

**PETITION FOR APPROVAL OF
THE ANNUAL
REVENUE REQUIREMENT AND
TARIFF PROPOSAL
FOR FY 2015-16
UNDER SECTION 61, 62 & 64
OF
THE ELECTRICITY ACT 2003**

Submitted by:
Energy & Power Department, Government of Sikkim

GENERAL HEADINGS OF PROCEEDINGS

**BEFORE HON'BLE SIKKIM STATE ELECTRICITY REGULATORY
COMMISSION**

FILE No: _____

CASE No: _____

IN THE MATTER OF : **Petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2015-16 for The State of Sikkim under Sections 61, 62 and 64 of The Electricity Act 2003**

AND

IN THE MATTER OF: **The Energy & Power Department,**
THE PETITIONER **Gangtok, Sikkim**

.....Petitioner

Energy & Power Department, Govt. of Sikkim (hereinafter referred to as "E&PDS"), files petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2015-16 under Sections 61, 62 and 64 of The Electricity Act 2003.

A F F I D A V I T

**BEFORE HON'BLE ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF SIKKIM**

FILE No: _____

CASE No: _____

IN THE MATTER OF : **Petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2015-16 for The State of Sikkim under Sections 61, 62 and 64 of The Electricity Act 2003**

AND

IN THE MATTER OF : **The Energy & Power Department,
THE PETITIONER** **Gangtok, Sikkim,**

.....Petitioner

I, _____, son of Shri _____ (aged.....years), (occupation) Government Service residing at.....,Gangtok, the deponent named above do hereby solemnly affirm and state on oath as under:-

1. That the deponent is theof Energy & Power Department, Government of Sikkim, who is authorized as per the order of the Administration of the Government of Sikkim Order No. _____ dated _____ November, 2014 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 Energy & Power Department, Government of Sikkim 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 2015-16 for Determination of Tariff.
- b) Petition Fee – Rs./- vide DD No. dated :

**The Energy & Power Department, Govt. of Sikkim
Petitioner**

Place: Gangtok

Dated: November, 2014

I, _____ Advocate, Gangtok, 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 November 2014 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.

**BEFORE HON'BLE ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF SIKKIM**

FILE No: _____

CASE No: _____

IN THE MATTER OF: **Petition for Approval of Annual Revenue Requirement (ARR) and Tariff Proposal for FY 2015-16 for The State of Sikkim under Sections 61, 62 and 64 of The Electricity Act 2003.**

AND

IN THE MATTER OF: **The Energy & Power Department,
THE PETITIONER Gangtok, Sikkim.**

.....Petitioner

PETITIONER, UNDER SECTIONS 61, 62 AND 64 OF THE ELECTRICITY ACT, 2003 FILES FOR INITIATION OF PROCEEDINGS BY THE HON'BLE COMMISSION FOR DECIDING ON THE MATTERS CONCERNING THE APPROVAL OF THE ANNUAL REVENUE REQUIREMENT AND TARIFF PETITION OF ENERGY & POWER DEPARTMENT OF THE STATE OF SIKKIM (herein after referred to as "E&PDS") FOR FY 2015-16.

**THE ENERGY & POWER DEPARTMENT, GOVERNMENT OF SIKKIM
RESPECTFULLY SUBMITS:**

1. The Petitioner, The Energy & Power Department, Government of Sikkim has been allowed to function as Distribution Utility for the State of Sikkim.
2. Pursuant to the enactment of the Electricity Act, 2003, E&PDS is required to submit its Annual Revenue Requirement (ARR) and Tariff Petitions as per procedures outlined in section 61, 62 and 64, of EA 2003, and the governing regulations thereof.
3. E&PDS has submitted its ARR and Tariff petition for the determination of tariff for the FY 2015-16 on the basis of the principles outlined in tariff regulations notified by the Sikkim State Electricity Regulatory Commission.
4. E&PDS prays to the Hon'ble Commission to admit the attached petition for Annual Revenue Requirement and Tariff Proposal for FY 2015-16 and would like to submit that:

PRAYERS TO THE HON'BLE COMMISSION:

1. The petition provides, inter-alia, E&PDS'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 E&PDS in the recent past, and certain issues impacting the performance of E&PDS in the Licensed Area.
2. Broadly, in formulating the application for Truing-up for FY 2013-14, for Review for FY 2014-15 & ARR and Tariff Petition for the FY 2015-16, the principles specified by the Sikkim State Electricity Regulatory Commission in the notified (Terms and Conditions for determination of Tariff) Regulations, 2012 ("Tariff Regulations") have been considered as the basis.
3. In order to align the thoughts and principles behind the Truing-up, Review & ARR and Tariff Petition, E&PDS respectfully seeks an opportunity to present their case prior to the finalization of the Tariff Order. E&PDS 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. E&PDS may also be permitted to propose suitable changes to the 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:

- Consider the submissions and allow the provisional True-up of expenses for the FY 2013-14 and revised estimates for the FY 2014-15.
- Accept the Annual Revenue Requirement and Tariff petition for the FY 2015-16 for E&PDS formulated in accordance with the guidelines outlined as per the regulation of Sikkim State Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations;
- Approve appropriate recovery of ARR of FY 2015-16;
- Approve the category-wise tariff including fixed/ demand charges submitted by E&PDS to meet revenue requirement for FY 2015-16;
- Approve the tariff philosophy suggestions requested by E&PDS;
- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and E&PDS may please be permitted to add/ change/ modify/ alter the petition;
- Permit E&PDS 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 Energy & Power Department, Govt. of Sikkim

Petitioner

Place: Gangtok, Sikkim

Dated: November, 2014

Table of Contents

1. INTRODUCTION	1
1.1 Historical Perspective	1
1.2 SSERC Formation	1
1.3 Filing of ARR and Tariff Petition for the FY 2015-16.....	2
2. OVERALL APPROACH FOR PRESENT FILING	2
2.1 Provisional True-up of FY 2013-14, Review of FY 2014-15 & Annual Revenue Requirement and Tariff Petition for FY 2015-16.....	2
2.2 Approach for the Filing	2
3. COMPLIANCE OF DIRECTIVES	3
4. PROVISIONAL TRUE-UP FOR FY 2013-14	11
4.1. Background	11
4.2. Energy Sales	11
4.3. Transmission and Distribution Losses	11
4.4. E&PDS Own Generation	12
4.5. Power Purchase.....	12
4.6. Energy Balance	12
4.7. Fuel Cost	13
4.8. Power Purchase Cost	13
4.9. Employee Cost.....	14
4.10. Repair & Maintenance Expenses	14
4.11. Administrative & General Expenses	14
4.12. Depreciation	15
4.13. Interest & Finance Charges	15
4.14. Other Income.....	15
4.15. Return on Equity	16
4.16. Revenue from sale of power	16
4.17. True-up of ARR for FY 2013-14.....	17
SECTION – II	18
5. Review for FY 2014-15	19

5.1.	Background	19
5.2.	Energy Sales	20
5.3.	Transmission and Distribution Losses	20
5.4.	E&PDS Own Generation	21
5.5.	Power Purchase.....	21
5.6.	Energy Balance	22
5.7.	Fuel Cost	22
5.8.	Power Purchase Cost	23
5.9.	Employee Cost.....	23
5.10.	Repair & Maintenance Expenses	23
5.11.	Administrative & General Expenses	24
5.12.	Depreciation	24
5.13.	Interest & Finance Charges	24
5.14.	Other Income.....	25
5.15.	Return on Equity	25
5.16.	Revenue from Sale of Power	25
5.17.	Review of ARR for FY 2014-15	26
	SECTION –III.....	27
6.	ANNUAL REVENUE REQUIREMENT FOR FY 2014-2015.....	28
6.1.	Energy Requirement.....	28
6.1.2	Category wise Sales Forecast	29
6.1.3	Billed Demand & Number of Consumers	30
6.1.4	Distribution Losses.....	30
6.1.5	Energy Requirement & Sources of Power Purchase	30
6.2.	Capital Expenditure & Capitalisation	32
6.2.1	Capital Expenditure & Capitalisation of Assets	32
6.3.	Annual Revenue Requirement for E&PDS	33
6.3.1	Power Purchase.....	33
6.3.1.1	Source of Power	33
6.3.2	Assumption for Power Purchase Projection	34
6.3.3	Power purchase from CGS Stations	34

6.3.4	External Power Purchase/ Other Sources	35
6.3.5	Transmission and Other Charges	36
6.4.	Operation & Maintenance Expenses.....	36
6.4.1	Employee Cost.....	36
6.4.2	Administrative & General Expenses	38
6.4.3	Repair and Maintenance Expenses	38
6.5.	Gross Fixed Assets	39
6.6.	Depreciation	40
6.7.	Capital Based Return	40
6.8.	Return on Equity	41
6.9.	6.9.1 Interest & Finance Charges	41
	6.9.2 Interest on Working Capital.....	42
6.10.	6.10 Provision for Bad and Doubtful Debts.....	42
6.11	Non-Tariff Income	42
6.12	Annual Revenue Requirement	43
6.13	Average Cost to Supply	43
6.14	Revenue at Existing Tariff and Gap for FY 2015-16	44
7.	<i>TARIFF PROPOSAL FOR FY 2015-16.....</i>	45
7.1	Recovery of Revenue Gap for FY 2015-16.....	45
7.2	Proposed Tariff in FY 2015-16.....	45
7.2.1	Tariff Proposal for FY 2015-16.....	45
7.3	Revenue at Proposed Tariff in FY 2015-16.....	47
7.3.1	Impact of Tariff on Consumers.....	47
8.	<i>TARIFF SCHEDULE – FY 2015-16.....</i>	49

LIST OF TABLES

Table 4.1: Energy Sales FY 2013-14	11
Table 4.2: T&D Loss for FY 2013-14	12
Table 4.3: E&PDS Own Generation FY 2013-14	12
Table 4.4: Power Purchase Units FY 2013-14.....	12
Table 4.5: Energy Balance FY 2013-14	13
Table 4.6: Fuel Cost FY 2013-14	13
Table 4.7: Power Purchase Cost FY 2013-14.....	14
Table 4.8: Employee Cost FY 2013-14	14
Table 4.9: Repair & Maintenance Cost FY 2013-14.....	14
Table 4.10: Admin. & General Expenses FY 2013-14.....	15
Table 4.11: Depreciation FY 2013-14	15
Table 4.12: Interest & Finance Charges FY 2013-14.....	15
Table 4.13: Other Income FY 2013-14.....	16
Table 4.14: Return on Equity FY 2013-14	16
Table 4.15: Revenue from Sales FY 2013-14.....	16
Table 4.16: True up of ARR FY 2013-14.....	17
Table: 5.1: Energy Sales FY 2014-15.....	20
Table: 5.2: T&D Loss FY 2014-15.....	20
Table: 5.3: E&PDS Own Generation FY 2014-15	21
Table: 5.4: Power Purchase Units FY 2014-15	21
Table: 5.5: Energy Balance for FY 2014-15.....	22
Table: 5.6: Fuel Cost FY 2014-15	22
Table: 5.7: Power Purchase Cost FY 2014-15.....	23
Table: 5.8: Employee Cost FY 2014-15	23
Table: 5.9: Repair & Maintenance Cost FY 2014-15.....	23
Table: 5.10: Administrative & General Expense FY 2014-15	24
Table: 5.11: Depreciation FY 2014-15	24
Table: 5.12: Interest & Finance Charges FY 2014-15.....	24
Table: 5.13: Other Income FY 2014-15.....	25
Table: 5.14: Return on Equity FY 2014-15	25
Table: 5.15: Revenue from Sales FY 2014-15.....	25
Table: 5.16: Review of ARR FY 2014-15	26
Table 6.1: Projected Energy Sales – FY 2015-16.....	29
Table 6.2: No. of Consumers – FY 2015-16.....	30
Table 6.3: Energy Requirement – FY 2015-16.....	31
Table 6.4: Details of Power Procurement Sources – FY 2015-16.....	32
Table 6.5: Summary of Proposed Capital Expenditure & Capitalisation FY 2015-16.....	33
Table 6.6: Power Allocation	34
Table 6.7: Summary of E&PDS Power Purchase Expenses for FY 2015-16.....	35
Table 6.8: Operation & Maintenance Expenses for FY 2015-16	36
Table 6.9: Employee Cost for FY 2015-16.....	37
Table 6.10: Administrative & General Expenses for FY 2015-16	38
Table 6.11: Repair & Maintenance Expenses for FY 2015-16.....	39
Table 6.12: Gross Fixed Assets Movement	39
Table 6.13: Depreciation for FY 2015-16.....	40
Table 6.14: Capital Base and Return	40
Table 6.15: Return on Equity for FY 2015-16	41
Table 6.16: Interest & Finance Charges for FY 2015-16.....	41
Table 6.17: Information regarding Working Capital for the current and ensuing year	42
Table 6.18: Annual Revenue Requirement for the Year 2015-16	43

Table 6.19: Revenue at Existing Tariff – FY 2015-16	44
Table 6.20: Revenue GAP at Existing Tariffs – FY 2015-16.....	44
Table 7.1: Energy Charge – Existing V/s Proposed Tariff	46
Table 7.2: Comparison of Revenue from Existing Tariff with Proposed Tariff.....	47
Table 7.3: Impact of Tariff Hike FY 2015-16	47

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
E&PDS	Energy & Power Department, Govt. of Sikkim
EHT	Extra High Tension
ER	Eastern Region
FAC	Fuel Adjustment Costs
FDR	Fixed Deposits Receipts
FSTPS	Farakka Super Thermal Power Station
FY	Financial Year
GFA	Gross Fixed Assets
HP	Horse Power
HT	High Tension
SSERC	Sikkim State Electricity Regulatory Commission
KhSTPS	Kahalgaon Thermal Power Station
KV	Kilovolt
KVA	Kilo volt Amps
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 volt Amps
MW	Mega Watt

Abbreviation	Description
NHPC	National Hydroelectric Power Corporation Ltd.
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
PTC	Power Trading Corporation of India Ltd.
R&M	Repairs and Maintenance
RoR	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
TSTPS	Talcher Super Thermal Power Station
UI	Unscheduled Interchange
WBSEDCL	West Bengal State Electricity Distribution Company Ltd.



