVVNL for FY 2020-21

(Rs. in Crore)

Sr. No.	Particulars	As per order dated 24.11.2021	As per petition	Approved After trueing up
1	Revenue			
2	Sale of power	19392.00	18491.58	18491.58
3	Fuel Surcharges	0.00	1275.82	1275.82

4	Non-tariff income and other income	282.00	1315.81	703.53
5	Wheeling charges, Cross Subsidy Surcharge and additional surcharge	78.00	11.75	11.75
6	Sale of power through trading	0.00	154.79	154.79
7	Prior Period Income	0.00	53.77	53.77
8	Total Revenue, A	19752.00	21303.52	20691.24
9	Expenditure			
10	Power purchase Cost	14213.00	16321.53	15367.54
11	O & M Expenses			
12	Employee cost	907.74	675.35	959.55
13	A&G expenses	140.26	148.69	117.49
14	R&M expenses	191.00	241.71	190.62
15	Terminal Benefits	635.00	169.70	440.00
16	Insurance Expenses	30.00	1.89	1.89
18	Depreciation	772.00	1046.66	682.55
19	Interest & finance charges	2670.00	3187.77	2890.83
20	Interest on working capital	213.00		242.43
21	Interest paid under LIS	0.00	22.24	0.00
22	Interest on Uday Loan FY 19-20	0.00	520.00	520.00
23	Interest on Uday Loan FY 20-21	520.00	520.00	520.00
24	Prior period expenses	0.00	41.92	(2.12)
25	Other debits	0.00	220.52	92.63
26	Rebate allowed to consumers	0.00	404.69	376.13
27	Refund of ROE from RVUNL*	(730.00)	0.00	0.00
28	Total Expenditure, B	19562.00	23522.67	22399.54
29	Surplus/deficit, C = (A-B)	190.00	(2219.15)	(1708.30)
30	Revenue subsidies received from State Government D	664.00	518.40	518.40
31	Add: Delayed payment surcharge considered as part of NTI E	0.00	368.92	0.00
32	Revenue gap for FY 2020-21, F =(C+D+E)	854.00	(2069.66)	(1189.90)
33	Gap worked out as per last true up order,G	0.00	(16741.65)	(16741.65)
34	Cumulative Revenue Gap to be carried forward, F+G	0.00	(18811.32)	(17931.55)
35	Cumulative Revenue Gap till FY 2020-21		(29533.09)**	(17931.55)

* Refund of ROE has been considered as per claim of Discom i.e. refund of RoE for FY 2020-21 under power purchase and Refund of RoE for FY 2019-20 under non tariff income.

**As per audited accounts

Analysis of True Up of ARR for FY 2020-21– AVVNL

Sale of Energy

- 3.156 The Discom has indicated total sale of 18173.95 MU including 540.74 MU sales to flat rate category. It has been observed that at the beginning of the year, connected load of flat rate consumers was 282735 kW and after taking into account conversion of flat rate consumers to metered category the closing connected load became 278015 kW. The Commission has worked out the sales on the basis of average connected load of 280375 kW and by considering the actual specific consumption i.e. 1710 kWh/kW/year as per actuals of FY 2020-21, the sales to flat rate category shall be 479.44 MU. Therefore, the Commission disallowed extra 61.30 MU sale to flat rate category.
- 3.157 The Commission has noted that it has prescribed the target losses in its ARR Order based on sales to end consumers and any consideration of sales to franchisee at input level will show reduction in losses whereas revenue accounted by the Discom already stands reduced due to lower rate at input level. As the franchisee is acting on behalf of the licensee, the Discom should ensure that franchisee also functions in an efficient manner and also make adequate investment so that impact of working of franchisee should be reflected in overall efficiency improvement and Discoms are able to achieve target loss level based on end consumer sale.
- 3.158 It is further observed that the above sale is inclusive of sale of power of 513.25 MUs to the Distribution Franchisee (DF). Whereas DF has sold 462.72 MUs to the end consumer. In accordance with view taken in previous true-up order, Commission for the purpose of calculating distribution losses accepts the sales of energy to end consumer only i.e. 18062.12 MUs. Keeping in view allowed sales of 18062.12 MUs, the distribution loss comes out to be 15.67% as against 15.15% indicated by the Discom.

