

**PETITION FOR APPROVAL OF  
THE ANNUAL  
REVENUE REQUIREMENT AND  
TARIFF PROPOSAL  
FOR FY 2014-15  
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 2014-15 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 2014-15 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 2014-15 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 the .....of 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, 2013 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 2014-15 for Determination of Tariff.

b) Petition Fee – Rs. ....../- vide DD No.                      dated :

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

**Place: Gangtok**

**Dated: November, 2013**

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 2013 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 2014-2015 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 2014-15.

**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 2014-15 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 2014-15 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 2012-13, for Review for FY 2013-14 & ARR and Tariff Petition for the FY 2014-15, 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 2012-13 and revised estimates for the FY 2013-14.
- Accept the Annual Revenue Requirement and Tariff petition for the FY 2014-15 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 2014-15;
- Approve the category-wise tariff including fixed/ demand charges submitted by E&PDS to meet revenue requirement for FY 2014-15;
- 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, 2013**

## 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 2014-2015 .....	2
2.	OVERALL APPROACH FOR PRESENT FILING .....	2
2.1	Provisional True-up of FY 2012-13, Review of FY 2013-14 & Annual Revenue Requirement and Tariff Petition for FY 2014-15 .....	2
2.2	Approach for the Filing.....	2
3.	COMPLIANCE OF DIRECTIVES .....	3
4	PROVISIONAL TRUE-UP FOR FY 2012-13.....	8
4.1.	Background .....	8
4.2.	Energy Sales.....	10
4.3.	Transmission and Distribution Losses .....	11
4.4.	E&PDS Own Generation .....	11
4.5.	Power Purchase .....	11
4.6.	Energy Balance .....	12
4.7.	Fuel Cost .....	12
4.8.	Power Purchase Cost.....	13
4.9.	Employee Cost .....	13
4.10.	Repair & Maintenance Expenses .....	13
4.11.	Administrative & General Expenses.....	14
4.12.	Depreciation.....	14
4.13.	Interest & Finance Charges.....	14
4.14.	Other Income .....	15
4.15.	Return on Equity .....	15
4.16.	Revenue from sale of power .....	15
4.17.	True-up of ARR for FY 2012-13 .....	16
	SECTION – II.....	17
5.	Review for FY 2013-14 .....	18
5.1.	Background.....	18
5.2.	Energy Sales.....	19
5.3.	Transmission and Distribution Losses .....	19
5.4.	E&PDS Own Generation .....	20
5.5.	Power Purchase.....	20

5.6.	Energy Balance .....	21
5.7.	Fuel Cost .....	21
5.8.	Power Purchase Cost.....	22
5.9.	Employee Cost .....	22
5.10.	Repair & Maintenance Expenses .....	22
5.11.	Administrative & General Expenses.....	23
5.12.	Depreciation.....	23
5.13.	Interest & Finance Charges.....	23
5.14.	Other Income .....	24
5.15.	Return on Equity .....	24
5.16.	Revenue from Sale of Power .....	24
5.17.	Review of ARR for FY 2013-14.....	25
	<i>SECTION –III</i> .....	26
6.	ANNUAL REVENUE REQUIREMENT FOR FY 2014-2015 .....	27
6.1.	Energy Requirement .....	27
6.1.2	Category wise Sales Forecast.....	28
6.1.3	Billed Demand & Number of Consumers.....	29
6.1.4	Distribution Losses .....	29
6.1.5	Energy Requirement & Sources of Power Purchase.....	29
6.2.	Capital Expenditure & Capitalisation .....	31
6.2.1	Capital Expenditure & Capitalisation of Assets .....	31
6.3	Annual Revenue Requirement for E&PDS.....	32
6.3.1	Power Purchase .....	32
6.3.1.1	Source of Power .....	32
6.3.2	Assumption for Power Purchase Projection .....	33
6.3.3	Power purchase from CGS Stations.....	34
6.3.4	External Power Purchase/ Other Sources .....	34
6.3.5	Transmission and Other Charges .....	35
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
6.9.1	Interest & Finance Charges.....	41
6.9.2	Interest on Working Capital.....	42
6.10	Provision for Bad and Doubtful Debts.....	43
6.11	Non-Tariff Income .....	43
6.12	Annual Revenue Requirement .....	44
6.13	Average Cost to Supply .....	44
6.14	Revenue at Existing Tariff and Gap for FY 2014-15 .....	44
7.	<i>TARIFF PROPOSAL FOR FY 2014-15</i> .....	46
7.1	Recovery of Revenue Gap for FY 2014-15 .....	46
7.2	Proposed Tariff in FY 2014-15.....	46
7.2.1	Tariff Proposal for FY 2014-15 .....	46
7.3	Revenue at Proposed Tariff in FY 2014-15.....	47
7.3.1	Impact of Tariff on Consumers.....	48
8.	<i>TARIFF SCHEDULE – FY 2014-15</i> .....	49

## LIST OF TABLES

Table 4.1: Energy Sales FY 2012-13 .....	10
Table 4.2: T&D Loss for FY 2012-13 .....	11
Table 4.3: E&PDS Own Generation FY 2012-13 .....	11
Table 4.4: Power Purchase Units FY 2012-13.....	11
Table 4.5: Energy Balance FY 2012-13 .....	12
Table 4.6: Fuel Cost FY 2012-13 .....	12
Table 4.7: Power Purchase Cost FY 2012-13.....	13
Table 4.8: Employee Cost FY 2013-13.....	13
Table 4.9: Repair & Maintenance Cost FY 2012-13.....	13
Table 4.10: Admin & General Expenses FY 2012-13.....	14
Table 4.11: Depreciation FY 2012-13.....	14
Table 4.12: Interest & Finance Charges.....	14
Table 4.13: Other Income FY 2012-13.....	15
Table 4.14: Return on Equity FY 2012-13.....	15
Table 4.15: Revenue from Sales FY 2012-13.....	15
Table 4.16: True Up of ARR FY 2012-13.....	16
Table 5.1: Energy Sales FY 2013-14.....	19
Table 5.2: T&D Loss FY 2013-14.....	19
Table 5.3: E&PDS own Generation FY 2013-14 .....	20
Table 5.4: Power Purchase Units 2013-14.....	20
Table 5.5: Energy Balance FY 2013 14.....	21
Table 5.6: Fuel Cost FY 2013-14.....	21
Table 5.7: Power Purchase Cost FY 2013-14.....	22
Table 5.8: Employee Cost FY 2013-14.....	22
Table 5.9: Repair & Maintenance Cost FY 2013-14.....	22
Table 5.10: Admin & General Expenses FY 2013-14.....	23
Table 5.11: Depreciation FY 2013-14.....	23
Table 5.12: Interest & Finance Charges FY 2013-14.....	23
Table 5.13: Other Income FY 2013-14.....	24
Table 5.14: Return on Equity FY 2013-14.....	24
Table 5.15: Revenue from sales FY 2013-14.....	24
Table 5.16 Review of ARR FY 2013-14.....	25
Table 6.1: Projected Energy Sales – FY 2014-2015.....	28
Table 6.2: No. of Consumers – FY 2014-15.....	29
Table 6.3: Energy Requirement – FY2014-15.....	30
Table 6.4: Details of Power Procurement Sources – FY 2014-15.....	31
Table 6.5: Summary of Proposed Capital Expenditure & Capitalisation FY 2014-15.....	32
Table 6.6: Power Allocation .....	33
Table 6.7: Summary of E&PDS Power Purchase Expenses for FY 2014-15.....	35
Table 6.8: Operation & Maintenance Expenses for FY 2014-15 .....	36
Table 6.9: Employee Cost for FY 2014-15.....	37
Table 6.10: Administrative & General Expenses for FY 2014-15 .....	38
Table 6.11: Repair & Maintenance Expenses for FY 2014-15.....	39
Table 6.12: Gross Fixed Assets Movement .....	39
Table 6.13: Depreciation for FY 2014-15.....	40
Table 6.14: Capital Base and Return .....	40
Table 6.15: Return on Equity for FY 2014-15 .....	41
Table 6.16: Interest & Finance Charges for FY 2014-15 .....	41
Table 6.17: Information regarding Working Capital for the current and ensuing year .....	42
Table 6.18: Annual Revenue Requirement for the Year 2014-15 .....	44

Table 6.19: Revenue at Existing Tariff – FY 2014-15 .....	45
Table 6.20: Revenue GAP at Existing Tariffs – FY 2014-15.....	45
Table 7.1: Energy Charge – Existing V/s Proposed Tariff .....	47
Table 7.2: Comparison of Revenue from Existing Tariff with Proposed Tariff.....	48
Table 7.3: Impact of Tariff Hike FY 2014-15 .....	48

## LIST OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Description</b>
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

<b>Abbreviation</b>	<b>Description</b>
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. Apart from this, the entire power requirements for E&PDS are met through its share from Sikkim Power Development Corporation (SPDC) and Central Sector Power Generation Stations.