1. INTRODUCTION

1.1 Historical Perspective

The Energy and Power Department, Sikkim (E&PDS) is responsible for power supply in the state of Sikkim. E&PDS has generation capacity of 41.59 MW, comprising of 36.6 MW & 4.992 MW of Hydro & Diesel generation respectively. The power requirements for E&PDS are met through its share from Sikkim Power Development Corporation (SPDC) and Central Sector Power Generation Stations apart from its own generation.

The State of Sikkim is located 114 kms from Siliguri. With a total area of 7096 sq. kms, the State has a population of around 6.08 Lakhs as per 2011 census, spread over towns and villages.

The present demand for Sikkim is being met by power from various central generating stations (CGS), and various Hydro Electric & Diesel generating Projects. E&PDS has projected 1,03,669 consumers with an annual energy consumption of about 256.34 MUs for the FY 2015-2016. These consumers can be broadly classified into following four categories:

Category	%
Domestic	87.36
Commercial	10.71
Industrial both HT & LT	0.84
Bulk	1.09

1.2 SSERC Formation

In exercise of the powers conferred by the Electricity Act 2003 the Government of Sikkim constituted an Electricity Regulatory Commission to be known as “Sikkim State Electricity Regulatory Commission” (SSERC) as notified on 15-11-2003.

The Hon’ble Commission is a one-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Sikkim. 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 at Gangtok, Sikkim.

The Sikkim State Electricity Regulatory Commission started to function with effect from 11-04-2011 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.



1.3 Filing of ARR and Tariff Petition for the FY 2015-16

Under the provisions of Electricity Act, 2003, Licensee is required to submit its application for True-up, Review & ARR and Tariff Petitions as per procedures outlined in section 61, 62 and 64 of EA 2003, and the governing regulations of SSERC thereof.

E&PDS has adopted the principles of Terms and Conditions for Determination for Tariff Regulations, 2012 notified by the Sikkim State Electricity Regulatory Commission.

Accordingly, E&PDS in the present petition is filing to the Hon'ble Commission for allowing the provisional True-up of expenses for the FY 2013-14 and revised estimates for the FY 2014-15 and approval of the Annual Revenue Requirement (ARR) and Determination of Tariff for the FY 2015-16 as the Distribution Licensee as per the Electricity Act, 2003 and Terms and Conditions for Determination for Tariff Regulations, 2012 notified by the Sikkim State Electricity Regulatory Commission.

Further the actual performance for FY 2014-15 and estimated performance FY 2014-15 has been considered as base for computation of ARR for FY 2015-16.

2. OVERALL APPROACH FOR PRESENT FILING

2.1 Provisional True-up of FY 2013-14, Review of FY 2014-15 & Annual Revenue Requirement and Tariff Petition for FY 2015-16

E&PDS is filing the petition for provisional True-up of FY 2013-14, Review of FY 2014-15 and determination of Annual Revenue Requirement and Tariff Petition for the FY 2015-16 based on the past performance and expected changes in each element of cost and revenue for the ensuing year. E&PDS has studied the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2015-16.

2.2 Approach for the Filing

The present filing for provisional True-up of FY 2013-14, Review of FY 2014-15 and Annual Revenue Requirement and Tariff Petition for the FY 2015-16 is based on the principles enumerated by the Sikkim State Electricity Regulatory Commission (SSERC) in the terms and conditions for determining of Tariff Regulations, notified by the SSERC. The subsequent sections provide actual and revised details for FY 2013-14 and FY 2014-15 respectively and projection for various expenses, the proposed investment plan for the year and the expected revenue projections with existing tariff for FY 2015-16 based on various tariff notifications in force in the area of supply of E&PDS.

Projections of various cost components required for determination of Aggregate Revenue Requirement for FY 2015-16 along with the rationale for estimation of such cost. Further, the philosophy adopted by E&PDS for projecting sales, number of consumers and power



purchase cost for FY 2015-16 has been covered in the subsequent section.

For the purpose of projecting the financial & technical parameters for FY 2015-16, E&PDS has considered its actual performance during FY 2013-14 and estimated performance during FY 2014-15 as base and has projected the figures for FY 2015-16 with supporting rationales.

3. COMPLIANCE OF DIRECTIVES

In pursuance to the directives issued by the Hon'ble Commission in its Tariff order No. TR - 1/2014-15 dated 15.04.2014 regarding the ARR & Tariff for the Year 2014-15, the compliance is submitted as under:-

Directive – 1:

“During the course of the performance review relating to the Energy and Power Dept., the deemed Licensee in the State, for the financial year 2012-2013, it was observed that with exception of marginal improvements recorded in some areas of operation, the compliance requirements as enjoined in the directives issued by the Commission have not be adequately satisfied by the licensee. The Commission reiterates the directives in this regard for the concerned Licensee to address these pertinent issues with utmost diligence and ensure compliance of the same.”

Compliance:

With the observation of the Hon'ble commission regarding directives issued in the order in case No. TR-1/2014-15, in future all efforts shall be put to improve the performance to the satisfaction of the Commission.

Directive 2:

“The status with regard to outstanding billing arrears in respect of consumer particularly involving Govt. Departments including Public sector Undertakings, Central Govt. / Army establishments, etc. was found to be disturbing. Immediate steps to recover such outstanding arrears needs to be taken up on a war footing. The EPDS is directed to consider the option to seek legal remedies under section 56 of the Electricity Act for realization of all unsettled bills”

Compliance:

The directive required the department to take steps legal action for recovery of arrears. That the issue was taken up in earnest but taking legal recourse may aggravate the issue, instead the defaulting consumers were approached for clearing the payments. In few cases individual consumers were taken up with the help of the District Administration but the process has been slow. However there may be very good response from Government as the government has been apprised of the situation (departmental electricity bill arrears) umpteen times and now may take action to recover the arrears on its own.

The outstanding arrears as on 31.03.2014 were submitted to the Commission as well.



Directive 3:

“The EPDS is called upon to institute effective and conscious measures to mitigate revenue shortfalls attributable to T & D losses. In this regard, the concerned deemed licensee is advised to address critical areas viz. institutionalizing an in-built energy auditing mechanism, introduction of pre-paid billing system, unbundling of generation, transmission and distribution as distinct segments, etc. The EPDS is also advised to undertake installation of Remote Sensing Meters in all Bulk load consuming units such as Industrial Units, Star category Hotels, etc. in order to facilitate effective and efficient monitoring and billing of energy consumption. These administrative measures are underlined with the view to bringing about a tangible improvement in the overall performance of the licensees.”

Previous Compliance & Comments –

Compliance:

Regarding instituting effective & conscious measures to mitigate revenue shortfall from high-end consumers namely Industrial Units, Star category Hotels; it is submitted that these premises are now being billed through high caliber digital energy meters ensuring proper metering; however installation of Remote Sensing Meters in all bulk load could not be taken up.

Commission’s Comments:

The action taken is noted.”

Compliance:

The Department is thankful to the Commission for taking note of the action taken.

Directive 4:

“In the area of energy auditing, the EPDS has reportedly undertaken a pilot project for Gangtok to address issues impacting technical and commercial losses. While appreciating the initiative taken by the EPDS in this regard, it is suggested that appropriate steps be also taken to install meters covering all Feeder 132KV, 66KV and 11KV transmission lines including the distribution transformer points to facilitate effective monitoring of distribution and consumption of energy load. These measures would contribute to containing the Transmission and Distribution losses.”

Compliance:

The audit report on the specific feeders of the pilot project in Gangtok in enhancing the Transmission Network, Distribution System and billing of energy consumption, will be made as early as possible as required by the Commission and steps taken accordingly to address the issue of loss in high loss area.



Directive 5:

“The need for instituting a mechanism for monitoring of all licensees involved in the energy generation and distribution chain vis-à-vis the parameters as envisaged in the respective Project Implementation Agreements needs to be addressed to obviate any omissions and commissions which would be detrimental to the interest of the Govt. as well the consumers.”

Compliance:

Further to the constitution of Hydro Project Monitoring Committee, the Chief Engineer (East) is appointed as a Nodal Officer of these matters who is entrusted the responsibility to be continuously in touch with the Power Developers in the State for regular updates.

Directive 6:

“The Commission observes that despite specific directives having been issued with regard to maintenance of Asset and Depreciation Register, it is regretted that the EPDS has not complied with the orders. The EPDS is hereby directed to ensure that appropriate action is taken and the requisite Document submitted to the Commission latest by the 30th. Sept. 2013.”

Previous compliance & comments –

“Compliance:

We are able to submit a well-documented Asset & Depreciation Register along with the Tariff Petition for the year 2014-15 which may kindly be given due consideration by the Hon’ble commission.

Commission’s Comments:

Commission appreciates the effort made by the EPDS.”

Compliance:

The Department is thankful to the Commission for appreciating the efforts made by the E&PD in submitting the assets & Depreciation Register. Further, the updated maintenance record shall be made to the Commission at regular intervals as it is available.

Directive 7:

“On the request of the EPDS, the Commission has agreed to permit extension of the time for submission of all the prescribed documents and schedules relating to the Annual Accounts and the Balance Sheets along with the Profit and Loss Accounts as required under the Electricity (Supply/ Annual Accounts) Rules 1985 and submit the same to the Commission by the 30th Sept 2013 after having the same duly audited.”



Compliance:

It is submitted that the Energy & Power Department operates under Govt. Accounting norms. Expenditure is incurred against the grants as indicated in the Demands for Grants & Receipt as per the estimates of the Receipts duly passed by the State Legislative. All Accounts formats, registers etc. used are as per Government Accounting norms. Since it does not operate accounts under Double Entry System as followed in Commercial Accounting by Boards/Corporations, the Balance Sheet, Profit & Loss Accounts etc. are not prepared.

Further, the Accounts are audited by the CAG & no internal auditors like Chartered Accountants are engaged for normal Expenditure & Receipt Accounts operated out of the Budget allocated to the Department.

To achieve the desired report for such Annual accounts, a parallel set of Accounts in commercial format is suggested to be maintained engaging an internal auditor for monthly Concurrent Audit, which may require approval of the CAG & the State Govt. or similar pattern may have to be followed by the Department done in other states.

Fresh Directives

Directive 8: Management Information System (MIS)

“The EPDS has not maintained proper data in respect of sales (slab wise), with number of consumers and connected load / demand etc. for proper analysis of the past data based on actuals and estimation of proper projections for consideration in the ARR. The EPDS is directed to take steps to build credible and accurate data base and management information system (MIS) to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement. The formats, software and hardware may be synchronized with the Regulatory Information and Management System (RIMS) circulated by Central Electricity Regulatory Commission (CERC).”

Compliance:

E&PDS has already started the process of compilation of data at various levels. Computerized Management Information System (MIS) is also being introduced to build up credible and accurate data base to meet the requirements for filing ARR & Tariff Petition as per regulatory requirements and directions in future.

Directive 9: Replacement of Non-Functional / Defective Meters

“Section 55 of the Electricity Act makes it mandatory for all consumers to have a meter installed at the place of residence / office. EPDS must ensure that all households in the State be properly metered. EPDS may like to avail of the assistance of the Government Undertakings like State Trading Corporation Sikkim (STCS) and Sikkim State Cooperative Supply and Marketing Federation (SIMFED) for making available standard meters that can be availed of by the consumers at a reasonable price. Metering is a pre-requisite for new service connection and EPDS is directed to complete 100% metering of consumers and shall ensure that no new service connections are provide unless metering is done. Installation of meter shall be a pre-requisite for any new service connection.