Power Purchase Cost

- 3.159 Power purchase cost approved by the Commission for FY 2020-21 was Rs. 10230 Crore vide ARR order dated 24.11.2021. For the purpose of truing up, AVVNL has claimed Rs. 10751.91 Crore as power purchase cost (including Short Term Power purchases, Transmission & SLDC charges and Refund of ROE from RVUN of FY 2020-21).
- 3.160 The Discom has petitioned that they have purchased 23097.14 MUs out of which they have sold 374.51 MUs through exchange.

3.161 Details of power purchase cost submitted by Discom are given in the table below:

Table 1: Power purchase cost submitted by AVVNL for FY 2020-21

Sr. No.	Particulars	Units (MU)	Amount (in Crore)	Average Rate
	Energy petitioned by Discom			
1	Total Energy Purchased by Discom (A)	23097.14	9353.30	4.05
2	Less: Purchase from short term and unapproved sources (B)	1426.81	537.67	3.77
3	Balance Energy from approved Sources C= (A-B)	21670.34	8815.63	4.07
4	Add: Transmission and SLDC charges (D)		1398.61	
5	Total Power Purchase claimed E=(A+D)		10751.91	

3.162 The Discom submitted that it has achieved Distribution losses of 15.15% as against a target of 15%.

3.163 The Commission has worked out the power purchase requirement based on the approved distribution losses, transmission losses and sales in accordance with approved methodology.

3.164 The Discom has furnished total transmission losses (inter and intra state) in MUs terms, therefore, to segregate the same, the Commission has used the intra state losses of 3.33% based on RVPN true up order for FY 2020-21 and the inter state transmission losses based on 52 weeks Average Losses of Northern and Eastern Region as discussed in previous paras.

3.165 Details of gross energy requirement worked out on the basis of sales and losses as indicated in foregoing Para is given below in table:

Table 2: Gross Energy Requirement of AVVNL for FY 2020-21 (MUs)

Sr. No.	Particulars	Approved as per Order Dated 24.11.2021	Actual/Audited	Restated Level	Normative Calculation
1	Gross Energy Requirement	22195	23097.14	23097.14	22608.65
2	Less:- Sale Through Exchange	0	374.51	374.51	374.51
3	Net Energy Requirement	22195	22722.63	22722.63	22234.14
4	Inter State Transmission Loss (MU)	250	566.39	566.39	252.60
5	Energy Availability at RVPN (MU)	21945	22156	22156.24	21981.54
6	Intra State Transmission Loss (%)	3.33%	3.33%	3.33%	3.33%
7	Intra State Transmission Loss(MU)	731	737.80	737.80	731.99
8	Energy Requirement at Distribution Periphery (MU)	21214	21418.44	21418.44	21249.55
9	Distribution Loss (%)	15.00%	15.15%	15.67%	15.00%

10	Distribution Loss (MUs)	3182	3244.49	3356.32	3187.43
11	Energy Sales (MUs)	18032	18173.95	18062.12	18062.12

3.166 It is observed that the Discom has purchased 488.49 MUs in excess due to increase in distribution loss over the target given by the Commission, consideration of sale of power to DF, higher specific consumption and high transmission losses.

3.167 As discussed in earlier paras, the Commission does not wish to burden the consumer on account of Discom inefficiency. As such, the Commission disallows 100% of such excess purchase, i.e. 488.49 MUs from actual purchase of 23097.14 MUs and accordingly purchase of energy allowed shall be 22608.65 MUs.

3.168 In view of discussion made earlier in this order, banking transactions are considered as cost neutral and no provision towards notional cost of banking is considered for true up of power purchase cost.

3.169 Discom has submitted the total power purchase cost of Rs. 9353.30 Crore including provision for banking of Rs. (7.25) Crore and provision for RPO obligation of Rs. 304.61 Crore. However, the Commission has not considered the provision for banking cost & RPO and considered only the transaction cost. Further, as discussed in earlier paras, the service charges to RUVNL of Rs. 7.81 Crore are not considered by Commission. Accordingly, the Commission has considered the power purchase cost of Rs. 9048.13 Crore.