The total area of the territory is 7096 sq. kms. The State of Sikkim is having a population of around 6.08 Lacs as per 2011 census spread over towns and villages. The State of Sikkim is located on 114 kms from Siliguri.

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 94,188 consumers with an annual energy consumption of about 255.79 MUs for the FY 2014-2015. These consumers can be broadly classified into following four categories:

- Domestic (87.52%)
- Commercial (10.68%)
- Industrial both HT & LT (0.87%)
- Bulk (0.93%)

### **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 2014-2015**

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 2012-13 and revised estimates for the FY 2013-14 and approval of the Annual Revenue Requirement (ARR) and Determination of Tariff for the FY 2014-15 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 2012-13 and estimated performance FY 2013-14 has been considered as base for computation of ARR for FY 2014-15.

## **2. OVERALL APPROACH FOR PRESENT FILING**

### **2.1 Provisional True-up of FY 2012-13, Review of FY 2013-14 & Annual Revenue Requirement and Tariff Petition for FY 2014-15**

E&PDS is filing the petition for provisional True-up of FY 2012-13, Review of FY 2013-14 and determination of Annual Revenue Requirement and Tariff Petition for the FY 2014-15 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 2014-15.

### **2.2 Approach for the Filing**

The present filing for provisional True-up of FY 2012-13, Review of FY 2013-14 and Annual Revenue Requirement and Tariff Petition for the FY 2014-15 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 2012-13 and FY 2013-14 respectively and projection for various expenses, the proposed investment plan for the year and the expected revenue projections with existing tariff for FY 2014-15 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 2014-15 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 2014-15 has been covered in the subsequent section.

For the purpose of projecting the financial & technical parameters for FY 2014-15, E&PDS has considered its actual performance during FY 2012-13 and estimated performance during FY 2013-14 as base and has projected the figures for FY 2014-15 with supporting rationales.

### **3. COMPLIANCE OF DIRECTIVES**

In pursuance to the directives issued by the Hon'ble Commission in its Tariff order No. TR - 3/2013-14 dated 30/03/2013 regarding the ARR & Tariff for the Year 2013-14, 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/3/2013-14 care has been taken to ensure compliance of the same as most of the instructions have been complied.

#### **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 for recovery of arrears. That the issue was taken up sincerely and the defaulting consumers were approached and the department has started collecting arrears. There has been very positive response from Government Department.





**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.”

**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.

**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:**

Pilot project in Gangtok for reforms program in enhancing the Transmission Network, Distribution System and billing of energy consumption thereof is in good progress. All the 11KV, 66KV & 132KV Transmission Lines are already installed with the required energy meters & the department feels there is need to improve the system furthermore and all steps shall be taken in this regard.

**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:**

It is submitted that for monitoring all licensee involved in energy Generation vis-à-vis project implementation agreements, a mechanism viz a Hydro project monitoring committee is constituted vide gazette notification number 47/Home/2013 dated 26-07-2013, headed by the financial advisor to the Govt. of Sikkim as resident director and six (6) other members with following terms of reference: -

- 1) To look into the progress & other aspect related to all the Hydel Power Project being implemented in the state of Sikkim.
- 2) To review all the earlier projects for information regarding technical aspect of the projects.

**Directive 6:**

“It is recommended that whereas the power tariff in the case of domestic consumers may be maintained status quo, there is abundant scope for enhancing the tariff rates in the case of commercial and industrial consumer categories which may be examined by the EPDS. As a measure of support and incentive for promotion of small industrial units in the State, it is deemed worthy of consideration to undertake a review of the tariff structure in respect of this segment of consumer and for which purpose the EPDS may take appropriate action.”

**Compliance:**

As directed by the Hon’ble Commission there is ample enhancement in both Commercial & Industrial categories of consumer tariff. But a negligible increase in tariff for promotion of Small Industrial Units in the State.

However, we have proposed a slight rise in the tariff for domestic consumer in this petition, as it was maintained status-quo in tariff of last year i.e, 2013-14.

**Directive 7:**

“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 30<sup>th</sup>. Sept. 2013.”

**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.



**Directive 8:**

“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 30<sup>th</sup>. 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 as is in such other states for which the Department may require 4 to 6 more months to submit.



## ***SECTION – I***

# ***Provisional True Up for the FY 2012-13***



## **4 Provisional True-up FOR FY 2012-13**

### **4.1. Background**

**4.1.1.** Tariff Order for the FY 2012-13 was issued vide order Dt. 30/03/2012

**4.1.2.** Hon'ble Commission vide letter Dt. 02/08/2013 directed the E&PDS to file petition for true –up for the FY 2012-13 along with the ARR & Tariff Petition for the FY 2014-15.

**4.1.3.** Regulation 14(1) & (2) 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'.*

*(2) After audited accounts of a year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as the audited accounts. This exercise with reference to the audited accounts shall be called 'Truing Up'.*

*The 'Truing Up' for any year will ordinarily not be considered after more than one year of 'Review'.*

**4.1.4.** E&PDS submits that the Annual Accounts for the FY 2012-13 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.

**4.1.5.** E&PDS requests the Hon'ble Commission to allow the provisional true-up of the year 2012-13 as there are significant variations in various items of ARR for the year 2012-13 as against those approved in the Tariff Order of 2012-13.

**4.1.6.** It is submitted that SERCs in the country have been allowing provisional true-up on the basis of provisional accounts pending audit. With regard to the relaxation provided by the other SERCs in the country, PSPCL submits as follows:

***Excerpts of the MERC order dated March 16, 2012 in the matter of the Petition filed by Brihanmumbai Electric Supply & Transport Undertaking (BEST) for***



***approval of Truing-Up for FY 2009-10 and Provisional Truing-Up for FY 2010-11***

**4.2 PROVISIONAL TRUING-UP OF FY 2010-11**

- *BEST, in this Petition for Truing-Up of FY 2009-10 and Provisional Truing-Up for FY 2010-11 has submitted the performance for FY 2010-11 based on provisional expenses incurred and revenue earned in FY 2010-11 as captured in the unaudited provisional accounts available for FY 2010-11.*
- *The Commission, in this Order on APR for FY 2010-11, has considered Provisional Truing-Up of certain elements of the revenue requirement and revenue, in cases where the impact is very high, or there is a change in principles/methodology, and due to revision in capital expenditure/capitalization figures. The revised estimate of performance of BEST during FY 2010-11 as compared to the Commission's APR Order for BEST is discussed in the following paragraphs.*
- *The Commission clarifies that the final Truing-Up and the computation of sharing of gains and losses due to controllable factors will be undertaken only after the audited expenses and revenue for FY 2010-11 are available. Further, for computing sharing of efficiency gains/losses for FY 2010-11, the revised expenses approved for FY 2010-11 in this Order under the Provisional Truing-Up exercise will be considered as base expenses.*

***Excerpts of the CSERC order dated April 28, 2012 in the matter of the Approval of provisional true up for 2010-11, Annual Performance Review for FY 2011-12, revision of Annual Revenue Requirement for FY 2012-13 and retail tariff determination for FY 2012-13 for Chhattisgarh State Power Distribution Co. Ltd.***

*8. For the purpose of provisional true up, APR and in the assessment of the ARR of the three companies and SLDC for tariff determination, the Commission has followed its MYT Regulations, 2010, which embody the principles for determination of tariff, enunciated in section 61 of the Act. In passing this order, the Commission has also been guided by the National Electricity Policy (NEP), 2005 and the Tariff Policy (TP), 2006, as mandated under the same provision of the Act. The mission has taken care to ensure that the revenue requirements of the companies and SLDC are based, as far as possible, on reasonable and prudent expenditure, required to enhance generation capacity in the State, expand the transmission and distribution network to meet the growing demand for electricity, and to improve the quality of service to the consumers and operational efficiency of the companies.*

*9. The Commission has carried out the provisional true up of the ARR for the FY 2010-11 of the power companies and SLDC based on the provisional accounts for the respective year. The provisional true up for the previous year's i.e. FY 2007-08 to FY 2009-10 has already been carried out by the Commission. The Commission vide order dated 31.03.2011 approved the ARR of Rs 2328 Crores, Rs 504 Crores, Rs 10 Crores and Rs 4155 Crores in respect of CSPGCL, CSPTCL, SLDC and CSPDCL respectively for the FY 2010-11. After provisional truing up, the Commission has now revised and approved the ARR of Rs 2341 Crores, Rs 407 Crores, Rs 8 Crores and Rs 3978 Crores in respect of CSPGCL, CSPTCL, SLDC*



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

and CSPDCL respectively for the FY 2010-11. In the provisionally trued up ARR for FY 2010-11 the sharing of gains and losses has also been allowed between the beneficiaries and utilities as per the provisions of the MYT Regulations, 2010.