The EPDS has submitted report on % of defective meters as follow:

Bulk supply	31-00%
HTS	7.23%
LTIS	13.11%
Commercial	11.08%
Domestic	20.42%

The situation is quite alarming. Latest information of non-functional meters may be obtained from the field offices and ensure that data is maintained correctly.

Replacement of meters shall be planned on priority wise i.e., meters of Bulk supply, Commercial, Industrial and high value domestic categories to be replaced on priority. In respect of defective meters billing may be done by adopting standard method. The data on defective meters, replacement, and pendency shall be filed with the next petition.

Compliance:

The E&PDS has initiated a drive to replace the defective meters & installation of new meters to unmetered consumers. The consumers are also appealed at regular interval to purchase energy meter at their own cost and choice to install at their service connection as per the manufacturer's specification given by the department.

The status of metering till date is still far from appreciation as indicated below:

Total Number of consumers as on 31.March 2014	= 95824
Metered Consumers	= 74125
Consumers with Defective/Non-functional Meter	= 21699
% of Metered Consumers	= 77.37%
% of Consumers with Defective/Non-functional Meter	= 22.65%

The department has stopped giving service connection without proper energy meter installed in the applicant premise and further stated that the existing service connections (households) without working and correct energy meter may also be liable to be disconnected if such defective meter are not replaced within a given time frame and a gazette notification to this effect, as approved by the cabinet, is also being published shortly that certainly will enhance the targeted 100% metering process.

Directive 10: Consumer Contribution for Capital Investment

“The fact of consumer contribution for capital investment is not brought out in the ARR and Tariff Petition.

The EPDS is directed to furnish the details of contributions being collected from consumers for capital works. The amounts collected from the consumers towards capital investment shall be brought out in the accounts. The depreciation and Return on Equity / Capital Base should not be claimed on the amount contributed by the consumers towards capital investment.”



Compliance:

It is submitted E&PD has not collected any contribution from consumers towards capital investment.

Directive 11: Investment Plan and approval of Capital Expenditure

“Annual Investment Plan shall be submitted to the Commission and approval of Commission should be obtained for all major capital works costing Rs. 5.00 crore and above before execution of the works.”

Compliance:

E&PDS shall submit details of Capital works costing Rs. 5.00 Crore and above for approval of the Hon’ble commission for execution of such work.

Directives 12: Interest on Consumer Security Deposit

“EPDS did not indicate the amount of security deposit collected from the consumers. EPDS is informed that as per the section 47 (4) of IE Act 2003, the distribution licensee shall pay interest equivalent to bank rate or more as may be specified by the concerned state Commission on the consumer security deposit.

EPDS is directed to maintain consumer-wise security deposit collected. Such data shall be furnished with the next filing invariably.”

Compliance:

The system of Security Deposit is applicable to Bulk Supply and High Tension Supply consumers. E&PDS has introduced a system of maintaining circle wise details of such security deposits. Details shall be submitted with future filings.

Directive 13: Consumer Awareness/ Sensitization

EPDS is directed to carry out “Consumer Awareness/ Sensitization’ campaigns so as to educate the consumers and the general public on the various initiatives and subsidies announcement by the government and manner of obtaining these benefits.

EDPs is also directed to create awareness and sensitize its employees on the need to be fully aware of various acts, rules & regulations, safety practices etc., EPDS may consider imparting trainings, arrangement workshops etc. for its employees.

Compliance:

Energy & Power Department is carrying out all the instruction and initiatives as suggested by the Commission viz., public awareness and sensitization programme on various issues to the public for their benefit in the grams sabhas, panchayats ward level meeting and departmental co-ordination meetings as and when there are huge public participations etc.



E&PDS is regularly imparting training and conduction workshops to its employees on the topic of safety measures, acts, rules and regulations that govern the power sector.

Directives 14:

Reforms in the energy sector is absolutely necessary to overhaul the Energy Sector to make it more vibrant and commercially viable in view of the huge hydro power potential in the State. As part of the reforms envisaged the State Government will have to consider seriously the huge monopolistic role of the EPDS in the generation, transmission and distribution of electricity in the State. Most of the States have already initiated the process of unbinding their Energy / Power Departments/SEBs into separate corporate entities covering generation, transmission and distribution, even going to the extent of utilizing the private sector in the distribution of power. This is an important aspect the State Government will have to look at in order to ensure that the Power sector lives up to its expectation of becoming the State's main revenue earner.

In addition the EPDS needs to examine and review the milestones agreed upon in the Memorandum of Understanding (MOU) signed with the Ministry of Power in December 2002 by the Government of Sikkim which have not been fully achieved. Necessary steps and actions need to be taken for achieving the target and commitment for implementing of reforms programme in the power sector.

Compliance:

The observation and the guidelines of the Hon'ble Commission regarding this directive issued in the order in case No. TR-1/2014-15 shall be put in top gear to overhaul the power sector in days to come. With the cadre review there are three Principle Chief Engineer in the Department and they shall take initiative to head the three different entities viz., generation, transmission and distribution independently to perform in the corporate fashion and achieve the milestone as the Department moves forward.



SECTION – I

Provisional True Up for the FY 2013-14



4 Provisional True-up FOR FY 2013-14

4.1. Background

4.1.1. Tariff Order for the FY 2013-14 was issued vide order Dt. 30/03/2013

4.1.2. E&PDS submits that the Annual Accounts for the FY 2013-14 is under compilation and same shall be submitted subsequently. E&PDS requests the Hon'ble Commission to carry out the provisional true-up of expenses submitted in the petition and further submitted that a final true-up may be carried out after Annual Accounts for the year are finalized and got audited.

4.1.3. E&PDS requests the Hon'ble Commission to allow the provisional true-up of the year 2013-14 as there are significant variations in various items of ARR for the year 2013-14 as against those approved in the Tariff Order of 2013-14.

Data given in this chapter is for the entire year i.e. FY 2013-14.

4.2. Energy Sales

The actual sales for the FY 2013-14 vis-à-vis the sales approved by the Commission in its ARR/ Tariff Order for FY2013-14 is as summarized below:

Table 4.1: Energy Sales FY 2013-14

(In MUs)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	104.00	83.98	-20.02
Commercial	45.00	35.43	-9.57
Public Lighting	3.00	0.35	-2.65
Temporary Supply	0.30	1.61	1.31
HT Industrial Consumers	93.21	97.11	3.90
LT Industrial Consumers	10.00	1.15	-8.85
Bulk Supply	16.00	17.74	1.74
Outside state	91.23	436.21	344.98
Total	362.74	673.58	310.84

4.3. Transmission and Distribution Losses

The provisional values of the transmission and distribution losses for FY 2013-14 arrived at in accordance with the actual Energy Sales, Energy Purchase.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 4.2: T&D Loss for FY 2013-14

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Transmission & Distribution Loss	46%	41%	-5%
	Total	46%	41%	-5%

4.4. E&PDS Own Generation

4.4.1. The own generation approved for FY 2013-14 and actual value of own generation made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.3: E&PDS Own Generation FY 2013-14

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Total Generation	21.17	4.70	-16.47
	Total	21.17	4.70	-16.47

4.5. Power Purchase

4.5.1. The power purchase approved for FY 2013-14 and pre-actual value of power purchase made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.4: Power Purchase Units FY 2013-14

In (MUs)

Sl. No.	Particulars	Units As approved by Commission	Unit Provisional As per Accounts	Deviation
1	2	3	4	5
1	Power Purchase Units	597.00	843.29	246.29
	Total	597.00	843.29	246.29

4.6. Energy Balance

The actual energy balance for FY 2013-14 and the approvals accorded are compared in the table provided below:



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 4.5: Energy Balance FY 2013-14

Energy Balance	As Approved by Commission	Provisional As per Accounts	Deviation
	MU's		
ENERGY REQUIREMENT			
Energy Sales within State	271.51	237.37	-34.14
Sales Outside State (UI)	91.49	436.21	344.72
Total Energy Sales	363.00	673.58	310.58
Overall T & D Losses %	46	41	-5.00
Overall T & D Losses (MUs)	231.29	164.19	-67.10
Total Energy Requirement	594.29	837.77	243.48
ENERGY AVAILABILITY			
Power Purchase from CGS/UI etc.	597.00	843.29	246.29
Less: Overall Pool Loss	23.88	10.22	-13.66
Generation	21.17	4.70	-16.47
Total Energy Availability	594.29	837.77	243.48
ENERGY SURPLUS/(GAP)	0.00	0.00	0.00

4.7. Fuel Cost

4.7.1. The values of fuel cost for the FY 2013-14 are compared with those approved by the Hon'ble Commission in the tariff order for FY 2013-14.

Table 4.6: Fuel Cost FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Cost of Fuel	0.32	0.17	-0.15
	Total	0.320	0.173	-0.147

4.8. Power Purchase Cost

4.8.1. The Commission in the tariff order for FY 2013-14 had approved a power purchase quantum of 597 MUs at a total cost of Rs 212.30 Crores. It is submitted that the E&PDS has made a gross purchase of 843.29 MUs, at a cost of Rs. 209.14 Crores including transmission charges.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 4.7: Power Purchase Cost FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	Cost As approved by Commission	Cost Provisional As per Accounts	Deviation
1	2	3	4	5
1	Power Purchase Cost	212.30	209.14	-3.16
	Total	212.30	209.14	-3.16

4.9. Employee Cost

- 4.9.1.** The employee cost approved for FY 2013-14 and pre-actual value employee cost made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.8: Employee Cost FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Employee Cost	79.03	47.51	-31.52
	Total	79.03	47.51	-31.52

4.10. Repair & Maintenance Expenses

- 4.10.1.** The repair & maintenance approved for FY 2013-14 and actual value of repair & maintenance made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.9: Repair & Maintenance Cost FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Repair & Maintenance Cost	17.00	40.88	23.88
	Total	17.00	40.88	23.88

4.11. Administrative & General Expenses

- 4.11.1.** The Administration & General approved for FY 2013-14 and actual value Administration & General made by the E&PDS for FY 2013-14 in the table provided below:



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 4.10: Admin. & General Expenses FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Administration & General Expense	3.71	2.58	-1.13
	Total	3.71	2.58	-1.13

4.12. Depreciation

4.12.1. The depreciation approved for FY 2013-14 and pre-actual value of depreciation for FY 2013-14 in the table provided below:

Table 4.11: Depreciation FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Depreciation	11.66	33.94	22.28
	Total	11.66	33.94	22.28

4.13. Interest & Finance Charges

4.13.1. The interest & finance charges approved for FY 2013-14 and actual value of interest & finance charges made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.12: Interest & Finance Charges FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Interest & Finance Charges	0.00	69.47	69.47
	Total	0.00	69.47	69.47

4.14. Other Income

4.14.1. The other income approved for FY 2013-14 and actual value of other income made by the E&PDS for FY 2013-14 in the table provided below:



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 4.13: Other Income FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Non Tariff Income	2.40	0.86	-1.54
	Total	2.40	0.86	-1.54

4.15. Return on Equity

4.15.1. The return on equity power purchase approved for FY 2013-14 and actual value of return on equity made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.14: Return on Equity FY 2013-14

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Return on Equity	0.00	29.63	29.63
	Total	0.00	29.63	29.63

4.16. Revenue from sale of power

4.16.1. The revenue from sale of power approved for FY 2013-14 and actual value of revenue from sale of power made by the E&PDS for FY 2013-14 in the table provided below:

Table 4.15: Revenue from Sales FY 2013-14

(In Rs. Crs.)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	23.18	18.3	-4.92
Commercial	21.99	18.58	-3.41
Public Lighting	1.23	0.15	-1.08
Temporary Supply	0.53	1.25	0.72
HT Industrial Consumers	41.40	61.07	19.67
LT Industrial Consumers	4.65	0.85	-3.80
Bulk Supply	8.68	10.85	2.17
Outside state	33.57	98.15	64.58
Total	135.23	209.16	73.93



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

4.17. True-up of ARR for FY 2013-14

4.17.1. The Annual Revenue Requirement approved for FY 2013-14 and actual value of Annual Revenue Requirement for FY 2013-14 in the table provided below:

Table 4.16: True up of ARR FY 2013-14

(In Rs. Crs.)

