



**Petition for Annual Performance Review for FY 2020-21
and ARR & Tariff Proposal for FY 2021-22**

Submitted by:
**Lakshadweep Electricity Department
Administration of Lakshadweep**

February-2021

GENERAL HEADINGS OF PROCEEDINGS

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

FILE No: _____

CASE No: _____

IN THE MATTER OF : **Petition for Approval of APR for FY 2020-21 and
ARR & Tariff Proposal for FY 2021-22.**

AND

IN THE MATTER OF : **Lakshadweep Electricity Department,
THE PETITIONER** **Kavaratti - 682555**

.....Petitioner

Lakshadweep Electricity Department (hereinafter referred to as 'LED'), files Petition for Approval of APR for FY 2020-21 and ARR & Tariff Proposal for FY 2021-22.

AFFIDAVIT

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THE PETITIONER** : **Kavaratti - 682555**

.....Petitioner

I,, S/o, Shri (aged years),
Executive Engineer, Lakshadweep Electricity Department, U.T of Lakshadweep
residing at Govt. Quarter, Kavaratti, Lakshadweep, the deponent named above do
hereby solemnly affirm and state on oath as under:-

1. That the deponent is theof Lakshadweep Electricity
Department 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 Lakshadweep Electricity
Department 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) Petition for Approval of APR for FY 2020-21 and ARR & Tariff Proposal for FY 2021-22.
- b) Fee for petition is being transferred through RTGS.

For Lakshadweep Electricity Department

Petitioner

Place: Kavaratti , Lakshadweep,

Dated:

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

Advocate

Solemnly affirmed before me on this day of2021 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 JOINT ELECTRICITY REGULATORY COMMISSION
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IN THE MATTER OF :
THE PETITIONER **Lakshadweep Electricity Department,
Kavaratti-682555, U.T. of Lakshadweep.**

.....Petitioner

PETITIONER, UNDER JOINT ELECTRICITY REGULATORY COMMISSION FOR THE STATE OF GOA AND UNION TERRITORIES (MULTI YEAR TARIFF) REGULATIONS, 2018 READ WITH JERC (CONDUCT OF BUSINESS), REGULATIONS, 2009 FILES FOR INITIATION OF PROCEEDINGS BY THE HON'BLE COMMISSION FOR APPROVAL OF APR FOR FY 2020-21 AND ARR & TARIFF PROPOSAL FOR FY 2021-22. OF LAKSHADWEEP ELECTRICITY DEPARTMENT (HEREIN AFTER REFERRED TO AS "LED").

LAKSHADWEEP ELECTRICITY DEPARTMENT RESPECTFULLY SUBMITS:

1. The Petitioner, Lakshadweep Electricity Department has been allowed to function as Distribution Utility for UT of Lakshadweep.
2. Pursuant to the enactment of the Electricity Act, 2003, LED is required to submit its Aggregate 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. The Joint Electricity Regulatory Commission For Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018 requires the LED to file APR for current year i.e FY 2020-21 & ARR & tariff proposal, for FY 2021-22, which shall comprise but not be limited to detailed category-wise sales and demand, power procurement, capital investment, financing, physical targets, cost components etc..

4. Further, the regulation requires that, based on the approved Business Plan and MYT Petition for Control period FY 2019-20 to FY 2021-22, the forecast of revised Aggregate Revenue Requirement, expected revenue from tariff & proposed tariff is to be submitted.
5. LED is submitting its Petition for Approval of APR for FY 2020-21 and revised ARR & Tariff Proposal for FY 2021-22 to Hon'ble Commission on the basis of the principles outlined in tariff regulations notified by the Joint Electricity Regulatory Commission.
6. LED prays to the Hon'ble Commission to admit the attached Petition of APR for FY 2020-21 and revised ARR & Tariff Proposal for FY 2021-22 and would like to submit that:

PRAYERS TO THE HON'BLE COMMISSION:

1. The petition provides, inter-alia, LED'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 LED in the recent past, and certain issues impacting the performance of LED in the Licensed Area.
2. Broadly, in formulating the revised ARR & Tariff Proposal for FY 2022-22, the principles specified by the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018 ("MYT Regulations") have been considered as the basis.
3. In order to align the thoughts and principles behind the MYT petition and Tariff Proposal, LED respectfully seeks an opportunity to present their case prior to the approval of the business plan. LED 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. LED 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:

- Approve the APR for FY 2020-21 and revised ARR & Tariff Proposal for FY 2021-22 for LED formulated in accordance with the guidelines outlined as per the regulation of Joint Electricity Regulatory Commission relating to Distribution Licensee and the principles contained in Tariff Regulations ;

- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/shortcomings and LED may please be permitted to add/ change/ modify/ alter the petition;
- Permit LED 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.

Lakshadweep Electricity Department

Petitioner

Place: Kavaratti, Lakshadweep

Dated:

TABLE OF CONTENT

1	INTRODUCTION.....	1
1.1	Historical Perspective.....	1
1.2	Power Scenario.....	2
1.3	JERC Formation.....	3
1.4	Filing under Tariff Regulations	4
1.5	Filing of True up, APR and Tariff Proposal.....	5
2	OVERALL APPROACH FOR PRESENT FILING.....	6
2.1	True-up for the FY 2017-18, FY2018-19 & FY 2019-20.....	6
2.2	Annual Performance Review for the FY 2020-21	6
2.3	Tariff Proposal for the FY 2021-22	6
3	Annual Performance Review for the FY 2020-21.....	7
3.1	Background to FY 2020-21 Tariff Petition	7
3.2	ARR approved for the FY 2020-21	7
3.3	Number of consumers	8
3.4	Connected Load	9
3.5	Energy Sales	10
3.6	Energy Balance	11
3.7	Cost of fuel	11
3.8	GFA, Capitalisation & Depreciation	12
3.9	Operation & Maintenance expenses	13
3.10	Interest & Finance charges	15
3.11	Interest on Working Capital	16
3.12	Interest on Security deposits	17
3.13	Return on Equity	18
3.14	Provision for Bad & Doubtful Debts	19
3.15	Non-Tariff Income	19
3.16	Aggregate Revenue Requirement	19
3.17	Revenue from sale of Power at Existing Tariff	20
3.18	Revenue Gap for FY 2020-21	21
4	Tariff Proposal for the FY 2021-22	22
4.1	Background to FY 2021-22 Tariff Petition	22
4.2	Approved ARR for the FY 2021-22	23
4.3	Number of consumers	23
4.4	Connected Load	24
4.5	Energy Sales	25
4.6	Energy Balance	25
4.7	Cost of fuel	26
4.8	GFA, Capitalisation & Depreciation	27
4.9	Operation & Maintenance expenses	27
4.10	Interest & Finance charges	30
4.11	Interest on Working Capital	31
4.12	Interest on Security deposits	32
4.13	Return on Equity	33
4.14	Provision for Bad & Doubtful Debts	33
4.15	Non-Tariff Income	34
4.16	Aggregate Revenue Requirement	34
4.17	Revenue from sale of Power at Existing Tariff	35
4.18	Revenue Gap for FY 2021-22	35
4.19	Average Cost of Supply	36

5	Tariff Proposal for the FY 2021-22	37
5.1	Recovery of Revenue Gap	37
5.2	Proposed Tariff	37
5.3	Impact of Tariff on Consumers	40
6	Compliance to Directive	41