3.170 Details of power purchase cost as approved by the Commission is given in the table below:

Table 3: Power Purchase Cost of AVVNL as approved for FY 2020-21 (Rs. In Crore)

Sr. No.	Particulars	Units (MU)	Amount	Average Rate
	Energy approved by Commission:			
1	Total Energy Purchased by Discom (A)	23097.14	9048.13	3.92
2	Less: Disallowed short term and unapproved sources (B)	488.49	184.08	3.77
3	Total Energy from approved sources (C=A-B)	22608.65	8864.05	3.92
4	Less: Disallowed approved sources (D)	0.00	0.00	0.00
5	Power Purchase Cost Allowed E=(A-B-D)	22608.65	8864.05	
6	Add: Transmission and SLDC charges (F)		1398.61	
7	Total Power purchase cost allowed G= (E+F)		10262.66	

3.171 It is observed that during FY 2020-21, Discom has shown the power purchase cost from DCCPP. As the Commission has not determined the Tariff for DCCPP therefore, while disallowing the excess purchase of 488.49 MUs by Discom, the

Commission has first considered the power purchase from DCCPP and rest from short term sources (UI, Exchange and Other).

- 3.172 Transmission and SLDC charges of Rs. 1398.61 Crore as per Discom submission have been allowed by the Commission. Accordingly, the total power purchase cost including transmission, SLDC charges and Refund of ROE from RVUNL of FY approved for FY 2020-21 is Rs. 10262.66 Crore.

Operations and Maintenance (O&M) Expenses

- 3.173 The O&M expenses approved by the Commission for FY 2020-21 were Rs. 1523 Crore including terminal benefit liability of Rs. 555 Crore vide ARR order dated 24.11.2021. For the purpose of true up, AVVNL has claimed Rs. 1373.43 Crore as O&M expenses (including terminal benefits of Rs. 445.69 Crore).
- 3.174 The Commission has worked out the normative O&M expenses as per the methodology explained in earlier part of this order.
- 3.175 Details of normative O&M expenses as allowed are given in table below:

Sr. No.	Particulars	Amount
1	Energy Sales approved by Commission excluding sales by DF (in MU)	17599.40
2	Normative Employee cost for FY 2020-21 (Rs. 0.497/unit)	875.44
3	Normative A &G expenses (Rs. 0.067/unit)	118.55
4	Normative R&M expenses (k x GFAn-1 x (1+ER))	124.72
5	Less: Proportionate Employee Cost Capitalized	130.34
6	Less: Proportionate A &G cost capitalized (A&G)	14.87
7	Total O&M Expenses Allowed after True Up	973.50

Terminal Benefit

- 3.176 The Commission had approved Rs. 555 Crore towards terminal benefit liability vide its tariff order dated 24.11.2021. AVVNL submitted that they have deposited a sum of Rs. 537 Crore towards terminal benefit liability. Accordingly, the terminal benefit liability to the extent of actual amount of Rs. 537 Crore deposited by the AVVNL has been considered by the Commission.
- 3.177 As Discussed in previous paras, Commission advises the top management of Discom & State Government to continue ensure appropriate funding towards terminal benefit liability so as to meet the liability of the Discom on this account.

Depreciation

- 3.178 The depreciation approved by Commission for FY 2020-21 was Rs. 507 Crore vide ARR order dated 24.11.2021 and Discom has claimed Rs. 694.78 Crore as depreciation charges for the purpose of true up.
- 3.179 It is observed that Rs.445.69 Crore has been shown towards terminal benefit expenses and out of total employee cost capitalization of Rs. 143.46 Crore, the proportionate terminal benefit capitalization is Rs. 39.73 Crore. The Discom must have added the aforesaid terminal benefit capitalization to assets addition during FY 2020-21. As the Commission in above paras has already considered the terminal benefit without capitalization, therefore, the Commission has deducted the capitalization of terminal benefit from the assets addition during FY 2020-21.
- 3.180 **Grant Under DDUGJY, R-APDRP, IPDS and Saubhagya:** Discom has consistently been asked to submit scheme wise equity, grant and loans. Commission is allowing the investment under central sponsored schemes, and as per the provision of these scheme, Discom is also expected to meet the desired targets and efficiency level. The purpose of the direction of the Commission was to ensure efficiency of investment and to ensure that the Discom has performed according to the targets of that scheme and its impact is not passed on the consumer by way of non-receipt of grant. It is brought to the notice of Commission that Discoms are not able to get the full grant as envisaged under various schemes. It is observed that during FY 2020-21, under central sponsored scheme such as DDUGJY, IPDS and Saubhagya scheme AVVVNL has incurred Rs. 364.04 Crore and in additional data gap reply Discom has indicated Rs. 142.80 Crore as grants towards such works, whereas as per audited accounts of Discom Rs. 151.06 Crore has been shown as grant received during FY 2020-21. Thus the difference of grant ought to be received and actually received has been considered as notional grant by the Commission. Accordingly, reduction grant considered by the Commission is Rs. (8.26) Crore.
- 3.181 As the Commission has increase the grant figure by notional grant in last year true up order therefore, the negative grant has been reduced from the total grant figure in this order.
- 3.182 **Grant on release of New Agriculture Connection under RE Works:** It is observed that during FY 2020-21, Discom has indicated release of 25909 Nos. of new agriculture connections. In the last true up exercise it is brought to the notice of Commission that 50% of difference between actual expenditure incurred on release of new connection and amount deposited by consumer shall be given by GoR as grant to Discoms.