Sl. No.	Item of Expense	As Approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Cost of Fuel	0.32	0.17	-0.15
2	Cost of Power Purchase	212.3	209.14	-3.16
3	Employee Costs	79.03	47.51	-31.52
4	R&M Expenses	17	40.88	23.88
5	Administration and General Expenses	3.71	2.58	-1.13
6	Depreciation	11.66	33.94	22.28
7	Interest charges	0	69.47	69.47
8	Interest on Working Capital	0	3.85	3.85
9	Return on NFA /Equity	0	29.63	29.63
10	Provision for Bad Debts	0	0.00	0.00
11	Total Revenue Requirement	324.02	437.17	113.15
12	Less: Non Tariff Income	2.4	0.86	-1.54
13	Net Revenue Requirement	321.62	436.32	114.70
14	Revenue from Tariff	101.66	111.01	9.35
15	Revenue from Outside State Sale	33.57	98.15	64.58
16	Gap (13 - 14- 15)	186.39	227.16	40.77



SECTION – II

Review for the FY 2014-15



5. Review for FY 2014-15

5.1. Background

5.1.1. Tariff Order for the FY 2014-15 was issued vide order Dt. 15/04/2014

5.1.2. Regulation 14(1) of the Sikkim State Electricity Regulatory Commission (Terms & Conditions for determination of Tariff) Regulations, 2012 provides as follows:

(1) The Commission shall undertake a 'Review' of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variation between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments/changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review'.

5.1.3. E&PDS represents its submissions for the purpose of review for the financial year 2014-15 as per the provisional figures for the year. E&PDS submits that the review petition is based on actual figures upto September, 2014 and estimated figures for the period October'2014 to March'2015. E&PDS shall submit for true-up after the actual figures are available and Annual accounts for the FY 2014-15 is finalized and got audited.

5.1.4. E&PDS therefore requests the Hon'ble Commission to consider the information submitted in this petition and in the formats and allow review of expenses as prayed in this petition.

5.1.5. Data given in this chapter is for the entire year i.e. FY 2014-15.



5.2. Energy Sales

The actual sales for the FY 2014-15 vis-à-vis the sales approved by the Commission in its ARR/ Tariff Order for FY2014-15 is as summarized below:

Table: 5.1: Energy Sales FY 2014-15

(In MUs)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	84.00	87.49	3.49
Commercial	46.00	36.45	-9.55
Public Lighting	1.00	0.36	-0.64
Temporary Supply	1.00	1.65	0.65
HT Industrial Consumers	111.00	100.02	-10.98
LT Industrial Consumers	2.00	1.18	-0.82
Bulk Supply	19.00	18.28	-0.72
Outside state	388.73	436.21	47.48
Total	652.73	681.65	28.92

5.3. Transmission and Distribution Losses

The provisional values of the transmission and distribution losses for FY 2014-15 arrived at in accordance with the actual Energy Sales, Energy Purchase

Table: 5.2: T&D Loss FY 2014-15

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Transmission & Distribution Loss	36%	40%	4%
	Total	36%	40%	4%



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

5.4. E&PDS Own Generation

5.4.1. The own generation approved for FY 2014-15 and actual value of own generation made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.3: E&PDS Own Generation FY 2014-15

(In MUs)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Total Generation	10.05	6.00	-4.05
	Total	10.05	6.00	-4.05

5.5. Power Purchase

5.5.1. The power purchase approved for FY 2014-15 and pre-actual value of power purchase made by the E&PDS for FY 2014-15 in the table provided below:

5.5.2.

Table: 5.4: Power Purchase Units FY 2014-15

(In MUs)

Sl. No.	Particulars	Units As approved by Commission	Unit Provisional As per Accounts	Deviation
1	2	4	6	5
1	Power Purchase Units	809.82	843.29	33.47
	Total	809.82	843.29	33.47



5.6. Energy Balance

The actual energy balance for FY 2014-15 and the approvals accorded are compared in the table provided below:

Table: 5.5: Energy Balance for FY 2014-15

Energy Balance	As Approved by Commission	Provisional As per Accounts	Deviation
	(MU's)		
ENERGY REQUIREMENT			
Energy Sales within State	264	245.44	-18.56
Sales Outside State (UI)	0	436.21	436.21
Total Energy Sales	264.00	681.65	417.65
Overall T & D Losses %	36	40	4.00
Overall T & D Losses (MUs)	148.5	162.53	14.03
Total Energy Requirement	412.50	844.18	431.68
ENERGY AVAILABILITY			
Power Purchase from CGS/UI etc.	809.81	843.29	33.48
Less: Overall Pool Loss	18.63	5.11	-13.52
Generation	10.05	6.00	-4.05
Total Energy Availability	801.23	844.18	42.95
ENERGY SURPLUS/(GAP)	-388.73	0.00	388.73

5.7. Fuel Cost

5.7.1. The values of fuel cost for the FY 2014-15 are compared with those approved by the Hon'ble Commission in the tariff order for FY 2014-15.

Table: 5.6: Fuel Cost FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Cost of Fuel	0.35	0.19	-0.16
	Total	0.35	0.19	-0.16



5.8. Power Purchase Cost

- 5.8.1.** The Commission in the tariff order for FY 2014-15 had approved a power purchase quantum of 809.82 MUs at a total cost of Rs 173.70 Crores. It is submitted that the E&PDS has made a gross purchase of MUs, 843.29 at a cost of Rs. 209.14 Crores including transmission charges.

Table: 5.7: Power Purchase Cost FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	Cost As approved by Commission	Cost Provisional As per Accounts	Deviation
1	2	3	4	5
1	Power Purchase Cost	173.70	209.14	35.44
	Total	173.70	209.14	35.44

5.9. Employee Cost

- 5.9.1.** The employee cost approved for FY 2014-15 and pre-actual value employee cost made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.8: Employee Cost FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Employee Cost	47.89	65.20	17.31
	Total	47.89	65.20	17.31

5.10. Repair & Maintenance Expenses

- 5.10.1.** The repair & maintenance approved for FY 2013-14 and actual value of repair & maintenance made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.9: Repair & Maintenance Cost FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Repair & Maintenance Cost	34.98	31.66	-3.32
	Total	34.98	31.66	-3.32



5.11. Administrative & General Expenses

5.11.1. The Administration & General approved for FY 2014-15 and actual value Administration & General made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.10: Administrative & General Expense FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Administrative & General Expense	3.10	2.53	-0.57
	Total	3.10	2.53	-0.57

5.12. Depreciation

5.12.1. The depreciation approved for FY 2014-15 and pre-actual value of depreciation for FY 2014-15 in the table provided below:

Table: 5.11: Depreciation FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Depreciation	14.00	38.71	24.71
	Total	14.00	38.71	24.71

5.13. Interest & Finance Charges

5.13.1. The interest & finance charges approved for FY 2014-15 and actual value of interest & finance charges made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.12: Interest & Finance Charges FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Interest & Finance Charges	0	71.86	71.86
	Total	0.00	71.86	71.86



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

5.14. Other Income

5.14.1. The other income approved for FY 2014-15 and actual value of other income made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.13: Other Income FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Non Tariff Income	2.40	0.90	-1.50
	Total	2.40	0.90	-1.50

5.15. Return on Equity

5.15.1. The return on equity approved for FY 2014-15 and actual value of return on equity made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.14: Return on Equity FY 2014-15

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Return on Equity	0	33.43	33.43
	Total	0.00	33.43	33.43

5.16. Revenue from Sale of Power

5.16.1. The revenue from sale of power approved for FY 2014-15 and actual value of revenue from sale of power made by the E&PDS for FY 2014-15 in the table provided below:

Table: 5.15: Revenue from Sales FY 2014-15

(In Rs. Crs.)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	17.89	19.00	1.11
Commercial	21.57	19.12	-2.45
Public Lighting	0.42	0.15	-0.27
Temporary Supply	0.80	1.29	0.49
HT Industrial Consumers	59.72	62.90	3.18
LT Industrial Consumers	0.77	0.88	0.11
Bulk Supply	10.53	11.17	0.64
Outside state	112.73	98.15	-14.58
Total	224.43	212.66	-11.77



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

5.17. Review of ARR for FY 2014-15

5.17.1. The Annual Revenue Requirement approved for FY 2014-15 and actual value of Annual Revenue Requirement for FY 2014-15 in the table provided below:

Table: 5.16: Review of ARR FY 2014-15

(In Rs. Crs.)

Sl. No.	Item of Expense	As Approved by Commission	Provisional As per Accounts	Deviation
1	2		3	4
1	Cost of Fuel	0.35	0.19	-0.16
2	Cost of Power Purchase	173.70	209.14	35.44
3	Employee Costs	47.89	65.20	17.31
4	R&M Expenses	34.98	31.66	-3.32
5	Administration and General Expenses	3.10	2.53	-0.57
6	Depreciation	14.00	38.71	24.71
7	Interest charges	0.00	71.86	71.86
8	Interest on Working Capital	3.73	4.04	0.31
9	Return on NFA /Equity	0.00	33.43	33.43
10	Income Tax	0.00	0.00	0.00
11	Total Revenue Requirement	277.75	456.75	179.00
12	Less: Non Tariff Income	2.40	0.90	-1.50
13	Net Revenue Requirement	275.35	455.86	180.51
14	Revenue from Tariff	111.70	114.52	2.82
15	Revenue from Outside State Sale	112.73	98.15	-14.58
16	Gap (13 - 14- 15)	50.92	243.19	192.27
17	Gap for FY 2013-14		0.00	0.00
18	Total Gap (16+17)	50.92	243.19	192.27



SECTION –III

Annual Revenue Requirement & Tariff Proposal for the FY 2015-16



6. ANNUAL REVENUE REQUIREMENT FOR FY 2014-2015

This section outlines the Annual Revenue Requirement of the E&PDS for FY 2015-16, which takes into consideration:

- i. Actual Performance in FY 2013-14;
- ii. Estimated Performance in FY 2014-15;
- iii. Projection for FY 2015-16 based on the Actual performance in FY 2013-14 & Estimated performance of 2014-15;
- iv. Principles outlined in Tariff Regulations of SSERC;

Past trends have been taken into cognizance 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 detail
 - 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

6.1. 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 transmission & distribution losses in the network. Accordingly, the energy requirement projected by the E&PDS for the FY 2015-16 is as given in the succeeding paragraphs.

6.1.1. Approach for Sales Projection

The consumer base of E&PDS consists of Domestic consumers, Commercial Consumers, Bulk & Industry. Sales mix is primarily dominated by Domestic & Industrial consumers, followed by Commercial consumers. The total consumption w.r.t total sales for Domestic,



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Industrial & Commercial consumers may be summarized as:

Category	%
Domestic	35.38
Commercial	14.93
Industrial both	41.40
Bulk	7.47

Rest is contributed by other categories of consumers. Thus, the sales forecast would mainly depend on the sales expected in these consumer categories.

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 2015-16.

6.1.2 Category wise Sales Forecast

Based on the methodology outlined above, the projected energy sales to various categories of consumers for FY 2015-16 are given below:

Table 6.1: Projected Energy Sales – FY 2015-16

(In MU)

Category	2010-11 (Act)	2011-12 (Act)	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
Domestic	57.97	82.77	78.98	83.98	87.49	90.69
Commercial	29.23	29.72	38.26	35.43	36.45	38.26
Public Lighting	2.60	2.30	0.43	0.35	0.36	0.38
Temporary Supply	0.15	0.30	0.09	1.61	1.65	1.73
HT Industrial Consumers	58.39	71.63	91.76	97.11	100.02	104.88
LT Industrial Consumers	1.31	8.63	1.15	1.15	1.18	1.24
Bulk Supply	13.35	13.21	16.23	17.74	18.28	19.16
Total	163.00	208.56	226.90	237.37	245.44	256.34



6.1.3 Billed Demand & Number of Consumers

The actual number of consumers for the FY 2010-11 and FY2013-14 & estimated number for the FY 2014-15& projected numbers FY 2015-16 are tabulated below:

Table 6.2: No. of Consumers – FY 2015-16

Category	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
Domestic	81508	83854	86375	90568
Commercial	9663	10277	10585	11099
Public Lighting	-	-	-	-
Temporary Supply	-	-	-	-
HT Industrial Consumers	332	358	369	387
LT Industrial Consumers	389	450	463	486
Bulk Supply	848	1045	1076	1129
Total	92740	95984	98868	103669

6.1.4 Distribution Losses

E&PDS has achieved a reduction in distribution losses during recent years. E&PDS submits that the system improvement works executed every year under the plan schemes have contributed to the reduction of distribution losses. However, it may also be noted that reduction of distribution losses has been low as very high proportion of consumption is in the domestic segment with low individual consumption and spread over wide geographical area. The distribution losses in the E&PDS distribution network have been in the range of approximately 39 to 35% in the past. For the purpose of FY 2015-16 ARR, the losses have been retained at 39%.

6.1.5 Energy Requirement & Sources of Power Purchase

Accordingly, the energy requirement for E&PDS is estimated based on the retail sales projections, grossed up by estimated loss levels.