**4.1.7.** The Hon’ble ATE in its judgment dated 11.11.2011 in OP no.1 of 2011 have also expressed similar view. Relevant portion is reproduced below:

*“57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:*

- a) No projection can be so accurate as to equal the real situation.*
- b) The burden/benefits of the past years must not be passed on to the Consumers of the future.*
- c) Delays in timely determination of tariff and truing-up entails:
 
  - i. Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.*
  - ii. Cash flow problems for the licensees.”**

**4.1.8.** E&PDS represents its submissions for the purpose of provisional true-up for the financial year 2012-13 as per the provisional figures for the year.

**4.1.9.** E&PDS therefore requests the Hon’ble Commission to consider the information submitted in this petition and in the formats and allow provisional true-up of expenses as prayed in this petition. A final true-up exercise shall be initiated by E&PDS subsequent to the finalization of accounts for 2012-13.

Data given in this chapter is for the entire year i.e. FY 2012-13.

**4.2. Energy Sales**

The actual sales for the FY 2012-13 vis-à-vis the sales approved by the Commission in its ARR/ Tariff Order for FY 2012-13 is as summarized below:

**Table 4.1: Energy Sales FY 2012-13**

(In MUs)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	78.00	78.98	0.98
Commercial	45.00	38.26	-6.74
Public Lighting	3.00	0.43	-2.57
Temporary Supply	1.00	0.09	-0.92
HT Industrial Consumers	68.00	91.76	23.76
LT Industrial Consumers	2.00	1.15	-0.85
Bulk Supply	16.00	16.23	0.23
Outside state	156.00	55.54	-100.46
<b>Total</b>	<b>369.00</b>	<b>282.44</b>	<b>-86.56</b>



#### 4.3. Transmission and Distribution Losses

The provisional values of the transmission and distribution losses for FY 2012-13 arrived at in accordance with the actual Energy Sales, Energy Purchase.

*Table 4.2: T&D Loss for FY 2012-13*

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Transmission & Distribution Loss	50%	39.08%	-10.92%
	<b>Total</b>	<b>50%</b>	<b>39.08%</b>	<b>-10.92%</b>

#### 4.4. E&PDS Own Generation

4.4.1. The own generation approved for FY 2012-13 and actual value of own generation made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.3: E&PDS Own Generation FY 2012-13*

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Total Generation	30.00	4.11	-25.89
	<b>Total</b>	<b>30.00</b>	<b>4.11</b>	<b>-25.89</b>

#### 4.5. Power Purchase

4.5.1. The power purchase approved for FY 2012-13 and pre-actual value of power purchase made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.4: Power Purchase Units FY 2012-13*

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	575.00	833.08	258.08
	<b>Total</b>	<b>575.00</b>	<b>833.08</b>	<b>258.08</b>





#### 4.6. Energy Balance

The actual energy balance for FY 2012-13 and the approvals accorded are compared in the table provided below:

**Table 4.5: Energy Balance FY 2012-13**

Energy Balance	As Approved by Commission	Provisional As per Accounts	Deviation
	MU's		
<b>ENERGY REQUIREMENT</b>			
Energy Sales within State	213.00	226.90	13.90
Sales Outside State (UI)	156.00	411.72	255.72
Total Energy Sales	369.00	638.62	269.62
Overall T & D Losses %	50.00	39.08	-10.92
Overall T & D Losses (MUs)	213.00	145.57	-67.43
Total Energy Requirement	582.00	784.19	202.19
<b>ENERGY AVAILABILITY</b>			
Power Purchase from CGS/UI etc.	575.00	833.08	258.08
Less: Overall Pool Loss	23.00	53.00	30.00
Generation	30.00	4.11	-25.89
Total Energy Availability	582.00	784.19	202.19
<b>ENERGY SURPLUS/(GAP)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### 4.7. Fuel Cost

4.7.1. The values of fuel cost for the FY 2012-13 are compared with those approved by the Hon'ble Commission in the tariff order for FY 2012-13.

**Table 4.6: Fuel Cost FY 2012-13**

**(In Rs. Crs.)**

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Cost of Fuel	0.85	0.17	-0.68
	<b>Total</b>	<b>0.850</b>	<b>0.168</b>	<b>-0.682</b>



**4.8. Power Purchase Cost**

- 4.8.1.** The Commission in the tariff order for FY 2012-13 had approved a power purchase quantum of 575 MUs at a total cost of Rs 196.66 Crores. It is submitted that the E&PDS has made a gross purchase of 833.08 MUs, at a cost of Rs. 183.25 Crores including transmission charges.

**Table 4.7: Power Purchase Cost FY 2012-13**

(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	196.66	183.25	-13.41
	<b>Total</b>	<b>196.66</b>	<b>183.25</b>	<b>-13.41</b>

**4.9. Employee Cost**

- 4.9.1.** The employee cost approved for FY 2012-13 and pre-actual value employee cost made by the E&PDS for FY 2012-13 in the table provided below:

**Table 4.8: Employee Cost FY 2012-13**

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Employee Cost	52.21	42.72	-9.49
	<b>Total</b>	<b>52.21</b>	<b>42.72</b>	<b>-9.49</b>

**4.10. Repair & Maintenance Expenses**

- 4.10.1.** The repair & maintenance approved for FY 2012-13 and actual value of repair & maintenance made by the E&PDS for FY 2012-13 in the table provided below:

**Table 4.9: Repair & Maintenance Cost FY 2012-13**

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Repair & Maintenance Cost	8.60	32.30	23.70
	<b>Total</b>	<b>8.60</b>	<b>32.30</b>	<b>23.70</b>



**4.11. Administrative & General Expenses**

**4.11.1.** The Administration & General approved for FY 2012-13 and actual value Administration & General made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.10: Admin. & General Expenses FY 2012-13*

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Administration & General Expense	1.95	2.82	0.87
	<b>Total</b>	<b>1.95</b>	<b>2.82</b>	<b>0.87</b>

**4.12. Depreciation**

**4.12.1.** The depreciation approved for FY 2012-13 and pre-actual value of depreciation for FY 2012-13 in the table provided below:

*Table 4.11: Depreciation FY 2012-13*

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Depreciation	4.50	28.64	24.14
	<b>Total</b>	<b>4.50</b>	<b>28.64</b>	<b>24.14</b>

**4.13. Interest & Finance Charges**

**4.13.1.** The interest & finance charges approved for FY 2012-13 and actual value of interest & finance charges made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.12: Interest & Finance Charges FY 2012-13*

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Interest & Finance Charges	1.87	58.40	56.53
	<b>Total</b>	<b>1.87</b>	<b>58.40</b>	<b>56.53</b>



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**4.14. Other Income**

**4.14.1.** The other income approved for FY 2012-13 and actual value of other income made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.13: Other Income FY 2012-13*

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Non Tariff Income	15.19	1.91	-13.28
	<b>Total</b>	<b>15.19</b>	<b>1.91</b>	<b>-13.28</b>

**4.15. Return on Equity**

**4.15.1.** The return on equity power purchase approved for FY 2012-13 and actual value of return on equity made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.14: Return on Equity FY 2012-13*

(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	25.42	25.42
	<b>Total</b>	<b>0.00</b>	<b>25.42</b>	<b>25.42</b>

**4.16. Revenue from sale of power**

**4.16.1.** The revenue from sale of power approved for FY 2012-13 and actual value of revenue from sale of power made by the E&PDS for FY 2012-13 in the table provided below:

*Table 4.15: Revenue from Sales FY 2012-13*

(In Rs. Crs.)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	17.39	16.76	-0.63
Commercial	20.09	16.69	-3.40
Public Lighting	0.98	0.15	-0.83
Temporary Supply	39.64	0.51	-39.13
HT Industrial Consumers	28.77	46.68	17.91
LT Industrial Consumers	0.84	0.41	-0.43
Bulk Supply	9.35	8.28	-1.07
Outside state	47.60	10.47	-37.13
<b>Total</b>	<b>164.66</b>	<b>99.96</b>	<b>-64.70</b>



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**4.17. True-up of ARR for FY 2012-13**

**4.17.1.** The Annual Revenue Requirement approved for FY 2012-13 and actual value of Annual Revenue Requirement for FY 2012-13 in the table provided below:

**Table 4.16: True up of ARR FY 2012-13**

(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	0.85	0.17	-0.68
2	Cost of Power Purchase	196.66	183.25	-13.41
3	Employee Costs	52.208	42.72	-9.49
4	R&M Expenses	8.6	32.30	23.70
5	Administration and General Expenses	1.95	2.82	0.87
6	Depreciation	4.5	28.64	24.14
7	Interest charges	1.87	58.40	56.53
8	Interest on Working Capital	3.46	3.09	-0.37
9	Return on NFA /Equity	0	25.42	25.42
10	Income Tax	0	0.00	0.00
<b>11</b>	<b>Total Revenue Requirement</b>	<b>270.10</b>	<b>376.82</b>	<b>106.72</b>
12	Less: Non Tariff Income	15.19	1.91	-13.28
<b>13</b>	<b>Net Revenue Requirement</b>	<b>254.91</b>	<b>374.91</b>	<b>120.00</b>
14	Revenue from Tariff	82.14	89.49	7.35
15	Revenue from Outside State Sale	47.6	119.69	72.09
16	Gap (13 - 14- 15)		165.73	165.73



***SECTION – II***  
***Review for the FY 2013-14***



## **5. Review for FY 2013-14**

### **5.1. Background**

- 5.1.1.** Tariff Order for the FY 2013-14 was issued vide order Dt. 30/03/2013
- 5.1.2.** Hon'ble Commission vide letter Dt. 02/08/2013 directed the E&PDS to file petition for review for the FY 2013-14 along with the ARR & Tariff Petition for the FY 2014-15.
- 5.1.3.** 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'.*
- 5.1.4.** E&PDS represents its submissions for the purpose of review for the financial year 2013-14 as per the provisional figures for the year. E&PDS submits that the review petition is based on actual figures upto September,2013 and estimated figures for the period October'2013 to March'2014.E&PDS shall submit for true-up after the actual figures are available and Annual accounts for the FY 2013-14 is finalized and got audited.
- 5.1.5.** 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.
- 5.1.6.** Data given in this chapter is for the entire year i.e. FY 2013-14.



## 5.2. 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 FY 2013-14 is as summarized below:

**Table: 5.1: Energy Sales FY 2013-14**

(In MUs)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	104.00	80.10	-23.90
Commercial	45.08	39.40	-5.68
Public Lighting	3.00	0.49	-2.51
Temporary Supply	0.30	0.09	-0.22
HT Industrial Consumers	93.21	103.67	10.46
LT Industrial Consumers	10.00	1.21	-8.79
Bulk Supply	16.00	16.23	0.23
Outside state	91.23	55.54	-35.69
<b>Total</b>	<b>362.82</b>	<b>296.71</b>	<b>-66.11</b>

## 5.3. 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

**Table: 5.2: T&D Loss FY 2013-14**

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Transmission & Distribution Loss	46%	35%	-11%
	<b>Total</b>	<b>46%</b>	<b>35%</b>	<b>-11%</b>





**5.4. E&PDS Own Generation**

**5.4.1.** 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: 5.3: E&PDS Own Generation FY 2013-14**

(In MUs)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Total Generation	21.17	6.23	-14.94
	<b>Total</b>	<b>21.17</b>	<b>6.23</b>	<b>-14.94</b>

**5.5. Power Purchase**

**5.5.1.** 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: 5.4: Power Purchase Units FY 2013-14**

(In Rs. Crs.)

Sl. No.	Particulars	Units As approved by Commission	Unit Provisional As per Accounts	Deviation
1	2	3	4	5
1	Power Purchase Cost	597.00	820.31	223.31
	<b>Total</b>	<b>597.00</b>	<b>820.31</b>	<b>223.31</b>



**5.6. Energy Balance**

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

**Table: 5.5: Energy Balance FY 2013-14**

Energy Balance	As Approved by Commission	Provisional As per Accounts	Deviation
	(MU's)		
<b>ENERGY REQUIREMENT</b>			
Energy Sales within State	271.51	241.17	-30.34
Sales Outside State (UI)	91.49	411.72	320.23
Total Energy Sales	363.00	652.89	289.89
Overall T & D Losses %	46	35.38	-10.62
Overall T & D Losses (MUs)	231.29	132.03	-99.26
Total Energy Requirement	594.29	784.92	190.63
<b>ENERGY AVAILABILITY</b>			
Power Purchase from CGS/UI etc.	597.00	820.31	223.31
Less: Overall Pool Loss	23.88	41.62	17.74
Generation	21.17	6.23	-14.94
Total Energy Availability	594.29	784.92	190.63
<b>ENERGY SURPLUS/(GAP)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**5.7. Fuel Cost**

**5.7.1.** 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: 5.6: 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	0.16	-0.16
	<b>Total</b>	<b>0.32</b>	<b>0.16</b>	<b>-0.16</b>



**5.8. Power Purchase Cost**

- 5.8.1.** 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 MUs, 820.31 at a cost of Rs 176.65 Crores including transmission charges.

**Table: 5.7: Power Purchase Cost FY 2013-14**

(In Rs. Crs.)

Sl. No.	Particulars	Cost As approved by Commission	Cost Provisional As per Accounts
1	2	3	4
1	Power Purchase Cost	212.30	176.65
	<b>Total</b>	<b>212.30</b>	<b>176.65</b>

**5.9. Employee Cost**

- 5.9.1.** 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: 5.8: 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	45.15	-33.88
	<b>Total</b>	<b>79.03</b>	<b>45.15</b>	<b>-33.88</b>

**5.10. Repair & Maintenance Expenses**

- 5.10.1.** The repair & maintenance approved for FY 2012-13 and actual value of repair & maintenance made by the E&PDS for FY 2013-14 in the table provided below:

**Table: 5.9: 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	33.93	16.93
	<b>Total</b>	<b>17.00</b>	<b>33.93</b>	<b>16.93</b>



**5.11. Administrative & General Expenses**

5.11.1. 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:

**Table: 5.10: Administrative & General Expense FY 2013-14**

(In Rs. Crs.)

Sl. No.	Particulars	As approved by Commission	Provisional As per Accounts	Deviation
1	2	3	4	5
1	Administrative & General Expense	3.71	3.46	-0.25
	<b>Total</b>	<b>3.71</b>	<b>3.46</b>	<b>-0.25</b>

**5.12. Depreciation**

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

**Table: 5.11: 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	33.99	22.33
	<b>Total</b>	<b>11.66</b>	<b>33.99</b>	<b>22.33</b>

**5.13. Interest & Finance Charges**

5.13.1. 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: 5.12: 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	62.80	62.80
	<b>Total</b>	<b>0.00</b>	<b>62.80</b>	<b>62.80</b>



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**5.14. Other Income**

**5.14.1.** 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:

**Table: 5.13: 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	0.62	-1.78
	<b>Total</b>	<b>2.40</b>	<b>0.62</b>	<b>-1.78</b>

**5.15. Return on Equity**

**5.15.1.** 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: 5.14: 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	29.67	29.67
	<b>Total</b>	<b>0.00</b>	<b>29.67</b>	<b>29.67</b>

**5.16. Revenue from Sale of Power**

**5.16.1.** 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: 5.15: Revenue from Sales FY 2013-14**

(In Rs. Crs.)

Category	As approved by Commission	Provisional As per Accounts	Deviation
Domestic	23.18	17.11	-6.07
Commercial	21.99	19.00	-2.99
Public Lighting	1.23	0.20	-1.03
Temporary Supply	0.53	0.51	-0.02
HT Industrial Consumers	41.40	56.26	14.86
LT Industrial Consumers	4.65	0.46	-4.19
Bulk Supply	8.68	8.99	0.31
Outside state	33.57	10.47	-23.10
<b>Total</b>	<b>135.23</b>	<b>113.01</b>	<b>-22.22</b>



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**5.17. Review of ARR for FY 2013-14**

**5.17.1.** 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: 5.16: Review 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
1	Cost of Fuel	0.32	0.16	-0.16
2	Cost of Power Purchase	212.30	176.65	-35.65
3	Employee Costs	79.03	45.15	-33.88
4	R&M Expenses	17.00	33.93	16.93
5	Administration and General Expenses	3.71	3.46	-0.25
6	Depreciation	11.66	33.99	22.33
7	Interest charges	0.00	62.80	62.80
8	Interest on Working Capital	0.00	3.46	3.46
9	Return on NFA /Equity	0.00	29.67	29.67
10	Income Tax	0.00	0.00	0.00
<b>11</b>	<b>Total Revenue Requirement</b>	<b>324.02</b>	<b>389.27</b>	<b>65.25</b>
12	Less: Non Tariff Income	2.40	0.62	-1.78
<b>13</b>	<b>Net Revenue Requirement</b>	<b>321.62</b>	<b>388.64</b>	<b>67.02</b>
14	Revenue from Tariff	101.66	102.54	0.88
15	Revenue from Outside State Sale	33.57	119.69	86.12
16	Gap (13 - 14- 15)	186.39	166.42	-19.97
17	Gap for FY 2012-13	126.95	165.73	38.78
18	Total Gap (16+17)	313.34	332.14	18.80