- 3.183 As per post Hearing submission by Discom, the Commission has considered an average expenses of Rs. 225000/- per connection and consumer contribution of Rs 25000 per connection. The 50% of the difference of per connection expenses and consumer contribution of the above shall be Rs. 100000/- per connection. Based on this the total grant from government towards release of 25909 new agriculture connection is Rs. 259.09 Crore.
- 3.184 While dealing with Jodhpur Discom in the earlier paras of this order, the Commission has considered this amount as additional grant, Discom may obtain this amount from State Government.
- 3.185 The Commission in absence of detailed information has worked out the figure of grant on normative basis, in case of any discrepancy, Discom may come with actual figure of applicable grant and request to recalculate the impact of grant during next true up petition.
- 3.186 **Fixed Assets Register (FAR):** with regard to FAR, Discom has submitted the Fixed Assets Registers up to 31.03.2020 of all circles to the Commission. Further, in the data gap reply Discom has submitted that FAR for FY 2020-21 is under progress and is expected to be completed soon. However it has been observed that Discom has not complied completely with Commission directives.
- 3.187 As discussed in earlier paras, the Commission has reduced the approved depreciation for FY 2020-21 by 10% and directed the Discoms to furnish the Fixed Assets Register indicating information as required under the Regulations and scheme wise information of debt, equity and grant with the next year tariff/true up petition. Ajmer Discom is also directed to comply with the said directions.
- 3.188 The Commission has followed the methodology given earlier in the order for the calculation of depreciation being allowed.
- 3.189 Details of depreciation charges allowed for FY 2020-21 are given in table below:

Table 5: Depreciation Charges of AVVNL for FY 2020-21

(Rs. in Crore)

Sr. No.	Particulars	Amount
1	Depreciable assets at the beginning of the year (closing balance of Tue up FY 2019-20)	10371.09
2	Less: Deductions as per audited accounts	31.74
3	Capitalization during the year	1229.97
4	Less Capitalization towards terminal benefit	39.73

5	Less: Capital Outlay financed by Consumer Contribution and grant	737.98
6	Depreciable assets added during the year (3-4-5)	452.26
7	Closing balance of GFA (1-2+6)	10791.60
8	Average depreciable assets during the year	10581.34
9	Average depreciation rate	4.31%
10	Depreciation Allowed after True UP	455.76
11	Approved Depreciation after reduction of 10% due to non submission of fixed assets register as detailed in foregoing paras	410.18

Interest and Finance Charges and Interest on Working Capital

3.190 The interest & finance charges approved by Commission for FY 2020-21 was Rs. 1971 Crore including interest on working capital as per the ARR order dated 24.11.2021. For the purpose of true up, AVVNL has claimed Rs. 2240.26 Crore as interest and finance charges including interest on working capital.