LIST OF TABLES

Table 3.1: ARR approved for the FY 2020-21	8
Table 3.2: Number of consumers for the FY 2020-21	9
Table 3.3: Connected Load for the FY 2020-21	10
Table 3.4: Energy Sales for the FY 2020-21.....	10
Table 3.5: Energy Balance for the FY 2020-21.....	11
Table 3.6: Cost of fuel for the FY 2020-21.....	12
Table 3.7: GFA, Capitalisation & Depreciation for the FY 2020-21	12
Table 3.8: Employee Expenses for the FY 2020-21	13
Table 3.9: Repair & Maintenance Expenses for the FY 2020-21.....	14
Table 3.10: Administrative & General Expenses for the FY 2020-21.....	14
Table 3.11: O&M expenses summary for the FY 2020-21.....	15
Table 3.12: Interest & Finance charges for the FY 2020-21.....	16
Table 3.13: Interest on Working Capital for the FY 2020-21.....	17
Table 3.14: Interest on Security deposits for the FY 2020-21.....	18
Table 3.15: Return on Equity for the FY 2020-21	18
Table 3.16: Non-Tariff Income for the FY 2020-21.....	19
Table 3.17: Aggregate Revenue Requirement for the FY 2020-21.....	20
Table 3.18: Revenue from sale of Power at Existing Tariff for the FY 2020-21.....	20
Table 3.19: Revenue Gap for the FY 2020-21.....	21
Table 4.1: ARR approved for the FY 2021-22	23
Table 4.2: Number of consumers for the FY 2021-22.....	24
Table 4.3: Connected Load for the FY 2021-22.....	24
Table 4.4: Energy Sales for the FY 2021-22.....	25
Table 4.5: Energy Balance for the FY 2021-22.....	26
Table 4.6: Cost of fuel for the FY 2021-22.....	26
Table 4.7: GFA, Capitalisation & Depreciation for the FY 2021-22.....	27
Table 4.8: Employee Expenses for the FY 2021-22.....	28
Table 4.9: Repair & Maintenance Expenses for the FY 2021-22.....	29
Table 4.10: Administrative & General Expenses for the FY 2021-22.....	29
Table 4.11: O&M expenses summary for the FY 2021-22.....	29
Table 4.12: Interest & Finance charges for the FY 2021-22.....	30
Table 4.13: Interest on Working Capital for the FY 2021-22.....	32
Table 4.14: Interest on Security deposits for the FY 2021-22.....	32
Table 4.15: Return on Equity for the FY 2021-22.....	33
Table 4.16: Non-Tariff Income for the FY 2021-22.....	34
Table 4.17: Aggregate Revenue Requirement for the FY 2021-22.....	34
Table 4.18: Revenue from sale of Power at Existing Tariff for the FY 2021-22.....	35
Table 4.19: Revenue Gap for the FY 2021-22.....	35
Table 4.20 Average Cost of Supply for the FY 2021-22	36
Table 5.1: Proposed Tariff for the FY 2021-22	38
Table 5.2: Comparison of Existing Tariff with proposed Tariff	40
Table 5.3: Impact of Tariff on Consumers	40

LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administration & General
ARR	Annual Revenue Requirement
CAGR	Compound Annual Growth Rate
CD	Contract Demand
CoS	Cost of Supply
Crs	Crore
D/E	Debt Equity
LED	Electricity Department of Lakshadweep
FY	Financial Year
GFA	Gross Fixed Assets
HT	High Tension
JERC	Joint Electricity Regulatory Commission
KV	Kilovolt
KVA	KilovoltAmps
kWh	kilo Watt hour
LT	Low Tension
LTC	Leave Travel Concession
MU	Million Units
MVA	Million Volt Amps
MW	Mega Watt
O&M	Operation & Maintenance
PLF	Plant Load Factor
MCLR	Marginal Cost Lending Rate
R&M	Repairs and Maintenance
RoE	Rate of Return
Rs.	Rupees
S/s	Sub Station
SBI	State Bank of India
T&D	Transmission & Distribution
UT	Union Territory
MYT	Multi Year Tariff

1. INTRODUCTION

1.1 Historical Perspective

Lakshadweep Electricity Department (“LED”) is responsible for power supply in the union territory. Power requirement of LED is met by own generation station as well as power purchase.

The Union Territory (UT) of Lakshadweep is an archipelago consisting of 12 atolls, three reefs and five submerged banks. It is a uni-district Union Territory with an area of 32 Sq. Kms and is comprised of ten inhabited islands, 17 uninhabited islands attached islets, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni, and Minicoy.

Electrification of Lakshadweep Islands was initiated during the second Five Year Plan. Minicoy was the first Island electrified in 1962 followed by Kavaratti Island in 1964, then Amini and Andrott in 1965 and 1966 respectively. Bitra was the last Island electrified in 1982. Initially, power supply was limited to 6 - 12 hours till 1982-83 except in Kavaratti where 24 hours power supply was provided from 1964 itself. Round the clock power supply is provided in all the Islands since 1983.

Starting with modest capacity of 51.6 kilo Watts in 1962 from two Diesel Generating Sets, the generating capacity of Lakshadweep Electricity Department has grown up over the years with increase in demand. The power generated has been steadily increasing over the years to meet the demand of the people in the Islands. Since, the Diesel Generating sets were the only source of power, diesel has to be transported from Calicut (Kerala) in barrels. These barrels are transported in cargo barges to the Islands and stored for use. To alleviate this problem of transportation, oil storage facilities initially at Kavaratti and Minicoy Islands are under installation.

Due to the geographical & topographical peculiarities of these islands including separation by sea over great distances there is no single power grid for the entire electrified island and instead a power house caters independently to the power requirements of area/islands.

Lakshadweep Electricity Department is operates and maintains power generation, transmission & distribution system network in these islands for providing electric power supply to general public and implements various schemes under Plan & Non Plan for augmentation of DG Generating Capacity, establishment of new power houses, renewable sources of power and T&D Systems. Presently, the department is headed by Executive Engineer.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

1.2 Power Scenario

1.2.1 The salient features about development of electric power supply in these islands are provided below:

ELECTRICITY DEPARTMENT AT A GLANCE (2019-20)

Total Installed capacity	:	28.34 MW <i>(27.30 MW Diesel, 1.04 MW solar)</i>
No. of Power Houses	:	22 Nos <i>(11 nos. Diesel Power Plant and 11 nos. solar power plants)</i>
Total Staff strength	:	279 Nos
HT line	:	111.953 Kms
LT line	:	321.869 Kms
Distribution Transformers	:	106 Nos.
No. of consumers	:	24,837 Nos..
Total unit sold	:	48.42 MU

1.3 JERC Formation

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

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

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

- JERC Conduct of Business Regulations 2009;
- JERC Electricity Supply Code Regulations 2010
 - (a) 1st Amendments
 - (b) 2nd Amendments
 - (c) Corrigendum dt. 6th Jan. 2014
- JERC State Grid Code Regulations 2010
- JERC Procurement of Renewal Energy Regulations 2010 along with amendments.
- JERC for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015
- JERC (Solar Power -Grid Connected Ground Mounted and Solar Rooftop and Metering) Regulations, 2015
- JERC (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017
- JERC for the State of Goa and Union Territories (Multi Year Tariff) Regulations, 2018.

1.4 Filing under Tariff Regulations

- 1.4.1 LED has been filing its ARR and Tariff petitions for the past years with the Hon'ble Commission based on the principles outlined by the Hon'ble Commission vide their Regulations on applicable terms and conditions of Tariff for Distribution Licensees as notified in 2009, filed the petition in accordance with the JERC for the State of Goa and Union Territories (Multi Year Distribution Tariff) Regulations,2014 and filed the last petition in accordance with the JERC for the State of Goa and Union Territories (Multi Year Tariff) Regulations,2018.
- 1.4.2 LED filed its petition for determination of Aggregate Revenue Requirement (ARR) for the control period FY 2019-20 to FY 2021-22 & Retail Tariff for distribution and retail sale of electricity for FY 2019-20 under section 61, 62 & 64 of the Electricity Act, 2003 and JERC (Multi Year Tariff) Regulations, 2018 on 28th December, 2018 against which Tariff Order was issued by the Hon'ble Commission on 20th May, 2019 Thereafter, LED submitted the Tariff Petition for True-up of FY 2015-16 & FY 2016-17, APR of FY 2019-20 & determination of Tariff for the FY 2020-21. The Tariff Order in respect of the same was issued by the Hon'ble Commission on 18th May, 2020.
- 1.4.3 As per JERC (Multi Year Distribution Tariff) Regulations, 2018, in the third year of the control period, LED is required to file the True-up of first year (FY 2019-20) , APR for the second year (FY2020-21) along with Tariff proposal for the third year (FY 2021-22) of the control period.
- 1.4.4 Accordingly, this petition has been prepared in line with the Tariff Regulations 2009, 1st MYT order, MYT Regulations, 2014, 2nd MYT order, MYT Regulations, 2018 and subsequent amendments. LED is submitting the APR for the FY 2020-21 & Tariff Proposal for the FY 2021-22. In respect of True-up of previous years, it is submitted that the Accounts for the FY 2017-18 has been submitted for Audit while Accounts for the FY 2018-19 & FY 2019-20 is under compilation. The True-up for the same is proposed to be submitted after completion of the Audit of the respective years.