Further, to estimate the energy requirement, the PGCIL losses based on the average of losses observed in the year 2013-14 have been considered. Accordingly the energy balance expected for the FY 2015-16 is as given below:



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 6.3: Energy Requirement – FY 2015-16

Energy Balance	2013-14 (Actual)	2014-15 (Estimated)	2014-2015 (Projected)
	MU's		
ENERGY REQUIREMENT			
Energy Sales within State	237.37	245.44	256.34
Sales Outside State	436.21	436.21	431.21
Total Energy Sales	673.58	681.65	687.55
Overall T & D Losses %	40.89	39.84	38.50
Overall T & D Losses (MUs)	164.19	162.53	160.50
Total Energy Requirement	837.77	844.18	848.05
ENERGY AVAILABILITY			
Power Purchase from CGS/UI etc.	843.29	843.29	843.29
Less: Overall Pool Loss	10.22	5.11	5.24
Generation	4.70	6.00	10.00
Total Energy Availability	837.77	844.18	848.05
ENERGY SURPLUS/(GAP)	0.00	0.00	0.00

The energy requirement of E&PDS is mainly met from the allocation of power of Central Generating Stations. However, for meeting the requirement at peak demand period, it has to purchase power from other sources/ open market/ power exchanges, etc.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

The expected power procurement sources for FY 2015-16 are provided in the table below

Table 6.4: Details of Power Procurement Sources – FY 2015-16

(In MU)

Sl. No.	Source	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
	Central Sector			
1	FSTPP, NTPC	102.95	102.95	102.95
2	FSTPP -III, NTPC	0.00	0.00	0.00
3	KHSTPP-I, NTPC	84.31	84.31	84.31
4	KHSTPP-II, NTPC	26.04	26.04	26.04
5	TSTPP, NTPC	165.93	165.93	165.93
6	RANGIT-III, NHPC	7.59	7.59	7.59
7	TEESTA -V, NHPC	27.05	27.05	27.05
	Others			
8	CHUKHA, PTC	40.25	40.25	40.25
9	WBSEDCL	56.88	56.88	56.88
10	SPDC	12.67	12.67	12.67
11	UI /over drawn (net)	5.28	5.28	5.28
12	Free Power	314.32	314.32	314.32
	TOTAL	843.29	843.29	843.29

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 4.3.4 of the filing.

6.2. Capital Expenditure & Capitalisation

6.2.1 Capital Expenditure & Capitalisation of Assets

The objective of incurring the capital expenditure is 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 E&PDS.

The capital expenditure plan envisaged will also assist in reducing system losses. E&PDS proposes to incur the capital expenditure of Rs. 250.74 Crores for FY 2015-16. Rs. 183.36 Crores are to be capitalized during the FY-2015-16.

The details of the capital expenditure schemes proposed in FY 2015-16 are outlined in Format-15.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

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

Table 6.5: Summary of Proposed Capital Expenditure & Capitalisation FY 2015-16
(Rs. in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	2	3	4	5
1	Opening Balance	63.30	65.73	50.49
2	Add: New Investments	104.69	63.30	250.74
3	Total	167.99	129.04	301.24
4	Less: Investment Capitalized	102.26	78.55	183.36
5	Closing Balance	65.73	50.49	117.87

6.3. Annual Revenue Requirement for E&PDS

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
- Return on NFA/Equity
- Interest charges (including interest on working capital)
- Provision for Bad and Doubtful Debts

The above Annual Revenue Requirement is netted off for Non-Tariff Income for determining the net ARR for E&PDS.

6.3.1 Power Purchase

6.3.1.1 Source of Power

E&PDS has fourteen own Hydro & Diesel generating stations with installed capacity of 41.59 MW and therefore meets rest of its energy requirement from its allocation from the Central Generating Stations (CGS) and other sources. E&PDS receives power from CGS like NHPC, NTPC as per allocation from time to time.



The present power allocation of E&PDS is as listed below:

Table 6.6: Power Allocation

Sl. No.	Source	Capacity	Allocation	
		MW	%	MW
	Central Sector			
1	FSTPP, NTPC	1600.00	1.63%	26.08
2	FSTPP-III, NTPC	-	-	-
3	KHSTPP-I, NTPC	840.00	1.55%	13.02
4	KHSTPP-II, NTPC	1500.00	0.33%	4.95
5	TSTPP, NTPC	1000.00	2.40%	24.00
6	RANGIT-III, NHPC	60.00	13.33%	8.00
7	TEESTA -V, NHPC	510.00	13.19%	67.27
	Others			
8	CHUKHA, PTC	270.00	2.22%	5.99
9	WBSACL	50.00	20%	10.00
	TOTAL	5830.00		159.31

6.3.2 Assumption for Power Purchase Projection

The merit order dispatch 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, E&PDS has considered purchase of the entire power available from all the possible sources during FY 2015-16 to meet the demand to the extent possible.

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 E&PDS for FY 2015-16 is proposed to be met from central generating stations and external power purchase as discussed below.

Power purchase cost for FY 2015-16, is determined on the following parameters:

- The quantum of power allocated to E&PDS from central generating station is based on the declared allocation;
- Power purchases from the CGS stations are accounted at the net energy availability at E&PDS periphery;
- PLF is assumed same as per FY 2013-14;

6.3.3 Power purchase from CGS Stations

E&PDS 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-D3 & D4 of the formats submitted along with the filing.



6.3.4 External Power Purchase/ Other Sources

Based on the Energy balance and trend of energy requirement during peak demand period 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 115.09 MU's which is approximately 13.11% of the total projected energy requirement for FY 2015-16. This additional energy requirement has to be met from external power purchase source/other sources like WBSEDCL, PTC, SPDC & UI in order to meet the present demand of the consumers. E&PDS 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 2013-14, E&PDS had procured 5.28 MU's of energy through UI mechanism and the weighted average cost of this procurement was Rs. 1.80 per unit. This scenario is likely to continue in the period of FY 2015-16 also till E&PDS gets additional allocation from CGS and other sources. For the purpose of estimation of power purchase cost, E&PDS has considered weighted average price of Rs.1.80 per unit of Outside State Purchase, which is based on the current market trend. However, in the current high demand supply gap scenario across the country this weighted average price may further shoot up for FY 2015-16.

Considering the above facts, the Hon'ble Commission is requested to allow the power purchase costs as estimated by E&PDS for FY 2015-16:

Table 6.7: Summary of E&PDS Power Purchase Expenses for FY 2015-16

Sl. No.	Source	Purchase (MU)	Rate (₹/ KWh)	Total Cost in ₹ Crores
1	2	3	4	5
1	NTPC			
A	FSTPP	102.95	5.20	53.55
B	FSTPP-III	-	-	0.21
C	KHSTPP-I	84.31	4.23	35.68
D	KHSTPP-II	26.04	4.55	11.85
E	TSTPP	165.93	2.53	41.93
2	NHPC			
A	RANGIT-III	7.59	2.00	1.52
B	TEESTA -V	27.05	3.80	10.29
3	PTC			
	CHUKHA	40.25	1.85	7.45
4	Other sources			
	WBSEDCL	56.88	1.21	6.90
	SPDC	12.67	3.40	4.31
	UI Purchase	5.28	1.80	0.95
5	Total Energy Purchase	528.97		174.65
6	Rebate/Other Charges			2.08



Further, it is submitted that any changes in the power purchase expenses during the year may be allowed to be recovered by E&PDS 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 true up 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 state of Assam & West Bengal 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.”

6.3.5 Transmission and Other Charges

The Transmission charges payable to PGCIL are estimated based on the quantum of power proposed for wheeling during the FY 2015-16 & per unit cost actually incurred in FY 2013-14. Accordingly transmission & other charges for the FY 2015-16 has been projected at Rs. 32.41 crores.

6.4. Operation & Maintenance Expenses

Operation & Maintenance Expenses comprises of Employee Cost, Repair & Maintenance Expenses and Administrative & General Expenses. The methodology adopted by the E&PDS for projecting the values of these components for FY 2015-16 has been explained in following section. Table below summarises the Operation & Maintenance Expenses for FY 2015-16.

Table 6.8: Operation & Maintenance Expenses for FY 2015-16

(Rs. in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	Employee Cost	47.51	65.20	77.06
2	Repair & Maintenance Expenses	40.88	31.66	34.96
3	Administration & General Expenses	2.58	2.53	2.58
4	Total Operation & Maintenance Expenses	90.97	99.39	114.60

6.4.1 Employee Cost

The expense head of employee cost is indication of cost of man power which includes salary and allowance, bonus, LTC & honorarium, leave salary etc. Employee cost for the FY 2014-15 has been estimated based on the actual employee cost for the FY 2013-14 & other factors effecting the employee structure & cost of E&PDS. Similarly, Employee cost for the FY



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

2015-16 has been projected by escalating the employee cost for the FY 2014-15 after considering all the factors.

The Hon'ble Commission may consider the above facts while allowing the employee cost indicated in the table below.

Table 6.9: Employee Cost for FY 2015-16

(In Rs. Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	2	3	4	5
	SALARIES & ALLOWANCES			
1	Basic Pay	45.75	63.20	74.44
2	Dearness Pay	0.00	0.00	0.00
3	Dearness Allowance	0.00	0.00	0.00
4	House Rent Allowance	0.00	0.00	0.00
5	Fixed Medical Allowance	0.00	0.00	0.00
6	Medical Reimbursement Charges	0.94	1.00	1.50
7	Over Time Payment	0.00	0.00	0.00
8	Other Allowances (detailed list to be attached)			
a)	Spl. Border Compensatory Allowance	0.03	0.05	0.07
9	Generation incentive	0.00	0.00	0.00
10	Bonus	0.00	0.00	0.00
11	Sub Total	46.72	64.25	76.01
	TERMINAL BENEFITS			
12	Leave Encashment	0.79	0.95	1.05
13	Gratuity	0.00	0.00	0.00
14	Commutation of Pension	0.00	0.00	0.00
15	Workman Compensation	0.00	0.00	0.00
16	Ex- gratia	0.00	0.00	0.00
17	Sub Total	0.79	0.95	1.05
	PENSION PAYMENT			
18	Basic Pension	0.00	0.00	0.00
19	Dearness Pension	0.00	0.00	0.00
20	Dearness Allowance	0.00	0.00	0.00
21	Any other expenses (Medical)	0.00	0.00	0.00
22	Sub Total	0.00	0.00	0.00
23	Total (11+17+22)	47.51	65.20	77.06
24	Amount Capitalised	0.00	0.00	0.00
25	Net amount	47.51	65.20	77.06
26	Add prior period expenses	0.00	0.00	0.00
	Grand Total	47.51	65.20	77.06



6.4.2 Administrative & General Expenses

The Administration & General (A&G) expenses include computerization, communication, Travelling & Conveyance, Rent, Professional and technical fees, etc. Administrative & General expenses for the year 2014-15 has been estimated based on the actual expenses for the FY 2013-14. Table below provides A & G expenses incurred by the E&PDS in FY 2013-14 & estimates of FY 2014-15 along with the projections for FY2015-16.

Table 6.10: Administrative & General Expenses for FY 2015-16
(Rs. in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	Rent, Rates & Taxes	0.01	0.01	0.01
2	Insurance	0.00	0.00	0.00
3	Telephone, Postage & Telegrams	0.05	0.06	0.06
4	Consultancy Fees	0.00	0.00	0.00
5	Technical Fees	0.00	0.00	0.00
6	Other Professional Charges	0.15	0.15	0.15
7	Conveyance & Travel Expenses	0.28	0.21	0.25
8	Electricity & Water Charges	0.09	0.10	0.11
9	Others	2.00	2.00	2.00
10	Freight	0.00	0.00	0.00
11	Other material related expenses	0.00	0.00	0.00
12	Total Expenses	2.58	2.53	2.58
13	Less Capitalised	0.00	0.00	0.00
14	Net expenses	2.58	2.53	2.58
15	Add Prior period*	0.00	0.00	0.00
	Total Expenses Charged to Revenue	2.58	2.53	2.58

In view of the above submissions, the Hon'ble Commission is requested to allow the above mentioned A & G Expenses.

6.4.3 Repair and Maintenance Expenses

Repair & Maintenance (R & M) expenses include expenses on operation and repairs & maintenance of electrical equipment, distribution system, vehicles, furniture and fixtures, office equipment, buildings, etc. The E&PDS has projected Repair & Maintenance expenses for the FY 2015-16 taking growth based on Actual Expense for the FY 2013-14 & estimated expense for FY 2014-15.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table below depicts the R&M expenses incurred by the E&PDS in FY 2013-14 & estimated expenses for FY 2014-15 and projected R&M Expenses for FY 2015-16.

