



**PETITION FOR APPROVAL OF
THE ANNUAL
REVEUE REQUIREMENT AND
TARIFF PROPOSAL FOR FY
2010-11 UNDER SECTION 61, 62 & 64
OF
THE ELECTRICITY ACT 2003**

Submitted by:
Electricity Department,

GENERAL HEADINGS OF PROCEEDINGS

**BEFORE HON'BLE JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA & UNION TERRITORIES**

FILE No: _____

CASE No: _____

IN THE MATTER OF : Petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2010-11 for Union Territory of Dadra & Nagar Haveli under Sections 61, 62 and 64 of The Electricity Act 2003

AND

IN THE MATTER OF : The Electricity Department, Electrical Office, Opp. Secretariat Building, Amla Road, Silvassa, U.T. of Dadra & Nagar Haveli

.....Petitioner

Electric Department of Union Territory of Dadra and Nagar Haveli (hereinafter referred to as "DNH"), files petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2010-11 under Sections 61, 62 and 64 of The Electricity Act 2003.

AFFIDAVIT

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AND

IN THE MATTER OF THE PETITIONER : **The Electricity Department, Electrical Office, Opp. Secretariat Building, Amla Road, Silvassa, U.T. of Dadra & Nagar Haveli**

.....Petitioner

I, Shri Bharat Kumar Mehta, son of Shri Nagindas Mehta (aged 54 years), (occupation) Government Service residing at Olive A-307, Park City ,Silvassa), the deponent named above do hereby solemnly affirm and state on oath as under:-

1. That the deponent is the Superintending Engineer (Power) of Electricity Department of UT Dadra & Nagar Haveli, who is authorized as per the order of the Administration of Dadra & Nagar Haveli Order no. 376 dated 20th July, 2009 and is acquainted with the facts deposed to below.
2. I, the deponent named above do hereby verify that the contents of the accompanying petition are based on the records of the Electricity Department , Dadra & Nagar Haveli maintained in the ordinary course of business and

believed by them to be true and I believe that no part of it is false and no material has been concealed there from.

Details of enclosures :

- a) Proposal for Aggregate Revenue Requirement ("ARR") for the Financial Year 2010-11 for Determination of Tariff.
- b) Petition Fee – Rs. 750000/- vide DD No. _____ dated _____

The Electricity Department of DNH

Petitioner

Place : Dadra & Nagar Haveli, Silvassa

Dated : 2010

I, _____ Advocate, _____, do hereby declare that the person making this affidavit is known to me through the perusal of records and I am satisfied that he is the same person alleging to be deponent himself.

Advocate

Solemnly affirmed before me on this day of 2010 at a.m./p.m. by the deponent who has been identified by the aforesaid Advocate. I have satisfied myself by examining the deponent that he understood the contents of the affidavit which has been read over and explained to him. He has also been explained about section 193 of Indian Penal Code that whoever intentionally gives false evidence in any of the proceedings of the Commission or fabricates evidence for purpose of being used in any of the proceedings shall be liable for punishment as per law.

4. DNH prays to the Hon'ble Commission to admit the attached petition for Annual Revenue Requirement and Tariff petition for FY 2010-2011 and would like to submit that:

PRAYERS TO THE HON'BLE COMMISSION:

1. The petition provides, inter-alia, DNH's approach for formulating the present petition, the broad basis for projections used, summary of the proposals being made to the Hon'ble Commission, performance of DNH in the recent past, and certain issues impacting the performance of DNH in the Licensed Area.
2. Broadly, in formulating the ARR and Tariff Petition for the FY 2010-2011, the principles specified by the Joint Electricity Regulatory Commission in the notified (Terms and Conditions of Tariff) Regulations ("Tariff Regulations") have been considered as the basis.
3. In order to align the thoughts and principles behind the ARR and Tariff Petition, DNH respectfully seeks an opportunity to present their case prior to the finalization of the Tariff Order. DNH believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification.
4. DNH may also be permitted to propose suitable changes to the ARR petition and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Hon'ble Commission.

In view of the above, the petitioner respectfully prays that Hon'ble Commission may:

- Accept the Annual Revenue Requirement and Tariff petition for the FY 2010-2011 for DNH formulated in accordance with the guidelines outlined as per the regulation of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations ;
- Approve total recovery of ARR of FY 2010-2011;
- Approve the category-wise tariff including fixed/ demand charges submitted by DNH to meet revenue requirement for FY 2010-2011;
- Approve the tariff philosophy suggestions requested by DNH;
- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and DNH may please be permitted to add/ change/ modify/ alter the petition;
- Permit DNH to file additional data/ information as may be necessary;

- Pass such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case.

The Electricity Department of

DNH

Petitioner

Place: Dadra & Nagar Haveli, Silvassa

Dated: _____ , 2010

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LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administration & General
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal For Electricity
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CPSU	Central Power Sector Undertakings
Crs	Crore
D/E	Debt Equity
DNH	Dadra & Nagar Haveli
EHT	Extra High Tension
ER	Eastern Region
FAC	Fuel Adjustment Costs
FDR	Fixed Deposits Receipts
FSTPS	Farakka Super Thermal Power Station
FY	Financial Year
GETCO	Gujarat Electricity Transmission Co Ltd
GFA	Gross Fixed Assets
HP	Horse Power
HT	High Tension
JERC	Joint Electricity Regulatory Commission
JGPS	Jhanohar Gandhar Power Station
KAPS	Kakrapar Atomic Power Station
KhSTPS	Kahalgaon Thermal Power Station
KSTPS	Korba Super Thermal Power Station
KV	Kilovolt
KVA	KilovoltAmps
kWh	kilo Watt hour
L.T.M.D.	Low Tension Maximum Demand
LNG	Liquefied Natural Gas
LT	Low Tension
LTC	Leave Travel Concession
MU	Million Units
MVA	Million voltAmps
MW	Mega Watt

Abbreviation	Description
NHPC	National Hydroelectric Power Corporation
NPC	Nuclear Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NSPCL	NTPC Sail Power Company Private Limited
NTPC	National Thermal Power Station
O&M	Operation & Maintenance
OIDC	Omnibus Industrial Development Corporation
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
R&M	Repairs and Maintenance
RoE	Rate of Return
Rs.	Rupees
S/s	Sub Station
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
TAPS	Tarapur Atomic Power Station
TSTPS	Talcher Super Thermal Power Station
UI	Unscheduled Interchange
UMPP	Ultra Mega Power Projects
UT	Union Territory
VSTPS	Vindhayanchal Super Thermal Power Station
WRPC	Western Region Power Committee



1. INTRODUCTION

1.1 Historical Perspective

The Department of Electricity of Union Territory (UT) Administration of Dadra & Nagar Haveli (“DNH”) is responsible for power supply in the union territory. DNH has no generation station of its own. Hence, the entire power requirements for DNH are met through its share from Central Sector Power generation, which is wheeled through the PGCIL network of western region, neighboring State of Gujarat and power purchases from electricity traders/ other sources.

The total area of the territory is 491 sq. kms. UT of DNH is having a population of around 2.20 lacs as per 2001 census majorly including tribal population of more than 60% of the total population spread over 72 villages. The U.T. of DNH is located on the western side of the Western Ghat foothills situated at a distance of approximately 180 kms from Mumbai, the Business/Economic capital of the country and approximately 140 kms from Surat, the Business/economic capital of Gujarat State giving it a strategic proximity. Coupled with this extremely favourable geographical location, Central Govt. has promulgated various policies, incentives including tax holidays, etc. from time to time, to attract the industries in UT of DNH. Due to the efforts of Government, many industries have set up their manufacturing units in the Union Territory, thus developing the area into a highly industrialised area.

DNH is controlled by Government of India and the maintenance of the accounts or Income and expenditure statement is on “cash” basis unlike other utilities/ licensees where it is being maintained on “accrual” basis. The accounts are being maintained on cash basis and are submitted to Finance Department of Administration of DNH on a monthly basis. Administration of DNH has mandated PGCIL to undertake advisory services for transfer of electricity department of U.T. of DNH to Omnibus Industrial Development Corporation of Daman & Diu and Dadra & Nagar Haveli Limited (OIDC). The primary objective of reform activity is to transfer the ED of DNH to OIDC by creating a separate division in OIDC with a dedicated Chief Executive Officer or separate SPV of OIDC. This will also enable achievement of the objective of corporatisation of the electricity department.

The present unrestricted demand for DNH is about 480 MW, which is being met by power from various central generating stations, NSPCL (Bhilai). DNH has about 57335 consumers with an annual energy consumption of about 3704 MU for the FY 2010-2011. These consumers can be broadly classified into following five categories:

- Domestic (80%)
- Commercial (12%) Industrial both HT & LT (6%)
- Irrigation/ Agricultural (1.5%)
- Others Public lighting, water works etc. (0.5%)



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Though domestic consumers constitute to a large proportion of total consumers, the energy consumption of industrial consumers is highest (approximately 97% of the total consumption) among all these categories.

1.2 JERC Formation

In exercise of the powers conferred by the Electricity Act 2003 the Central Government constituted a Joint Electricity Regulatory Commission for all Union Territories to be known as “Joint Electricity Regulatory Commission for Union Territories” as notified on 2nd May 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” as notified on 30th May 2008.

The Hon’ble Commission is a two-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Goa and Union Territories of Andaman & Nicobar, Lakshadweep, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry. The powers and the functions’ of the Hon’ble Commission are as prescribed in the Electricity Act 2003. The Head Office of the Commission presently is located in the district town of Gurgaon, Haryana and falls in the National Capital Region.