3.191 Interest and finance charges have been calculated as per the methodology given earlier in the order as shown in table below:

Table 6: Interest and Finance Charges of AVVNL for FY 2020-21 (Rs. in Crore)

Sr. No.	Particulars	Amount
1	Opening balance of Long term Loan (LTL) (closing balance of true up 2019-20)	3337.68
2	Add: Capitalization during the year	1229.97
3	Less: Capital Outlay financed by Equity	106.32
4	Less: Capital Outlay financed by Consumer Contribution and grant	737.98
5	Less Capitalization towards terminal benefit	39.73
6	Addition to LTL for Capital Outlay {2-(3+4+5)}	345.94
7	Less: Repayments equal to depreciation	455.76
8	Closing balance of LTL (1+6-7)	3227.86
9	Average LTL	3282.77
10	Add: Revenue Gap recognized for previous year after loan taken over under UDAY	12539.03
11	Add: Interest on UDAY Loan FY 2019-20	538.00
12	Total Long Term Loan Balance to be considered for allowing interest for FY 2020-21 (9+10+11)	16359.80
13	Average Interest rate of LTL	10.92%
14	Interest Charges on LTL and revenue gap	1786.45
15	Interest on security deposit from consumers - As per actual	28.88
16	Finance Charges-As per actual	134.92
17	Total Interest and Finance Charges Allowed after True UP (14+15+16)	1950.25

3.192 The Commission has approved the interest on working capital as per Regulation 27 of RERC Tariff Regulations, 2019 and considering additional working capital requirement as prayed by Discom. Details of Interest on working capital are given in table below:

Table 7: Interest on Working Capital of AVVNL for FY 2020-21**(Rs. in Crore)**

Sr. No.	Particular	Amount considering normative interest rate	Amount considering interest rate submitted by Discom
1	O&M expenses of one month	81.12	81.12
2	Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 82;	146.02	146.02
3	Receivables as per above para (With Covid Relief)	2361.66	2361.66
4	Less: Security deposit from consumers	1092.45	1092.45
5	Total working capital requirement(1+2+3-4)	1496.36	1496.36
6	Rate of Interest	11.39%	10.16%
7	Interest on working capital allowed after true-up	170.37	152.01
8	Less : 50% Gain arising from variation in Interest rate as per regulation 27 of RERC, 2019	9.18	
9	Net Interest on working capital	161.19	

3.193 It may be seen that gain on account of variation in interest rate is Rs. 18.36 Crore. As per Regulation 27 of RERC Tariff, 2019 Regulations, 50% of such gain is to be passed on as a rebate in tariff and the licensee is allowed to retain only 50% of such gain. Accordingly, 50% of the gain has been reduced from the amount of interest on working capital worked out on the basis of normative interest rate.

Interest paid under LIS

3.194 As discussed in earlier paras, AVVNL submitted that it has received a loan of Rs 525.88 Crore during FY 2020-21 under Phase-I of the scheme for which the Discom has paid interest of Rs 25.28 Crore, the interest claim under LIS has not been considered by the Commission.

Interest on Uday Loan for FY 2019-20 and FY 2020-21

3.195 The Discom has claimed the interest on UDAY loan for FY 2019-20 and FY 2020-21 of Rs. 538 Crore for each year as approved by the Commission in the ARR and Tariff Order for FY 2019-20. The Commission has considered the same as claimed by the Discom.

Prior Period Expenses

3.196 AVVNL has claimed prior period expenses of Rs. (20.90) Crore. It has been observed that the major item of the prior period expenses is the "Prior period adjustment of short provision for power purchase" of Rs. (20.17) Crore. The details of prior period expenses as per audited accounts are as follows:

		(Rs. in Crore)
Particulars	For the year ended 31 March 2021	
Prior period expenses/loss :		
Short Provisions for Power Purchase in Previous Years		(20.17)
Operating Expenses	(3.83)	
Employee Cost	(0.02)	
Depreciation under Provision	3.05	
Interest & Other Finance Charges	0	
Administration Expenses	0.07	(0.73)
Total		(20.90)

3.197 While carrying out the true up of any financial year, the Commission allows the capitalization, operation and maintenance expenses, depreciation, interest cost and interest on working capital as per Tariff Regulations. Hence, expenses of Rs. (0.73) Crore on account of these as shown in AVVNL audited accounts have not been considered as prior period expenses as the Commission has already approved the above expenses in the true up order till FY 2019-20 as per the norms specified in the Tariff Regulations.