## ***SECTION –III***

# ***Annual Revenue Requirement & Tariff Proposal for the FY 2014-15***



## **6. ANNUAL REVENUE REQUIREMENT FOR FY 2014-2015**

This section outlines the Annual Revenue Requirement of the E&PDS for FY 2014-15, which takes into consideration:

- i. Actual Performance in FY 2012-13;
- ii. Estimated Performance in FY 2013-14;
- iii. Projection for FY 2014-15 based on the Actual performance in FY 2012-13 & Estimated performance of 2013-14;
- 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 2014-15 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 for Domestic, Industrial &





## Petition for Approval of Annual Revenue Requirement & Tariff Proposal for FY 2014-2015

Commercial consumers is 32.99%, 43.75% & 16.69% respectively of total sales. 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 2014-15.

### 6.1.2 Category wise Sales Forecast

Based on the methodology outlined above, the projected energy sales to various categories of consumers for FY 2014-15 are given below:

*Table 6.1: Projected Energy Sales – FY 2014-2015*

(In MU)

Category	2009-10 (Act)	2010-11 (Act)	2011-12 (Act)	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
Domestic	58.40	57.97	82.77	78.98	80.10	84.39
Commercial	29.30	29.23	29.72	38.26	39.40	42.70
Public Lighting	2.60	2.60	2.30	0.43	0.49	0.49
Temporary Supply	0.10	0.15	0.30	0.09	0.09	0.09
HT Industrial Consumers	59.20	58.39	71.63	91.76	103.67	110.67
LT Industrial Consumers	1.90	1.31	8.63	1.15	1.21	1.24
Bulk Supply	14.50	13.35	13.21	16.23	16.23	16.23
Outside state	-	-	-	-	-	-
<b>Total</b>	<b>166.00</b>	<b>163.00</b>	<b>208.56</b>	<b>226.90</b>	<b>241.17</b>	<b>255.79</b>



### 6.1.3 Billed Demand & Number of Consumers

The actual number of consumers for the FY 2010-11 and FY 2012-13 & estimated number for the FY 2013-14 & projected numbers FY 2014-15 are tabulated below:

*Table 6.2: No. of Consumers – FY 2014-15*

Category	2011-12 (Actual)	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
Domestic	77707	81508.00	81921.00	82433.00
Commercial	9372	9663.00	9863.00	10063.00
Public Lighting	-	0.00	0.00	0.00
Temporary Supply	0	0.00	0.00	0.00
HT Industrial Consumers	283	332.00	375.00	406.00
LT Industrial Consumers	298	389.00	402.00	409.00
Bulk Supply	617	848.00	868.00	877.00
<b>Total</b>	<b>88277.00</b>	<b>92740.00</b>	<b>93429.00</b>	<b>94188.00</b>

### 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 2014-15 ARR, the losses have been retained at 33%.

### 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 2012-13 have been considered. Accordingly the energy balance expected for the FY 2014-15 is as given below:



**Table 6.3: Energy Requirement – FY2014-15**

Energy Balance	2012-13 (Actual)	2013-14 (Estimated)	2014-2015 (Projected)
	MU's		
<b>ENERGY REQUIREMENT</b>			
Energy Sales within State	226.90	241.17	255.79
Sales Outside State	411.72	411.72	411.72
Total Energy Sales	638.62	652.89	667.51
Overall T & D Losses %	39.08	35.38	32.74
Overall T & D Losses (MUs)	145.57	132.03	124.49
Total Energy Requirement	784.19	784.92	792.00
<b>ENERGY AVAILABILITY</b>			
Power Purchase from CGS/UI etc.	833.08	820.31	820.31
Less: Overall Pool Loss	53.00	41.62	38.36
Generation	4.11	6.23	10.05
Total Energy Availability	784.19	784.92	792.00
<b>ENERGY SURPLUS/(GAP)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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 2014-2015**

The expected power procurement sources for FY 2014-15 are provided in the table below

**Table 6.4: Details of Power Procurement Sources – FY 2014-15**

(In MU)

Sl. No.	Source	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
	<b>Central Sector</b>			
1	FSTPP, NTPC	122.32	122.32	122.32
	FSTPP -III, NTPC	12.77	0.00	0.00
2	KHSTPP-I, NTPC	75.22	75.22	75.22
3	KHSTPP-II, NTPC	30.41	30.41	30.41
4	TSTPP, NTPC	160.91	160.91	160.91
5	RANGIT-III, NHPC	4.23	4.23	4.23
6	TEESTA -V, NHPC	26.38	26.38	26.38
	<b>Others</b>			
7	CHUKHA, PTC	34.71	34.71	34.71
8	WBSIEDCL	47.11	47.11	47.11
9	SPDC	4.41	4.41	4.41
10	UI /over drawn (net)	10.49	10.49	10.49
11	Free Power	304.11	304.11	304.11
<b>12</b>	<b>TOTAL</b>	<b>833.08</b>	<b>820.31</b>	<b>820.31</b>

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. 138.98 Crores for FY 2014-15. Rs. 125.28 Crores are to be capitalized during the FY-2014-15.

The details of the capital expenditure schemes proposed in FY 2014-15 are outlined in Format-15.



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

**Table 6.5: Summary of Proposed Capital Expenditure & Capitalisation FY 2014-15**

(Rs. in Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
1	Opening Balance	89.34	63.30	66.84
2	Add: New Investments	72.44	107.52	138.98
<b>3</b>	<b>Total</b>	<b>161.78</b>	<b>170.82</b>	<b>205.82</b>
4	Less: Investment Capitalized	98.47	103.98	125.28
<b>5</b>	<b>Closing Balance</b>	<b>63.30</b>	<b>66.84</b>	<b>80.54</b>

### 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
	<b>Central Sector</b>			
1	FSTPP, NTPC	1600.00	1.63%	26.08
2	FSTPP-III, NTPC	500.00	1.40%	7.00
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
	<b>Others</b>			
8	CHUKHA, PTC	270.00	2.22%	5.99
9	WBSIEDCL	50.00	20%	10.00
<b>10</b>	<b>TOTAL</b>	<b>6330.00</b>		<b>166.31</b>

### 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 2014-15 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 2014-15 is proposed to be met from central generating stations and external power purchase as discussed below.

Power purchase cost for FY 2014-15, 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 2012-13;



### **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 92.32 MU's which is approximately 11.65% of the total projected energy requirement for FY 2014-15. This additional energy requirement has to be met from external power purchase source/other sources like WBSEDCL, PTC & 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 2012-13, E&PDS had procured 10.49 MU's of energy through UI mechanism and the weighted average cost of this procurement was Rs. 2.89 per unit. This scenario is likely to continue in the period of FY2014-15 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.2.89 per unit of UI 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 2014-15.

Considering the above facts, the Hon'ble Commission is requested to allow the power purchase costs as estimated by E&PDS for FY 2014-15:



**Table 6.7: Summary of E&PDS Power Purchase Expenses for FY 2014-15**

Sl. No.	Source	Purchase (MU)	Rate (₹/ KWh)	Total Cost in ₹ Crores
1	2	3	4	5
<b>1</b>	<b>NTPC</b>			
A	FSTPP	122.32	3.58	43.74
B	KHSTPP-I	75.22	3.40	25.61
C	KHSTPP-II	30.41	3.26	9.92
D	TSTPP	160.91	2.49	40.00
<b>2</b>	<b>NHPC</b>			
A	RANGIT-III	4.23	5.86	2.48
B	TEESTA -V	26.38	2.97	7.84
<b>3</b>	<b>PTC</b>			
	CHUKHA	34.71	1.67	5.79
<b>4</b>	<b>Other sources</b>			
	WBSEDCL	47.11	1.19	5.59
	SPDC	4.41	3.00	1.32
	UI Purchase	10.49	2.89	3.03
<b>5</b>	<b>Total Energy Purchase</b>	<b>516.20</b>		<b>145.33</b>
<b>6</b>	<b>Rebate/Other Charges</b>			<b>-2.79</b>
<b>6</b>	<b>Net Power Purchase Expenses</b>	<b>505.71</b>		<b>142.55</b>

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 2014-15 & per unit cost actually incurred in FY 2012-13. Accordingly transmission & other charges for the FY 2014-15 has been projected at Rs. 34.11 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 2014-15 has been explained in following section. Table below summarises the Operation & Maintenance Expenses for FY 2014-15.