The Joint Electricity Regulatory Commission for the State of Goa and Union Territories started to function with effect from August 2008 with the objectives and purposes for which the Commission has been established. Presently the Hon’ble Commission is framing various regulations as mandated in the Electricity Act 2003 to facilitate its functioning. Some of the Regulations notified by the Hon’ble Commission include the following:

- JERC Conduct of Business Regulations 2009;
- JERC Establishment of Forum for Redressal of Grievances of Consumers Regulations 2009;
- JERC Appointment and Functioning of Ombudsman Regulations 2009;
- JERC Recruitment, Control and Service Conditions of Officers and Staff Regulations 2009;
- JERC Treatment of other businesses of Transmission Licensees and Distribution Licensees Regulations, 2009.
- JERC Standard of Performance Regulations , 2009.
- JERC State Advisory Committee Regulations , 2009.
- JERC Appointment of Consultants Regulation, 2009.
- JERC Open Access in Transmission and Distribution Regulations ,2009.
- JERC Terms and Conditions for Determination of Tariff Regulation,2009.



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1.3 Filing of ARR and Tariff Petition for the FY 2010-2011

Under the provisions of Electricity Act, 2003, Licensee is required to submit its ARR and Tariff Petitions as per procedures outlined in section 61, 62 and 64 of EA 2003, and the governing regulations of JERC thereof.

DNH has adopted the principles of Terms and Conditions for Determination of Tariff Regulations 2009 notified by the Joint Electricity Regulatory Commission.

Accordingly, DNH in the present petition is filing to the Hon'ble Commission for approval of the Annual Revenue Requirement (ARR) and Determination of Tariff for the FY 2010-11 as the Licensee as per the Electricity Act, 2003 and Determination of Tariff Regulations 2009 notified by the Joint Electricity Regulatory Commission.

Further the actual performance for FY 2008-09 and FY 2009-10 has been considered as base for computation of ARR for FY 2010-11. Further, the ARR for FY 2010-11 is also formulated accordingly.



2. OVERALL APPROACH FOR PRESENT FILING

2.1 Annual Revenue Requirement and Tariff Petition for FY 2010-11

DNH is filing the petition for the determination of Annual Revenue Requirement and Tariff Petition for the FY 2010-11 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. DNH has studied the past trends and taken cognisance of other internal and external developments to estimate the likely performance for FY 2010-11.

2.2 Approach for the Filing

The present filing for the Annual Revenue Requirement and Tariff Petition for the FY 2010-11 is based on the principles enumerated by the Joint Electricity Regulatory Commission's (JERC) in the terms and conditions for determining of tariff, Regulations notified by the JERC. The subsequent sections provide projection for various expenses, the proposed investment plan for the year and the expected revenue projections with existing tariff for FY 2010-11 based on various tariff notifications in force in the area of supply of DNH.

Projections of various cost components required for determination of Aggregate Revenue Requirement for FY 2010-11 along with the rationale for estimation of such cost. Further, the philosophy adopted by DNH for projecting sales, number of consumers and power purchase cost for FY 2010-11 has been covered in this section.

For the purpose of projecting the financial & technical parameters for FY 2010-11, DNH has considered its actual performance during FY 2008-09 and FY 2009-10 as base and has projected the figures for FY 2010-11 with supporting rationales.



3. ANNUAL REVENUE REQUIREMENT FOR FY 2010-2011

This section outlines the Annual Revenue Requirement of the DNH for FY 2010-11, which takes into consideration:

- i. Actual Performance in FY 2008-09;
- ii. Actual Performance in FY 2009-10.
- iii. Projection for FY 2010-11 based on the Actual performance in FY 2008-09 & 2009-10
- iv. Principles outlined in Tariff Regulations of JERC;

Past trends have been taken into cognisance in case of certain elements as deemed necessary. The present section has been structured in the following manner:

- Determination of Energy Requirement
 - Sales Projections
 - Loss Trajectory
 - Energy Balance
- Proposed Capital Expenditure and capitalization
 - Scheme wise details
 - Capital Expenditure
 - Asset Capitalisation
- Determination of the Annual Revenue Requirement
 - Power Purchase Costs
 - Transmission Charges
 - Operation and Maintenance Expenses
 - Administration & General expenses
 - Depreciation
 - Interest charges (including interest on working capital)
 - Return on NFA/Equity
 - Provision for Bad and Doubtful Debts
 - Return on Equity

3.1 Energy Requirement

The energy requirement of the license area is determined based on the expected sales in the area during the period under consideration and the expected distribution losses in the network. Accordingly, the energy requirement projected by the DNH for the FY 2010-11 is as given in the succeeding paragraphs.



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3.1.1 Approach for Sales Projection

The consumer base of DNH consists of HT Industry, LT Industry, Commercial and Domestic consumers. Sales mix is primarily dominated by HT Industry, followed by LT Industry. The total consumption for HT Industry is approximate 93 to 94 percent and LT Industry contributes to around 3 percent of total sales. Rest is contributed by other categories of consumers. Thus, the sales forecast would completely depend on the sales expected in the HT Industry Category.

The sales forecast is based on the trends observed in the sales pattern of various categories over the past years, new developments on account of Government Policies, Socio economic changes, industrial growth, etc. that would affect consumption across various categories of consumers. In addition to this, the growth trend in number of consumers and connected load have been taken as guiding factors in arriving at the requirement of demand and energy.

It is submitted that sales forecast using the CAGR as the basis for projections is a tried and tested method and is used extensively across states and accepted by the Regulators. However, the CAGR considering the sales for last 5 years presented an abnormal trend and hence normalisation has been undertaken for such categories for forecasting sales for FY 2010-11. The sales in FY 2004-05 and FY 2005-06 were considerably low which affected the CAGR computation drastically. To take care of such anomalies, the expected growth for some of the categories has been normalised based on the past experience and expected growth.

3.1.2 Category wise Sales Forecast

Based on the methodology outlined above, the projected energy sales to various categories of consumers for FY 2010-11 are given below:

Table 3.1: Projected Energy Sales – FY 2010-2011

Category	Sales in MU's							Assumed Growth Rate for FY 2010-11	Sales in MU's for FY 2010-11 (Estimates)
	FY 2004-05 Actuals	FY 2005-06 Actuals	FY 2006-07 Actuals	FY 2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals	5 year CAGR		
	(n-5)	(n-4)	(n-3)	(n-2)	(n-1)	(n)			
Domestic	14	23	33	41	41	47	30%	20%	57
Commercial	6	8	11	14	18	19	27%	15%	22
Agriculture	2	2	2	2	3	3	10%	0 %	3
LT Industry	94	95	185	150	115	125	12%	8%	135
HT/EHT Industry	1,636	1,998	2,204	2,732	2,889	3131	14%	11%	3,482
Public Lighting	1	1	1	2	2	2.5	15%	5%	3
Temp. Supply					1	1.5	30%	33 %	2
Total	1,754	2,127	2,437	2,942	3,070	3329	14%	11 %	3,704



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As can be seen from the above table, the growth rates have been restricted/normalised for the reason that there is no additional power purchase allocation from Central sector except from Bhilai Power Plant and allocation of Central Sector power from Kawas and Gandhar power stations of NTPC which is available from September 2009 onwards. Domestic & Commercial categories demonstrate a very high CAGR which cannot be considered for FY 2010-11 projections and hence, the growth rate has been normalised and considered at 20% & 15% respectively over the last year. Similar approach has been adopted for LT Industry & Public Lighting.

The overall growth rate for FY 2008-9 over FY 2007-08 is approximately 4 % and growth for FY 2009-10 over FY2008-9 is approximately 9% computes to approximately 11%. Considering the prevailing situation of demand & supply, DNH deems that projections for FY 2010-11 are appropriate.

3.1.3 Billed Demand & Number of Consumers

The revenue forecast also requires estimation of the Billing Demand (KVA) for various HT Industrial consumers. The Breakup of the estimated demand for the HT Industrial category over the period of FY 2010-2011 is as follows:

Table 3.2: Estimated Annual Demand – FY 2010-2011

Consumer Category	FY 2008-09 Actuals (KVA)	FY 2009-10 Actuals (KVA)	FY 2010-11 Estimate s (KVA)
HT Industrial (A) Industrial & Motive (11kv and 66 kV with CD of 100 KVA & Above)	5,984,27	6,02,925	662925
HT Industrial (B) (Ferro / Steel / Power Intensive)	614,00	614,00	65400
HT Industrial (C) (Steel Rolling)	130,12	130,12	14012
Total	6,728,39	6,773,37	742337

It is submitted that on account of various constraints such as infrastructure facilities (distribution network, transmission network, metering etc), faced by the department including on account of shortage of power, the department does not foresee much growth in the number of consumers and the contracted demand of the HT industrial consumers during FY 2010-11 and will increase up to 65 MW capacity.

The breakup of the estimated number of consumers has been computed on the growth trend over the past year and present allocation of power extended from the Central Sector. However, normalization has been undertaken for certain categories where an abnormal rise or reduction has been observed. A growth rate of 3.5% has been considered for an abnormal rise and in case of reduction no growth rate has



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been considered for such class of consumers. The number of consumers estimated for the FY 2010-11 are tabulated below:

Table 3.3: No. of Consumers – FY 2010-11

Category	No. of Consumers				
	FY 2007-08 Actuals	FY 2008-09 Actuals	FY 2009-10 Actuals	% Increase	FY 2010-2011 Estimates
Domestic	27723	29023	30523	5%	32048
Commercial	5639	5811	6495	3%	6690
Agriculture	1197	1212	968	1%	978
LT Industry	3437	3463	2485	1%	2510
HT/EHT Industry					
HT A	717	740	733	5%	770
HT B	30	28	28	10%	31
HT C	9	10	10	10%	11
Public Lighting	253	272	289	8%	312
Any other (LIG)	13674	13760	13847	1%	13985
Total	51679	54319	55378	3.5%	57335

3.1.4 Distribution Losses

DNH has achieved a significant reduction in distribution losses during recent years. Apart from the reason that majority of power supply out of total consumption is to HT consumers connected at higher voltages, DNH submits that the system improvement works executed every year under the plan schemes have also contributed to the reduction of distribution losses. However, it may also be noted that reduction of distribution losses may not be possible beyond a certain level due to technical limitation and also due to growth in LT segment. The distribution losses in the DNH distribution network have been in the range of approximately 7 to 8% in the past. For the purpose of FY 2010-11 ARR, the losses have been retained at the same level of FY 2008-09 and FY 2009-2010 i.e. 8%.