Table 6.11: Repair & Maintenance Expenses for FY 2015-16

(Rs. in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	Plant and Machinery	5.69	3.28	3.80
2	Building	1.17	0.84	0.93
3	Hydraulic works & Civil works	0.00	0.00	0.00
4	Line, Cable & Network	32.82	25.98	28.60
5	Vehicles	0.28	0.44	0.48
6	Furniture & Fixtures	0.00	0.01	0.01
7	Office Equipments	0.92	1.11	1.14
8	Operating Expenses	0.00	0.00	0.00
9	Total	40.88	31.66	34.96
10	Less Capitalized	0.00	0.00	0.00
11	Net Repair & Maintenance Expenses	40.88	31.66	34.96

The Hon'ble Commission is requested to allow the R&M expenses proposed by the E&PDS in the above table to the fullest extent in order to ensure better & timely maintenance of distribution network under the purview of the E&PDS and subsequently, to have better consumer services and higher consumer satisfaction.

6.5. Gross Fixed Assets

Gross Fixed Assets value as on 01.04.2014 has been taken from the Asset register as opening GFA for 2015-16 and thereafter, works capitalized during FY 2015-16 has been added and GFA has been computed for FY 2015-16. The GFA movement is given in the table below:

Table 6.12: Gross Fixed Assets Movement

(Rs. In Crores)

Financial Year	Opening Balance (₹ Crores)	Addition during the year (₹ Crores)	Closing Balance (₹ Crores)
FY 2013-14	654.41	102.26	756.67
FY 2014-15	756.67	78.55	835.21
FY 2015-16	835.21	183.36	1018.58



6.6. Depreciation

The E&PDS has applied rate of depreciation as prescribed in the regulations of SSERC for FY 2015-16. The rates have been applied on opening GFA of FY 2015-16 and 50% of capital additions proposed during FY 2015-16. The table below indicates the methodology adopted by the E&PDS for projecting depreciation for FY 2015-16.

Table 6.13: Depreciation for FY 2015-16

(Rs.in Crores)

Sl. No.	Particulars	2015-16 (Projected)
1	Gross Block in Beginning of the year	835.21
2	Additions during the Year	183.36
3	Cumulative Depreciation at the Beginning of the Year	361.44
4	Average Rate of Depreciation	
5	Depreciation for the Year	45.63
6	Cumulative Depreciation at the End of the Year	407.07
7	Net Block in the Beginning of the Year	473.77
	Net Block in the End of the Year	611.51

6.7. Capital Based Return

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

Table 6.14: Capital Base and Return

(Rs. in Crores)

1	2	2013-14 (Actual)	2013-14 (Estimated)	2015-16 (Projected)
1	2	3	4	5
1	Gross Block at beginning of the year	654.41	756.67	835.21
2	Less: Accumulated Depreciation	321.35	360.06	405.69
3	Net Block at beginning of the year	333.06	396.61	429.52
4	Less: Accumulated Consumer Contribution	0.00	0.00	0.00
5	Net Fixed Assets at beginning of the year	333.06	396.61	429.52
	Reasonable return @3% of NFA	9.99	11.90	12.89



6.8. Return on Equity

The E&PDS has computed the Return on Equity considering a rate of return at 14% on the Average equity for the fiscal year as per the provisions of the Tariff Regulations. For calculating Return on Equity, opening equity has been taken as 30% of GFA for the FY 2014-15. Thereafter 30% of assets proposed to be capitalized during FY 2015-16 has been added.

The computation methodology adopted by the E&PDS for determination of Return on Equity for FY 2015-16 is indicated below.

Table 6.15: Return on Equity for FY 2015-16

(Rs.in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	2	3	4	5
1	Opening Equity	196.32	227.00	250.56
2	Equity Addition (30% Capex for the FY)	30.68	23.56	55.01
3	Closing Equity	227.00	250.56	305.57
4	Average Equity	211.66	238.78	278.07
5	Rate of Return on Equity	14%	14%	14%
	Return on Equity	29.63	33.43	38.93

6.9. 6.9.1 Interest & Finance Charges

The E&PDS has considered an Interest on loan at the rate of 14.75% which is SBI PLR as on 1 April 2014. For calculating Interest & Finance Charges, opening Loan has been taken as 70% of GFA for the FY 2014-15. Thereafter 70% of assets proposed to be capitalized during FY 2015-16 has been added. The Interest on Loan computed on the above methodology has been indicated in the Table below:

Table 6.16: Interest & Finance Charges for FY 2015-16

(Rs. InCrores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2015-16 (Projected)
1	2	3	4	5
1	Opening Loan	458.09	483.86	490.46
2	Loan Additions (70% Capex for the FY)	71.58	54.98	128.35
3	Repayment	45.81	48.39	53.88
4	Closing Loan	483.86	490.46	564.93
5	Average Loan	470.97	487.16	527.69
6	Wt. Avg Interest on Loan	14.75%	14.75%	14.75%
7	Interest on Loan	69.47	71.86	77.83
	Total Interest & Finance Charges	69.47	71.86	77.83



The Hon'ble Commission is requested to allow the above interest on loan for FY 2015-16.

6.9.2 Interest on Working Capital

The E&PDS has computed the Interest on Working Capital for FY 2015-16 on normative basis. As per the SSERC Tariff Regulations, for the purpose of computation of normative working and Interest on working capital, the components of working capital are as follows:

- One month's Employee Costs
- One month's Administration & General Expenses
- One month's R&M Cost
- Two Month's Receivables

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 14.75% as on 1st April 2014.

The interest on normative working capital for FY 2015-16 works out to Rs. 4.36 Crores and is given in the table below:

Table 6.17: Information regarding Working Capital for the current and ensuing year

(Rs. In Crores)			
Sl. No.	Particulars	2014-15 (Estimated)	2015-16 (projected)
1	2	3	4
1	One month's Employee Costs	5.43	6.42
2	One month's Administration & General Expenses	0.21	0.22
3	One month's R&M Cost	2.64	2.91
4	Maintenance Spares	0.00	0.00
5	Two month's Receivables	19.09	19.98
6	Total	27.37	29.53
7	Rate of Interest	14.75%	14.75%
	Interest on Working Capital	4.04	4.36

The Hon'ble Commission is requested to approve the interest on working capital of Rs. 4.36 Crores on normative basis for FY 2015-16.

6.10. Provision for Bad and Doubtful Debts

E&PDS has not considered provision for bad and doubtful debts in determination of Tariff for the FY 2015-16.

6.11. Non-Tariff Income

Based on the FY 2013-14, it is assumed that non-tariff Income in form of Meter Rent, Late payment charges & miscellaneous charges will be Rs 0.94 Crores from various categories of consumers.



6.12. Annual Revenue Requirement

Based on the above estimates and projections, the ARR for E&PDS for FY 2015-16 works out as under:

Table 6.18: Annual Revenue Requirement for the Year 2015-16
(Rs. in Crores)

Sl. No.	Item of Expense	2014-15 (Estimated)	2015-16 (Projected)
1	2	3	4
1	Cost of Fuel	0.19	0.37
2	Cost of Power Purchase	209.14	209.14
3	Employee Costs	65.20	77.06
4	R&M Expenses	31.66	34.96
5	Administration and General Expenses	2.53	2.58
6	Depreciation	38.71	45.63
7	Interest Charges	71.86	77.83
8	Interest on Working Capital	4.04	4.36
9	Return on NFA /Equity	33.43	38.93
10	Income Tax	0.00	0.00
11	Total Revenue Requirement	456.75	490.85
12	Less: Non Tariff Income	0.90	0.94
13	Net Revenue Requirement	455.86	489.91
14	Revenue from Tariff	114.52	119.87
15	Revenue from Outside State Sale	98.15	98.15
16	Gap (13 - 14- 15)	243.19	271.90
	Gap for FY 2013-14	0.00	
17	Gap for FY 2014-15		0.00
18	Total Gap (14+15)	243.19	271.90
19	Revenue surplus carried over	0.00	0.00
20	Additional revenue from proposed tariff	0.00	15.70
21	Regulatory asset	0.00	0.00
	Energy sales (MU)	245.44	256.34

6.13. Average Cost to Supply

Based on the above computed Net ARR of Rs. 489.91 Crores and after deducting revenue from sale of surplus power of Rs. 98.15 Crores, net cost of supply of energy sales projection of 256.34 MUs within state works out to be Rs. 391.76 Crores, hence the Average Cost to Supply works out to Rs. 15.28 per unit for FY 2015-16.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

6.14. Revenue at Existing Tariff and Gap for FY 2015-16

The estimated revenue at Existing Tariff for FY 2015-16 for each of the consumer category excluding Surplus/Outside State sale is computed at Rs. 119.87 Crores. The average realisation rate or average revenue per unit for estimated sales of 256.34 MUs for FY 2015-16, works out to Rs. 4.68.

The summary of the category-wise revenue is as shown in the table below:

Table 6.19: Revenue at Existing Tariff – FY 2015-16

(Rs. in Crores)

Sl. No.	Particulars	2013-14 (Actual)	2014-15 (Estimated)	2015-16 (Projected)
1	2	3	4	5
1	Domestic	18.26	19.00	19.70
2	Commercial	18.58	19.12	20.06
3	HT Industrial Consumers	61.07	62.90	65.96
4	LT Industrial Consumers	0.85	0.88	0.92
5	Bulk Supply	10.85	11.17	11.71
6	Public Lighting	0.15	0.15	0.16
7	Temporary Supply	1.25	1.29	1.35
8	TOTAL	111.01	114.52	119.87
9	Outside State	98.15	98.15	98.15
10	TOTAL	209.16	212.66	218.01

Based on the Aggregate Revenue Requirement and net revenue from existing tariffs for FY 2015-16, the resultant GAP works out to Rs.271.90 Crores which is approximately 55% of the ARR as depicted in the table below:

Table 6.20: Revenue GAP at Existing Tariffs – FY 2015-16

(Rs. In Crores)

Sl. No.	Particulars	2014-15 (Estimated)	2015-16 (Proposed)
1	2	3	4
1	Revenue from Sale of Power	114.52	119.87
2	Revenue from Surplus power sales (Outside State)	98.15	98.15
3	Total Revenue at Existing Tariff	212.66	218.01
4	Net Annual Revenue Requirement	455.86	489.91
5	(Gap)/ Surplus	-243.19	-271.90
6	Covered by Previous year's surplus carried over	0.00	0.00
7	Additional Revenue at Proposed Tariff	0.00	15.70
	Net (GAP)/Surplus	-243.19	-256.20



7. TARIFF PROPOSAL FOR FY 2015-16

E&PDS in the previous sections has discussed the estimated performance for the FY2015-16 based on the past years performances and certain assumptions explained at appropriate places to determine the Aggregate Revenue Required for FY 2015-16.

7.1 Recovery of Revenue Gap for FY 2015-16

The estimated gap in the FY 2015-16 has been computed by deducting the ARR from Revenue at Existing Tariff.

E&PDS has projected ARR for FY 2015-16 at Rs. 489.91 Crores and the revenue at existing tariff from projected sales and revenue from sale of surplus power compute to Rs. 316.16 Crores. Thus the resultant gap works out to Rs. 271.90 Crores.

Tariff is a sensitive subject having substantial impact on social, economic and financial wellbeing of the public at large as well as the viability and growth of power sector. In view of the above E&PDS proposes to recover only Rs. 15.70 crores out of Total Revenue Gap of Rs. 271.90 Crores as these may result in huge burden on the consumers.

Regulatory Asset

The Hon'ble Commission is requested to allow the remaining gap of Rs. 256.20 Crores left after increase in tariff to be considered as a Regulatory Assets as specified under the National Tariff Policy as well as Tariff related regulations of various State Electricity Regulatory Commissions which includes provisions for maintaining Regulatory Assets and its recovery in future period. Also, as specified in the National Tariff Policy, the carrying cost of Regulatory Asset is proposed to be charged at SBI PLR rates prevailing as on 1st April 2014.

7.2 Proposed Tariff in FY 2015-16

7.2.1 Tariff Proposal for FY 2015-16

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 SSERC and various SERCs. In the light of the experience gained by other utilities in implementation of the tariff orders and regulatory requirements specified under various states and policy guidelines, an attempt has been made to improve upon the present tariff design. Considering the above, the tariff proposal for FY 2015-16 for individual categories is given below alongwith the comparison of existing and proposed energy charges.