1.5 Filing of True-up, APR and Tariff proposal

- 1.5.1 Under the provisions of Electricity Act, 2003, Licensee is required to submit its ARR and Tariff Petition as per procedures outlined in section 61, 62 and 64 of EA 2003, and the governing regulations of JERC of the relevant years thereof.
- 1.5.2 In respect of True-up of previous years, it is submitted that the Accounts for the FY 2017-18 has been submitted for Audit while Accounts for the FY 2018-19 & FY 2019-20 is under compilation. The True-up for the same is proposed to be submitted after completion of the Audit of the respective years
- 1.5.3 In accordance with the above provisions of the Act & MYT Regulations, 2018, LED hereby submits the petition for approval of APR for the FY 2020-21 & Tariff Proposal for the FY 2021-22 are prepared in line with MYT Regulations, 2018. The petitioner has attempted to comply with the various guidelines in the Act and regulations within the limitations of availability of data. The details are provided in the subsequent sections.

2. OVERALL APPROACH FOR PRESENT FILING

The Hon'ble Commission had notified the Joint Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009, JERC (Multi Year Distribution Tariff) Regulations, 2014 and JERC (Multi Year Tariff) Regulations, 2018. In line with the MYT Regulations, 2018, LED has been filing the ARR petitions for consideration of the Hon'ble Commission in the formats laid down for providing information relating to past, present and future performance. In this petition, LED is filing the Annual Performance Review for FY 2020-21 along with Tariff proposal for the FY 2021-22.

2.1. True-up for the FY 2017-18, FY 2018-19 & FY 2019-20

2.1.1 As specified in the Tariff Regulations, the Hon'ble Commission shall undertake the true-up exercise for the previous year based on audited accounts. It is submitted that the Accounts for the FY 2017-18 has been submitted for Audit while Accounts for the FY 2018-19 & FY 2019-20 is under compilation. LED seeks permission to submit the True-up after finalization of the Accounts for the respective years and its audit.

2.2. Annual Performance Review for the FY 2020-21

2.2.1. As specified in the Tariff Regulations, the Hon'ble Commission shall undertake the Annual Performance Review by considering variations between the approved and revised estimates of sale of electricity, income and expenditure for the relevant year.

2.2.2. Accordingly, LED is filing this Annual Performance Review petition for the year FY 2020-21 based on the actual performance during the 1st half of the year and the revised estimates for the second half of the year of purchase and sales.

2.3. Tariff Proposal for the FY 2021-22

2.3.1 The Hon'ble Commission has already approved the ARR for the FY 2021-22 along with other parameters in the 2nd MYT order dated 20.05.2019. LED is filing the instant petition for approval of revised ARR & Tariff for the FY 2021-22 based on the parameters approved in the Business Plan & MYT order and MYT Regulations, 2018.

2.3.2 APR for FY 2020-21 and Tariff proposal for the FY 2021-22 have been carried out separately and details of the same are presented separately.

3. Annual Performance Review for the FY 2020-21

3.1. Background to FY 2020-21 Tariff Petition

- 3.1.1. LED filed the 2nd MYT Petition for the control period FY 2019-20 to FY 2021-22. FY 2019-20 was the first year of the control period. The ARR for the control period was approved by the Hon'ble Commission vide MYT order Dt. 20th May, 2019 along with the tariff for the FY 2019-20. Regulation 11(3) of the JERC MYT Regulations, 2018 provides as follows:

“Annual Review: a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff Order corresponding to the Control period for the current financial year subject to prudence check”

In accordance with the above Regulation, LED is filing for Annual Performance Review for the FY 2020-21.

- 3.1.2. This chapter summarizes each of the components of ARR for FY 2020-21 and requests the Hon'ble Commission to review the performance for FY 2020-21. The Annual Performance Review for FY 2020-21 is based on actual data/ information for the FY 2019-20 & for the first 6 months (First Half – H1) of the FY 2020-21 and estimation/projections for remaining 6 months (Second Half – H2) of the FY 2020-21, wherever applicable. The projections for the second 6 months are arrived at based on the performance over the first half data/ information.

3.2. Approved ARR for the FY 2020-21

- 3.2.1. The summary of the charges for FY 2020-21 as approved by the Hon'ble Commission in the MYT Order and Tariff Order dated 10/05/2020 is tabulated below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.1: ARR approved for the FY 2020-21

(Rs. in crore)

S. No.	Particulars	FY 2020-21	
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020
1	Cost of Fuel	82.35	94.97
2	Cost of power purchase	0.57	-
3	Depreciation	7.76	6.06
4	Employee costs	26.05	23.87
5	A&G expenses	2.91	2.90
6	R&M expenses	8.32	8.22
7	Interest and finance charges	5.79	1.74
8	Return on Equity	7.39	9.24
9	Interest on working capital	0.67	0.65
10	Interest on Consumer Security Deposit	0.07	0.07
11	Income Tax	0.00	0.00
12	Total Revenue Requirement	141.87	147.72
13	Less: Non-Tariff Income	1.24	1.24
14	Net Revenue Requirement (12-13)	140.63	146.48
15	Revenue from Sale of Power at Revised Tariff	-	25.01
16	Net GAP during the year	140.63	121.47
17	Add: Previous Year Gap	0	0
18	Total Gap	140.63	121.47

3.3. Number of consumers

- 3.3.1. Hon'ble Commission has approved the number of consumers for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the actual number of consumers for the FY 2019-20 & number of consumers during the first half of FY 2020-21, LED has recalculated the number of consumers for the FY 2020-21 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise number of consumers for FY 2020-21 and comparison with the approved numbers are shown below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.2: Number of consumers for the FY 2020-21

Sl. No.	Category	FY 2020-21			
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
1	2	3	4	5	6
1	Domestic	22122	20581	20109	20781
2	Commercial	2746	3020	3023	3092
3	Govt. Connection	1319	1217	1433	1452
4	Industrial	395	359	347	357
5	HT Consumers	8	8	8	9
6	Public Lighting	79	76	74	76
7	Temporary Connection	160	193	184	225
8	Total	26828	25453	25178	25992

3.3.2. It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2020-21.

3.4. Connected Load

3.4.1 Hon'ble Commission has approved the connected load for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the actual connected load for the FY 2019-20 & load during the first half of FY 2020-21, LED has recalculated the connected load for the FY 2020-21 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise connected load for FY 2020-21 and comparison with the approved numbers are shown below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.3: Connected Load for the FY 2020-21

Sl. No.	Category	FY 2020-21			
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
1	2	3	4	5	6
1	Domestic	91906	90951	91889	92433
2	Commercial	17493	16855	12479	12658
3	Govt. Connection	8845	8455	7988	8121
4	Industrial	4191	3972	3757	3879
5	HT Consumers	658	698	728	787
6	Public Lighting	330	319	277	287
7	Temporary Connection	66	201	305	305
8	Total	123490	121450	117425	118470

3.4.2 It is requested to the Hon'ble Commission to approve the connected load as submitted in the above table for FY 2020-21.