3.1.5 Energy Requirement & Sources of Power Purchase

Accordingly, the energy requirement for DNH is estimated at the periphery based on the retail sales projections, grossed up by estimated loss levels.

Further, to estimate the energy requirement at generation bus bar level for the purpose of representation in model, the PGCIL losses based on the average of losses observed in the year 2009-10 have been considered. The summary statement of



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PGCIL losses for the year 2009-10 is attached as **Annexure 1**. According to the energy balance expected for the FY 2010-11 is as given below:

Table 3.4: Energy Requirement – FY2010-11

Energy Balance	FY 2008-09 (Actual) MU's	FY 2009-10 (Actual) MU's	FY 2010-2011 (Estimates) MU's
ENERGY REQUIREMENT			
Energy Sales			
LT Supply	180	198	222
HT Supply	2,889	3131	3482
Total Energy Sales	3,070	3329	3704
Overall T & D Losses %	6.4%	7.4 %	7.9 %
Overall T & D Losses (MUs)	210	267	322
Total Energy Requirement	3280	3594	4026
ENERGY AVAILABILITY AT PERIPHERY			
Power Purchase from CGS	2562.00	3318.00	3850.50
Other Sources/ Power exchanges	718	276	175
Total Energy Availability	3280.00	3594.00	4025.50
ENERGY SURPLUS/(GAP)			

The energy requirement of DNH is mainly met from the allocation of power of Central Generating Stations. However, for meeting the remaining gap, it has to purchase power from other sources/ open market/ power exchanges, etc. which contributed to around 22 % of the total power purchase for FY 2008-09 and around 7.6% of the total power purchase for FY 2009-10 and is estimated to be approximately 4.3% of the total energy requirement for FY 2010-11. The present scenario is likely to continue till there is an addition in existing allocation or allocation from new power stations.



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Requirement & Tariff Proposal for FY2010-2011**

The expected power procurement sources for FY 2010-11 are provided in the table below

Table 3.5: Details of Power **Procurement** Sources – FY 2010-11

Energy Balance	FY 2008-09 (Actual) MU's	FY 2009-10 (Actual) MU's	FY 2010-2011 (Projected) MU's
NTPC			
KSTPS	586	578	579
VSTPSI	380	384	384
VSTPSII	319	319	319
VSTPSIII	310	346	346
Kawas Gas/LQD/LNG	346	472	554
JGPS Gas/LNG	189	325	380
SIPAT	163	309	309
Sub total	2,293	2,735	2871
NSPCL			
Bhilai PS Unit 1 & 2	-	451	718
Sub Total		451	718
NPC			
KAPS	43	30	30
TAPSIII&IV	142	200	183
Subtotal	185	230	213
ER Import			
FTSPS ER	36	19	19
KhSTPSI ER	18	7	7.5
TSTPS ER	25	12	12
KhSTPSII ER	5	10	10
Subtotal	84	48	48.5
Other Sources	718	276	175
Total	3,280	3,740	4025.5

*** Actual drawl of the DNH is 3594 MUs for the FY-2009-10.



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As can be seen from the above table, the power purchase from central sector has been considered 10 % price escalation in the variable charges than previous year and for Kawas and Gandhar power stations of NTPC some more allocation accorded by the Ministry and addition of new source of power i.e. NTPC Sail – Bhilai Plant. This has resulted in less dependence on other sources. These other sources may be bilateral contracts or short term purchases from traders / power exchange. Hence it is requested to Hon'ble Commission to kindly approve the power purchases as outlined below. The estimated cost for such power purchases has been discussed in section 3.3.4 of the filing.

3.2 Capital Expenditure & Capitalisation

3.2.1 Capital Expenditure & Capitalisation of Assets

The infrastructure inherited by DNH is insufficient to cater to the present load and hence to meet the increasing demand from HT and LT load, it is absolutely necessary to undertake significant capital expenditure.

The objective of incurring the capital expenditure is also to upgrade and strengthen the distribution network to meet the desirable standards of performance and provide better network reliability and sustainable performance to the consumers of DNH.

The capital expenditure plan envisaged will also assist in reducing system losses. DNH proposes to incur the capital expenditure of Rs. 61.00 Crores for FY 2010-11. Out of total capital expenditure of Rs. 61.00 Crores, Rs.19.94 Crores are to be capitalized during the FY-2010-11.

The major capital expenditure incurred during the year 2009-2010 is on Establishment of 220/66 kV Sub Station 2x160 at Khadoli amounting to Rs. 34.50 Crores. Presently, DNH has only one existing 220/66kV S/S at Kharadpada through which major demand is being catered and simultaneously it also draws power from GETCO's line. With establishment of 220/66 kV S/S at Khadoli, dependence on using GETCO's network reduced from 4 lines to 1 line and DNH will have 2 220/66kV Substations sources to cater the demand. The details of the capital expenditure schemes proposed in FY 2010-11 are outlined in Format-5:

Further, out of the above estimated capital expenditure for FY 2010-11 and capital work in progress on account of ongoing schemes, DNH based on the progress of the works proposes to capitalise assets amounting to Rs. 19.94 Crores. The details of the schemes being capitalised are provided in ARR Format No. 6 & 7. Accordingly, the



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summary of the proposed capital expenditure and capitalisation is outlined below:

Table 3.6: Summary of Proposed Capital Expenditure & Capitalisation FY 2010-11

(Rs. in crores)				
Sr. No.	Particulars	Previous year (actual) 2008-09	Current year (RE) 2009-10	Ensuing year (projections) 2010-11
1	2	3	4	5
1	Opening balance	17.85	9.2152	10.253
2	Add: New investments	11.6852	38.023	27
3	Total	29.5352	47.2382	37.253
4	Less investment capitalized	20.32	37.03	19.94
5	Closing balance	9.2152	10.2082	17.313

3.3 Annual Revenue Requirement for DNH

Based on the provisions of the Tariff Regulations, the estimate for the Annual Revenue Requirement (ARR) would consist of the following elements:

- Power Purchase Costs
- Transmission Charges
- Operation and Maintenance Expenses
- Administration & General expenses
- Depreciation
- Interest charges (including interest on working capital)
- Return on NFA/Equity
- Provision for Bad and Doubtful Debts
- Return on Equity

The above Annual Revenue Requirement is netted off for Non Tariff Income for determining the net ARR for DNH.

3.3.1 Power Purchase

3.3.1.1 Source of Power

DNH does not have its own generating stations and therefore meet its total energy requirement from its allocation from the Central Generating Stations (CGS) and other sources. DNH receives power from CGS like NTPC and NPCIL as per allocation from time to time. DNH's firm share allocation from CGS is comparatively



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less and hence has to mainly depend upon the infirm power allocation. In addition to the share from these CGS, DNH also gets power from the Eastern Region stations of NTPC, viz., Kahalgaon Thermal Power station, Farakka Super Thermal Power station and Talcher Super Thermal Power station. The present power allocation of DNH is as listed below:

Table 3.7: Power Allocation

Generating Station	Share from Firm Allocation (MW)	Share from Infirm Allocation (MW)	Total Allocation (MW)
KSTPS	-	76.00	76.00
VSTPSI	5	47.63	52.63
VSTPSII	4	38.27	42.27
VSTPSIII	6	38.66	44.66
KGPP	25	55.99	80.99
JGPS	2	56.46	58.46
SIPAT	4	38.66	42.66
KAPP	2	12.37	14.37
TAPPIII & IV	7	41.75	48.75
Eastern Region	0	0	0
Total	55	406.09	461.09
NSPCL Bhilai	100	-	561.09

DNH has a firm allocation of only 55 MW from various generating stations of NTPC and Nuclear Power Corporation (NPC) stations. In addition to the firm share allocation, most of these stations have 15% unallocated power. The distribution of this unallocated power among the constituents of Western Region is decided by Ministry of Power, Government of India from time to time based on the power requirement, seasonality and power shortages in different states. The present allocation of firm/infirm power for DNH from CGS is around 461.09 MW.

In addition to the above sources of power, DNH has been able to procure power from NTPC Sail Power Company Private Limited (NSPCL) Bhilai Power Station from the last week of April 2009. The share allocated to DNH is 20% of the Installed Capacity from Bhilai Power Station. The total installed capacity of Bhilai expansion power plant is 500 MW out of which Unit 1 of 250 MW has been commissioned and the Unit 2 has commenced its operations recently w.e.f. October 2009. 100 MW power has been allocated to UT DNH on firm basis.

Further, to cater to the increasing demand of its consumers, DNH has also entered into various power purchase agreements/ requested for future power allocation arrangement from various Central Generating Stations. The status for future power allocation is listed below:



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Table 3.8: Future Power Allocation

Sr. No.	Name of Power station	Willingness Given (MW)	Allocation of Power (MW)	Expected COD	Approx Purchase Rate (Rs/kWh)
1	Kahalgaon Super Thermal Power station	-	3	FY 2009-10	CERC order
2	North Karanpura Super Thermal Power station.	-	8	FY 2009-10	Rate will be decided as per CERC order
3	Kawas & Gandhar Power project	-	20	Project delayed due to non availability of Gas to NTPC	Rate will be decided as per CERC order
4	BARH Power station of	100	-	At the end of 11th Plan	Rs.2.5/unit
5	Mauda Power station of	50	-	FY 2011-12	Rs.2.5/unit
6	Ratnagiri (Dhabol) power plant	100	30	Under process for granting Open access & signing PPA	Rate will be decided as per CERC order
7	Dibang Power Plant	100	-	After 9 years	For initial one year Rs.3.51/unit then after Rs.2.69/unit
8	UMPP, Chhattisgarh	200	50		Rate will be decided as per CERC order
9	UMPP Orissa	200	-		Rate will be decided as per CERC order
10	Vindyachal Stage-IV	100	-	At the end of 11th Plan period	Rate will be decided as per CERC order
11	Solapur STPP of NTPC	100	-	At the end of 11th Plan period	Rate will be decided as per CERC order
Total		950	111		

3.3.2 Assumption for Power Purchase Projection

The merit order despatch principles are typically adopted when determining the power purchases from various generating stations. However, in a power deficit scenario, these principles do not play a significant role as the utilities will try and purchase all the power that is available at its disposal. Accordingly, DNH has considered purchase of the entire power available from all the possible sources during FY 2010-11 to meet the demand to the extent possible.