3.198 The Discom has furnished the item wise details of prior period expenses relating to power purchase of Rs. (20.17) Crore, it has been observed that the above prior period expenses include:

- a) Amount of Rs. (17.14) Crore pertains to Entry for Inter Discom adjustment between AVVNL & JdVVNL. Which is allowed by the Commission.
- b) Amount of Rs. (5.46) Crore towards RVPN entry for Railway Bill of 2018-19, Which is allowed by the Commission.
- c) Amount of Rs. (0.32) Crore towards RVPN entry for incentive ratio change, which is allowed by the Commission.
- d) Amount of Rs. 2.75 Crore towards Adjustments of amount of arrear for the period July 2011 to March 2020 of PGCIL bill raised against the supply of POC amounting Rs. 2.75 Crore. Bill No. dated 09.10.2020 (POM of AG Audit), which is allowed by the Commission.

3.199 Considering the above, for the purpose of current true up, the Commission has considered the prior period expenses of Rs. (20.17) Crore against the AVVNL claim of prior period expenses of Rs. (20.90) Crore.

Insurance Expenses

3.200 As per regulation 25 of RERC Tariff Regulations, 2019 actual insurance expenses incurred by the generating company or licensee shall be allowed separately, subject to a ceiling of 0.2% of average Net Fixed Assets for the year. The Commission accordingly has considered the insurance charges of Rs. 0.95 Crore claimed by the Discom.

Other Debits:

- 3.201 AVVNL has claimed other debits of Rs. 49.74 Crore. It has been observed that major item of other debits are the compensation in case of injury/death of Rs. 7.17 Crore, loss on theft of fixed assets of Rs. 2.99 Crore, Loss on obsolescence of fixed assets of Rs. 10.43 Crore, Loss on CPF Trust of Rs. 12.01 Crore, Loss on PMCF Trust of Rs. 4.67 Crore, and Bad & doubtful debts provision others of Rs 12.06 Crore.
- 3.202 While carrying out the true up exercise, the Commission has not considered any provision towards bad and doubtful debts. The Discom in reply to data gaps has submitted that the expenditure of Rs. 3.83 Crore has been booked as actual bad debts written off. The expenses are allowed only to the extent of debts actually written off by the Discom subject to limit stipulated in the Tariff Regulations. Therefore, the Commission has considered the actual bad debts written off of Rs. 3.83 Crore.
- 3.203 Since the Commission has allowed the insurance charges, therefore the claim on account of loss due to theft of Fixed Assets of Rs. 2.99 Crore is not considered by the Commission.
- 3.204 Further, compensation paid of Rs. 7.17 Crore and Loss on obsolescence of fixed assets Rs. 10.43 Crore are considered at actual.
- 3.205 Further, Loss on CPF Trust of Rs. 12.01 Crore, Loss on PMCF Trust of Rs. 4.67 Crore are considered at actual.
- 3.206 The Commission has not considered the Shortage on physical verification of stocks of Rs. 0.06 Crore and Provision for loss of cash of Rs. 0.36 Crore accordingly, the Commission has considered the other debit of Rs. 38.11 Crore against the Discom claim of Rs. 49.74 Crore.

Rebate Allowed to Consumers

- 3.207 AVVNL has shown the rebate allowed to consumers of Rs. 298.19 Crore which is inclusive of LPS/DPS waived of Rs. 16.35 Crore. As per Regulation 36 of RERC Tariff Regulations, 2019, the Commission has not considered the income towards DPS, therefore the expenditure on account LPS/DPS waived of Rs. 16.35 Crore has also not been considered by the Commission.
- 3.208 Further, the Commission has not considered rebate on account of defective meters of Rs. 2.36 Crore is also not considered by the Commission.
- 3.209 Hence commission has considered the rebate allowed to consumer only to Rs. 279.49 Crore after adjustment as above.

Refund of ROE from RVUNL

- 3.210 Commission in its order dated 24.11.2021 has approved Rs. (492) Crore towards refund of RoE from RVUNL as separate item of ARR. However, Discom has claimed Refund of RoE from RVUNL for FY 2020-21 (Rs 259.24 Crore) under the head power purchase cost and for FY 2019-20 (Rs 232.46 Crore) under the Non-Tariff Income respectively in the books of accounts. Commission has accordingly considered the same under respective head.