3.5 Energy Sales

3.5.1 Hon'ble Commission has approved the Energy Sales for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the actual sales for the FY 2019-20 & sales during the first half of FY 2020-21, LED has recalculated the sales for the FY 2020-21 considering the CAGR approved by the Hon'ble Commission in the MYT Tariff order Dt. 20.05.2019. The revised estimates of category wise energy sales for FY 2020-21 and comparison with the approved numbers are shown below:

Table 3.4: Energy Sales for the FY 2020-21

(In MUs)

S. No.	Categories	FY 2020-21			
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
1	Domestic	42.38	39.29	20.87	37.61
2	Commercial	3.44	3.25	1.54	3.31
3	Govt. Connection	8.39	7.68	3.53	7.72
4	Industrial	0.46	0.35	0.17	0.36
5	HT Consumers	0.71	1.03	0.33	0.89
6	Public Lighting	0.69	0.82	0.41	0.83
7	Temporary Connection	0.09	0.12	0.05	0.14
	Grand Total	56.15	52.54	26.89	50.86

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

3.5.2 It is requested to the Hon'ble Commission to approve the sales as submitted in the above table for FY 2020-21.

3.6 Energy Balance

3.6.1 Hon'ble Commission has approved the Energy Balance and T&D loss for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the actual figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 3.5: Energy Balance for the FY 2020-21

Sl. No.	Particulars	FY 2020-21			
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
A	ENERGY REQUIREMENT (MU)				
i)	Total Sales within UT	56.15	52.54	26.89	50.86
ii)	Transmission & Distribution Losses (%)	12.50	12.50	15.62	12.50
iii)	T&D Losses (MU)	8.02	7.51	4.94	7.18
	Total Energy Requirement (for sale to retail consumers)	64.17	60.05	31.82	58.04
B	ENERGY AVAILABILITY AT PERIPHERY				
i)	Power Purchase	5.72			
ii)	Renewable Generation	2.20	1.18	0.24	0.64
iii)	Own Generation	56.25	58.86	31.59	57.40
	Total Energy Availability	64.17	60.05	31.82	58.04
	ENERGY SURPLUS/(GAP)	0.00	0.00	0.00	0.00

3.6.2 LED requests the Hon'ble Commission to approve the Energy Balance and T&D Loss as submitted above for FY 2020-21.

3.7 Cost of fuel

3.7.1 The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

3.7.2 Hon'ble Commission has approved the Fuel Cost for the FY 2020-21 in the MYT order Dt. 20.05.2019. However, on the basis of the cost figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2020-21. A comparison of the revised estimates with earlier approved numbers is shown below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.6: Cost of fuel for the FY 2020-21

Sr.No.	Particulars	FY 2020-21			
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
1	2	3		4	5
1	HSD Cost	81.35	93.87	49.50	89.94
2	Lub Cost	1.00	1.10	0.38	0.69
3	Total	82.35	94.97	49.88	90.63

3.7.3 The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2020-21.

3.8 GFA, Capitalisation & Depreciation

3.8.1 Hon'ble Commission has approved the GFA for the FY 2020-21 in the MYT order Dt. 20.05.2019. LED has considered the actual GFA as on 31.03.2020 and actual additions during 1st half of FY 2020-21 & estimated additions during the 2nd half of the FY 2020-21 to arrive at the closing GFA for the year.

3.8.2 In view of the revision of the GFA as above, the depreciation for the FY 2020-21 is also recalculated in accordance with the MYT Regulations, 2018. The depreciation rate has been considered on the basis of actual average depreciation rate for the FY 2018-19. The approved and the revised projections of depreciation for the FY 2020-21 is provided below.

Table 3.7: GFA, Capitalisation & Depreciation for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21			
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
Opening GFA	194.74	187.41	186.41	186.41
Addition	10.35	10.35	0.30	13.00
Deletion	0.00	0.00	0.00	0.00
Closing GFA	205.09	197.76	186.71	199.41
Average GFA	199.92	192.59	186.56	192.91
Depreciation Rate	3.88%	3.15%	3.83%	3.83%
Depreciation	7.76	6.06	3.57	7.39

3.8.2.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.9 Operation & Maintenance expenses

3.9.1 Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:

- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
- Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

3.9.2 Employee Expenses

3.9.2.1 The Hon'ble Commission has approved the Employee cost for the FY 2020-21 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018.

3.9.2.2 LED is proposing the revised estimates of the employee cost based on the actual expenses for the FY 2019-20 & 1st Half (April,20 to September,20) of the FY 2020-21. The cost as approved by the Hon'ble Commission for the FY 2020-21 and the revised proposal for the year is given below:

Table 3.8: Employee Expenses for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21			
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
Employee Expenses	26.05	23.87	12.87	25.73
Total O&M Expenses	26.05	23.87	12.87	25.73

3.9.2.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

3.9.3 Repair & Maintenance Expenses

3.9.3.1 The Hon'ble Commission has approved the Repair & Maintenance Expenses for the FY 2020-21 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

3.9.3.2 LED is proposing the revised estimates of the Repair & Maintenance Expenses based on the actual expenses for the FY 2019-20 & 1st Half (April,20 to September,20) of the FY 2020-21 The cost as approved by the Hon'ble Commission for the FY 2020-21 and the revised proposal for the year is given below:

Table 3.9: Repair & Maintenance Expenses for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21			
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
R&M Expenses	8.32	8.22	5.24	13.23
Total O&M Expenses	8.32	8.22	5.24	13.23

3.9.3.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.9.4 Administrative & General Expenses

3.9.4.1 The Hon'ble Commission has approved the Administrative & General Expenses for the FY 2020-21 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

3.9.4.2 LED is proposing the revised estimates of the Administrative & General Expenses based on the actual expenses for the FY 2019-20 & 1st Half (April,20 to September,20) of the FY 2020-21 The cost as approved by the Hon'ble Commission for the FY 2020-21 and the revised proposal for the year is given below:

Table 3.10: Administrative & General Expenses for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21			
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
A&G Expenses	2.91	2.90	1.46	3.03
Total O&M Expenses	2.91	2.90	1.46	3.03

3.9.4.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

**Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22**

3.9.5 O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2020-21 are summarised below:

Table 3.11: O&M expenses summary for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21			
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
Employee Expenses	26.05	23.87	12.87	25.73
A&G Expenses	2.91	2.90	1.46	3.03
R&M Expenses	8.32	8.22	5.24	13.23
Total O&M Expenses	37.28	35.00	19.56	41.99

3.9.5.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.10 Interest & Finance charges

3.10.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. LED has considered the GFA as on 31.03.2019 and estimated additions during the FY 2020-21 to arrive at the closing GFA for the year. The normative loan for the FY 2020-21 has been arrived in accordance with the Regulation 26 of the MYT Regulations, 2018.

3.10.2 It is submitted that Regulation 28.4 of MYT Regulations, 2018 provides as below:

“Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.”

In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 8.75% (7.75%+1%) has been considered for projecting the interest charges for the FY 2020-21.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.12: Interest & Finance charges for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21		
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
Opening loan	63.50	19.05	18.29
Addition	7.25	7.25	9.10
Repayment	7.76	6.06	7.39
Closing Loan	62.99	20.24	20.01
Average Normative Loan	63.24	19.64	19.15
Interest Rate	9.15%	8.85%	8.75%
Interest on Loan	5.79	1.74	1.68

3.10.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.11 Interest on Working Capital

3.11.1 The Hon'ble Commission has approved the Interest on Working Capital for the FY 2020-21 based on the cost parameters approved for MYT Control Period in accordance with the Regulation 63 of the MYT Regulations, 2018. The Regulation provides as follows:

The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:

- a) Operation and maintenance expenses for one (1) month; plus*
- b) Maintenance spares at 40% of R&M expenses for one (1) month; plus*
- c) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariffs;*

Less

- d) Amount, if any, held as security deposits*

3.11.2 In view of the above Regulations, LED has recalculated the working capital requirement for the FY 2020-21.

3.11.3 Regulation 31.4 of MYT Regulations provides as follows:

“The rate of interest on Working Capital shall be equal 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the financial Year in which the Petition is filed plus 200 basis points.”

***Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22***

3.11.4 In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 9.75% (7.75%+2%) has been considered for projecting the interest charges for the FY 2020-21.

3.11.5 LED has calculated the revised interest on working capital for the FY 2020-21 in accordance with the above submission. The same is provided below along with the approved figures for the year:

Table 3.13: Interest on Working Capital for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21		
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
O&M expenses for 1 month	3.11	2.92	3.50
Maintenance Spares @ 40% of R&M expense of 1 month	0.28	0.27	0.44
Receivables for two months	4.42	4.16	4.06
Less: Adjustments for security deposits	1.20	1.20	1.20
Net Working Capital	6.61	6.15	6.80
Rate of Interest on Working Capital	10.15%	10.55%	9.75%
Interest on Working Capital	0.67	0.65	0.66

3.11.6 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2020-21.