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Power Purchase cost is a function of the energy requirement and price of available power from the different sources for meeting the energy requirement. The energy requirement of DNH for FY 2010-11 is proposed to be met from central generating stations and external power purchase as discussed below.

Power purchase cost for FY 2010-11, is determined on the following parameters:

- The quantum of power allocated to DNH from central generating station is based on the allocation declared by WRPC (WRPC allocation w.e.f 1st March 2010);
- Power purchases from the CGS stations are accounted at the plant Exbus;
- PLF is assumed same as per previous year i.e. FY 2009-10;
- Fixed cost, Energy charges and other charges for CGS stations have been considered with an escalation of 10% over the previous year levels;
- Power purchase from other sources is considered at Rs. 8.00 per unit for FY 2010-11 based on the current market prices.

3.3.3 Power purchase from CGS Stations

DNH has projected that the quantum of power purchase from CGS stations will be based on the firm & infirm allocations. The details of the computation of power purchases from CGS stations are provided in Format-4 of the formats submitted along with the filing. For projecting the net energy availability at DNH periphery for FY 2010-11, the external PGCIL losses of 5.82% for the Western Region Generating Stations have been considered.

3.3.4 External Power Purchase/ Other Sources

Based on the output of the Merit Order Despatch Module and the Energy balance, it is estimated that in addition to the firm as well as infirm allocation of power from various CGS, there will be shortfall of energy to the tune of 192 MU's which is approximately 5% of the total projected energy requirement for FY 2010-11. This additional energy requirement has to be met from external power purchase source/ other sources in order to meet the present demand of the consumers. DNH has been continuously experiencing similar shortfall of power in the past which was met through Unscheduled Interchange (UI) as there was no alternate source of power available. In FY 2008-09, DNH had procured 718 MU's of energy through UI mechanism and the weighted average cost of this procurement was Rs. 5.64 per unit. This scenario is likely to continue in the initial period of FY 2009-10 also till DNH gets additional allocation from CGS and till the time Bhilai Power station is fully commissioned. For the purpose of estimation of power purchase cost, DNH has considered weighted average price of Rs.8.0 per unit which is approximately 10%



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higher than that of FY 2009-10 based on the current market trend. However, in the current high demand supply gap scenario across the country in general and western region in particular, this weighted average price may further shoot up for FY 2010-11.

To meet the future demand supply gap and to reduce procurement from external sources/ other sources, DNH has initiated process of Short & Long Term Power competitive bidding process. Further as detailed out in Table 3.8, DNH has already applied/ sought approval for additional power from Central Sector to meet the demand gap. This will reduce the overall power purchase cost and tariff burden on consumers. Considering the developments and the fact that DNH does not have its own generation, the Hon'ble Commission is requested to allow the power purchase costs as estimated by DNH for FY 2010-11:

Table 3.9: Summary of DNH Power Purchase Expenses for FY 2010-11

Source	Purchase (MUs) at Ex-bus	Polled losses	Energy recd. by Licensee (MU)	FC (Rs. crores)	VC (Rs. crore)	Others (Rs. crore)	Total (Rs. crore)	Avg. cost (Rs./unit)
KSTPS	615	36	579	15.23	47.93	6.99	70.15	1.14
VSTPS-I	408	24	384	12.84	55.12	2.91	70.87	1.74
VSTPS-II	339	20	319	17.03	44.52	6.19	67.74	2.00
VSTPS-III	367	21	346	27.34	47.87	6.66	81.87	2.23
KGPP	588	34	554	31.07	305.93	15.80	352.80	6.00
GGPP	404	24	380	27.71	186.56	7.93	222.20	5.50
SIPAT	328	19	309	26.81	35.92	2.87	65.60	2.00
FSTPS	20	1	19	0.845	5.38	0.50	6.73	3.37
KHSTPS- I	8	0.5	7.5	0.456	1.74	0.50	2.70	3.38
TSTPS	13	1	12	0.646	1.82	0.50	2.97	2.28
KHSTPS - II	11	1	10	0.856	2.167	0.50	3.52	3.20
NPCIL (KAPs)	32	2	30	0	8.47	0.17	8.64	2.70
NPCIL (TAPs)	194	11	183	0	63.92	3	66.92	3.45
NSPCL	750	32	718	1.85	259.65	1	262.50	3.50
UI /Other charges	192	17	175	0	153.6	0	153.60	8.00
Total	4269	243.5	4025.5	162.68	1220.6	55.52	1438.8	3.37



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Moreover, the transmission & other charges are considered as Rs.72.49 Crores during the FY-2010-11 making total requirement of power purchase cost of Rs.1511.29 Crores.

Further, it is submitted that any changes in the power purchase expenses during the year may be allowed to be recovered by DNH from its consumers through a Fuel and Power Purchase Cost Adjustment Mechanism that may be notified by the Hon'ble Commission. This would ensure that such increased expenses do not affect the financial viability of the department and at the same time do not accumulate for trueup at the end of the year as this can have a significant impact on the tariffs in the subsequent years. Such mechanisms are prevailing in the neighboring states of Maharashtra and Gujarat and have been envisaged in the Electricity Act 2003 (Section 62 (4)) also. The relevant section of the Act is reproduced below:
"62.

(4) No tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified."

3.3.5 Transmission and Other Charges

The Transmission charges payable to PGCIL are estimated based on the quantum of power proposed for wheeling for FY 2010-11 based on per unit cost actually incurred in FY 2009-10. The transmission charges paid to PGCIL for FY 2008-09 were Rs. 45.13 Crores for 3,280 MUs at DNH periphery and Rs. 55.75 Crores for 3594 MUs for FY 2009-10. Based on the above, the per unit cost of transmission charges for FY 2009-10 with an escalation of 5%, computes to 17 paise/kWh. Accordingly the transmission charges for FY 2010-11 work out to Rs.70.28 Crores for 4026 MUs of power.

3.4 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repairs & Maintenance Expenses



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As mentioned earlier in Section 1.1 & Section 1.3, DNH maintains its accounts on cash basis and submits the same to Finance Department on a monthly basis for Audit. DNH does not maintain its accounts purely in the above categorisation of O&M heads. It has various heads such as salaries, medical treatment, domestic travelling, office expense, and other charges towards supply materials, minor repair works etc which are categorised into O&M expenses for past few years as under:

Table 3.10: O&M Expenditure – Past Trend

Year	O&M Expenses (Rs. Crores)
2003-2004	4.43
2004-2005	4.47
2005-2006	4.48
2006-2007	3.99
2007-2008	4.09
2008-2009	5.53
2009-2010	7.20

3.4.1 Employee Expenses

The expense head of employee cost consists of salary and allowance, bonus, Leave Travel Concession (LTC) & Honorarium etc. It is submitted that in the absence of any practice of maintaining the provisions of pension, terminal benefits, etc. separately, DNH has not considered leave salary contribution, pension and terminal benefits of the employees in the Employee Expenses. The DNH reserves its right towards this claim and will approach the Hon'ble Commission at the appropriate stage. DNH has projected the employee cost for FY 2010-11 taking into consideration increase in the basic salary and related other remunerations on account of implementations of recommendations of Sixth Pay Commission. Further, DNH has distributed 40% of total arrears due to implementation of Sixth Pay Commission during FY 2008-09 and remaining 60% of Arrears has been paid to the employees during FY 2009-10. In FY 2009-10, DNH has made the arrears payment to its employees in the first 6 months. DNH has projected the employee cost for FY 2010-11 based on the actual salary expenses of FY 2009-10 (excluding the arrears portion for FY 2008-09 paid in April - September 2009). It is therefore kindly requested to Hon'ble Commission to approve the employee expenses of Rs. 2.95 Crores for FY 2010-11.



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3.4.2 Administration and General Expenses

A&G expenses comprise of the following broad subheads of expenditure, viz.

- Domestic Travelling Expenses
- Office Expenses
- Legal, Regulatory & Consultancy Fees
- Insurance etc

The A&G expenses for FY 2009-10 bifurcated from expenditure statement of DNH are Rs. 0.129 Crores and for the FY 2010-11 are Rs. 0.135 Crores which are escalated by 5% to arrive at expenses for FY 2010-11. The escalation is to absorb the normal inflationary increases in the costs. In recent past, DNH has been availing legal services & advisory assistance from consultants for various regulatory and other issues. We therefore request the Hon'ble Commission to kindly approve the A&G Expenditure of Rs.0.135 Crores for the FY 2010-11.

3.4.3 Repairs and Maintenance Expenses

DNH has been undertaking various Repairs and Maintenance activities as a step towards improvement of systems, reduction in breakdowns, reduction in response time and increasing preventive maintenance. The R&M expenses for FY 2010-11 are escalated by 36% over FY 2009-10 expenses to capture the inflationary increases in the costs. It is requested to Hon'ble Commission to approve R&M expenses of Rs. 4.11 Crores for FY 2010-11.

3.4.4 O&M Expenditure as a whole

The overall O&M Expenditure for FY 2010-11 is estimated to be about Rs. 11.06 Crores and is tabulated below:

Table 3.11: O&M Expenditure – FY 2010-11

Particulars	FY 2010-11 Estimates (Rs. Crores)
Employee Expenses	2.95
A&G Expenses	0.135
R&M Expenses	4.11
O&M Expenditure	7.195

It is submitted that DNH is now gearing up for meeting the operational requirement of servicing existing and additional new consumers in line with the Standards of performance which the licensees have to adhere to. Hence there would be an



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increase in O&M expenditure to support full-fledged distribution business operations.