Revenue

- 3.211 Revenue from sale of power, other Income, Wheeling Charges, Cross Subsidy Surcharge, Additional Surcharge sale of power through trading and Prior Period Income as petitioned by Discom has been accepted.
- 3.212 **Fuel Surcharge:** out of total income from sale of power, the income from fuel surcharge as per audited accounts is Rs. 234.72 Crore which is considered and shown separately by the Commission in this Order.
- 3.213 **Non Tariff Income:** During FY 2020-21, Discoms have claimed total non tariff income of Rs. 864.22 Crore including deferred revenue income of Rs. 220.39 Crore and DPS received from consumers of Rs. 159.50 Crore, which have been dealt as under.
- 3.214 **Delayed Payment Surcharge (DPS):** The Discom has claimed Delayed Payment Surcharge (DPS) of Rs. 159.50 Crore as part of Non Tariff Income (NTI) and also claimed the same as separate item of expenditure under DPS head.

3.215 In accordance with Regulation 36 of RERC Tariff Regulations, 2019 the Commission has not considered Delayed Payment Surcharge (DPS) of Rs. 159.50 Crore as Non-Tariff income and accordingly has also not considered separate item of expenditure under DPS head.

3.216 **Deferred Revenue Income:** Discoms have stated that in their accounting policies consumer contribution for service connection & line, capital grants and subsidies received towards cost of capital assets have not been reduced from the cost of assets. The same has been treated as Deferred Revenue Income which is being amortized/written off in 25 years from the year of its receipt. The depreciation pertaining to such fixed assets is fully charged to revenue.

3.217 However, while computing the depreciation, the Commission has reduced the capitalization amount funded by the consumer contribution, capital grant and subsidy received during the year. Therefore, the Commission has not considered the depreciation benefit on such assets and consequently deferred revenue of Rs. 220.39 Crore is not considered.

3.218 Accordingly, Non-Tariff income of Rs. 484.34 Crore is considered in this Order.

Gap

3.219 Based on above discussions and data provided by AVVNL, prayer of Discom for True-up of the expenditure and revenue for FY 2020-21 based on the actual performance and for approval of the revenue gap of Rs. 1060 Crore for the year has not been accepted as petitioned. The Commission has approved the same to the extent shown in following table:

Table 8: Summary of True up of AVVNL for FY 2020-21

(Rs. in Crore)

Sr. No.	Particulars	As per order dated 24.11.2021	As per petition	Approved After truing up
1	Revenue			
2	Sale of power	13808.00	13779.32	13779.32
3	Fuel Surcharge	0.00	234.72	234.72
4	Non-tariff income and other income	123.00	864.22	484.34
5	Wheeling charges, Cross Subsidy Surcharge and additional surcharge	144.00	70.19	70.19
6	Sale of power through trading	0.00	104.32	104.32
7	Prior Period Income	0.00	(0.08)	(0.08)
8	Total Revenue, A	14075.00	15052.69	14672.81
9	Expenditure			

10	Power purchase Cost	10230.00	10751.91	10262.66
11	O & M Expenses			
12	Employee cost	742.00	553.30	745.10
13	A&G expenses	101.00	131.79	103.67
14	R&M expenses	125.00	242.65	124.72
15	Terminal Benefits	555.00	445.69	537.00
16	Insurance Expenses	21.00	0.95	0.95
17	Depreciation	507.00	694.78	410.18
18	Interest & finance charges	1824.00	2240.26	1950.25
19	Interest on working capital	147.00		161.19
20	Interest paid under LIS	0.00	25.28	0.00
21	Interest on Uday Loan FY 19-20	0.00	538.00	538.00
22	Interest on Uday Loan FY 20-21	538.00	538.00	538.00
23	Prior period expenses	0.00	(20.90)	(20.17)
24	Other debits	0.00	49.74	38.11
25	Rebate allowed to consumers	0.00	298.19	279.49
26	Refund of ROE from RVUNL*	(492.00)	0.00	0.00
27	Total Expenditure, B	14298.00	16489.65	15669.16
28	Surplus/deficit, C = (A-B)	(223.00)	(1436.95)	(996.35)
29	Revenue subsidies received from State Government D	485.00	536.68	536.68
30	Add: Delayed payment surcharge considered as part of NTI E	0.00	159.50	0.00
31	Revenue gap for FY 2020-21, F =(C+D+E)	262.00	(1059.77)	(459.67)
32	Gap worked out as per last true up order, G	0.00	(12539.03)	(12539.03)
33	Cumulative Revenue Gap to be carried forward, F+G	0.00	(13598.80)	(12998.70)
34	Cumulative Revenue Gap till FY 2020-21		(28054.76)**	(12998.70)

* Refund of ROE has been considered as per claim of Discom i.e. refund of RoE for FY 2020-21 under power purchase and Refund of RoE for FY 2019-20 under non tariff income.