3.12 Interest on Security deposits

3.12.1 Hon’ble Commission has approved the Interest on Security deposits on the balance of Security Deposit from the consumers during the FY 2020-21 in the MYT order Dt. 20.05.2019. LED submits that it is not proposing any revision in the figures as approved by the Hon’ble Commission for the FY 2020-21.

3.12.2 However, it is submitted that since the Interest on Security deposits is required to be calculated on the balance of Security Deposit from the consumers during the FY 2020-21, LED shall submit the revised figures at the time of True-up when audited Security Deposit balance are available for the consideration of the Hon’ble Commission. The cost as approved by the Commission for the FY 2020-21 is given below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 3.14: Interest on Security deposits for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21		
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
Opening Security Deposit	0.94	0.94	0.94
Addition	0.26	0.26	0.26
Closing Security Deposit	1.20	1.20	1.20
Average Security Deposit	1.07	1.07	1.07
RBI Bank Rate	6.25%	6.25%	6.25%
Interest on Consumer Security Deposit	0.07	0.07	0.07

3.12.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.13 Return on Equity

3.13.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support. LED has considered the GFA as on 31.03.2020 and estimated additions during the FY 2020-21 to arrive at the closing GFA for the year. The normative Equity for the FY 2020-21 has been considered at 30% of the above GFA in accordance with the Regulation 26 of the MYT Regulations, 2018.

3.13.2 Further, Regulation 27 of MYT Regulations, 2018 provides as follows:

“The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 16 per cent per annum.....”

3.13.3 In view of the above, the revised Return on Equity for the FY 2020-21 is calculated as below:

Table 3.15: Return on Equity for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21		
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
Opening Equity	44.62	56.22	55.92
Addition	3.11	3.11	3.90
Deletion / Adjustment	0.00	0.00	0.00
Closing Equity	47.73	59.33	59.82
Average Normative Equity	46.17	57.77	57.87
Rate of Return on Equity	16.00%	16.00%	16.00%
Return on Equity	7.39	9.24	9.26

3.13.4 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.14 Provision for Bad & Doubtful Debts

3.14.1 Regulation 62 of MYT Regulations provides that the Bad debt shall be allowed based on actual write off. The same is reproduced below:

“Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check....”

3.14.2 In view of the above, LED is not proposing any provision for Bad Debt. LED shall submit the claim towards bad and doubtful debts when audited figures are available for the consideration of the Hon’ble Commission at the time of true-up. Hon’ble Commission may kindly allow the same.

3.15 Non-Tariff Income

3.15.1 Hon’ble Commission has approved the Non-Tariff Income for the FY 2020-21 in the MYT order Dt. 20.05.2019 as 1.18 crores. It is submitted that LED has adopted the approved Non-Tariff Income for the FY 2020-21.

Table 3.16: Non-Tariff Income for the FY 2020-21

(Rs. in crore)

Particulars	FY 2020-21		
	Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
Non-Tariff Income	1.24	1.24	1.24

3.15.2 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2020-21.

3.16 Aggregate Revenue Requirement

3.16.1 The Aggregate Revenue Requirement for FY 2020-21 as approved by the Hon’ble Commission and the calculation for Aggregate Revenue Requirement on the basis of revised estimates as submitted in the above sections for FY 2020-21 is shown below:

Table 3.17: Aggregate Revenue Requirement for the FY 2020-21

Petition for Approval of APR for FY 2020-21 & Tariff Proposal for FY 2021- 22

(Rs. in crore)

S. No.	Particulars	FY 2020-21		
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2020-21
1	Cost of Fuel	82.35	94.97	90.63
2	Cost of power purchase	0.57	-	-
3	Depreciation	7.76	6.06	7.39
4	Employee costs	26.05	23.87	25.73
5	A&G expenses	2.91	2.90	3.03
6	R&M expenses	8.32	8.22	13.23
7	Interest and finance charges	5.79	1.74	1.68
8	Return on Equity	7.39	9.24	9.26
9	Interest on working capital	0.67	0.65	0.66
10	Interest on Consumer Security Deposit	0.07	0.07	0.07
11	Income Tax	0.00	0.00	0.00
12	Total Revenue Requirement	141.87	147.72	151.67
13	Less: Non-Tariff Income	1.24	1.24	1.24
14	Net Revenue Requirement (12-13)	140.63	146.48	150.43

3.16.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

3.17 Revenue from sale of Power at Existing Tariff

3.17.1 The revised estimate of Revenue from Tariff for FY 2020-21 as compared with the figures approved by the Hon'ble Commission in the MYT order Dt. 20.05.2019 is shown in the table below:

Table 3.18: Revenue from sale of Power at Existing Tariff for the FY 2020-21

(Rs. in crore)

S. No.	Particulars	FY 2020-21		
		Approved in T.O. dated 18th May 2020	Actual 6 Months	Estimated for FY 2020-21
A	Domestic	12.45	7.71	11.77
B	Commercial	2.92	1.52	3.08
C	Govt. Connection	7.47	3.43	7.51
D	Industrial	0.49	0.28	0.47
E	HT Consumers	1.09	0.36	0.96
F	Public Lighting	0.51	0.25	0.51
G	Temporary	0.09	0.33	0.06
	Total	25.01	13.88	24.36

3.17.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

3.18 Revenue Gap for FY 2020-21

3.18.1 The Revenue Gap as approved by the Hon'ble Commission and as calculated on the basis of the APR for the FY 2020-21 is shown in the table below:

Table 3.19: Revenue Gap for the FY 2020-21

(Rs. in crore)

S. No.	Particulars	FY 2020-21		
		Approved in T.O. dated 20th May 2019	Approved in T.O. dated 18th May 2020	Estimated for FY 2019-20
1	Net Revenue Requirement	140.63	146.48	150.43
2	Revenue from Sale of Power at Revised Tariff	-	25.01	24.36
3	Net GAP during the year	140.63	121.47	126.07
4	Add: Previous Year Gap	0	0	0
5	Total Gap	140.63	121.47	126.07

3.18.2 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2020-21.

4 Proposed ARR for the FY 2021-22

4.1 Background to FY 2021-22 Tariff Petition

4.1.1 LED filed the 2nd MYT Petition for the control period FY 2019-20 to FY 2021-22. FY 2019-20 was the first year of the control period. The ARR for the control period was approved by the Hon'ble Commission vide MYT order Dt. 20th May, 2019 along with the tariff for the FY 2019-20. Regulation 11(3) of the JERC MYT Regulations, 2018 provides as follows:

“The scope of the annual review, truing up and tariff determination shall be a comparison of the performance of the Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

a) True-up: a comparison of the audited performance of the Applicant for the financial Year for which the true up is being carried out with the approved forecast for such previous financial Year, subject to the prudence check;

b) Annual Review: a comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the Tariff Order corresponding to the Control period for the current financial year subject to prudence check;

c) Tariff determination for the ensuing Year of the Control Period based on revised forecast of the Aggregate Revenue Requirement for the Year;”

In accordance with the above Regulation, LED is filing for approval of revised ARR & Tariff for the FY 2021-22.

4.1.2 This chapter summarizes each of the components of ARR for FY 2021-22 and requests the Hon'ble Commission to review the ARR for FY 2021-22. The proposal for revised ARR for FY 2021-22 is based on actual data/ information for the FY 2019-20 & first 6 months (First Half – H1) and estimation/projections for remaining 6 months (Second Half – H2) of the FY 2020-21, wherever applicable.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

4.2 Approved ARR for the FY 2021-22

4.2.1 The summary of the charges for FY 2021-22 as approved by the Hon'ble Commission in the MYT Order is tabulated below:

Table 4.1: ARR approved for the FY 2021-22

(Rs. in crore)

S. No.	Particular	Approved in T.O. dated 20th May 2019
1	Cost of Fuel	83.74
2	Cost of power purchase	0.78
3	Depreciation	8.11
4	Employee costs	29.85
5	A&G expenses	3.03
6	R&M expenses	8.77
7	Interest and finance charges	5.64
8	Return on Equity	7.82
9	Interest on working capital	0.70
10	Interest on Consumer Security Deposit	0.08
11	Income Tax	0.00
12	Total Revenue Requirement	148.53
13	Less: Non-Tariff Income	1.31
14	Net Revenue Requirement (12-13)	147.22

4.3 Number of consumers

4.3.1 Hon'ble Commission has approved the number of consumers for the FY 2021-22 in the MYT order Dt. 20.05.2019. However, on the basis of the number of during FY 2019-20 & first half of FY 2020-21, LED submits the revised estimates for FY 2021-22. A comparison of the revised estimates with earlier approved numbers is shown below:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 4.2: Number of consumers for the FY 2021-22

S. No.	Categories	Approved in T.O. dated 20th May 2019	2019-20 (Actual)	CAGR Used	2020-21 (Estimated)	2021-22 (Projected)
1	Domestic	22982	20,003	3.89%	20,781	21,590
2	Commercial	2871	2,885	4.56%	3,092	3,233
3	Govt. Connection	1354	1,296	2.68%	1,452	1,491
4	Industrial	409	345	3.51%	357	370
5	HT Consumers	9	8	10.00%	9	10
6	Public Lighting	80	75	1.35%	76	77
7	Others Temporary Supply	160	225	0.00%	225	225
8	Total	27865	24837		25992	26995

4.3.2 It is requested to the Hon'ble Commission to approve the number of consumers as submitted in the above table for FY 2021-22.