3.5 Gross Fixed Assets

It is submitted in absence of fixed assets register, the gross fixed assets (GFA) have been built up based on available information as on 31.3.2008. The additions during the FY 2007-08 have been considered from the works capitalised. Thereafter, regular additions during subsequent year have been added and accordingly GFA has been computed for FY 2010-11. The GFA movement is given in the table below:

Table 3.12: Gross Fixed Assets Movement

Financial Year	Opening Balance (Rs. Crores)	Addition during year (Rs. Crores)	Closing Balance (Rs. Crores)
FY 2007-08	400.09	7.27	407.36
FY 2008-09	407.37	20.32	427.69
FY 2009-10	427.69	37.03	464.72
FY 2010-11	484.66	19.94	504.60

3.6 Depreciation

The depreciation for FY 2008-09 & FY 2009-10 are computed on the basis of CERC Regulation outlined as under:

Table 3.13: Depreciation Rates as per the CERC Regulation

Assets	Dep. Rate
Plant & Machinery	5.28%
Buildings	3.34%
Vehicles	5.28%
Furniture	6.33%
Computers & Data Processing Machine	15.00%

Since DNH is filing ARR for FY 2010-11 and as per the JERC Tariff Regulations, it has considered appropriate to apply CERC rates provided in its Tariff Regulations 2009. Accordingly, the depreciation works out to Rs. 19.063 Crores and is depicted below:



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Table 3.14: Depreciation – FY 2010-11

Particulars	Opening GFA (Rs. Crores)	Additions during year (Rs. Crores)	Depn Rates (%)	Depn Amount (Rs. Crores)
Plant and Machinery	312.271	19.835	5.28%	17.535
Buildings	41.668	0.000	3.34%	1.392
Vehicles	0.639	0.100	5.28%	0.039
Furniture and Fixtures	0.896	0.000	6.33%	0.057
Computer & others	0.266	0.005	15.00%	0.041
Land Leasehold	53.870	0.000	-	0.000
Total	409.609	19.940		19.063

3.7 Capital Based Return

On the basis of JERC Regulation for determination of tariff the capital base return has been computed as outline below.

Table 3.15: Capital Base and Return

(Rs. in crores)

Sr. No.	Particulars	Previous Year (Actuals)	Current Year (R.E)	Ensuing Year (Projection)
		2008-09	2009-10	2010-11
1	2	3	4	5
1	Gross block at beginning of the year	389.296	391.568	409.609
2	Less accumulated depreciation	18.048	18.990	19.063
3	Net block at beginning of the year	371.248	372.579	390.5455
4	Less accumulated consumer contribution	0	0	0
5	Net fixed assets at beginning of the year	371.2484	372.5787	390.5455
6	Reasonable return @3% of NFA	11.1375	11.1774	11.7164



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3.8 Interest and Financial Charges

The Interest costs have been estimated based on the following three heads:

- Interest on Debt/ Long term loans
- Interest on Working Capital
- Interest on Security Deposit

3.8.1 Interest Capitalised

The DNH being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through Budgetary support without any external borrowings. The DNH is now migrating to regulatory regime under the aegis of the Hon'ble Commission and will begin to function as a commercial utility under the Electricity Act, 2003. The DNH has therefore taken 1.4.2010 as the base date for the above change and from 1.4.2010 onwards, DNH will be subjected to tariff determination under the provisions of the Tariff Regulations to be issued by the Hon'ble Commission i.e. JERC.

On the Base of JERC Regulation, the interest capitalization has been computed as outlined below.

Table 3.16: **Interest Capitalized**

(Rs. in crores)

Sr.No.	Interest Capitalized	Previous year (actuals)	Current year (RE)	Ensuing year (projections)
1	2	3	4	5
1	WIP*	9.2152	10.253	17.313
2	GFA* at the end of the year	20.32	37.03	19.94
3	WIP+GFA at the end of the year	29.5352	47.283	37.253
4	Interest(excluding interest on WCL*) 12.25%	3.618	5.792	4.563
5	Interest Capitalized	33.153	53.075	41.816

*WIP:Works-in-Progress; GFA:Gross Fixed Assets; WCL:Working capital loan



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3.8.2 Interest on Working Capital

The DNH has computed the Interest on Working Capital for FY 2010-11 on normative basis. As per the JERC Tariff Regulations, for the purpose of computation of normative working and Interest on working capital, the components of working capital are as follows:

- Power Purchase Cost
- One month's employee costs
- Administration & General expenses
- One month's R&M Cost

The rate of interest on working capital has been considered as per SBI Prime lending rate as on 1st April of the respective year, which is 12.25% as on 1st April 2010.

The interest on normative working capital for FY 2010-11 works out to Rs. 15.516 Crores and is given in the table below:

Table 3.17: Information regarding Working Capital for the current and ensuing year

Sr. No.	Particulars	Amount (in Crores Rs.)	
		Current year (RE)	Ensuing year (projections)
1	2	3	4
1	Fuel Cost	0.000	0.000
2	Power Purchase Cost	85.842	125.940
3	One month's employee costs	0.237	0.246
4	administration & general expenses	0.088	0.135
5	One month's R&M Cost	0.217	0.343
6	Total	86.384	126.664
	Interest on working capital	10.582	15.516

The Hon'ble Commission is kindly requested to approve the interest on working capital of Rs. 15.516 Crores on normative basis for FY 2010-11.



3.8.3 Interest on Security Deposit

The Electricity Department collects deposits from consumers and contractors (as Earnest Money Deposit or security). While security deposit from consumers is taken at the time of providing the connection and has to be repaid to the consumers at the time of surrender of the connection; security deposit from contractors is adjusted subsequent to satisfactory completion of the contracted work. These deposits are in the form of Fixed Deposits Receipts (FDR)/ Bank Guarantee and in case of FDR the interest is directly paid to the consumer.

The following are the deposits held with the Electricity Department of Dadra & Nagar Haveli as on 31st March 2010.

Table 3.18: Security Deposits from Consumers

Deposits held	Amount (Rs. Crores)
Cash Deposits of Contractors as Security	1.13
Deposits for works to be done	0.57
Sums due to contractors closed accounts	
Miscellaneous Deposits	16.32
Bank Guarantee	170.01
Total	188.04

3.9 Provision for Bad and Doubtful Debts

DNH has considered provision for bad debts as 0.50% of Revenue from sale of power to the consumers. It is submitted that collection from Domestic consumers in slab 1 & 2, Agriculture & poultry, public lighting etc is very marginal and hence provision for such consumers need to be done as doubtful debts. Thus, for FY 2010-11, DNH has projected provision for bad debts as Rs. 8.2 Crores.



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3.10 Return on Equity

DNH would like to submit that Distribution Business has always been perceived to be a business having a greater inherent risk than the Generation or Transmission Business due to various factors amongst which the direct interface with the retail consumers is the biggest risk. The same has been recognized by many Commissions across the country and they have proposed a higher rate of return on the equity invested in distribution business as compared to generation and transmission business. This has been demonstrated by the various Commissions by offering rate of return @16% for distribution business in their Tariff Regulations.

It may also kindly be noted that CERC in its recent Tariff Regulations of 2009 for Generation and Transmission has fixed pretax return on equity at 15.50% with an additional return of 0.50% for projects completing within specified timelines.

The basis and details of opening equity component have already been discussed in section 3.7.1. Accordingly, considering Debt: Equity norm of 70:30 and RoE of 16% for FY 2010-11, the return on equity works out as given below:

Table 3.19: Return on Equity – FY 2010-11

Sr. No.	Particulars	FY 2009-10 Estimates (Rs. Crores)
1	Opening Equity Amount	145.398
2	Equity Addition during year (30% of Capitalisation)	43.61
3	Closing Equity Amount	189.02
4	Average Equity Amount	167.21
5	Rate of Return on Equity	16%
6	Return on Equity	26.75

3.11 Non-Tariff Income

Based on the FY 2009-10, it is assumed that non-tariff Income in form of meter rent , Late payment charges & Miscellaneous charges will be Rs. 2.8 Crores from various categories of consumers.



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3.12 Annual Revenue Requirement

Based on the above estimates and projections, the ARR for DNH for FY 2010-11 works out as under:

Table 3.20: **ANNUAL REVENUE REQUIREMENT FOR THE YEAR 2010-11**
(Rs. in crores)

Sr. No.	Item of expense	Proposed by the Licensee	Revised by the Licensee	Approved by the Commission	Actuals as per accounts
1	2	3	4	5	6
1	Cost of fuel	-	-	-	-
2	Cost of power purchase	1511.285	-	-	-
3	Employee costs	2.950	-	-	-
4	O&M expenses	4.110	-	-	-
5	Administration and general expenses	0.135	-	-	-
6	Depreciation	19.063	-	-	-
7	Interest charges (including interest on working capital)	57.333	-	-	-
8	Return on NFA /Equity	11.716	-	-	-
9	Provision for Bad Debit	8.200	-	-	-
10	Total revenue requirement	1614.792	-	-	-
11	Less: non tariff income	2.800	-	-	-
12	Net revenue requirement (11-11)	1611.992	-	-	-
13	Revenue from tariff	1186.369	-	-	-
14	Gap (12-13)	425.623	-	-	-
15	Gap for -----	0.000	-	-	-
16	Total gap (14+15)	425.623	-	-	-
17	Revenue surplus carried over	29.017	-	-	-
18	Additional revenue from proposed tariff	454.640	-	-	-
19	Regulatory asset		-	-	-
20	Energy sales (MU)	4026.000	-	-	-



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3.13 Average Cost to Supply

Based on the above computed ARR of Rs. 1611.99 Crores and with energy sales projection of 3704 MUs, the Average Cost to Supply works out to Rs. 4.35 per unit for FY 2010-11.