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Table 7.1: Energy Charge – Existing V/s Proposed Tariff

Sl. No.	Category of Consumers	Existing Rate Paisa/KWH	Proposed Rate Paisa/KWH
1	2	3	4
1	Domestic (Rural)		
a)	Up to 50 units	110	130
b)	51 to 100 units	225	250
c)	101-200 units	345	380
d)	201 to 400 units	415	445
e)	401 & above	440	470
	Domestic (Urban)		
a)	Up to 50 units	110	175
b)	51 to 100 units	225	285
c)	101-200 units	345	400
d)	201 to 400 units	415	475
e)	401 & above	440	500
	2 Commercial (Rural)		
a)	Up to 50 units	315	350
b)	51 to 200 units	490	520
c)	201 to 400 units	515	545
d)	401 & above	540	570
	Commercial (Urban)		
a)	Up to 50 units	315	400
b)	51 to 200 units	490	550
c)	201 to 400 units	515	575
d)	401 & above	540	600
	3 Public lighting		
	Rural Areas	250	250
	Urban Areas	460	460
	4 Industrial		
A	HT		
a)	HT (AC) above 3.3 KV		
b)	Upto 100 KVA	300	360
c)	100 - 250 KVA	348	415
d)	250- 500 KVA	396	475
e)	500 KVA & above	410	495
	B		
	LT (Rural)		
a)	Up to 500 units	235	300
b)	501 - 1000 units	420	460
c)	1001 & above	545	600
	C		
	LT (Urban)		
a)	Up to 500 units	480	560
b)	501 - 1000 units	550	600
c)	1001 & above	620	670
	5 Bulk supply		
a)	LT	540	595
b)	HT	560	615



7.3 Revenue at Proposed Tariff in FY 2015-16

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 7.2: Comparison of Revenue from Existing Tariff with Proposed Tariff
(Rs. in Crores)**

Sl. No.	Particulars	Revenue At Existing Tariff	Revenue At Proposed Tariff
1	2	3	4
1	Domestic	19.70	25.77
2	Commercial	20.06	20.08
3	LT Industrial Consumers	0.92	0.64
4	HT Industrial Consumers	65.96	75.91
5	Bulk Supply	11.71	11.66
6	Public Lighting	0.16	0.16
7	Temporary Supply	1.35	1.35
8	TOTAL	119.87	135.56

7.3.1 Impact of Tariff on Consumers

The revenue gap and the average tariff hike proposed are presented in the table below:

Table 7.3: Impact of Tariff Hike FY 2015-16

Sl. No.	Particulars	Units	FY 2015-16	
			Existing	Proposed
1	2	3	4	5
1	ARR for FY 2015-16	Rs. Crores	489.91	489.91
2	Revenue from tariff for FY 2015-16		119.87	135.56
3	Revenue from sale of surplus power for FY 2015-16	Rs. Crores	98.15	98.15
4	Total Revenue		218.01	233.71
5	Gap (1 – 2 - 3)	Rs. Crores	271.90	256.20
6	Sales within State	MU's	256.34	256.34
7	Sale of Surplus power through Trading/UI	MU's	431.21	431.21
8	Total Sales		687.55	687.55
9	Average Cost of Supply within state (1-3)/6 x 10	Rs. per kWh	15.28	15.28
10	Average Revenue (2/6 x 10)	Rs. per kWh	4.68	5.29
11	Pure Gap (9-10)	Rs. per kWh	10.61	9.99
12	Average Hike in Tariff			0.61
13	Hike in Tariff %			13.10%

It is submitted that the average tariff hike required to recover the gap attributable to FY 2015-



***Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16***

16 is Rs.0.61 per unit.

The Hon'ble Commission is requested that considering the above and wholesale price index (all commodities) for the period, the hike in tariff be allowed.



8. **TARIFF SCHEDULE – FY 2015-16**

I. DOMESTIC SUPPLY (DS)

Type of consumer

Power supply to private house, residential flats and Government residential buildings for light, heating / electrical appliances, fans etc for domestic purpose. This schedule can also be made applicable to the charitable organization after verifying the genuineness of their non-commercial aspects by the concerned divisional office.

Nature of service:

Low Tension AC 400/230 volts, 50 cycles/sec (Hz)

(a) Rates:

Units Consumption Area	Paisa per kWh (Unit)	
	Rural	Urban
Up to 50	130	175
51 to 100	250	285
101 to 200	380	400
201 to 400	445	475
Consumption exceeding 400 units	470	500

(b) Monthly Minimum Charge:

Area	Rural	Urban
Single Phase Supply	Rs. 40.00	Rs. 50.00
Three Phase Supply	Rs. 200.00	Rs. 250.00

(c) Monthly Rebate (if paid within due date) : 5% on Energy Charges

(d) Annual Surcharge(charge on the gross arrear outstanding every March end):
10%

If electricity supplied in domestic-premises is used for commercial purpose, the entire supply shall be charged under commercial supply.

100% subsidy will be given to all the domestic consumers in rural areas under Gram Panchayat Unit (GPU) as notified by Rural Management & Development Department (RMDD), consuming 100 units of electricity or less in a month recorded through energy meter only as per Government Notification No.33/P/GEN/97/PART-V/70 dated 25.02.2014 (amended) and



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

assessment accounted on average basis shall not be entertained for subsidy.

In the event of crossing the subsidized limit of 100 units of electricity in any month, the entire consumption for the month shall be charged to such consumer as per the tariff.

II. COMMERCIAL SUPPLY (CS)

Type of consumer

Supply of energy for light, fan, heating and power appliances in commercial and non-domestic establishments such as shops, business houses, hotel, restaurants, petrol pumps, service stations garages, auditoriums, cinema houses, nursing homes, dispensaries, doctors clinic which are used for private gains, telephone exchange, nurseries, show rooms, x-ray plants, libraries banks, video parlors, saloons, beauty parlors, health clubs or any house of profit as identified by the Assistant Engineer/Executive Engineer concerned of the Department.

(a) Nature of supply:

Low Tension AC 400/230volts, 50 cycles/Sec (hz)

(b) Rates

Units Consumption	Paisa per kWh (Unit)	
	Rural	Urban
Up to 50	350	400
51 to 200	520	550
201 to 400	545	575
Consumption exceeding 400 units	570	600
Demand Charge – For those establishments whose sanction load is more than 25 kVA & does not have independent transformer but run their unit through shared transformers.	Rs. 60/kVA/Month plus energy charges as shown above	Rs. 100/kVA/ Month plus energy charge as shown above

(c) Monthly Minimum Charge:

Area	Rural	Urban
Single Phase Supply	Rs. 200.00	Rs. 300.00
Three Phase Supply	Rs. 500.00	Rs. 600.00

(d) **Monthly Rebate (if paid within due date) : 5% on Energy charges**

(e) **Annual Surcharge (charge on the gross arrear outstanding every March end):**

10%



III. LT INDUSTRIAL SUPPLY (LTIS):

Type of consumer

Power supply to the industries like poultry, agriculture load or any other units of such kind under small-scale industries having connected load not exceeding 25 kVA in total.

(a) Nature of service:

Low Tension AC 400/230volts, 3 phase/single phase, 50 cycles/sec (Hz)

(b) Rate:

Units Consumption Area	Paisa per kWh	
	Rural	Urban
Up to 500	300	560
501 to 1000	460	600
1001 & Above	600	670
Demand Charge – for those establishments whose sanction load is more than 25 KVA & does not have independent transformer but run their unit through shared transformers.	Rs. 60/kVA/Month plus energy charges as shown above	Rs. 100/kVA/Month plus energy charge as shown above

(c) Monthly Minimum Charge:

Rural	Rs. 120/kVA/Month
Urban	Rs. 200/kVA/Month

(d) Monthly Rebate (if paid within due date) : 5% on Energy Charges

(e) Annual Surcharge(charge on the gross arrear outstanding every March end):

10%

IV. HIGH TENSION SUPPLY (HTS):

Type of consumer

All types of supply with contract demand at single point having 3 phase supply and voltage above 3.3 kV.

(a) Nature of supply:

High Tension AC, above 3.3 kV, 3 phase, 50 cycles/Sec (Hz)

Executive Engineer should sanction the demand In the Requisition and Agreement form of the Department before the service connection is issued based on the availability of quantum of



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

Power. The demand sanctioned by the Executive Engineer will be considered as the contract demand. A maximum demand indicator will be installed at the consumer premises to record the maximum demand on the monthly basis. If in a month, the recorded maximum demand exceeds the contract demand, that portion of the demand in excess of the contract demand will be billed at twice the prevailing demand charges. In case recorded maximum demand exceeds the contract demand for three consecutive months the demand charges will be payable on the basis of installed capacity of the transformer.

Energy meters are compulsorily to be installed on HT side. In case energy meters are installed on the LT side the assessed energy consumption shall be grossed up by 4% to account for the transformation loss and billed accordingly.

(b) Rate:

Units Consumption	Charge
Up to 100 kVA Demand Charge Plus Energy Charge	Rs. 175/kVA/Month + 360 Paisa/Unit
Above 100 to 250 kVA Demand Charge Plus Energy Charge	Rs. 225/kVA/Month + 415 Paisa/Unit
Above 250 to 500 kVA Demand Charge Plus Energy Charge	Rs. 250/kVA/Month + 475 Paisa/Unit
Above 500 kVA Demand Charge Plus Energy Charge	Rs. 475/kVA/Month + 495 Paisa/Unit

(c) Monthly Minimum Charge: Demand Charge

(d) Monthly Rebate (if paid within due date): 2% on Energy Charges

(e) Annual Surcharge (charge on the gross arrear outstanding every March end): 15%

V. BULK SUPPLY (BS): (NON-COMMERCIAL SUPPLY)

Type of consumer

Available for general mixed loads to M.E.S. and other Military Establishments, Borders roads,

SAP, All Government non-residential buildings, Hospitals, Aerodromes and other similar establishments as identified as such supply by the concerned Executive Engineer.



(a) **Nature of service:** Low Tension AC 400/230 volts or High tension above 3.3 kV

Executive Engineer should sanction the demand in the Requisition and Agreement form of the Department before the service connection is issued.

(b) **Rate:**

All Consumptions	Paisa/Unit
LT (230/430 Volts)	595
HT (11 kV or 66 kV)	615

(c) **Monthly Minimum Charge:**

LT (230/430 Volts)	Rs. 200/kVA of Sanction Load
HT (11 kV or 66 kV)	Rs. 200/kVA of Sanction Load

(d) **Monthly Rebate (if paid within due date):** 2% on Energy Charges

(e) **Annual Surcharge (charge on the gross arrear outstanding every March end): 15%**

VI. SUPPLY TO ARMY PENSIONERS

Type of Consumer

Provided to the army pensioners or their surviving widows based on the list provided by Sikkim Rajya Sainik Board.

(a) **Nature of service:** Low Tension AC 230/400 volts, 50 cycles/sec (Hz)

(b) **Rate :** Domestic supply rate is applicable

- (i) Up to 100 units To be billed to Secretary, Rajya Sainik Board
- (ii) 101 and above To be billed to the Consumer

Minimum charges, surcharges, and rebate etc will be applicable as per domestic supply category.

VII. SUPPLY TO BLIND

Type of consumer

Service connection provided to a house of a family whose head of the family only is blind and the same is certified by the National Association for Blinds.



(a) Nature of service:

Low Tension AC 230/400 volts, 50 cycles/sec (Hz)

(b) Rate: Domestic supply rates is applicable

- (i) Up to 100 units To be billed to Secretary, Social Welfare Department
- (ii) 101 and above To be billed to the Consumer

Minimum charges, surcharges, and rebate etc will be applicable as per domestic supply category.

VIII. SUPPLY TO THE PLACES OF WORSHIP (SPW)

Type of consumer

Supply of power to Gumpas, Manilakhangs, Tsamkhangs, Mandirs, Churches, and Mosques as identified by the State Ecclesiastical Department.

(a) Nature of service:

Low Tension 400/230 volts, 50 cycles/sec (Hz)

(b) Rate

Unit Consumption Slab	Paisa per kWh (Unit)
Places of worship having: (i) Having 3 lights points A) up to 100 units B) Above 101 units (ii) Having 4 to 6 lights points. A) up to 150 units B) Above 151 units (iii) Having 7 to 12 points A) up to 300 units B) Above 301 units (iv) Having 13 and more light points A) Up to 500 units B) Above 501 units A) To be billed to Secretary, Ecclesiastical Department and to be submitted to the head of Department in the District. B) To be billed to Head of the Place of worship.	Domestic rate is applicable.

Minimum charges, surcharges, and rebate etc will be applicable as per domestic supply category.



IX. PUBLIC LIGHTING ENERGY CONSUMPTION CHARGES

It has been decided that the electrical energy consumption charges of public lightning street light etc in urban area shall be paid by the Urban Development & Housing Department. Similarly the consumption of electrical energy for street light etc in rural areas shall be paid by the concerned Panchayat / Rural Management & Development department. The necessary meter/metering equipments shall be provided by the Energy & Power Department and for which the standard (Tariff Schedule) charges is also applicable in accordance with rules and regulations of the department.

Rate:

Rural Areas	250 Paisa/kWh (Unit)
Urban Areas	460 Paisa/kWh (Unit)

X. TEMPORARY SUPPLY

Type of consumer

Available for temporary purposes and for the period not exceeding two months in the first instance but can be extended for the further-period not exceeding one month on each occasion. The Assessment of energy consumption shall be on the basis of recorded meter reading and not on average.