4.4 Connected Load

4.4.1 Hon'ble Commission has approved the connected load for the FY 2021-22 in the MYT order Dt. 20.05.2019. However, on the basis of the number of during FY 2019-20 & first half of FY 2020-21, LED submits the revised estimates for FY 2021-22. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 4.3: Connected Load for the FY 2021-22

S. No.	Categories	Approved in T.O. dated 20th May 2019	2019-20 (Actual)	CAGR Used	2020-21 (Estimated)	2021-22 (Projected)
1	Domestic	94109	90,294	2.37%	92,433	94,624
2	Commercial	18090	12,240	3.41%	12,658	13,089
3	Govt. Connection	9139	7,503	3.32%	8,121	8,390
4	Industrial	4366	3,723	4.17%	3,879	4,040
5	HT Consumers	711	728	8.16%	787	851
6	Public Lighting	342	277	3.67%	287	298
7	Others Temporary Supply	66	275	0.00%	305	305
8	Total	1,26,824	1,15,040		1,18,470	1,21,598

4.4.2 It is requested to the Hon'ble Commission to approve the connected load as submitted in the above table for FY 2021-22.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

4.5 Energy Sales

4.5.1 Hon'ble Commission has approved the Energy Sales for the FY 2021-22 in the MYT order Dt. 20.05.2019. However, on the basis of the sales during the first half of FY 2020-21, LED submits the revised estimates for FY 2021-22. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 4.4: Energy Sales for the FY 2021-22

(In MUs)

Categories	Approved in T.O. dated 20th May 2019	2019-20 (Actual)	CAGR Used	2020-21 (Estimated)	2021-22 (Projected)
Domestic	44.78	35.59	5.68%	37.61	39.75
Commercial	3.66	3.12	6.27%	3.31	3.52
Govt. Connection	8.52	7.60	1.54%	7.72	7.84
Industrial	0.46	0.36	1.97%	0.36	0.37
HT Consumers	0.78	0.81	10.00%	0.89	0.98
Public Lighting	0.7	0.81	2.43%	0.83	0.85
Others Temporary Supply	0.09	0.14	0.00%	0.14	0.14
Total	59.00	48.42		50.86	53.44

4.5.2 It is requested to the Hon'ble Commission to approve the sales as submitted in the above table for FY 2021-22.

4.6 Energy Balance

4.6.1 Hon'ble Commission has approved the Energy Balance and T&D loss for the FY 2021-22 in the MYT order Dt. 20.05.2019. However, on the basis of the actual figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2021-22. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 4.5: Energy Balance for the FY 2021-22

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
ENERGY REQUIREMENT		
Energy Sales		
LT Supply	58.22	52.47
HT Supply	0.78	0.98
Total Energy Sales	59.00	53.44
Overall T&D Losses (%)	12.25	12.25
Overall T&D Losses (in MUs)	8.23	7.46
Total Energy Required at UT Periphery (MUs)	67.23	60.91
ENERGY AVAILABILITY AT PERIPHERY		
Power Purchase	7.83	-
Own Generation	59.40	60.91
Total Energy Availability	67.23	60.91
ENERGY SURPLUS/(GAP)	0.00	0.00

4.6.2 LED requests the Hon'ble Commission to approve the Energy Balance and T&D Loss as submitted above for FY 2021-22.

4.7 Cost of fuel

4.7.1 The energy requirement of LED is met from own generation. There is no availability of power from Central Generating Stations or from other sources/ open market/ power exchanges etc.

4.7.2 Hon'ble Commission has approved the Fuel Cost for the FY 2021-22 in the MYT order Dt. 20.05.2019. However, on the basis of the cost figures during the first half of FY 2020-21, LED submits the revised estimates for FY 2021-22. A comparison of the revised estimates with earlier approved numbers is shown below:

Table 4.6: Cost of fuel for the FY 2021-22

(Rs. in crore)

S. No.	Type of Fuel	Approved in T.O. dated 20th May 2019	FY 2021-22
1	HSD	82.72	99.16
2	Lubricant	1.02	0.76
3	Total	83.74	99.92

4.7.3 The Hon'ble Commission is requested to approve the fuel cost as submitted above for FY 2021-22.

4.8 GFA, Capitalisation & Depreciation

- 4.8.1 Hon'ble Commission has approved the GFA for the FY 2021-22 in the MYT order Dt. 20.05.2019. LED has considered the actual GFA as on 31.03.2020 and estimated additions during the FY 2020-21 & asset additions approved by the Hon'ble Commission for the FY 2021-22 in the MYT order to arrive at the closing GFA for the year.
- 4.8.2 In view of the revision of the GFA as above, the depreciation for the FY 2021-22 is also recalculated in accordance with the MYT Regulations, 2018. The depreciation rate has been considered on the basis of actual average depreciation rate for the FY 2018-19. The approved and the revised projections of depreciation for the FY 2021-22 is provided below.

Table 4.7: GFA, Capitalisation & Depreciation for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Opening GFA	205.09	199.41
Addition	7.75	7.75
Deletion	0	0.00
Closing GFA	212.84	207.16
Average GFA	208.97	203.28
Depreciation Rate	3.88%	3.83%
Depreciation	8.11	7.79

- 4.8.2.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.9 Operation & Maintenance expenses

- 4.9.1 Operation & Maintenance Expenses consists of three elements viz Employee Expenses, A&G Expense and R&M Expense:
- Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
 - Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.
 - Repairs and Maintenance Expenses go towards the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as well as in the reduction of losses in the system.

4.9.2 Employee Expenses

4.9.2.1 The Hon'ble Commission has approved the Employee cost for the FY 2021-22 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018.

4.9.2.2 LED is proposing the revised estimates of the employee cost for the FY 2021-22 based on the actual expenses for the FY 2019-20 & 1st Half (April,20 to September,20) of the FY 2020-21. The cost as approved by the Hon'ble Commission for the FY 2021-22 and the revised proposal for the year is given below:

Table 4.8: Employee Expenses for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Employee Cost	29.85	27.02
Total	29.85	27.02

4.9.2.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.9.3 Repair & Maintenance Expenses

4.9.3.1 The Hon'ble Commission has approved the Repair & Maintenance Expenses for the FY 2021-22 in MYT order based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018. However, same was calculated considering the R&M expenses for past years. It is submitted that since, the audited commercial accounts for the FY 2015-16, FY 2016-17 were not available, the actual R&M expenses for the base years could not be considered. However, the Annual Accounts for the FY 2015-16 & FY 2016-17 is now audited and accordingly, LED proposes that the R&M expenses for the past years may be considered for projecting the R&M expenses for the FY 2021-22.

4.9.3.2 It is submitted that the actual R&M expenses for the FY 2015-16 & FY 2016-17 as per audited accounts are Rs. 14.68 crores & Rs.13.88 crores respectively. R&M expenses for 1st Half of the FY 2020-21 is Rs. 5.24 crores & estimated expenses for the FY 2021-22 is Rs. 13.78 crores.