3.14 Revenue at Existing Tariff and Gap for FY 2010-11

The estimated revenue at Existing Tariff for FY 2010-11 for each of the consumer category is computed at Rs. 1186.37 Crores. The average realisation rate or average revenue per unit for estimated sales of 3704 MUs for FY 2010-11, works out to Rs. 3.20. The summary of the category-wise revenue is as shown in the table below:

Table 3.21: Revenue at Existing Tariff – FY 2010-11

Category	Energy MU	Demand Charge Rs. Crores	Energy Charge Rs. Crores	Penal Charges Rs. Crores	Power Factor Rebate / Penalty Rs. Crores	Full year revenue Rs. Crores
Domestic Connection	57	0	12.56	0	0	12.66
Commercial	22	0	5.92	0	0	5.92
Industrial L.T. (0 -99 HP) Per Month	135	0.72	32.45	0	0.10	33.27
HT Industrial (A) - Industrial & Motive (11kv and 66 kV with CD of 100 kVA & Above)	3140	40.82	956	0	0	996.82
HT Industrial (B) (Ferro / Steel / Power Intensive)	299	44.85	73	0	0	117.85
HT Industrial (C) (Steel Rolling)	43	7.74	11	0	0	18.74
Agriculture & Poultry	3	0	0.19	0	0	0.19
Public Lighting	3	0	0.46	0	0	0.46
Temporary Supply	2	0	0.56	0	0	0.56
Total	3704					1186.37

Based on the Aggregate Revenue Requirement and net revenue from existing tariffs for FY 2010-11, the resultant GAP works out to Rs. 425.623 Crores which is approximately 26.40% of the ARR as depicted in the table below:



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Table 3.22: Revenue GAP at Existing Tariffs – FY 2010-11

Sr. No.	Particulars	FY 2009-10 Estimates (Rs. Crores)
I	Revenue from Sale of Power	1186.37
1	Revenue from Demand Charges	94.13
2	Revenue from Energy Charges	1092.24
3	Power Factor Rebate/ Penalty	0.1
4	Penal Charges	0
II	Net Annual Revenue Requirement	1611.99
III	(Gap)/ Surplus (III)	(425.623)



4. TARIFF PROPOSAL FOR FY 2010-11

DNH in the previous sections has discussed the estimated performance for the FY 2010-11 based on the past years performances and certain assumptions explained at appropriate places to determine the Aggregate Revenue Required for FY 2010-11.

4.1 Recovery of Revenue Gap for FY 2010-11

The estimated gap in the FY 2010-11 has been computed by deducting the ARR from Revenue at Existing Tariff.

DNH has projected ARR for FY 2010-11 at Rs. 1611.99 Crores and the revenue at existing tariff from projected sales compute to Rs 1186.37 Crores. Thus the resultant gap works out to Rs. 425.623 Crores. However, DNH has not computed the ARR and Revenue Gap for periods prior to FY 2010-11. It also does not propose to recover the past gaps (i.e. prior to FY 2010-11) as they relate to the period prior to the exercise of regulatory control by the Hon'ble Commission and further these may result in huge burden on the consumers.

Tariff is a sensitive subject having substantial impact on social, economic and financial well being of the public at large as well as the viability and growth of power sector. The current tariff structure meets these requirements to a large extent; however there is still room for improvement. Hence DNH proposes some changes in the existing tariff structure with following key objectives:

- Improvement in the proportion of recovery of fixed costs through Fixed/Demand Charges
- Simplified tariff structure for ease of implementation and understanding
- Rationalisation of consumer categories
- Movement of Tariff structure towards Cost of Supply as guided by the National Tariff Policy

4.2 Proposed Tariff in FY 2010-11

4.2.1 Tariff Proposal for FY 2010-11

The basic requirement of any Tariff proposal is that it has to be transparent and justifiable against various policy guidelines and the framework evolved by the JERC and various SERCs. In the light of the experience gained by other utilities in implementation of the tariff orders and regulatory requirements specified under



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various states and policy guidelines an attempt has been made to improve upon the present tariff design. However, it is submitted that DNH consumer mix has mainly contribution from HT consumers towards total energy consumption as well as revenue i.e. 94%, 96%. Therefore, any proposal for recovery of Gap has to be mainly contributed by HT consumers only. The tariff for Domestic, Agriculture & Public Lighting has been kept at same level and for other categories minimal hike is proposed. Considering the above, the tariff proposal for FY 2010-11 for individual categories is given below alongwith the comparison of existing and proposed energy charges for LT category consumers.

Table 4.1 -LT Category – Energy Charge –Existing v/s Proposed Tariff

Category	Energy Charge (Rs./Kwh)	
	Existing	Proposed
Domestic Connection		
Slab 1 (050 units)	1.00	1.00
Slab 2 (51200 units)	1.60	1.60
Slab 3 (201400 units)	2.00	2.00
Slab 4 (401 & above)	2.25	2.25
Low Income Group (2x40 Watts Bulbs only)		
Commercial		
Slab 1 (0100 units)	2.05	3.05
Slab 2 (100 & above)	2.70	3.70
Industrial L.T. (0 HP 99 HP) Per Month	2.40	3.40
Agriculture & Poultry		
Connected load upto 10 HP	0.55	0.55
Conn load beyond 10 HP & upto 99 HP	0.85	0.85
Public Lighting	1.20	1.20
Temporary Supply		
Single Phase / Two Phase Supply	4.00	4.80
Motive Power Religious & Social Functions	3.00	3.60
Motive Power All other purpose	4.05	4.85
HT Temporary	4.10	4.90

The comparison of proposed fixed charges for LT category consumers with the existing fixed charges is tabulated as under:



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Table 4.2: LT Category –Fixed Charge Existing v/s Proposed Tariff

Category	Existing Fixed Charge (Rs/month)	Proposed
Domestic Connection		
Slab 1 (050 units)		
Slab 2 (51200 units)		
Slab 3 (201400 units)		
Slab 4 (401 & above)		
Low Income Group (2x40 Watts Bulbs only) - Per Month		
Commercial		
Slab 1 (0100 units)		
Slab 2 (100 & above)		
Industrial L.T.		
First 20 HP or part thereof (Rs. per HP per month or part thereof)		25.00
Above 2199 HP or part thereof (Rs. per HP per month or part thereof)	15.00	
Agriculture & Poultry		
Connected load upto 10 HP		
Conn load beyond 10 HP & upto 99 HP		
Public Lighting	4.00	50.00
Temporary Supply		
Single Phase / Two Phase Supply		
Motive Power Religious & Social Functions		
Motive Power All other purpose		
HT Temporary		

The comparison of proposed energy charges for HT category consumers with the existing energy charges is tabulated as under:



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Table 4.3: HT Category – Energy Charge -Existing v/s Proposed Tariff

Category	Energy Charge (Rs./Kwh)	
	Existing	Proposed
HT Industrial (A) Industrial & Motive (11kv and 66 kV with CD of 100 kVA & Above)		
Slab 1 (0-50000 units)	2.95	3.85
Slab 2 (50000- 500000 units)	3.05	4.10
Slab 3 (500000 units & above)		4.25
Excess Consumption/Penalty charge	8.00	10.00
HT Industrial (B) (Ferro / Steel / Power Intensive)		
Slab 1 (0300 units) per kVA	2.05	3.10
Slab 2 (301500 units) per kVA	3.05	4.05
Slab 3 (500 units & above) per kVA	3.55	4.60
HT Industrial (C) (Steel Rolling)		
Slab 1 (0200 units) per kVA	2.05	3.00
Slab 2 (201300 units) per kVA	3.05	3.75
Slab 3 (301 units & above) oer kVA	4.05	4.60

The comparison of proposed fixed charges for HT category consumers with the existing fixed charges is presented as under:

Table 4.4: HT Category – Fixed Charge Existing v/s Proposed Tariff

Category	Fixed Charge	
	Existing	Proposed
HT Industrial (A) Industrial & Motive (11kv and 66 kV with CD of 100 kVA & Above)		
For Billing Demand upto Contract Demand	60.00	120.00
For Billing Demand exceeding Contract Demand	180.00	360.00
HT Industrial (B) (Ferro / Steel / Power Intensive)		
For Billing Demand upto Contract Demand	700.00	700.00
For Billing Demand exceeding Contract Demand	900.00	900.00
HT Industrial (C) (Steel Rolling)		
For Billing Demand upto Contract Demand	450.00	450.00
For Billing Demand exceeding Contract Demand	650.00	650.00

The comparison of proposed minimum charges for LT & HT category consumers with the existing minimum charges is presented as under:



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Table 4.5: LT & HT Category – Minimum Charge Existing v/s Proposed Tariff

Category	Existing Minimum Charges	Proposed charges (Rs/Month)
Domestic Connection		
First 500 Watts or part thereof	20.00	20.00
For every additional 500 Watts or part thereof	15.00	15.00
Low Income Group (2x40 Watts Bulbs only) (per service connection)	5.00	5.00
Commercial		
Single Phase		
First 500 Watts or part thereof	25.00	25.00
For every additional 500 Watts or part thereof	40.00	40.00
Three Phase (per HP or part thereof)	40.00	40.00
Industrial L.T. (per HP or part thereof)		
Agriculture & Poultry		
per HP or part thereof per month or part thereof subject to minimum of 3 HP	5.00	5.00
Public Lighting (Rs per month or part thereof)	5.00	50.00
Temporary Supply		
Single Phase / Two Phase Supply		
per day for supply not exceeding 6 days	15.00	15.00
per day subject to minimum of Rs.120/per period of supply for supply exceeding 6 days	10.00	10.00
Motive Power (per HP or part thereof per period of supply)	40.00	40.00
HT Temporary (per kVA per month or part thereof)	250.00	250.00
HT Industrial (A) Industrial & Motive (per kVA per month or part thereof)		
	120.00	120.00
HT Industrial (B) (Ferro / Steel / Power Intensive) - (per kVA per month or part thereof)		
HT Industrial (C) (Steel Rolling) (per kVA per month or part thereof)		



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4.3 Revenue at Proposed Tariff in FY 2010-11

Based on the tariff proposed above, following is the summary of the revenue from various consumer categories at the proposed tariff rates, which is being compared with the consumer category-wise revenue at existing tariff:

Table 4.6: Comparison of Existing Tariff with Proposed Tariff

Consumer Category	Energy Billed MU's	At Existing Tariff		At Proposed Tariff	
		Revenue Rs. Crores	Revenue Billed Rs. per unit	Revenue Rs. Crores	Revenue Billed Rs. per unit
Domestic Connection	57	12.66	2.22	12.56	2.22
Commercial	22	5.92	2.69	8.14	3.70
Agriculture & Poultry	3	0.19	0.63	0.19	0.63
Public Lighting	3	0.46	1.53	0.46	1.53
Temporary Supply	2	0.56	2.8	0.71	3.55
Industrial L.T. (0 99 HP) Per Month	135	32.45	2.40	45.90	3.40
HT Industrial (A) Industrial & Motive (11kv and 66 kV with CD of 100 kVA & Above)	3140	996.82	3.17	1397.64	4.45
HT Industrial (B) (Ferro / Steel / Power Intensive)	299	117.85	3.94	149.78	5.01
HT Industrial (C) (Steel Rolling)	43	18.74	4.36	24.60	5.75
Revenue from Sale of Power	3704	1186.37	3.20	1641.01	4.43

4.3.1 Impact of Tariff on Consumers

Recently, the power surcharge has been reduced by DNH and brought down to 00 paise/kWh which was implemented during the FY-2009-10 to overcome the deficit faced by the UT, DNH. The revenue gap and the average tariff hike proposed are presented in the table below:



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Table 4.7: Impact of Tariff Hike FY 2010-11

Sr. No.	Particulars	Units	FY 2010-11	
			Existing	Proposed
1	ARR for FY 2010-11	Rs. Crores	1611.99	1611.99
2	Revenue for FY 2010-11	Rs. Crores	1186.37	1641.01
3	Gap (1-2)	Rs. Crores	425.62	-29.02
4	Total Sales	MU's	3704	3704
5	Average Cost of Supply (1/4 x 10)	Rs. per kWh	4.35	4.35
6	Average Revenue (2/4 x 10)	Rs. per kWh	3.20	4.43
7	Pure Gap (5-6)	Rs. per kWh	1.15	-0.08
8	Average Hike in Tariff (7/6)		35.93%	

Hence it is submitted that the average tariff required to recover the gap attributable to FY 2010-11 is nominal and thus should be allowed for recovery.

In view of the above, it is prayed to the Hon'ble Commission to permit the recovery of gap in the FY 2010-11 by allowing a tariff increase as requested by DNH.

4.3.2 Tariff Rationalisation

The average Cost of Supply (Cos) for the DNH as per the proposed ARR is Rs. 4.35/kWh in the FY 2010-11. It is submitted that against the projected average CoS, the average realisation from the Domestic, Agriculture and Public Lighting categories is on lower side. The comparison of the average cost of service and average realisation from all the consumer categories is as given below:

Table 4.8: Effective Tariff vs. Average Cost of Supply

Consumer Category	Effective Tariff			
	% of Avg CoS per Unit (FY 2010-11)		FY 2010-11 (Existing)	FY 2010-11 (Proposed)
	Existing	Proposed	Rs per Unit	Rs per Unit
Domestic Connection	-50%	-50%	2.22	2.22
Commercial	-39%	-17%	2.69	3.70
Agriculture & Poultry	-86%	-86%	0.63	0.63
Public Lighting	-66%	-66%	1.53	1.53



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Temporary Supply	-37%	-20%	2.80	3.55
Industrial L.T. (0 99 HP) Per Month	-46%	-22%	2.40	3.46
HT Industrial (A) Industrial & Motive (11kv and 66 kV with CD of 100 kVA & Above)	-29%	0.45%	3.17	4.45
HT Industrial (B) (Ferro / Steel / Power Intensive)	-11%	13%	3.94	5.01
HT Industrial (C) (Steel Rolling)	-02%	30%	4.36	5.75
Total	-27.76		3.20	4.43

As is evident from the above table, based on the existing tariff, all the categories except for HT Industries is being subsidized to varying extent. Due to the continuous pressure on power purchase price and introduction of the regulatory regime paving way for identification of various expense heads as a part of ARR has resulted in escalation of average cost of supply. DNH is proposing a tariff rationalization broadly consistent with the Tariff policy which provides for tariff to reach a level of plus or minus 20% of the average cost to supply.

Based on the above, the Hon'ble Commission is requested to approve the tariff as proposed by the DNH.



5. TARIFF SCHEDULE – FY 2010-11

General Conditions

1. These tariffs shall be applicable with effect from the date Hon'ble Commission approves the tariff.
2. These tariffs shall be subject to revision and/ or Levy of surcharges as may be levied by Department from time to time as per directives of Hon'ble Commission.
3. The tariffs are exclusive of Electricity Duty, Taxes and other charges as levied by Government or other competent authorities from time to time which are payable by the consumers in addition to the charges levied as per the tariffs.
4. Unless otherwise agreed to these tariffs for power supply are applicable for supply at one point only.
5. Supply to consumers having contracted load between 100 kVA to 1500 kVA will be generally at 11 kV and for more than 1500 kVA at 66 kV. However the voltage of supply will be at the discretion of the department.
6. In case any dispute arises about the applicability of any tariff for any particular class of service or as to the interpretation of any clause of these tariffs, the decision of the Hon'ble Commission shall be final and binding.
7. The department shall not permit installation of contracted load of 7 H.P. and above unless they are provided with the capacitors of adequate rating to comply with power factor conditions. The consumer has to provide appropriate capacitors, for these installations presently running on without capacitors, within a stipulated period decided by the department.
8. If energy supplied for a specific purpose under a particular tariff is used for a different purpose not contemplated in the contract for supply and / or for which higher tariff is applicable, it will be deemed as misuse and stealing / theft of energy and energy consumption bills already rendered for the service shall be revised by applying the appropriate higher tariff from the date of connection unless convincing reasons are adduced thereof for adopting a different period. The imposition of this higher tariff shall not relieve the consumer from any penalties as per the law.



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9. If the consumer fails to pay the energy bill presented to him within the stipulated period, the Department shall have the right to disconnect the supply either temporarily or permanently after serving seven days notice on such consumer.
10. Billing on all cases will be done on contracted load and meter rent will be in addition to minimum charges.
11. Minimum Charges, Fixed Charges and Demand Charges, wherever applicable, will be charged for the whole month irrespective of the date of release of connection.
12. Demand Charges, Fixed Charges and Minimum Charges, wherever applicable, will be double as and when bimonthly billing is carried out. Similarly slabs of energy consumption will also be considered in case of bimonthly billing.
13. In case of exceeding the contract demand other than technical reasons, or adding additional load by the high tension consumers and sanctioned load by the low tension consumers by adding additional load, the penalty charges shall be charged in the regular bill itself as under:
 - a. Exceeding the contracted load by a consumer without specific permission of the department

And/ or

- b. Unauthorised addition, altered and / or extension to the consumer's electrical installation without the permission of the department.

If the entire energy consumption has been recorded in the meter, the quantum of energy bearing the same ratio of the total energy recorded in the meter as excess load or the unauthorised additional / extension of load bears to the total connected load as detected at the time of checking shall be charged at penal rate (subject to revision by the tariff by Hon'ble Commission from time to time) and the remaining consumption shall be charged at the appropriate tariff provided that the amount billed under the former part shall not be considered towards the minimum charges payable by the consumer under the provision of the appropriate tariff.



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The Power supply will be disconnected by the Deputy Engineer by preparing report of actual connected load and unauthorised load. Consumer shall be liable to pay the difference, if any, of penal charges if any so assessed by the department at the then prevailing penal rates in case of HT categories. Power supply shall not be reconnected unless the consumer qualifies for reconnection by removing the cause of disconnection and agree to pay the penalty charges along with his regular bills

Payment of penal charges for usage in excess of contract demand / load for any billing period does not entitle the consumer to draw in excess of contract demand / load as a matter of right.

14. 14. Unless specifically stated to the contrary, the figures of Energy Charge relate to Rupees per unit (kWh) charge for energy consumed during the month.
15. Delay payment charges shall be applicable to all category of consumers.
 - Delay payment charges of 2% per month (2% of the delay shall be charged on all arrears of the bill). In case of permanent connection, delay payment charges will be charged only up to the month of permanent disconnection.
16. Fuel Adjustment Costs (FAC) Charge as may be approved by the Hon'ble Commission from time to time shall be applicable to all categories of consumers and will be charged over and above the tariffs on the basis of FAC formula specified by the Hon'ble Commission and computed on a monthly basis.
17. The above conditions are in General and in addition to the 'Schedule of Service and Miscellaneous Charges'. DNH submits to Hon'ble Commission that it would file a separate petition for approval of Schedule of Service and Miscellaneous Charges to be incorporated in the final tariff order.

The revenue from proposed tariffs in FY 2010-11 has been estimated by applying the proposed rates to the projected sales and consumer related data as per segregation provided in the ARR filing. The detailed tariff schedule is outlined below.



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I. (A) Domestic connections

Applicable to private house, clubs run on Noncommercial basis, hostels, hospitals run on Noncommercial line, Charitable, Educational, Religious Institutions for light, Fans, Radios, domestic heating and other household appliances including water pump up to 2 HP.

(i) Energy Charges

Usage (Units/Month)	Tariff (Ps./Unit)
First – 50	100
51 – 200	160
201 – 400	200
401 and above	225

(ii) Minimum Charges

Usage (Watt)	Minimum Charge (Rs./month)
First 500 Watts or part thereof	Rs. 20/per month or part thereof
For every additional 500 Watts or part thereof	Rs. 15/per month or part thereof

(2) Power Supply to Low Income Group (Up to 2x40 W bulbs only)

Power supply to low income group connections will be charged at **Rs. 5 per service connection per month**. For any unauthorized increase in the load beyond 2x40W penal charges at the rate of Rs 5 per month per point will be levied and the installation will be liable for disconnection.