Approval of the Temporary Supply and its duration will be the discretion of the Assistant Engineer of the Department.

If the temporary connection is more than approved period, such use of electricity will be treated as theft of power.

(a) Nature of Service:

Low tension AC 400/230 volts, 50 Hz /H.T.AC 11 kV whichever is applicable and possible at the discretion of the department:

(b) Rate

Twice the Tariff under schedule DS/CS/LTIS/HT for corresponding permanent supply
Temporary supply connection shall not be given without proper energy meter. Two months assessment on sanction load shall have to be paid in advance as security deposit before taking the connection.



XI. SCHEDULE FOR MISCELLANEOUS CHARGES

Service Connection

Following procedures should be strictly followed while giving the new service connection.

On receipt of written application with requisite, Revenue Stamp from any intending consumer addressed to the Assistant Engineer (Commercial/Revenue) the department will issue the Requisition and Agreement form of the Department. This form will be issued on production of BR for Rs. 25.00 (Rupees Twenty-five) only. He/ She will complete the form in all respect and submit to the office of the Assistant Engineer. Assistant Engineer will issue the service connection estimate with the approval of the Executive Engineer. If the Sub station of the area or any other connected Electrical network is under capacity, the department can decline the service connection till the capacity is increased as required. If the demand is more than 25 kVA the Department reserves the right to ask the applicant to provide suitable substation at his/her cost.

The Energy & Power Department also reserves the right to disconnect the service connection of any consumer if he/she increases the load above sanctioned load without written approval of the Department and will treat such cases as theft of power.

Single or Separate service connections shall be provided to the applicant based on the legal ownership of the building or part of it (flat / floor). No Objection Certificate from the owner of the building (premises) shall not qualify as the legal ownership by the applicant for service connection. However, in case Government / Semi Government/Government Undertakings offices in the rented buildings/ flats, separate service connection in the name of the head of the office can be provided with the consent of the legal owner of the building and the approval of the concerned Executive Engineer.

XII. METER RENT / Month

(i)	Energy Meter	
(a)	Single Phase	Rs. 40.00
(b)	Three phase	Rs. 80.00
(ii)	Maximum Demand Indicator	Rs. 200.00
(iii)	Time switch	Rs. 150.00

XIII. TESTING OF METERS



**Petition for Approval of Annual Revenue Requirement
& Tariff Proposal for FY 2015-16**

i)	Energy Meters (1 Phase / 3 Phase)	Rs. 200.00
ii)	Other Metering Instruments	Rs. 250.00

XIV. DISCONNECTION & RECONNECTION

(i)	DS and CS category	Rs. 150.00
(ii)	LTIS, HTS & Bulk Supply category	Rs. 250.00

Unless otherwise demanded by the department replacement of meters or shifting the position of meter boards etc, can be entertained exclusively on the specific written request of the consumer against a payment of Rs. 100.00 each time which does not include the cost of requirement and labor and the same will be extra.

XV. REPLACEMENT OF FUSES

Service for replacement of fuses in the main cut-outs available against the following payments:-

(i)	Low tension	Single phase	Rs. 30.00
		Three phase	Rs. 40.00
(ii)	High tension		Rs. 50.00

XVI. RESEALING OF METERS

If by any reason the seal affixed in the meter or cutouts installed and secured by the department are found tampered with, the department reserves the right to disconnect the service connection immediately and impose penalty as applicable under The Electricity Act, 2003. In addition the consumer is liable for payment for resealing charge @ Rs. 50.00 per call of such services.

XVII. SECURITY DEPOSIT

Security deposit shall be deposited, by the depositor, by the consumer, in the following rates for the meters provided by the Department.

1	Electronic Meter	3 phase	Rs. 500.00
		1 phase	Rs. 200.00

2	Electromagnetic Meters	3 phase	Rs. 150.00
		1 phase	Rs. 75.00

The Security deposit will be forfeited and the line will be disconnected if the consumer tampers the meter. The line will be reconnected only after the fresh security deposit is deposited and other applicable charges are paid.



XVIII. OTHER CONDITIONS FOR SUPPLY OF ELECTRICAL ENERGY

(a) Meter found out of order

In the event of meter being found out of order (which includes meter ceasing to record, running fast or slow, creeping or running reverse direction) and where the actual errors on reading cannot be ascertained the meter will be declared faulty and the correct quantum of energy consumption shall be determined by taking the average consumption for the previous three months.

If the average consumption for the three months cannot be taken due to the meter ceasing to record the consumption or any other reason, then the correct consumption will be determined based on the average consumption for succeeding 'three months (after installation of meter) where any differences or dispute arise as to the correctness of meter reading or bill amount etc then the matter shall be decided by the concerned Chief Engineer of the department upon the written intimation either from the concerned Executive Engineer or from concerned consumer. However, the bill should be paid on or before the due date. The amount so paid will be considered as advance to the credit of the consumer's account until such time as the billed amount in dispute is fully settled. After determining the correct consumption due billing will be made and necessary adjustment shall be done in the next bill issued. This method shall be applicable to all categories of consumers.

(b) Defaulting consumer

The Department shall not give any type of service connection to a defaulting consumer.

(c) Fixing the position of meter/metering equipment

During the inspection of Assistant Engineer of the Department the point of entry of supply of mains and position of meter, cut-out/metering equipments etc will be decided and should not be changed later on without written permission from department,

The department will in no case fix the meter, main cut-out metering equipments nor allow the same to remain in any position where the employees are prohibited from entering or where there is difficulty of access for employees.



(d) Notification/application before connection

The consumer must give not less than 2 months notice before the supply or additional supply is required. In the case of HTIS/LTIS/BS consumers, longer notice which may extend to six months or more may be required to enable the department to make necessary arrangement for such supply, which will subject to its availability in the system and seven clear days notice shall be given by the Assistant Engineer of the area to the applicant for the Purpose of inspecting the premises and investigating the feasibility of power supply. If service can be affected by extending service line alone, the consumer will be given a written permission from the office of the Assistant Engineer about providing the service connection to his premises.

(e) Sketch of the premises

- (i) A neat sketch of the premises should also submit the proposed internal electrification of the building showing the light points, light plug points, power plug points, fan/exhaust fan points, main isolator position, distribution Control system location and other fittings etc.
- (ii) In the case of industrial/workshop etc the consumer should submit a neat sketch showing the location of all E&M equipments and its motor capacity if any etc in addition to the above.

(f) Load sanction

Depending on the availability of the quantum of electrical energy in the system, the load shall be sanctioned for all categories of consumers by the authorized officer of the department.

XIX. LAND - free of cost for service connection and other association facilities:

The consumer shall provide the necessary land to the department belonging to his/her on free of cost basis and afford all reasonable facilities for bringing in the direct cables or overhead lines from the department's T&D system for servicing the consumers but also cables or overhead lines connecting 'the department's other consumers and shall permit the department to provide all requisite switch gear thereto on the above premises and furnish supply to such other consumers through cables/ overhead lines and terminals situated on the consumer's premises.



XX. ACCESS TO PREMISES AND APPARATUS

- (a) If any consumer obstructs or prevents departments authorized officers/employees in any manner, from inspecting his/her premises at any time to which the supply is afforded or where the electrical installations or equipments belonging to the department or the consumers situated in such premises and if there is scope of suspecting any malpractice, the authorized officer; employees of the department may disconnect the power supply forthwith without notice and keep such power supply disconnected till the consumer affords due facilities for inspection. If such inspection reveals nothing to undertake any malpractice or pilferage, the department then restore the power supply to his/he premises.
- (b) If such inspection reveals any commission of malpractice as specified in the "Malpractice clauses mentioned below, this may be dealt as per the relevant clauses which are indicated in malpractice.
- (c) The department shall not be responsible for any loss or damage or inconvenience caused to the consumer on account of such disconnection of supply.

XXI. INTERFERENCE WITH SUPPLY MAINS AND APPARATUS

- (a) A consumer shall not interfere with the supply main or apparatus including the metering arrangement, which may have been installed in his/her premises.
- (b) The consumer shall not keep connected to the department supply system if any apparatus to which the department has taken reasonable objection or which the department may consider likely to interfere or affect injudiciously the department's equipments installed in his/her premises or the Department's supply to other consumer.
- (c) The consumer shall not keep the unbalanced loading of three phase of supply taken by him/her from Department.
- (d) The consumer shall not make such use of supply given to him/her by the department as to act prejudicially to the department's supply system in any manner whatsoever,

XXII. MALPRACTICE

- (i) Contravention of any provision of the terms conditions of supply the Indian Electricity Act 2003, the Indian Electricity Rules 1956 or any other law/rule governing the supply and use of electricity regulating order shall be treated as malpractice and the consumer



indulging in any such malpractice shall be liable at law/rule/order. Subject to generality as above.

(ii) Cases mentioned hereunder, shall be generally treated as malpractice:-

- (a) Exceeding the sanctioned/contract load authorised by the department without the permission of the department.
- (b) Addition, alteration and extension of electrical installation in the consumer's premises without permission of the department or extension to any premises other than the one for which supply sanctioned/contracted for.
- (c) Unauthorized supply of electricity to any service which is including the service line disconnected by the Department against electricity revenue arrear or any other offended clauses and the same service line reconnected without permission of the department.
- (d) Non-compliance of orders in force imposing restriction of use of energy for rational and equitable distribution thereof.
- (e) Use of electricity for any purpose other than that for which supply is contracted /sanctioned for
- (f) Resale of energy without the permission of the department,
- (g) Theft of energy
- (h) Obstruction to lawful entry of authorized officer/employee of the department into consumer's premises.
- (i) Interfering and tampering with the meter and metering system.

XXIII. PAYMENT OF COMPENSATION FOR MALPRACTICES

Where a consumer is found to be indulging in malpractice with regard to use of electricity and use of device to commit theft of energy etc. the Chief Engineer/ Electrical Inspector of the department will decide about the payment of compensation amount to be imposed against such consumer as per the relevant rules and regulations.

XXIV. INSTITUTION OF PROSECUTION

Any officer employee authorized to inspect and deal with cases of malpractice and theft of energy may launch prosecution as an aggrieved person as mentioned in the Electricity Act 2003.



XXV. READING OF METER AND PREPARATION OF BILL

- (a) The meter reading will be taken once in a month. The reading of meter will be recorded by meter reader in a card provided near the meter and open to inspection by consumer. Bill for energy consumption charges will be prepared based on the reading noted in the card
- (b) Any complaint with regard to the accuracy of the bill the same shall be intimated immediately by the consumer to the Assistant Engineer, who has issued the bill quoting the bill number/ account number date etc.
- (c) If the consumer does not receive the electricity bill he shall inform the Assistant Engineer concerned about the non-receipt of his bill and on such representation, a copy will be supplied to him.

XXVI. DISCONNECTION OF SUPPLY FOR NON-PAYMENT OF ELECTRICITY BILL AND LEGAL ACTION

If the consumer fail to pay any bill presented to him/her the department shall be at liberty to take action under sub- section (1) of Section 56 of Indian Electricity Act 2003 for disconnection of supply. The disconnection notice is printed in the bill form and further notice will not be issued by the department for disconnection.

XXVII. FAILURE OF POWER SUPPLY

The Department shall not be responsible for loss, damage or compensation what so ever out of failure of supply.

XXVIII. RESTRICTION OF POWER SUPPLY

The supply of electricity is liable to be curtailed or staggered or cut off all together as may be ordered by the State Government or any other enactment as amended from time to time governing the supply and use of electricity.

XXIX. CONSUMER NUMBER

Consumer number is given to all the consumers. The same is written in the Meter reading card also. Consumer must know his/her consumer no and should quote the consumer no. while corresponding with the department for prompt attention by the department.



XXX. FUSE CALL

In case the department's main fuse or fuses fail, the consumer or his representative may give the intimation in the adjacent control room either in person or through phone. Employees bearing the identity cards of the department are allowed to replace those fuses. Consumers are not allowed to replace those fuses and they will render themselves liable to pay heavy penalty if the department's seals are been found broken.

In attending the fuse – off calls. Top most priority will be given to cases of fire due to short circuit, accident, arcing in consumer's main *etc.*

XXXI. THEFT OF POWER Theft of power is a criminal offence under electricity act.

Whoever commits the theft of power shall be punishable in accordance with the Electricity Act 2003.

XXXII. SUPPLY WITHOUT METER

Where a supply to the consumer is given without meter the consumption of Electrical Energy in kWh will be computed in the manner indicated below.

- 1. Government office building Sanctioned load (kW) x 6 hrs x 30 days x 60 /100**
- 2. Other Consumers Sanctioned load (kW) x 8 hrs x 30 days x 60 /100**