4.9.3.3 In view of the past trends of R&M expenses as detailed above, LED is proposing to revise the R&M expenses for the FY 2021-22. The revised proposal for R&M expenses along with the approved figures for the FY 2021-22 is provided in the table below.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 4.9: Repair & Maintenance Expenses for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
R & M Expenses	8.77	13.78
Total	8.77	13.78

4.9.3.4 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.9.4 Administrative & General Expenses

4.9.4.1 The Hon'ble Commission has approved the Administrative & General Expenses for the FY 2021-22 based on the approved norms in accordance with Regulation 41 of the MYT Regulations, 2018

4.9.4.2 LED is proposing the revised estimates of the Administrative & General Expenses for the FY 2021-22 based on the actual expenses for the FY 2019-20 & 1st Half (April,20 to September,20) of the FY 2020-21. The cost as approved by the Hon'ble Commission for the FY 2021-22 and the revised proposal for the year is given below:

Table 4.10: Administrative & General Expenses for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
A&G Expenses	3.03	3.09
Total	3.03	3.09

4.9.4.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.9.5 O&M expenses summary - Based on the foregoing paragraphs, the O&M expenses for the year FY 2021-22 are summarised below:

Table 4.11: O&M expenses summary for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Employee Expenses	29.85	27.02
R&M Expenses	8.77	13.78
A&G Expenses	3.03	3.09
Total O&M Expenses	41.65	43.89

4.9.5.1 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.10 Interest & Finance charges

4.10.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support without any external borrowings. LED has considered the GFA as on 31.03.2020 and estimated additions during the FY 2020-21 & approved additions for FY 2021-22 to arrive at the closing GFA for the year. The normative loan for the FY 2021-22 has been arrived in accordance with the Regulation 26 of the MYT Regulations, 2018.

4.10.2 It is submitted that Regulation 28.4 of MYT Regulations, 2018 provides as below:

“Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.”

In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 8.75% (7.75%+1%) has been considered for projecting the interest charges for the FY 2021-22.

Table 4.12: Interest & Finance charges for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Opening loan	62.99	20.01
Addition	5.43	5.43
Repayment	8.11	7.79
Closing Loan	60.31	17.64
Average Normative Loan	61.64	18.83
Interest Rate	9.15%	8.75%
Interest on Loan	5.64	1.65

4.10.3 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2021-22.

4.11 Interest on Working Capital

4.11.1 The Hon'ble Commission has approved the Interest on Working Capital for the FY 2021-22 based on the cost parameters approved for MYT Control Period in accordance with the Regulation 63 of the MYT Regulations, 2018. The Regulation provides as follows:

The Distribution Licensee shall be allowed interest on the estimated level of Working Capital for the Distribution Wires Business for the financial Year, computed as follows:

a) Operation and maintenance expenses for one (1) month; plus

b) Maintenance spares at 40% of R&M expenses for one (1) month; plus

e) Receivables equivalent to two (2) months of the expected revenue from Consumers at the prevailing tariffs;

Less

f) Amount, if any, held as security deposits

4.11.2 In view of the above Regulations, LED has recalculated the working capital requirement for the FY 2021-22.

4.11.3 Regulation 31.4 of MYT Regulations provides as follows:

“The rate of interest on Working Capital shall be equal 1 Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for 1 Year period, as may be applicable as on 1st April of the financial Year in which the Petition is filed plus 200 basis points.”

4.11.4 In view of the above Regulation, LED proposes to revise the interest charges based on the State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020. The State Bank of India (SBI) MCLR – 1 year tenor as on 01.04.2020 was 7.75%. Accordingly, interest rate of 9.75% (7.75%+2%) has been considered for projecting the interest charges for the FY 2021-22.

4.11.5 LED has calculated the revised interest on working capital for the FY 2021-22 in accordance with the above submission. The same is provided below along with the approved figures for the year:

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 4.13: Interest on Working Capital for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
O&M expenses for 1 month	3.47	3.66
Maintenance Spares @ 40% of R&M expense of 1 month	0.29	0.46
Receivables for two months	4.62	4.24
Less: Adjustments for security deposits	1.45	1.45
Net Working Capital	6.93	6.91
Rate of Interest on Working Capital	10.15%	9.75%
Interest on Working Capital	0.70	0.67

4.11.6 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.12 Interest on Security deposits

4.12.1 Hon'ble Commission has approved the Interest on Security deposits on the balance of Security Deposit from the consumers during the FY 2021-22 in the MYT order Dt. 20.05.2019. LED submits that it is not proposing any revision in the figures as approved by the Hon'ble Commission for the FY 2021-22.

4.12.2 However, it is submitted that since the Interest on Security deposits is required to be calculated on the balance of Security Deposit from the consumers during the FY 2021-22, LED shall submit the revised figures at the time of True-up when audited Security Deposit balance are available for the consideration of the Hon'ble Commission. The cost as approved by the Commission for the FY 2021-22 is given below:

Table 4.14: Interest on Security deposits for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Opening Security Deposit	1.20	1.20
Addition	0.26	0.26
Closing Security Deposit	1.45	1.45
Average Security Deposit	1.32	1.32
RBI Bank Rate	6.25%	6.25%
Interest on Consumer Security Deposit	0.08	0.08

4.12.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.13 Return on Equity

4.13.1 The LED being a Government Department, the entire capital employed till date has been funded through equity infusion by the Central Government through budgetary support. LED has considered the GFA as on 31.03.2020 and estimated additions during the FY 2020-21 & approved additions for the FY 2021-22 to arrive at the closing GFA for the year. The normative Equity for the FY 2021-22 has been considered at 30% of the above GFA in accordance with the Regulation 26 of the MYT Regulations, 2018.

4.13.2 Further, Regulation 27 of MYT Regulations, 2018 provides as follows:

“The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of 16 per cent per annum.....”

4.13.3 In view of the above, the revised Return on Equity for the FY 2021-22 is calculated as below:

Table 4.15: Return on Equity for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Opening Equity	47.73	59.82
Addition	2.33	2.33
Deletion / Adjustment	0.00	0.00
Closing Equity	50.06	62.15
Average Normative Equity	48.90	60.98
Rate of Return on Equity	16%	16%
Return on Equity	7.82	9.76

4.13.4 LED requests the Hon’ble Commission to kindly approve the same for APR for FY 2021-22.

4.14 Provision for Bad & Doubtful Debts

4.14.1 Regulation 62 of MYT Regulations provides that the Bad debt shall be allowed based on actual write off. The same is reproduced below:

“Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check....”

4.14.2 In view of the above LED is not proposing any provision for Bad Debt. LED shall submit the claim towards bad and doubtful debts when audited figures are available for the consideration of the Hon’ble Commission at the time of true-up. Hon’ble Commission may kindly allow the same.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

4.15 Non-Tariff Income

4.15.1 Hon'ble Commission has approved the Non-Tariff Income for the FY 2021-22 in the MYT order Dt. 20.05.2019.

4.15.2 It is submitted that LED is not proposing any revision in the Non-Tariff Income as approved by the Hon'ble Commission. However, actual NTI shall be submitted for the consideration of the Hon'ble Commission at the time of True-up.