**Table 6.8: Operation & Maintenance Expenses for FY 2014-15**

(Rs. in Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	Employee Cost	42.72	45.15	47.89
2	Repair & Maintenance Expenses	32.30	33.93	34.98
3	Administration & General Expenses	2.82	3.46	3.51
4	<b>Total Operation &amp; Maintenance Expenses</b>	<b>77.84</b>	<b>82.54</b>	<b>86.38</b>

##### 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 2013-14 has been estimated based on the actual employee cost for the FY 2012-13 & other factors effecting the employee structure & cost of E&PDS. Similarly, Employee cost for the FY 2014-15 has been projected by escalating the employee cost for the FY 2013-14 after considering all the factors.

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



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**Table 6.9: Employee Cost for FY 2014-15**

(In Rs. Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
	<b>SALARIES &amp; ALLOWANCES</b>			
1	Basic Pay	41.85	44.23	46.93
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	0.81	0.86	0.89
7	Over Time Payment	0.00	0.00	0.00
8	Other Allowances (detailed list to be attached)			
a)	Spl. Border Compensatory Allowance	0.06	0.06	0.07
9	Generation incentive	0.00	0.00	0.00
10	Bonus	0.00	0.00	0.00
<b>11</b>	<b>Sub Total</b>	<b>42.72</b>	<b>45.15</b>	<b>47.89</b>
	<b>TERMINAL BENEFITS</b>			
12	Leave Encashment	0.00	0.00	0.00
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
<b>17</b>	<b>Sub Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>PENSION PAYMENT</b>			
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
<b>22</b>	<b>Sub Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>23</b>	<b>Total (11+17+22)</b>	<b>42.72</b>	<b>45.15</b>	<b>47.89</b>
24	Amount Capitalised	0.00	0.00	0.00
<b>25</b>	<b>Net amount</b>	<b>42.72</b>	<b>45.15</b>	<b>47.89</b>
26	Add prior period expenses	0.00	0.00	0.00
<b>27</b>	<b>Grand Total</b>	<b>42.72</b>	<b>45.15</b>	<b>47.89</b>



### 6.4.2 Administrative & General Expenses

The Administration & General (A&G) expenses include computerization, communication, Travelling & Conveyance, Rent, Professional and technical fees, etc. Administration & General expenses for the year 2013-14 has been estimated based on the actual expenses for the FY 2012-13 and for the period April 2012 to September 2012. Table below provides A & G expenses incurred by the E&PDS in FY 2012-13 & estimates of FY 2013-14 along with the projections for FY 2014-15.

**Table 6.10: Administrative & General Expenses for FY 2014-15**

(Rs. in Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	Rent, Rates & Taxes	0.01	0.01	0.01
2	Insurance	0.00	0.00	0.00
3	Telephone, Postage & Telegrams	0.08	0.12	0.13
4	Consultancy Fees	0.00	0.00	0.00
5	Technical Fees	2.00	2.00	2.00
6	Other Professional Charges	0.00	0.00	0.00
7	Conveyance & Travel Expenses	0.53	0.67	0.69
8	Electricity & Water Charges	0.12	0.14	0.15
9	Others	0.08	0.52	0.53
10	Freight	0.00	0.00	0.00
11	Other material related expenses	0.00	0.00	0.00
12	<b>Total Expenses</b>	<b>2.82</b>	<b>3.46</b>	<b>3.51</b>
13	Less Capitalised	0.00	0.00	0.00
14	<b>Net expenses</b>	<b>2.82</b>	<b>3.46</b>	<b>3.51</b>
15	Add Prior period*	0.00	0.00	0.00
16	<b>Total Expenses Charged to Revenue</b>	<b>2.82</b>	<b>3.46</b>	<b>3.51</b>

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 2014-15 taking growth based on Actual Expense for the FY 2012-13 & estimated expense for FY 2013-14.

Table below depicts the R&M expenses incurred by the E&PDS in FY 2012-13 & estimated expenses for FY 2013-14 and projected R&M Expenses for FY 2014-15.



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**Table 6.11: Repair & Maintenance Expenses for FY 2014-15**

(Rs. in Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	Plant and Machinery	30.91	32.47	33.17
2	Building	0.00	0.00	0.00
3	Hydraulic works & civil works	0.26	0.28	0.30
4	Line, Cable & Network	0.65	0.89	1.20
5	Vehicles	0.48	0.28	0.30
6	Furniture & Fixtures	0.00	0.01	0.01
7	Office Equipments	0.00	0.00	0.00
8	Operating Expenses	0.00	0.00	0.00
<b>9</b>	<b>Total</b>	<b>32.30</b>	<b>33.93</b>	<b>34.98</b>
10	Less Capitalized	0.00	0.00	0.00
<b>11</b>	<b>Net Repair &amp; Maintenance Expenses</b>	<b>32.30</b>	<b>33.93</b>	<b>34.98</b>

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 2014-15 and thereafter, works capitalized during FY 2014-15 has been added and GFA has been computed for FY 2014-15. 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 2012-13	555.94	98.47	654.41
FY 2013-14	654.41	103.98	758.39
FY 2014-15	758.39	125.28	883.68



## 6.6 Depreciation

The E&PDS has applied rate of depreciation as prescribed in the regulations of SSERC for FY 2014-15. The rates have been applied on opening GFA of FY 2014-15 and 50% of capital additions proposed during FY 2014-15. The table below indicates the methodology adopted by the E&PDS for projecting depreciation for FY 2014-15.

**Table 6.13: Depreciation for FY 2014-15**

(Rs.in Crores)

Sl. No.	Particulars	2014-15 (Projected)
1	Gross Block in Beginning of the year	758.39
2	Additions during the Year	125.28
3	Cumulative Depreciation at the Beginning of the Year	321.40
4	Average Rate of Depreciation	NA
5	Depreciation for the Year	40.04
6	Cumulative Depreciation at the End of the Year	361.44
7	Net Block in the Beginning of the Year	436.99
<b>8</b>	<b>Net Block in the End of the Year</b>	<b>522.24</b>

## 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	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
1	Gross Block at beginning of the year	555.94	654.41	758.39
2	Less: Accumulated Depreciation	287.41	321.40	361.44
3	Net Block at beginning of the year	268.53	333.01	396.96
4	Less: Accumulated Consumer Contribution	0.00	0.00	0.00
5	Net Fixed Assets at beginning of the year	268.53	333.01	396.96
<b>6</b>	<b>Reasonable return @3% of NFA</b>	<b>8.06</b>	<b>9.99</b>	<b>11.91</b>



## 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 2013-14. Thereafter 30% of assets proposed to be capitalized during FY 2014-15 has been added.

The computation methodology adopted by the E&PDS for determination of Return on Equity for FY 2014-15 is indicated below.

**Table 6.15: Return on Equity for FY 2014-15**

**(Rs.in Crores)**

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
1	Opening Equity	166.78	196.32	227.52
2	Equity Addition (30% Capex for the FY )	29.54	31.19	37.59
3	Closing Equity	196.32	227.52	265.10
4	Average Equity	181.55	211.92	246.31
5	Rate of Return on Equity	14%	14%	14%
<b>6</b>	<b>Return on Equity</b>	<b>25.42</b>	<b>29.67</b>	<b>34.48</b>

## 6.9.1 Interest & Finance Charges

The E&PDS has considered an Interest on loan at the rate of 14.45% which is SBI PLR as on 1 April 2013. For calculating Interest & Finance Charges, opening Loan has been taken as 70% of GFA for the FY 2013-14. Thereafter 70% of assets proposed to be capitalized during FY 2014-15 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 2014-15**

**(Rs. In Crores)**

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
1	Opening Loan	389.16	419.17	450.04
2	Loan Additions (70% Capex for the FY )	68.93	72.79	87.70
3	Repayment	38.92	41.92	49.20
4	Closing Loan	419.17	450.04	488.54
5	Average Loan	404.17	434.61	469.29
6	Wt. Avg Interest on Loan	14.45%	14.45%	14.45%
7	Interest on Loan	58.40	62.80	67.81
<b>8</b>	<b>Total Interest &amp; Finance Charges</b>	<b>58.40</b>	<b>62.80</b>	<b>67.81</b>

The Hon'ble Commission is requested to allow the above interest on loan for FY 2014-15.



### 6.9.2 Interest on Working Capital

The E&PDS has computed the Interest on Working Capital for FY 2014-15 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 14.45% as on 1st April 2013.