Note: For any unauthorized increase in load beyond 2 x 40 watts penal charges at the rate of Rs.5/per month will be levied and the installation will be liable for disconnection.



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II. Commercial Connections

Applicable for Shops, Offices, Restaurants, Bus Stations, Photo Studios, Laundries, Cinema Theatres, Industrial Lighting and other Commercial installations

(i) Energy Charges Single Phase:

Usage (Units/Month)	Tariff (Ps./Unit)
1-100	305
100 and above	370

(ii) Minimum charges

(a) Single Phase

Usage (Watt)	Minimum Charge (Rs./month)
First 500 Watts or part thereof	Rs. 25/per month or part thereof
For every additional 500 Watts or part thereof	Rs. 40/per month or part thereof

(b) Three Phase

Minimum charges would be Rs. 40/per HP or part thereof per month or part thereof

III. Industrial LT

Applicable to all Low Tension Industrial Motive Power Connections including water works/pumps up to 99 HP.

(i) Energy Charges

Usage (Units/Month)	Tariff(Ps./Unit)
For all Units	340

(ii) Fixed Charges

Usage (HP)	Tariff (Rs./HP/Unit)
Up to 99 HP	Rs. 25/- per HP or part thereof per month



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(iii) Minimum Charges

Minimum charges would be Rs. 25/per HP or part thereof per month or part thereof.

(iv) Power Factor Charges

If the power factor of the consumer is less than 0.86 for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged as extra at the rate of 1000 ps/unit. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease the department will give the consumer 15 days time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection.

LT consumers shall have to furnish deposit/FDR in favor of Superintending Engineer, ED, DNH at the rate of Rs. 1500/per HP or equivalent to three months average energy consumption whichever is higher.

IV. High Tension Category

A. High Tension Consumer

Applicable to all Industrial/Motive power consumers drawing through 11 kV and 66 kV systems having contract demand of 100 kVA and above.

(i) Demand Charges

(ii)

Demand (kVA)	Charges (Rs./KVA/month)
For billing demand up to contract demand or part thereof	Rs. 120/- per kVA per month or contact demand part thereof
For billing demand in excess of contact demand	Rs. 360/- per kVA per month or part thereof

(ii) Energy Charges

Usage (Units/Month)	Tariff (Ps./Unit)
1-50,000	385
50001-500000	410
500001 and above	425



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(iii) Penalty Charges

Penalty charges @ 1000 ps/unit

- Penalty charges will be levied on those units which are drawn beyond the contract demand. These units will be worked out on pro-rata basis correlating the total consumption of the month with billing demand.
- If industries are drawing power by more than 20% of the contract demand then their connections will be disconnected immediately.

(iv) Power Factor Charges

If the power factor of the consumer is less than 0.86 for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged as extra at the rate of 1000 ps/unit. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease the department will give the consumer 15 days time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection.

(v) Minimum Charges

Same as Demand Charges

(vi) Billing Demand

Billing demand would be the highest of the following:

- (a) 100 kVA
- (b) 85% of the Contract demand
- (c) Actual Demand Established

Note :- Vinoba Bhave Government Civil Hospital of UT of DNH is the only Government Hospital providing free medical treatment to tribal dominated inhabitants of this territory. Department has decided to avail concession in energy charges to Vinoba Bhave Hospital as a special case.

Therefore, it is proposed that the tariff for the fixed charges to this hospital shall be chargeable as a special case.

Therefore, it is proposed that the tariff for the fixed charges to this hospital shall be chargeable as per HT category (A) and the Energy Charges proposed to be levied as per the charges of Domestic lighting Category. The Hon'ble Joint Electricity Regulatory Commission may approve above proposal of the Department.



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B. HT Industrial (Ferro Metallurgical/ Steel Melting/ Power Intensive)

(i) Demand Charges

Demand (kVA)	Charges (Rs./KVA/month)
For billing demand up to contract demand or part thereof	Rs. 700/ per month or part thereof
For billing demand in excess of contract demand	Rs. 900/per month or part thereof

(ii) Energy Charges

Usage (Units/kVA)	Tariff (Ps./Unit)
1-300	310
301-500	405
501 and above	460

Note:

- c. The consumer shall have to give a notice in writing three days in advance in case he proposes to close his unit atleast for a period of one week or more during the month and in such case, the minimum charges of the demand charges shall be chargeable to the consumer on prorata basis.

- d. The consumer shall have to give a notice in writing seven days in advance in case he proposes to close his unit atleast for a period of one month or more and in such case, the minimum charges @Rs.120/kVA shall be chargeable to the consumer.

C. HT Industrial (Steel Rolling)

(i) Demand Charges

Demand (kVA)	Charges (Rs./kVA/month)
For billing demand upto contract demand or part thereof	Rs. 450/ per month or part thereof
For billing demand in excess of contract demand	Rs. 650/ per month or part thereof



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(ii) Energy Charges

Usage (Units/kVA)	Tariff (Ps./Unit)
1-200	300
201-300	375
301 and above	460

Note:

- e. The consumer shall have to give a notice in writing three days in advance in case he proposes to close his unit atleast for a period of one week or more during the month and in such case, the minimum charges of the demand charges shall be chargeable to the consumer on prorata basis.
 - f. The consumer shall have to give a notice in writing seven days in advance in case he proposes to close his unit atleast for a period of one month or more and in such case, the minimum charges @Rs.120/kVA shall be chargeable to the consumer.
- **The HT consumers of all types (HT(A), HT(B), HT(C)) have to furnish the bank guarantee/Fixed deposit in favor of Superintending Engineer, ED, DNH for a period of two years at the rate of Rs. 2,500/per kVA or equivalent to three months average energy consumption whichever is higher.**

V. Agriculture and Poultry

Agriculture or poultry loads up to 99 HP will be considered in this category.

(i) Energy Charges

Usage	Tariff (Ps./Unit)
Up to 10 HP	55
10-99 HP	85

(ii) Minimum Charges

Rs. 5/per HP or part thereof per month subject to a minimum of 3 HP

VI. Public Lighting

Particulars	Rate
Energy Charges	120 ps./unit
Fixed Charges	Rs. 50/month or part thereof
Minimum Charges	Same as Fixed Charge



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VII. Temporary Supply

(i) Single Phase/Two Phase

Particulars	Rate
Energy Charges	480 ps/unit
Minimum Charges	Rs. 15/per day for supply not exceeding 6 days Rs. 10/- per day subject to a minimum of Rs. 120/per period of supply for supply exceeding 6 days

(ii) Motive Power

Particulars	Rate
Energy Charges: For Religious/Social Functions For Other Purposes	360 ps./unit / 484 ps/unit
Minimum Charges	Rs 40 per HP or part thereof

The above charges are applicable for temporary period of supply up to one month, which may be extended to another period/period of supply with the permission of the department for which similar tariff will repeat.

(iii) HT Temporary

(a) Demand Charges

Demand (kVA)	Charges (Rs/KVA/month)
For billing demand up to contract demand or part thereof	Rs. 250/per kVA per month or part thereof
For billing demand in excess of contact demand. Billing demand will be highest among the following: a) 100 kVA b) 80% of sanctioned or contract demand c) Actual demand establishing during month	Rs. 300/per kVA per month or part thereof

(b) Energy Charges 490 ps./unit

(c) Power Factor Charges

If the power factor of the consumer is less than 0.86 for every 0.01 of the power factor decrease, 0.5% of the total units consumed will be charged as



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extra at the rate of 493 ps per unit. Payment of the power factor charge won't exempt the consumer from his responsibility to maintain the power factor. In case of abnormal power factor decrease the department will give the consumer 15 days time to install appropriate capacitors and maintain the standard power factor. If the consumer is not able to rectify the problem within the notice time, the connection will be liable for disconnection.

(d) Minimum Charges Same as demand charges

VIII. Meter Rent

(i) For Permanent Connections

Meter Type	Tariff
Single Phase Meter	Rs. 2.5/per month or part thereof
Three Phase Meter	Rs. 10/per month or part thereof
LT Meter	Rs. 100/per month or part thereof
Trivector Meter	Rs. 300/per month or part thereof

(ii) For Temporary Supply

Meter Type	Tariff
Single Phase Meter	Rs. 7/per month or part thereof
Three Phase Meter	Rs. 25/per month or part thereof

Note: The type of meters to be installed in consumer premises will be decided by the department. Generally the consumers having connected load above 50 HP will be provided with L.T.M.D. meters.

(iii) Reconnection Charges

Connection Type	Tariff
Single Phase	Rs. 30/-
Three Phase	Rs. 50/-
HT	Rs. 500/-

(iv) Service Connection Charges

Connection Type	Tariff
Single Phase	Rs. 150/
Three Phase	Rs. 550/
HT (First 500 KVA)	Rs. 5000/
HT (Beyond 500 KVA)	Rs. 800/per 100 kVA or part thereof



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IX. Extra length Charges

Connection Type	Tariff
Single Phase	Rs.10/per meter
Three Phase	Rs. 30/per meter

X. Cost of HT Connection

Entire cost of setting up HT connection would be borne by the consumer and the agreement period would be two years for this category.

The Tariff Notification No. C.501/FIN(7)/200506/275 dated 30.1.2008 and amended tariff structure dated 19.8.2008 are attached as Annexure 3 & 4 for reference.



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Annexure 1: PGCIL Losses for previous year

**Power Grid Corporation India Ltd.
LOSSES FOR THE YEAR 2009-2010**

MONTHS	ACTUAL LOSS IN %
Mar-09	5.38
Apr-09	5.39
May-09	5.99
Jun-09	5.83
Jul-09	6.24
Aug-09	5.33
Sep-09	5.01
Oct-09	5.96
Nov-09	6.76
Dec-09	5.98
Jan-10	5.82
Feb-10	6.17
Total	69.86
Average of the year	5.82166667



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Annexure 2: Letter from GETCO dated 16.11.09 & 18.11.09



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Annexure 3: Tariff Notification for DNH dated 30.1.2008



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Annexure 5: Tariff Notification for DNH dated 19.8.2008