Table 4.16: Non-Tariff Income for the FY 2021-22

(Rs. in crore)

Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
Non-Tariff Income	1.31	1.31

4.15.3 LED requests the Hon'ble Commission to kindly approve the same for APR for FY 2021-22.

4.16 Aggregate Revenue Requirement

4.16.1 The Aggregate Revenue Requirement for FY 2021-22 as approved by the Hon'ble Commission and the calculation for revised Aggregate Revenue Requirement on the basis of revised estimates as submitted in the above sections for FY 2021-22 is shown below:

Table 4.17: Aggregate Revenue Requirement for the FY 2021-22

(Rs. in crore)

S. No.	Particular	Approved in T.O. dated 20th May 2019	FY 2021-22
1	Cost of Fuel	83.74	99.92
2	Cost of power purchase	0.78	0.00
3	Depreciation	8.11	7.79
4	Employee costs	29.85	27.02
5	A&G expenses	3.03	3.09
6	R&M expenses	8.77	13.78
7	Interest and finance charges	5.64	1.65
8	Return on Equity	7.82	9.76
9	Interest on working capital	0.70	0.67
10	Interest on Consumer Security Deposit	0.08	0.08
11	Income Tax	0.00	0.00
12	Total Revenue Requirement	148.53	163.76
13	Less: Non-Tariff Income	1.31	1.31
14	Net Revenue Requirement (12-13)	147.22	162.45

4.16.2 LED requests the Hon'ble Commission to kindly approve the same for the FY 2021-22.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

4.17 Revenue from sale of Power at Existing Tariff

4.17.1 The estimate of Revenue from sale of power for FY 2021-22 at existing tariff, based on the revised projections as detailed in the above sections is shown in the table below:

Table 4.18: Revenue from sale of Power at Existing Tariff for the FY 2021-22

(Rs. in crore)

S. No.	Category/Slab of Consumers	Projected
A	Domestic	12.46
B	Commercial	3.25
C	Govt. Connection	7.62
D	Industrial	0.48
E	HT Consumers	1.05
F	Public Lighting	0.53
G	Others Temporary Supply	0.07
	Total	25.47

4.17.2 LED requests the Hon'ble Commission to kindly approve the same for FY 2021-22.

4.18 Revenue Gap for FY 2021-22

4.18.1 The Revenue Gap at existing tariff, based on the revised projections as detailed in the above sections is shown in the table below:

Table 4.19: Revenue Gap for the FY 2021-22

(Rs. in crore)

S. No.	Particular	FY 2021-22
1	Net Revenue Requirement	162.45
2	Revenue from Sale of Power at Existing Tariff	25.47
3	Net GAP during the year	136.98
4	Add: Previous Year Gap	0
5	Total Gap	136.98

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

4.19 Average cost of supply

Average cost of supply based on the Revised ARR & sales at existing tariff for the FY 2021-22 is provided in the table below:

Table 4.20: Average cost of supply for the FY 2021-22

Sr. No.	Particulars	Approved in T.O. dated 20th May 2019	Projection for FY 2021-22
1	2	3	4
1	Net Revenue Requirement (Rs. In Crore)	147.22	162.45
2	Energy Sales (MU's)	59.00	53.44
3	Average cost of supply/unit (In Rs)	24.95	30.40

4.19.1 LED requests the Hon'ble Commission to kindly approve the same for FY 2021-22.

5 Tariff Proposal for the FY 2021-22

Background of the Tariff Proposal

The Hon'ble Commission has already approved the ARR for the FY 2021-22 along with other parameters in the MYT order dated 20.05.2019. LED is filing the instant petition for approval of the Tariff for the FY 2021-22 based on the revised projections of ARR & other parameters as detailed in para 4 above.

This section summarizes the proposed tariff & Revenue Gap at proposed tariff.

5.1 Recovery of Revenue Gap

The estimated gap in the FY 2021-22 has been computed by deducting the Revenue at Existing Tariff from the net ARR. LED has projected gap for the FY 2021-22 at Rs. 136.98 Crores as detailed in the table above.

5.2 Proposed Tariff

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. LED proposes to recover a part of the gap through hike in tariff as recovery of the total gap would result in huge burden on the consumers. The proposed tariff for recovery of the gap is detailed in the subsequent section.

The basic requirement of any Tariff proposal is that it has to be transparent and justifiable against various policy guidelines and the framework evolved by the JERC and various SERCs. On the basis of the various components of ARR as proposed in para 4 above, the cost of supply calculated at Rs. 30.40 per unit. Average revenue per unit at existing tariff is Rs.4.76 Thus, there is gap of Rs.25.63 per unit.

It is submitted that over 95% of power is generated from Diesel based generating stations. There is no other source of energy. Major component of cost of supply is cost of HSD and Lubricants. Further, there has been a reduction in budgetary support from the government. The above factors, apart from general rise in prices have necessitated the increase in tariff. However, in this Tariff proposal only partial recovery of cost is proposed.

Considering the above, the tariff proposal for FY 2021-22 for individual categories is given below along with the comparison of existing and proposed energy charges.

*Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22*

Table 5.1: Proposed Tariff

**Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22**

Existing			Proposed		
Category	Energy Charge (Rs./Kwh)	Fixed Charges	Category	Energy Charge (Rs./Kwh)	Fixed Charges
Life Line Connection	1.00	Rs. 10/- per service connection per month or part thereof	Life Line Connection	1.05	Rs. 10/- per service connection per month or part thereof
Domestic Connection			Domestic Connection		
-0 to 100 units	1.35	Rs. 20/- per connection per month or part thereof for single phase Rs. 70/- per connection per month or part thereof for three phase	-0 to 100 units	1.40	Rs. 20/- per connection per month or part thereof for single phase Rs. 70/- per connection per month or part thereof for three phase
-101 to 200 units	3.10		-101 to 200 units	3.25	
-201 to 300 units	5.20		-201 to 300 units	5.50	
-301 units & above	6.85		-301 units & above	7.25	
Commercial			Commercial		
0-100 Units	6.30	Rs. 30/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase	0-100 Units	6.65	Rs. 30/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase
101 to 200 Units	7.65		101 to 200 Units	8.10	
201 Units & above	9.50		201 to 300 Units	10.00	
Govt. Connection			Govt. Connection		
0-200 Units	8.00	Rs. 35/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase	0-200 Units	8.40	Rs. 35/- per connection per month or part thereof for single phase Rs. 125/- per connection per month or part thereof for three phase
201 units & above	9.70		201 units & above	10.20	
Industrial			Industrial		
All units	6.50	Rs. 50/- per KVA per month or part thereof	0 to 200 Units	6.85	Rs. 50/- per KVA per month or part thereof
HT Consumers	9.20	Rs. 150/- per KVA per month or part thereof	HT Consumers	9.70	Rs. 150/- per KVA per month or part thereof
Public Lighting	6.00	Rs. 50/- per KVA per month or part thereof	Public Lighting	6.30	Rs. 50/- per KVA per month or part thereof
EV Charging Stations	4.76	Rs. 100/- per KVA per month or part thereof	EV Charging Stations	5.00	Rs. 100/- per KVA per month or part thereof
Temporary Connection	4.70		Temporary Connection	4.95	

Note: In case of temporary connections it is assumed that the consumers belong with domestic

***Petition for Approval of APR for FY 2020-21 & Tariff
Proposal for FY 2021- 22***

category. Accordingly 1.5 times of average rate of domestic category has been considered.

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

Table 5.2: Comparison of Existing Tariff with proposed Tariff

Consumers Category	Energy Sales (MU's)	Revenue at Existing Tariff	Revenue at Proposed Tariff
Domestic	39.75	12.46	13.07
Commercial	3.52	3.25	3.42
Govt. Connection	7.84	7.62	8.01
Industrial	0.37	0.48	0.50
HT Consumers	0.98	1.05	1.10
Public Lighting	0.85	0.53	0.55
Others Temporary Supply	0.14	0.07	0.07
Total	53.44	25.47	26.71

Note: For calculation of revenue from temporary connections it is assumed that the consumers belong with domestic category. Accordingly 1.5 times of average rate of domestic category has been considered.

5.3 Impact of Tariff on Consumers

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

Table 5.3: Impact of Tariff on Consumers

Sr. No.	Particular	Units	FY 2021-22	
			Existing	Proposed
1	Net ARR for FY 2021-22	Rs,. Crores	162.45	162.45
2	Revenue for FY 2021-22	Rs,. Crores	25.47	26.71
3	Gap (1-2)	Rs,. Crores	136.98	135.74
4	Total Sales	MU's	53.44	53.44
5	Average Cost of Supply (1/4x10)	Rs. per kWh	30.40	30.40
6	Average Revenue (2/4x10)	Rs. per kWh	4.76	5.00
7	Pure Gap (5-6)	Rs. per kWh	25.63	25.40
8	Average Hike in Tariff			0.23
	Hike %			4.90

Hence, it is submitted that the average tariff required to recover the gap attributable to FY 2021-22 is Rs.25.63, but keeping in view the resultant burden on the consumers, the proposed hike has been restricted to Rs 0.23 per unit.

In view of the above, it is prayed to the Hon'ble Commission that considering the submissions in previous sections and price index for the period, the hike in tariff be allowed.

6 Compliance of Directives

The submission towards compliance of directives issued by the Hon'ble Commission in the Tariff order Dt. 18.05.2020 is being submitted separately.