The interest on normative working capital for FY 2014-15 works out to Rs.3.66 Crores and is given in the table below:

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

(Rs. inCrores)			
Sl. No.	Particulars	2013-14 (Estimated)	2014-15 (projected)
1	2	3	4
1	One month's Employee Costs	3.76	3.99
2	One month's Administration & General Expenses	0.29	0.29
3	One month's R&M Cost	2.83	2.92
4	Maintenance Spares	0.00	0.00
5	Two month's Receivables	17.09	18.12
6	<b>Total</b>	<b>23.97</b>	<b>25.32</b>
7	<b>Rate of Interest</b>	14.45%	14.45%
8	<b>Interest on Working Capital</b>	<b>3.46</b>	<b>3.66</b>

The Hon'ble Commission is requested to approve the interest on working capital of Rs. 3.66 Crores on normative basis for FY 2014-15.



#### **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 2014-15.

#### **6.11 Non-Tariff Income**

Based on the FY 2012-13, it is assumed that non-tariff Income in form of Meter Rent, Late payment charges & Miscellaneous charges will be Rs.0.59 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 2014-15 works out as under:

**Table 6.18: Annual Revenue Requirement for the Year 2014-15**

(Rs. in Crores)

Sl. No.	Item of Expense	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4
1	Cost of Fuel	0.16	0.34
2	Cost of Power Purchase	176.65	176.65
3	Employee Costs	45.15	47.89
4	R&M Expenses	33.93	34.98
5	Administration and General Expenses	3.46	3.51
6	Depreciation	33.99	40.04
7	Interest Charges	62.80	67.81
8	Interest on Working Capital	3.46	3.66
9	Return on NFA /Equity	29.67	34.48
10	Income Tax	0.00	0.00
<b>11</b>	<b>Total Revenue Requirement</b>	<b>389.27</b>	<b>409.37</b>
12	Less: Non Tariff Income	0.62	0.59
<b>13</b>	<b>Net Revenue Requirement</b>	<b>388.64</b>	<b>408.78</b>
14	Revenue from Tariff	102.54	108.74
15	Revenue from Outside State Sale	119.69	119.69
16	Gap (13 - 14- 15)	166.42	180.35
	Gap for FY 2012-13	165.73	
17	Gap for FY 2013-14		332.14
18	Total Gap (14+15)	332.14	512.49
19	Revenue surplus carried over	0.00	0.00
20	Additional revenue from proposed tariff	0.00	4.64
21	Regulatory asset	0.00	0.00

### 6.13 Average Cost to Supply

Based on the above computed Net ARR of Rs. 408.78 Crores and after deducting revenue from sale of surplus power of Rs.119.69 Crores, net cost of supply of energy sales projection of 255.79 MUs within state works out to be Rs. 289.09 Crores, hence the Average Cost to Supply works out to Rs. 11.30 per unit for FY 2014-15.

### 6.14 Revenue at Existing Tariff and Gap for FY 2014-15

The estimated revenue at Existing Tariff for FY 2014-15 for each of the consumer category excluding Surplus/Outside State sale is computed at Rs. 108.74 Crores. The average realisation rate or average revenue per unit for estimated sales of 255.79 MUs for FY 2014-



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

15, works out to Rs. 4.25.

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

**Table 6.19: Revenue at Existing Tariff – FY 2014-15**

(Rs. in Crores)

Sl. No.	Particulars	2012-13 (Actual)	2013-14 (Estimated)	2014-15 (Projected)
1	2	3	4	5
1	Domestic	16.76	17.11	18.23
2	Commercial	16.69	19.00	20.64
3	HT Industrial Consumers	46.68	56.26	59.70
4	LT Industrial Consumers	0.41	0.46	0.48
5	Bulk Supply	8.28	8.99	8.99
6	Public Lighting	0.15	0.20	0.20
7	Temporary Supply	0.51	0.51	0.51
<b>8</b>	<b>TOTAL</b>	<b>89.49</b>	<b>102.54</b>	<b>108.74</b>
9	Outside state	119.69	119.69	119.69
<b>10</b>	<b>TOTAL</b>	<b>209.18</b>	<b>222.23</b>	<b>228.43</b>

Based on the Aggregate Revenue Requirement and net revenue from existing tariffs for FY 2014-15, the resultant GAP works out to Rs.180.35 Crores which is approximately 44 % of the ARR as depicted in the table below:

**Table 6.20: Revenue GAP at Existing Tariffs – FY 2014-15**

(Rs.InCrores)

Sl. No.	Particulars	2013-14 (Estimated)	2014-15 (Proposed)
1	2	3	4
1	Revenue from Sale of Power	102.54	108.74
2	Revenue from Surplus power sales (Outside State)	119.69	119.69
3	Total Revenue at Existing Tariff	222.23	228.43
4	Net Annual Revenue Requirement	388.64	408.78
5	(Gap)/ Surplus	-166.42	-180.35
6	Covered by Previous year's surplus carried over	0.00	0.00
7	Additional Revenue at Proposed Tariff	0.00	4.64
<b>8</b>	<b>Net (GAP)/Surplus</b>	<b>-166.42</b>	<b>-175.70</b>



## **7. TARIFF PROPOSAL FOR FY 2014-15**

E&PDS in the previous sections has discussed the estimated performance for the FY 2014-15 based on the past years performances and certain assumptions explained at appropriate places to determine the Aggregate Revenue Required for FY 2014-15.

### **7.1 Recovery of Revenue Gap for FY 2014-15**

The estimated gap in the FY 2014-15 has been computed by deducting the ARR from Revenue at Existing Tariff.

E&PDS has projected ARR for FY 2014-15 at Rs. 408.78 Crores and the revenue at existing tariff from projected sales and revenue from sale of surplus power compute to Rs. 228.43 Crores. Thus the resultant gap works out to Rs. 180.35 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. 4.64 crores out of Total Revenue Gap of Rs. 180.35 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. 175.70 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 2013.

### **7.2 Proposed Tariff in FY 2014-15**

#### **7.2.1 Tariff Proposal for FY 2014-15**

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 2014-15 for individual categories is given below along with the comparison of existing and proposed energy charges.



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

**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
<b>1</b>	<b>Domestic (DLT)</b>		
a)	Up to 50 units	110	115
b)	51 to 100 units	225	235
c)	101-200 units	345	360
d)	201 to 400 units	415	435
e)	401 & above	440	460
<b>2</b>	<b>Commercial (CLT)</b>		
a)	Up to 50 units	315	325
b)	51 to 200 units	490	505
c)	201 to 400 units	515	530
d)	401 & above	540	555
<b>3</b>	<b>Public lighting</b>		
	Rural Areas	250	260
	Urban Areas	460	480
<b>4</b>	<b>Industrial</b>		
<b>A</b>	<b>HT</b>		
a)	HT (AC) above 3.3 KV		
b)	Upto 100 KVA	300	315
c)	100 - 250 KVA	348	365
d)	250- 500 KVA	396	416
e)	500 KVA & above	410	430
<b>B</b>	<b>LT (Rural)</b>		
a)	Up to 500 units	235	242
b)	501 - 1000 units	420	432
c)	1001 & above	545	560
<b>C</b>	<b>LT (Urban)</b>		
a)	Up to 500 units	480	494
b)	501 - 1000 units	550	566
c)	1001 & above	620	638
<b>5</b>	<b>Bulk supply</b>		
a)	LT	540	550
b)	HT	560	571

**7.3 Revenue at Proposed Tariff in FY 2014-15**

Based on the tariff proposed above, following is the summary of the revenue from various



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

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	18.23	19.05
2	Commercial	20.64	21.26
3	LT Industrial Consumers	0.48	0.49
4	HT Industrial Consumers	59.70	62.71
5	Bulk Supply	8.99	9.16
6	Public Lighting	0.20	0.21
7	Temporary Supply	0.51	0.51
<b>8</b>	<b>TOTAL</b>	<b>108.74</b>	<b>113.38</b>

### 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 2014-15**

Sl. No.	Particulars	Units	FY 2014-15	
			Existing	Proposed
1	2	3	4	5
1	ARR for FY 2014-15	Rs. Crores	<b>408.78</b>	<b>408.78</b>
2	Revenue from tariff for FY 2014-15		<b>108.74</b>	<b>113.38</b>
3	Revenue from sale of surplus power for FY 2014-15	Rs. Crores	<b>119.69</b>	<b>119.69</b>
4	<b>Total Revenue</b>		<b>228.43</b>	<b>233.07</b>
5	Gap (1 – 2 - 3)	Rs. Crores	<b>180.35</b>	<b>175.70</b>
6	<b>Sales within State</b>	MU's	<b>255.79</b>	<b>255.79</b>
7	<b>Sale of Surplus power through Trading/UI</b>	MU's	<b>411.72</b>	<b>411.72</b>
8	Total Sales		<b>667.51</b>	<b>667.51</b>
9	Average Cost of Supply within state (1-3) /6 x 10	Rs. per kWh	<b>11.30</b>	<b>11.30</b>
10	Average Revenue (2 /6 x 10)	Rs. per kWh	<b>4.25</b>	<b>4.43</b>
11	Pure Gap (9-10)	Rs. per kWh	<b>7.05</b>	<b>6.87</b>
<b>12</b>	<b>Average Hike in Tariff</b>			<b>0.18</b>
<b>13</b>	<b>Hike in Tariff %</b>			<b>4.27%</b>

It is submitted that the average tariff hike required to recover the gap attributable to FY 2014-15 is Rs. 0.18 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 2014-15**

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.