**As per audited accounts

3.220 While carrying out the true up the Commission has allowed losses upto the target prescribed by the Commission and disallowed excess transmission and distribution losses. O&M Cost, interest cost and other costs have also been allowed on normative basis.

3.221 While determining ARR for FY 2020-21, the Discoms in reply to Commission's query submitted that to meet the revenue gap for FY 2020-21, a tariff hike is required. However, considering the unprecedented situation of financial distress due to Covid-19 and uncertainty prevailing in terms of lockdowns, the Discoms have decided not to propose any tariff hike for FY 2020-21 and to meet the existing revenue gap of FY 2020-21, they have requested GoR to provide financial assistance to the Discoms.

3.222 It is observed that during FY 2020-21, due to Covid-19, sales and revenue of Non Domestic and Large Industry category were severely affected, a sharp decline in sales to these categories was observed in FY 2020-21 as compared to FY 2019-20.

For three Discoms there was a reduction of 19% in Non Domestic and 10% in large industry sales during FY 2020-21. These categories of consumers are cross-subsidizing consumers in the present tariff structure of Rajasthan Discoms. Due to reduction in consumption from these categories, the Discoms also saw a huge dip in revenue during the year. The Commission has also allowed extra working capital towards the relief granted by it during the Covid period.

- 3.223 In reply to Commission query regarding provision of RDSS Scheme for non-creation of Regulatory assets, the Discoms submitted that though GoI has notified RDSS scheme which restrict the creation of new regulatory assets, however evaluation of this scheme will start from FY 2022-23 as such Regulatory asset /Gap bears no consequence for FY 2020-21.
- 3.224 In the current order the Gap allowed to JdVVNL, JVVNL and AVVNL is Rs 1174.07 Crore, Rs. 1189.90 Crore and Rs. 459.67 Crore respectively totaling to Rs 2823.64 Crore whereas allowed interest on UDAY loan charged by the Government is Rs 3092 Crore for three Discoms. As such the Gap arising in the True up is primarily on account of interest on UDAY loan, ideally if the Interest was borne by the Government of Rajasthan there would not have been any gap in this true up.
- 3.225 The Government of Rajasthan as the principal owner should look into the working of Discoms and provide necessary and timely financial support to Discoms so as to maintain their viability and capacity to serve consumers.
- 3.226 Looking to the above interest liability of UDAY Loan and impact of Covid-19 including reduction in sales and revenue of cross-subsidizing consumers during Covid-19, the Commission allows the approved unfunded revenue gap for FY 2020-21 for all Discoms to be carried forward on which carrying cost shall also be allowed. However, recovery of this unfunded gap will be considered later appropriately in future ARR's.
- 3.227 Discoms should stick to all efficiency parameters and carry out its functions ensuring requisite prudence and make all out efforts to amortize the unfunded gap. The Commission in future years may consider not to allow any unfunded gap.
- 3.228 The petitions stand disposed off accordingly. Copy of this order may be sent to the petitioners, stakeholders, CEA and Government of Rajasthan.

(S.C. Dinkar)
Member

(Dr. B.N. Sharma)
Chairman

Annexure – A

1	Sh. Manideep Gudela, BASK RESEARCH	JVVNL, AVVNL, JdVVNL
2	Sh. Shanti Prasad	JVVNL, AVVNL, JdVVNL
3	Sh. Y. K. Bolia	JVVNL, AVVNL, JdVVNL
4	Sh. B. M. Sanadhya	JVVNL, AVVNL, JdVVNL
5	Sh. D. D. Agarwal	JVVNL, AVVNL, JdVVNL
6	Sh. G. L. Sharma	JVVNL, AVVNL, JdVVNL
7	Sh. Hastimal Chauradia	AVVNL
8	Sh. Rakesh Kumar Parmar	JVVNL

Annexure – B

- 1 Sh. G.L. Sharma
- 2 Sh. B.M Sanadhya
- 3 Sh. Y.K. Bolia
- 4 Sh. Manideep Gudela, BASK RESEARCH
- 5 Sh. Hastimal Chauradia
- 6 Sh. D. D. Agarwal
- 7 Sh. Rakesh Kumar Parmar