(a) **Nature of service:**

Low Tension a.c. 430/230 volts, 50 cycles/sec (hz)

(b) **Rates:**

<b>Units Consumption</b>	<b>Paisa per kWh (Unit)</b>
Up to 50	115
51 to 100	235
101 to 200	360
201 to 400	435
Consumption exceeding 400 units	460

(c) **Monthly Minimum Charge:**

<b>Details</b>	<b>Rate</b>
Single Phase Supply	Rs. 45.00
Three Phase Supply	Rs. 220.00

(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%**



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

**Free supply of electricity for consumption upto 50 units applicable to all the domestic consumers in rural areas as per clause 1 of Government Notification No.33/P/GEN/97/PART-V dated 29.11.2003 shall be determined on the basis of assessment recorded through energy meter only and assessment accounted on average basis shall not be entertained for subsidy.**

## **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 privates gains, telephone exchange, nurseries, show rooms, x-ray plants, libraries banks, video parlours, saloons, beauty parlours, health clubs or any house of profit as identified by the Assistant Engineer/Executive Engineer concerned of the Department. In the event of exceeding connected load beyond 25 KVA, the Demand charge at the following rates shall be imposed. The seasonal consumers are allowed to install MDI meter for assessment of their monthly load profile.

#### **(a) Nature of supply:**

Low Tension a.c. 430/230volts, 50 cycles/Sec (hz)

#### **(b) Rate:**

<b>Units Consumption</b>	<b>Paisa per kWh (Unit)</b>
Upto 50	325
51 to 200	505
201 to 400	530
Consumption exceeding 400 units	555
<b>Demand Charge</b> – For those establishments whose sanction load is more than 25 kVA & does not have independent transformer but run their unit through shared transformers.	<b>Urban Areas</b>
	Rs.100/ kVA/Month plus energy charges as



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

	shown above
--	-------------

**(c) Monthly Minimum Charge:**

Details	Rate
Single Phase Supply	Rs. 215.00
Three Phase Supply	Rs. 520.00

**(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. LOW TENSION 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. In the event of exceeding connected load beyond 25 kVA, the Demand charge at the following rates shall be imposed.

**(a) Nature of service:**

Low Tension a.c. 430/230volts, 3 phase/single phase, 50 cycles/Sec (hz)

**(b) Rate:**

Units Consumption	Paisa per kWh	
	Rural	Urban
Upto 500	242	494
501 to 1000	432	566
1001 & Above	560	638
<b>Demand Charge</b> – For those establishment whose sanction load is more than 25 KVA & does not have independent transformer but run their unit through shared transformers.	<b>Rural</b>	<b>Urban</b>
	Rs. 60/kVA/Month plus energy charges as shown above	Rs. 100/kVA/Month plus energy charge as shown above





**(c) Monthly Minimum Charge:**

<b>Rural</b>	Rs. 60/kVA/Month
<b>Urban</b>	Rs. 100/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 a.c, 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 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:**

<b>Units Consumption</b>	<b>Tariff</b>
Upto 100 kVA Demand Charge Plus Energy Charge	Rs. 158/kVA/Month 315 Paisa/Unit
Above 100 to 250 kVA Demand Charge Plus Energy Charge	Rs. 210/kVA/Month 365 Paisa/Unit
Above 250 kVA to 500 kVA Demand Charge Plus Energy Charge	Rs. 242/kVA/Month 416 Paisa/Unit
Above 500 kVA Demand Charge Plus Energy Charge	Rs. 472/kVA/Month 430 Paisa/Unit

**Power Factor Adjustment charges:**

- (a) **Penalty for poor Power Factor:** The Power factor adjustment charges shall be levied at the rate of 1% on the total Energy charge for the month for every 1% drop or part thereof in the average power factor during the month below 95%.
- (b) **Power factor rebate:** If the power factor of the consumer's installation in any month is above 95% the consumer will be entitled to a rebate at the rate of 0.5% in excess of 95 % power factor on the total amount of energy charge for that month for every 1% rise or part thereof in the average power factor during the month above 95%.

- (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, Sikkim Armed Police Complex (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 a.c. 430/230 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	550
HT	571

- (c) **Monthly Minimum Charge:**

Details	Tariff
LT (430/230 Volts)	Rs. 155/kVA of Sanction Load
HT (11kV or 66 kV)	Rs. 144/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 a.c. 230/430 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 is blind and the same is certified by the National Association for Blinds.

#### (a) Nature of service:

Low Tension a.c. 230/430 volts, 50 cycles/Sec (hz)

#### (b) Rate Domestic supply rate 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 (PW)

### 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 430/230 volts, 50 cycles/Sec (hz)

#### b) Rate

Unit Consumption slab	Paisa per kWh (Unit)
<b>Places of worship:</b> (i) Having 3 lights points: A) up to 100 units B) Above 101 units	



<p>(ii) Having 4 to 6 lights points. A) up to 150 units B) Above 151 units</p> <p>(iii) Having 7 to 12 points A) up to 300 units B) Above 301 units</p> <p>(iv) Having 13 and more light points A) upto 500 units B) Above 501 units</p> <p><b>A) To be billed to Secretary, Ecclesiastical Department and to be submitted to the head of Department in the District.</b> <b>B) To be billed to Head of the Place of worship.</b></p>	<p>Domestic rate is applicable.</p>
---	-------------------------------------

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:**

<b>Category</b>	<b>Rate</b>
<b>Rural Areas</b>	260 Paisa/KWH
<b>Urban Areas</b>	480 Paisa/KWH



## **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, however if the connection is being taken for less than one month, an advance payment should be taken from the consumer as per his/her connected load based on the average system of calculation shown in the tariff schedule.

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 a.c. 430/230 volts, 50 Hz /H.T. 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 entertained without 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**

### **1. 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. 10/- (Rupees ten) 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 sub station 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.

- (a) Single connection will be provided to the legal landlord of the building. However, an additional connection can also be given in the name of his legal heir subject to production of valid agreement by the landlord stating that he/she shall take the responsibility to clear all the electricity dues created thereof by his legal heir before the close of every financial year.
- (b) In case the flat or part of the private building is occupied by Government / Semi Government/Government Undertakings offices, separate service connection in the name of head of office can be given with the approval of the concerned Executive Engineer.

- 2. Rs 50 per certificate shall be charged for issuing NDC(No dues certificate) , NOC( No objection certificate) or any other kind of certificate to be issued to the consumer by the Department.

**XII. METER RENT / Month**

(i)	Energy Meter	
(a)	Single Phase	Rs. 20.00
(b)	Three phase	Rs. 60.00
(ii)	Maximum demand indicator	Rs.175.00
(iii)	Time switch	Rs.120.00

**XIII. TESTING OF METERS**



**Petition for Approval of Annual Revenue Requirement  
& Tariff Proposal for FY 2014-2015**

---

i)	Energy Meters 1 Ph	Rs. 150
ii)	Other Metering Instruments	Rs. 250

**XIV. DISCONNECTION & RECONNECTION**

(i)	DS and CS category	Rs.150.00
(ii)	LTIS, HTS & Bulk 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. 150.00 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.15.00
		Three phase	Rs.20.00
(ii)	High tension		Rs.40.00

**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, the Department reserves the right to disconnect the service connection immediately and impose penalty as applicable under The Indian Electricity Act, 2003. In addition the consumer is liable for payment for resealing charge @ Rs.30.00 per call of such services.

**XVII. SECURITY DEPOSIT**

Security deposit shall be deposited, 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 over



head 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 the sub-head of 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 supply taken by him/her from the 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 Assessing Authority 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 section 135 & 150 of the Indian 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 commit the theft of power shall be punishable in accordance with I.E. 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**